KENMARE
RESOURCES PLC

Annual Report and Accounts
2019

RESPONSIBLY MEETING GLOBAL DEMAND FOR QUALITY-OF-LIFE MINERALS

Welcome to the 2019 Annual Report

Kenmare Resources plc

is one of the world's largest producers of mineral sands products, key raw materials ultimately consumed in everyday "quality-of-life" items such as paints, plastics and ceramic tiles.

Kenmare produces ~7% of global titanium feedstocks, supplying to customers operating in more than 15 countries. The Company is in the process of delivering an expansion programme to increase ilmenite production to 1.2 million tonnes per annum (Mtpa) from 2021, representing a 35% increase compared to 2019.

→ For more information visit:
www.kenmareresources.com

Financial highlights

Revenue (up 3%)

US$270.9m

2019	US$270.9m
2018	US$262.2m
2017	US$208.3m
2016	US$141.5m
2015	US$142.6m

EBITDA (down 1%)

US$92.6m

2019	US$92.6m
2018	US$93.3m
2017	US$60.5m
2016	US$5.2m
2015	(US$11.5m)

Profit after tax (down 12%)

US$44.8m

2019	US$44.8m
2018	US$50.9m
2017	US$19.4m
2016	(US$15.2m)
2015	(US$60.6m)

Dividend per share

USc8.18

2019	USc8.18
2018	USc0.00
2017	USc0.00
2016	USc0.00
2015	USc0.00

Operational highlights

Lost time injury frequency rate

0.27 per 200k man-hours

2019	0.27
2018	0.12
2017	0.39
2016	0.20
2015	0.47

Excavated ore (up 8%)

36.8 (Mt)

2019	36.8 Mt
2018	34.0 Mt
2017	33.6 Mt
2016	30.0 Mt
2015	27.5 Mt

Total finished products produced (down 5%)

988,300 tonnes

2019	988,300t
2018	1,043,300t
2017	1,081,300t
2016	979,300t
2015	821,300t

Total finished products shipped (down 4%)

1,029,300 tonnes

2019	1,029,300t
2018	1,074,400t
2017	1,040,400t
2016	1,024,200t
2015	800,400t

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.

Moma has been named Best Mine 2018 (open cast category) at the NOSCARS

Through KMAD we have constructed over 30 classrooms in local schools

Wet Concentrator Plant C produced its first HMC in February 2020

@KenmareRes Kenmare Resources Plc @KenmareResourcesplc

Contents

Our business

Kenmare's principal activity is the operation of the Moma Mine, located on the northern coast of Mozambique.

The Mine commenced production in 2007 and since then has produced over 11.6 million tonnes of Heavy Mineral Concentrate (HMC). It contains globally significant reserves of heavy minerals, which include the titanium minerals ilmenite and rutile (primarily used to produce titanium dioxide (TiO_2 pigment), as well as the mineral zircon.

Listed on the London Stock Exchange and Euronext Dublin, Kenmare has a market-leading position as the world's largest supplier of traded ilmenite, with demand for our products driven by growth in global gross domestic product (GDP) per capita and urbanisation in developing markets.

→ For more information visit:
www.kenmareresources.com

Our purpose

Responsibly meeting global demand for quality-of-life minerals.

Our vision

To be a leading ilmenite producer positioned in the first quartile of the industry revenue to cost curve.

Our values

Our values underpin our company culture, describing the professional behaviours we expect from our employees under our ICARE acronym.

Integrity | Commitment | Accountability | Respect | Excellence

→ Read more in the **Sustainability report** on **page 52**

Our principles

At Kenmare, our actions are informed by our guiding principles: We Care, We Grow, We Excel.

We Care for:

- The safety, health, security and wellbeing of our employees, the environment, communities and other stakeholders.
- Our host communities by forming partnerships with communities and stakeholders, sharing and participating in the preservation of their environment, traditions and values.
- Company assets by providing suitable security and risk management systems and striving for best practice in the operation and maintenance of company assets.

We Grow our:

- Business through exploration, production expansion projects, and expanding existing and new markets.
- Employees by providing attractive work opportunities, treating them fairly and providing opportunities for personal growth to match their interests and capabilities.
- Host communities by forming partnerships with communities and stakeholders to develop and promote economic and social wellbeing.

We Excel by:

- Optimising operations, increasing productivity and lowering costs through the continuous improvement of processes, procedures and skills.
- Achieving control and standardisation through planning and developing systems and processes of work.
- Striving for best practice in all areas of operations, customer service and corporate citizenship.

Our strategic pillars

01

Growth

Third of three development projects scheduled for completion in Q4 2020 to deliver 1.2 Mtpa ilmenite production

35%

Targeted production rate represents a 35% increase compared to 2019

02

Margin expansion

Expected lower cash operating costs of US$125–135/t (in 2020 real terms) from 2021 (2020 guidance: US$162–182/t)

>36%

Through increased production, EBITDA margins (36% in 2019) are expected to increase, positioning Kenmare in the first quartile of the industry revenue to cost curve

03

Shareholder returns

Maiden dividend paid in October 2019, in line with the dividend policy to pay minimum 20% of profit after tax

>20%

From 2021, free cash flow is expected to strengthen significantly, allowing the Company to pay increased shareholder returns

Our markets

Introduction

The mineral sands industry involves two principal product chains.

The first is the supply of titanium feedstocks, predominantly used for the manufacture of titanium dioxide (TiO_2) pigment, with smaller quantities used to produce titanium metal and welding electrode fluxes. The second is the supply of zircon sand to a wide range of consuming industries, of which the ceramics sector is the largest consuming end-use market.

Titanium feedstock production represents an approximately US$4.5 billion per annum industry and the TiO_2 pigment industry has annual revenues of over US$15 billion.

The zircon sand supply sector represents an approximately US$1.7 billion per annum industry.

These industries in turn supply products to other industries generating annual revenue values many multiples of these.

Revenue by products

68% Ilmenite

22% Primary zircon

7% Concentrates

3% Rutile

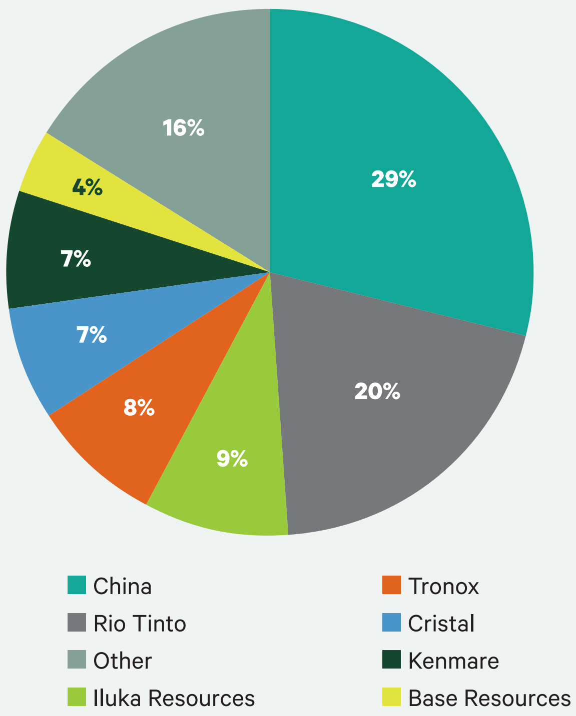
Revenue by region

58% Asia

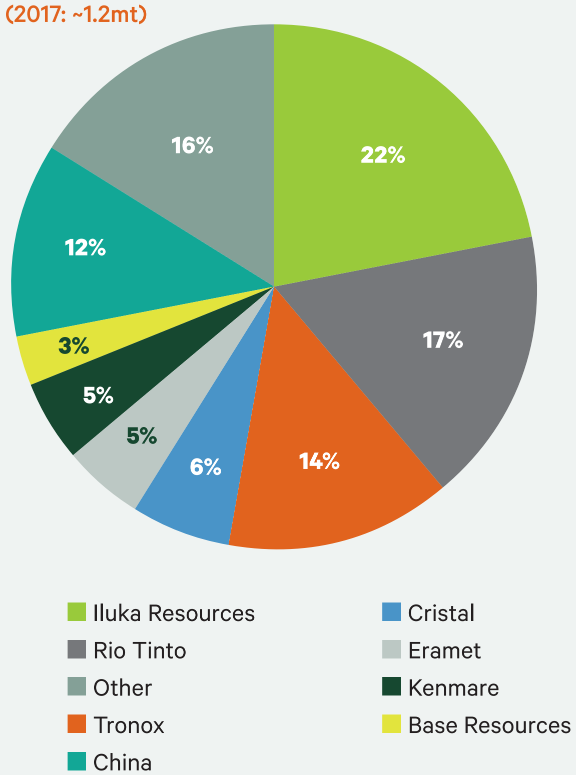
27% Europe

15% Rest of the world

Total TiO_2 feedstock market share (2017: ~7.3mt TiO_2 units)



Zircon market share (2017: ~1.2mt)



Our value chain

Ilmenite

Ilmenite is a mineral of iron-titanium oxide, which has a chemical composition of $FeTiO_3$. Ilmenite is the most common mineral containing TiO_2 and is primarily used in the production of titanium dioxide pigment.

Rutile

Rutile is a mineral of titanium dioxide, which has a chemical composition of TiO_2, containing 94%–96% TiO_2.

Zircon

Zircon is a mineral of zirconium silicate, which has a chemical composition of $ZrSiO_4$. It imparts the properties of whiteness, opacity, high melting point and shock resistance. It is used in the ceramics industry for wall tiles, floor tiles and sanitary ware.

Monazite

Monazite is a mineral containing Rare Earth Oxides (REOs), which Kenmare sells as part of a suite of minerals contained in its concentrates production. Once separated, the rare earths are used in a variety of industrial and technological applications, including in the manufacture of wind turbines and electric cars.

Titanium dioxide pigment (~90% of demand)

Titanium dioxide pigment has the properties of brilliant whiteness, ultraviolet protection, non-toxicity, inertness, and its "covering power", which results from its superior ability to disperse light as a result of its high refractive index. There is no economic substitute or environmentally safe alternative to titanium dioxide, having replaced lead oxide in consumer end-use applications, such as paint, due to health issues related to lead toxicity.

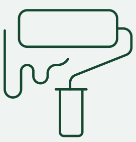
Titanium metal (~5% of demand)

Titanium metal's unique properties, including its high strength to weight ratio, high melting point and its resistance to corrosion and chemical attack, make it the preferred metal for a number of demanding applications, including the manufacture of airframe and jet engines for the aerospace industry. It is also widely used in chemical and power generation plants, as well as a number of growing applications for the electronics, medical and leisure industries.

Welding rod applications (~5% of demand)

Rutile and some grades of ilmenite are used as a component of fluxes for coating welding electrodes, which are in turn consumed in the construction and shipbuilding industries.

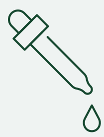
Some examples of titanium pigment applications



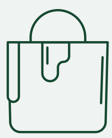
Paints and coatings

Plastics and rubber

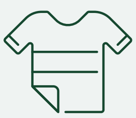
Paper



Inks



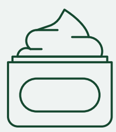
Glazes and enamels



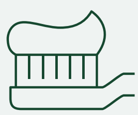
Coated fabrics and textiles

Foods

Pharmaceuticals



Cosmetics



Toothpaste

Our approach to sustainability

STRATEGIC REPORT

Our commitment

Kenmare is committed to operating in a sustainable and responsible manner. The Group takes a long-term strategic approach to the conduct of its business, with corporate responsibility as a key priority. We are focused on achieving the highest standards of ethical behaviour, health and safety, environmental stewardship and governance, while sharing the benefits of our operations with our host communities and host country.

→ Read more in the **Sustainability report** on **page 52**

Sustainability Committee

As part of our commitment to strong corporate governance and continual improvement, in 2019 Kenmare established a Sustainability Committee comprised of five Non-Executive Directors. The Committee has responsibility for ensuring that Kenmare has the appropriate strategies, policies and operational controls in place to maintain a socially responsible business. The Committee is also focused on ensuring that Kenmare creates a positive and sustainable legacy.

→ Read more in the letter from the **Sustainability Committee Chair** on **page 82**

Employees

Our employees are our most important asset. We seek to attract, develop and retain the best people, and engage them over the long term. We are committed to minimising safety risks and to keeping our people healthy. At the end of 2019 we employed 1,423 people directly and 96% of our employees were Mozambican. We are focused on creating opportunities for women in Mozambique and 8% of our employees are female. Kenmare invests in training and development initiatives for our employees at all levels of the business as building capacity and capability are key to sustainable development.

→ Read more on **Our people** on **page 59**

90%

Energy derived from renewable sources

1,423

People directly employed by Kenmare

Environment

Kenmare is focused on operating in an environmentally responsible manner and minimising the impact of our mining and processing operations on the local environment. The Group is proud of our low environmental impact, with 90% of our power requirement supplied from a renewable source (hydropower) in 2019, a progressive land rehabilitation programme and no chemicals used in our mining or processing operations. In 2019 we planted over 17,600 casuarina trees and rehabilitated 200 hectares of mined land.

→ Read more on our **Environmental stewardship** on **page 61**

KMAD

Kenmare aims to be a catalyst for positive social and economic change in the host communities of our operations in Mozambique. One of the ways we achieve this is by supporting the Kenmare Moma Development Association (KMAD). Established in 2004, KMAD is a not-for-profit organisation that implements development programmes in the areas surrounding the Moma Mine. In 2019, KMAD's expenditure totalled US$1.4 million. KMAD's initiatives have three key focuses, which are livelihoods and economic development, healthcare development and education development.

In 2019, KMAD completed construction of phase two of the Technical School, which provides people in the Mine's host communities with the opportunity to learn new skills and undertake vocational training. Another key initiative during the year was providing a new ambulance for the community health centre.

→ Read more in the **KMAD report** on **page 66**

US$1.4m

Total 2019 KMAD expenditure

Our host country: Mozambique

Our host country: Mozambique

Kenmare has had a presence in the south-east African country of Mozambique for more than 30 years. Mozambique is a mining friendly jurisdiction with a growing natural resources industry.

>30

Years that Kenmare has had a presence in Mozambique

New peace agreement

Democratic elections have been held in Mozambique since 1994, with the most recent election in October 2019. In August 2019 a new peace agreement was signed between the two main parties, Frelimo and Renamo, to enable long-lasting peace in the country.

Natural resources investment

There are currently over 60 natural resources companies with a presence in Mozambique. The discovery of the Rovuma basin natural gas fields in 2011 is set to transform the country's economy through a >US$20 billion investment from a number of multinational companies.

Mining friendly jurisdiction

Kenmare has fostered a strong relationship with the Government of Mozambique, local authorities and our host communities during our 30-year history in country. The Government has always upheld the terms of our licences and other agreements, and we value their partnership highly.

Our operations

The Moma Titanium Minerals Mine is located on the northern coast of Mozambique. It contains globally significant reserves of heavy minerals and, has been in production since 2007. It is comprised of multiple ore zones and, at current production levels, it has a life of mine of over 100 years. Currently, Kenmare has three Wet Concentrator Plants (WCPs) mining the Namalope ore zone. During 2020, the Company plans to relocate WCP B to the high grade Pilivili ore zone, which is approximately 23 kilometres from Namalope. This will enable Kenmare to achieve annual production of 1.2 million tonnes of ilmenite (plus co-products) from 2021.

Our mine paths

A
WCP A

WCP A has been mining the Namalope ore zone since 2007 and is scheduled to continue mining there until 2025, when it will move to the Nataka deposit. Nataka is the largest ore zone within Moma's portfolio. Within Nataka, a high grade mine path has been identified for WCP A, which averages a grade of 3.6% THM for 20 years. WCP A has a throughput capacity of 3,250 tonnes per hour (tph) and it accounts for approximately 53% of Kenmare's concentrating capacity. Two dredges, Catarina and Mary Ann, provide feed to WCP A.

B
WCP B

WCP B has been mining the Namalope ore zone since 2013 and it is scheduled to complete its mine path in this area in Q3 2020. At this time, WCP B will be relocated to Pilivili. Kenmare evaluated a number of ore zones within Moma's portfolio and Pilivili was selected due to its high grades and other favourable characteristics, such as low slimes and proximity to the Mineral Separation Plant (MSP). WCP B has a throughput capacity of 2,400 tph, following the upgrade work undertaken in 2018, and it has one dredge, named Deirdre.

C
WCP C

WCP C is the newest and smallest of the three Wet Concentrator Plants. The plant was fabricated in South Africa and the dredge, named Julia, was fabricated in the Netherlands. WCP C has a throughput capacity of 500 tph, representing one-fifth of the size of WCP B and one-sixth of the size of WCP A. Commissioning took place during late 2019 and early 2020 and it is mining a high grade area of the Namalope ore zone, which is inaccessible to the larger WCPs.

→ Read more in the **Operational review** on **page 30**

A STRONG INVESTMENT CASE

With a mine life of over 100 years and more than a 12-year production track record, Kenmare has a compelling platform for growth.

Our strategy is to deliver strong shareholder returns through maximising the value of the Moma Titanium Minerals Mine. In line with this strategy, we have outlined our plans to increase production, expand our margins and deliver our maiden dividend, while being a responsible corporate citizen.

Production growth

35%

Production uplift

Kenmare has announced three growth projects that together have the objective of increasing production by 35% to 1.2 million tonnes per annum (Mtpa) of ilmenite from 2021. Between 2018 and 2020 Kenmare will invest a total of approximately US$160 million to deliver this goal.

→ Read more in **Development projects** on **page 34**

Margin expansion

1st

Quartile

Kenmare's cost base is largely fixed. By growing production by 35% from 2021 compared to 2019 we will spread our fixed costs over a larger number of tonnes produced, expanding our margins. From 2021 we expect to be a first quartile margin producer.

→ Read more in **Our strategy** on **page 14**

Safety

0.27

LTIFR

The health and safety of our employees and our host communities are our top priorities. In 2019 Kenmare's Lost Time Injury Frequency Rate (LTIFR) was 0.27 per 200,000 man-hours worked. In 2020 we are focusing on further improving our safety performance.

→ Read more about the **Operational review** on **page 30** and the **Sustainability report** on **page 52**

Sustainable approach

96%

Mozambican

We are committed to being a responsible corporate citizen. The Moma Mine has a low environmental impact and 96% of our workforce at the Mine is Mozambican. In 2019 we sourced almost 50% of the goods and services for Moma from Mozambique.

→ Read more about the **Sustainability report** on **page 52**

Shareholder returns

>20%

Profit after tax

The Board has recommended a 2019 full year dividend of USc8.18. This is in line with the Company's policy to pay a minimum of 20% of profit after tax as shareholder returns per annum.

→ Read more in the **Financial review** on **page 41**

Chairman's statement

STEVEN MCTIERNAN
Chairman

Delivering shareholder returns

Dear shareholders,

Building on the momentum of 2018, I'm pleased to report that in 2019 and early 2020 we have continued to make strong progress towards increasing production of ilmenite to 1.2 million tonnes per annum from 2021, plus co-products. Our average received commodity price also increased by 8% in 2019, supported by robust demand for ilmenite and continuing supply constraints.

Moma is one of the largest titanium minerals deposits in the world and our outlined growth projects are expected both to increase top line revenues and materially improve our margins from 2021, providing stronger cash flow stability. However I am mindful that the implications of the global COVID-19 outbreak are developing rapidly and whilst we are taking all pragmatic steps to respond to this unprecedented situation, the effect on our business is uncertain.

Shareholder returns and increased financial flexibility

Following the announcement of our dividend policy in 2018, I am pleased to report that in October 2019 we paid our maiden interim dividend of USc2.66 per share, in line with our policy to return a minimum of 20% of profit after tax to shareholders. The Board is recommending a final dividend of USc5.52 per share, resulting in a 2019 full year dividend of USc8.18 per share, based on 2019 profit after tax of US$44.8 million and earnings per share (basic) of US$0.41 (2018: US$0.46).

From 2021, following the completion of our growth projects, we expect to generate stronger free cash flow, providing an opportunity to deliver increased shareholder returns.

In 2019 we also enhanced our financial flexibility through the signing of new debt facilities to refinance our former project loans. These new facilities are more suited to our position as an established producer and provide additional headroom during this period of increased capital expenditure.

Growth strategy

Between 2018 and 2020 we are investing approximately US$160 million in three development projects to achieve our targeted ilmenite production rate of 1.2 million tonnes per annum, supported by strong market conditions for titanium feedstocks.

In 2019 we also successfully introduced a new concentrate product to the market. This provides us with an avenue to generate revenue from monazite, a mineral containing Rare Earth Oxides (REOs) used in a range of applications including renewable energy, thus expanding our margins.

Sustainable and responsible operations

In addition to operational delivery and progressing our growth programme, we have maintained focus on being a responsible corporate citizen to ensure shared prosperity for all stakeholders. In 2019, through the Kenmare Moma Development Association (KMAD), we invested US$1.4 million into community initiatives. We appreciate the continued support of the Government of Mozambique and the regulatory and regional authorities in country, as well as our host communities.

We were delighted that our efforts to be a sustainable company were recognised at the Chartered Accountants Ireland Published Accounts Awards, with Kenmare winning the Best Social Responsibility Reporting Award.

Corporate governance

Continuing the theme of responsibility, and as part of our focus on corporate governance best practice, in October 2019 the Board approved the establishment of a Sustainability Committee. The Committee will ensure that Kenmare has the appropriate strategies, policies and operational controls in place to maintain a socially responsible business.

We are committed to professional and ethically sound standards in all that we do and details of how Kenmare's governance framework operates in practice, including how risk is managed and mitigated, are set out in the corporate governance report on pages 74 to 79.

Board development

We continue to refresh the composition of the Board to ensure that it has the skills, experience and diversity required to operate effectively. We recognise the need for a broad range of views to support and challenge management in the execution of Kenmare's strategy.

Consequently, we were delighted to announce the appointment of Dr. Elaine Dorward-King as a Non-Executive Director in November 2019. Elaine's 30 years of experience in the mining, chemicals and engineering industries, including in mineral sands, combined with her sustainability expertise, will enable her to make a strong contribution to the Group and will complement the existing experience of the Board.

Elizabeth Headon is stepping down from her role as a Non-Executive Director of Kenmare at the next Annual General Meeting after nine years. I would like to thank Elizabeth for her support and valuable insight, and we are particularly grateful to her instrumental role in the establishment of Kenmare's Sustainability Committee.

Outlook

Our current mine plan extends beyond 2040 based on the expanded production rate of 1.2 million tonnes per annum of ilmenite, following the expected completion of our growth programme in Q4 2020. Cash operating costs per tonne are anticipated to reduce as a result of this higher production and we expect to deliver significantly stronger free cash flow. We currently expect this to position us to deliver increased returns to shareholders, notwithstanding the global impact of COVID-19.

We will continue to work closely with all our partners, including our host government, local communities and customers, to ensure that we create value for all of our stakeholders.

Acknowledgements

As we acknowledge another robust, dynamic and profitable year for Kenmare, I would like to offer my sincere thanks to all employees and the management team. As a Board, we set the ambitious task of delivering a substantial growth programme, while continuing to achieve operational targets and paying a maiden dividend, and through our team's hard work and dedication these targets have been achieved.

Finally, I would like to express my gratitude to our shareholders for their continued support and trust in the Group. We are well-positioned to deliver long-term, sustainable growth.

STEVEN MCTIERNAN
Chairman

> From 2021 we expect to generate stronger free cash flow, providing an opportunity to deliver increased shareholder returns.

Our strategy

Our vision is to be a leading ilmenite producer positioned in the first quartile of the industry revenue to cost curve.

We will deliver this vision through the Group's strategy, which is focused on the three pillars of growth, margin expansion and shareholder returns. Our strategy is supported by our ongoing commitment to be a responsible corporate citizen.

Growth

Priorities

Our strategy is to increase ilmenite production to 1.2 million tonnes per annum (Mtpa) through:

- Increased productivity;
- Expanded mining capacity – WCP B upgrade in 2018, development of WCP C in 2019; and
- Accessing higher grade ore – relocating WCP B to Pilivili in 2020.

Performance

- 2019 was a record year for excavated ore tonnes (36.8 million tonnes).
- Following the 20% capacity upgrade in 2018, WCP B achieved average production of 2,160 tonnes per hour (tph) in 2019. The WCP B upgrade was completed on time and over 35% below the original budget.
- The development of WCP C progressed during 2019 and commissioning of the dredge began in November 2019.
- A Definitive Feasibility Study (DFS) was completed for the relocation of WCP B to Pilivili and approved by the Board. Project execution is underway.

Outlook

- First HMC production was delivered from WCP C in February 2020. The project is expected to be delivered on budget.
- The relocation of WCP B to Pilivili is scheduled to take place in Q3 2020, with commissioning expected in Q4 2020.
- From 2021, following the relocation, Kenmare's production is expected to be 1.2 Mtpa of ilmenite.

→ Read more in the KPIs on page 18

Margin expansion

Priorities

Optimising the performance of existing assets is crucial to maximising margin. Kenmare's strategy has three points of focus:

- Increasing throughput – through dry mining and dredge automation;
- Raising utilisation – by improving mine planning processes to increase plant operating time; and
- Increasing revenue capture – through higher recoveries and additional product streams.

Performance

- The first shipment of mineral sands concentrate was despatched from Moma in Q2 2019, following successful commissioning of the product stream in Q4 2018.
- The first dredge automation project was commissioned at WCP B in Q2 2019.
- Mine utilisation rates continued to improve in 2019 through Projecto Oitenta, in line with Kenmare's objective of increasing utilisation to 80%.

Outlook

- From 2021, following the relocation of WCP B, Kenmare's cash operating costs per tonne are expected to decrease to US$125–135 per tonne (in 2020 real terms).
- This will position the Group within the first quartile of the industry margin curve and provide protection against commodity price cycles.

→ Read more in the **KPIs** on **page 18**

Shareholder returns

Priorities

- Paying a dividend is an essential part of Kenmare's strategy to deliver shareholder value.
- Maintaining a prudent level of cash and cash equivalents is a strategic priority.
- A cash buffer helps to insulate the business from unexpected shocks. Higher cash balances are likely to be maintained until capital development projects are completed.

Performance

- Kenmare declared its maiden dividend of USc2.66 in August 2019 and it was paid in October 2019.
- It was an interim dividend and in line with the Company's dividend policy of paying 20% of profit after tax as shareholder returns.
- At year end 2019, the Group had net cash of US$13.7 million, including cash and cash equivalents of US$81.1 million.

Outlook

- Final dividend of USc5.52 per share expected to be paid in May 2020, subject to shareholder approval.
- This results in a 2019 full year dividend of USc8.18 per share.
- Expected higher shareholder returns from 2021, following the completion of development projects.
- Potential for special dividends or share buybacks.

→ Read more in the **KPIs** on **page 18**

The objectives of our strategy are:

01

Increase production to 1.2 million tonnes per annum of ilmenite (plus co-products) from 2021

02

Reduce unit costs, positioning Kenmare as a first quartile margin producer from 2021

03

Maintain positive free cash flow throughout the commodity cycle in order to deliver consistent shareholder returns

Business model

Kenmare's business model aims to deliver our strategic objectives of growth, margin expansion and shareholder returns. Through our key inputs of an engaged workforce, a disciplined financial approach, a tier one asset and a commitment to being a responsible corporate citizen, we generate benefits for all of our stakeholders in the long term.

Inputs

People

- Our people are our most important asset as they drive the generation and effective delivery of our strategy.
- We invest in our employees throughout their careers, offering opportunities for training and development, plus competitive rewards linked to performance.

Mining licenses

- Moma is one of the largest producing mineral sands mines in the world, producing approximately 7% of global demand for titanium feedstocks.
- The ore zones contained within the Moma resource base are large enough to support production for more than 100 years, at current rates of production.

Finance

- Equity and debt markets have provided the financing necessary to develop the company.
- Maintaining balance sheet strength and flexibility provides opportunities for shareholder returns and investment growth.

What we do

01

Orebody definition

We use drilling and sampling to define the size, quantity and grade of mineral resources. We then determine technical feasibility and assess commercial viability.

02

Development

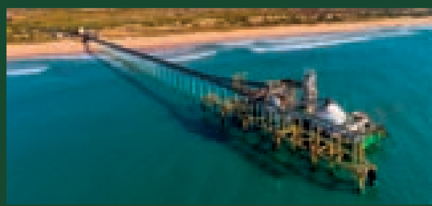
Through the development process, commercially viable mineral reserves and resources are transformed into producing assets.

→ Read about our **Development projects** on **page 34**

04

Processing and storage

HMC is processed into finished products at our Mineral Separation Plant. We do not use any chemicals in our mining or processing operations, instead using highly specialised gravity, magnetic and electronic processing methods.



05

Sales and marketing

We have our own dedicated port facility and transhipment vessels. We strive for strong, long-term customer relationships for our marketed products.

Facilitating our business model

Cost advantages

Kenmare's primary product, ilmenite, is one of the most abundant minerals in the world. However, in order to extract and sell it economically, companies must have access to large scale mining and processing facilities and nearby port facilities. Kenmare is well-positioned to deliver long term, low cost production through its business model.

Large scale, long life ore body

The Moma Mine contains globally significant mineral reserves of heavy minerals. It is comprised of multiple ore zones, with approximately 8 billion tonnes of mineral resources. Due to its large scale, Kenmare is able to utilise bulk mining and achieve economies of scale. From 2021 Kenmare's cash operating costs are expected to be US$125–135 per tonne (in 2020 real terms).

Dredge mining

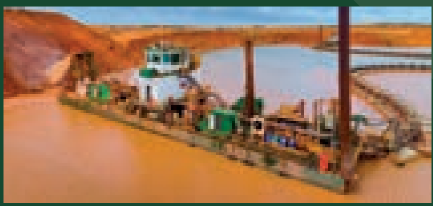
Due to the nature of the ore (mineralised sand) at the Moma Mine, Kenmare's primary mining method is dredge mining. It involves removing sand from the bottom of an artificial pond and concentrating it in a Wet Concentrator Plant. Dredge mining is lower cost than dry mining.

Power source

The Cahora Bassa hydroelectric power station is the Moma Mine's principal power source, with transmission through the grid. Hydroelectric power is a lower cost alternative to diesel fuel and as it is a renewable energy source it contributes to our reduced environmental footprint.

Our business model is underpinned by our values

Integrity Commitment Accountability Respect Excellence



03

Mining

Dredge mining is a low cost form of mining and it accounts for the majority of our mining activities. Dry mining provides additional flexibility.

Outputs

Employees

The success of our business model allows us to foster a skilled and engaged workforce, working as a team to achieve our shared vision. Our employees are the cornerstone of our business and the objective of our safety culture is to ensure that we provide a safe working environment.

96%

Kenmare's employees are Mozambican

0.27

LTIFR per 200,000 man-hours worked

Local community

We take a long-term, strategic approach to conducting our business that ensures that local communities can share in the benefits of our activities. A highlight of KMAD's 2019 activities was the completion of construction of phase two of the technical school to provide vocational training and skills development for local people. At the end of 2019 over 40 KMAD-supported small businesses were also in operation.

US$1.4m

Invested in community development initiatives through KMAD

Shareholders

In March 2020 Kenmare declared a 2019 full year dividend of USc8.18 per share, based on our 2019 Preliminary Results. This dividend is in line with our policy to pay a minimum of 20% of profit after tax. Increased shareholder returns are expected from 2021, following completion of the development projects.

USc8.18

Per share 2019 full year dividend

US$44.8m

Profit after tax

Environment

Kenmare is committed to responsible environmental stewardship and efficient use of natural resources. We are proud of our low environmental impact, including employing progressive rehabilitation practices and avoiding the use of chemicals in our mining and processing operations.

90%

Power demand produced from a renewable source (hydropower)

200

Hectares of land rehabilitated

Investing in the long-term sustainability of our business model

Assets

Between 2018 and 2020 Kenmare is investing US$160 million into three development projects to increase production to 1.2 million tonnes per annum of ilmenite (plus associated co-products) from 2021.

People

In 2019 Kenmare invested US$700,000 into the training and development of employees. We are proud to bring skills and prosperity to our host communities and our host country. In 2019 we paid US$33.5 million in salaries in Mozambique.

Local communities

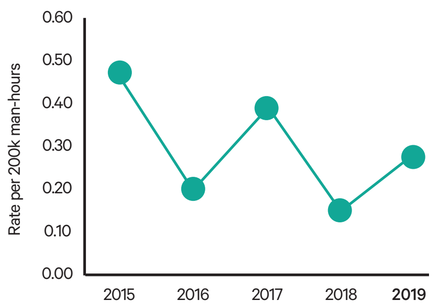
We value highly our relationship with our host communities. KMAD acts as a positive catalyst to support community development and its three focuses are livelihoods and economic development, healthcare development and education development.

Key performance indicators

We use various financial and non-financial performance measures to help evaluate the ongoing performance of our business. Linked to our strategic objectives, the following measures are considered by management to be some of the most important in evaluating our overall performance year on year.

Health and Safety

LTIFR: Lost time injury frequency rate.



Relevance

Measures the number of injuries per 200,000 man-hours worked at the Mine that result in time lost from work.

Performance

Although from an industry perspective Kenmare's safety performance remained robust, our LTIFR weakened in 2019 to 0.27 per 200,000 man-hours worked, with seven lost time injuries recorded during the year compared to three in 2018.

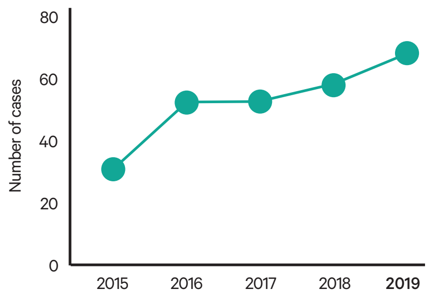
Outlook

Kenmare is committed to continual improvement and in 2020 we are focusing on empowering employees and developing a culture of personal accountability for safety.

Link to risk

9

AI: All injuries, including lost time injuries and other less serious injuries.



Relevance

Measures the total number of injuries at the Mine in the year.

Performance

Despite a downward trend in Kenmare's LTIFR from 2015 to 2019, the number of 'All Injuries' increased by 14% in 2019 compared to 2018. 80% of the injuries recorded in 2019 were minor injuries (first aid injuries).

Outlook

Improving our safety performance is a key focus area for Kenmare in 2020.

Link to risk

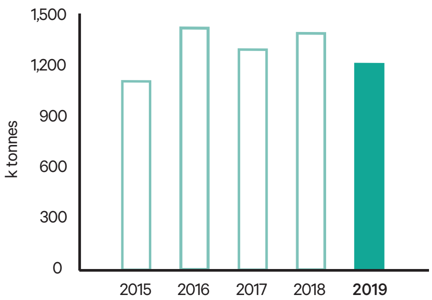
9

Risk key

- Strategic
- Operational
- Financial

Production

Mining – HMC produced: HMC extracted from mineral sands deposits, which include ilmenite, zircon, rutile, monazite, other heavy minerals and silica.



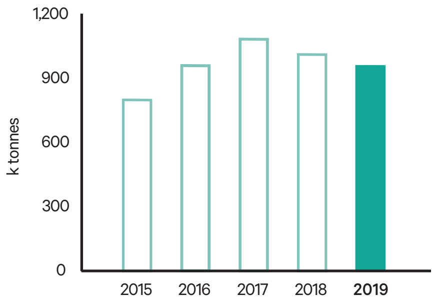
Relevance
Provides a measure of Heavy Mineral Concentrate (HMC) recovered from the Mine, the feedstock for the product suite.

Performance
HMC production decreased by 12% in 2019 compared to 2018. This was as a result of declining ore grades, which averaged 3.58% THM in 2019 compared to 4.35% THM in 2018. This was partially offset by an 8% increase in excavated ore tonnes.

Outlook
Through continued optimisation efforts such as the dredge automation projects and Projecto Oitenta, Kenmare expects HMC production to increase in 2020 compared to 2019. From 2021, once the third of Kenmare's outlined growth projects is complete, Kenmare expects HMC production to increase further to support production of 1.2 million tonnes per annum of ilmenite plus associated co-products.

Link to risk
4 5 6 7 8

Processing: Finished products produced by the mineral separation process.



Relevance
Provides a measure of finished products produced by the processing plants.

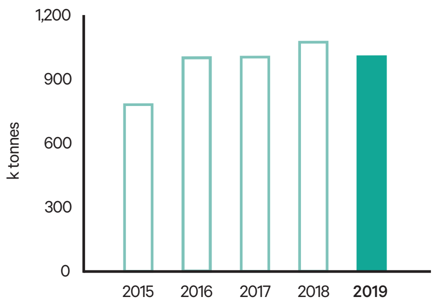
Performance
Finished product production reduced by 5% during 2019 compared to 2018, mainly as a result of lower HMC available for processing.

Outlook
Finished product production is expected to be lower in 2020 than in 2019, as outlined in our 2020 guidance, due to anticipated lower grades and lost production time due to the relocation of WCP B. However from 2021 we expect to produce 1.2 million tonnes per annum of ilmenite, plus associated co-products, on a sustainable basis.

Link to risk
4 5 6 7 8

Marketing

Shipments: Finished products shipped to customers during the period.



Relevance
Provides a measure of finished product volumes shipped to customers.

Performance
Shipment volumes decreased by 4% in 2019 compared to 2018, primarily as a result of challenging weather conditions impacting shipping capacity in the first nine months of the year. This was partially offset by a record quarter for shipments in Q4 2019.

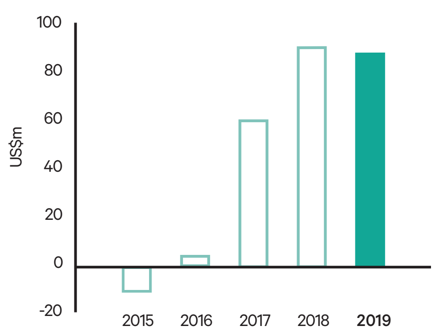
Outlook
Shipment volumes are expected to be lower in 2020 than in 2019, as outlined in our guidance for the year. However, from 2021 shipping volumes are expected to increase significantly due to stronger production volumes.

Link to risk
5 12 13

Key performance indicators continued

Financial

EBITDA: Earnings before interest, tax, depreciation and amortisation.



Relevance

Eliminates the effects of financing, tax and depreciation to allow assessment of the earnings and performance of the Group.

Performance

EBITDA was largely flat in 2019, compared to 2018. Although shipments of finished products decreased by 4% year-on-year and total cash operating costs increased by 4%, this was largely offset by a 8% increase in average received price per tonne (FOB).

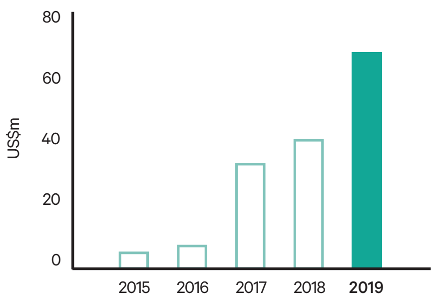
Outlook

Kenmare expects to generate significantly stronger EBITDA from 2021 when it has achieved its expanded production rate of 1.2 million tonnes per annum of ilmenite, plus associated co-products.

Link to risk

12 13

Capital costs: Additions to property, plant and equipment in the period.



Relevance

Provides the amount spent by the Group on additions to property, plant and equipment in the period.

Performance

Investment in property, plant and equipment increased in line with the Group's development strategy in 2019. Capital was incurred for sustaining existing operations, the construction of WCP C and the relocation of WCP B to the high grade Pilivili ore zone.

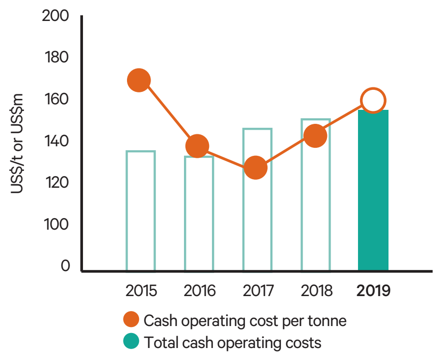
Outlook

Kenmare expects capital costs to be higher in 2020 than in 2019, as outlined in its development and sustaining capital guidance for the year. However, from 2021–2023, prior to the move of WCP A, we anticipate that capital costs will be significantly lower, with development capital of less than US$5 million per annum and sustaining capital of US$20–25 million per annum.

Link to risk

2

Cash operating costs: Total group costs less freight and other non-cash costs, including inventory movements. For cash operating costs per tonne, this number is divided by the tonnes of final products produced.



Relevance

Eliminates freight costs and non-cash costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of product produced over time.

Performance

Total cash operating costs increased by 4% in 2019 compared to 2018. This was due primarily to additional demurrage costs, principally as result of poor weather conditions during the first nine months of 2019, additional maintenance costs during the year and an adjustment to consumable spares stock. These cost increases were partially offset by lower payroll costs due to the localisation of staff and a reduced overtime requirement. The higher costs and lower production volumes resulted in a 9% increase in cash operating costs per tonne.

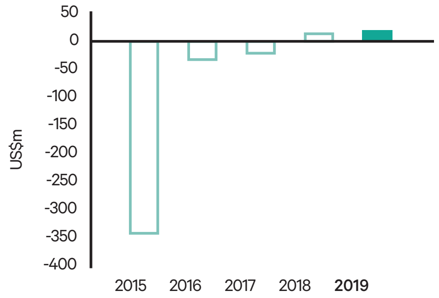
Outlook

From 2021 when Kenmare has achieved its targeted production rate of 1.2 million tonnes per annum of ilmenite plus associated co-products, we expect cash operating costs per tonne to decrease to US$125–135 per tonne (in 2020 real terms).

Link to risk

4 5 6 7 8 14

Net cash/debt: Total cash and cash equivalents minus bank loans.



Relevance

Provides a method to evaluate the Group's cash flows. Net debt aids in understanding the leveraging of the Group.

Performance

Net cash has remained in line with the prior year. Cash from operating activities has mainly been used to fund expenditure on property, plant and equipment and working capital in the year.

Outlook

From 2021 Kenmare expects to deliver lower cash operating costs per tonne due to increased production volumes. Through this margin expansion, we expect to generate significant free cash flow, which is anticipated to deliver an increased net cash position.

Link to risk

4 5 6 7 8 15

Managing Director's statement

MICHAEL CARVILL
Managing Director

Well resourced to deliver our growth plans

2019 marked another significant step in the development of Kenmare, including the payment of our maiden dividend. We achieved record excavated ore tonnes during the year, following the successful 20% capacity upgrade of WCP B during 2018, and we maintained our strong focus on safety.

Our plans to increase production progressed well, with the development of WCP C bringing us closer to our target of 1.2 million tonnes per annum of ilmenite from 2021. Through this 35% production increase on 2019 volumes, we will also achieve significant margin expansion, elevating us to the first quartile of the industry revenue to cost curve.

Looking ahead to the remainder of 2020, it is difficult to predict the full impact of COVID-19. However, with our market-leading position, supported by a long-life tier one asset, and a compelling growth strategy, we are in good shape.

Safety

As always at Kenmare, the health, safety and wellbeing of our people and our host communities are our highest priorities. In 2019 we achieved a LTIFR of 0.27 per 200,000 man-hours worked and we retained our five-star NOSA safety accreditation for the fourth consecutive year. We introduced a number of new safety initiatives, including theatre workshops and the Golden Rules of Safety, and we will continue to target further improvement.

As promised last year, we also redoubled our efforts towards community safety through education, hosting workshops on road safety in schools within our host communities.

Sustainability

At Kenmare, our actions are informed by our guiding principles: We Care, We Grow, We Excel. Environmental stewardship and being a responsible corporate citizen are at the heart of all we do. I would like to express my thanks to our stakeholders in Mozambique for their support during the past year, including our employees, host communities, local suppliers and the Government. We continue to be an engaged participant in the Extractive Industries Transparency Initiative (EITI), with Kenmare representatives having been on Mozambique's EITI co-ordinating committee since its inception in 2009.

Our people are central to the delivery of our strategy. At the end of 2019 we had over 1,420 employees and 96% of our employees at the Moma Mine were Mozambican. The Moma workforce received over 13,800 hours of training during 2019 as we believe that development opportunities are central to attracting and retaining the best people. In 2019, through the Kenmare Moma Development Association (KMAD), US$1.4 million was invested in community initiatives.

Operational performance

2019 was a record year for excavated ore (36.8 million tonnes), driven by the 20% upgrade of WCP B, a dredge automation project and utilisation improvements. Ilmenite production was within 1% of its original guidance range (892,900 tonnes) and guidance was achieved for all other products.

Q4 2019 was a record quarter for shipments (352,900 tonnes), improving on the previous quarterly record by 10%. Despite poor weather conditions impacting loading rates in the first three quarters, 2019 shipments totalled over one million tonnes of finished products for the fourth consecutive year.

Total cash operating costs and unit costs were within the respective original guidance ranges. From 2021 we expect unit costs to decrease, driving stronger margins and providing resilience against commodity price volatility.

1.2 Mtpa ilmenite production from 2021

Following the successful commissioning of the WCP B upgrade in 2018, in 2019 we built our third mining plant: WCP C. WCP C is mining a high grade area of the Namalope ore zone and adds 500 tonnes per hour of additional mining capacity. The project is expected to be delivered within its budget of US$45 million and is an important step in sustaining our targeted production rate of 1.2 million tonnes per annum of ilmenite. WCP C is now operating well and providing a meaningful contribution to Moma's production.

Project execution for the relocation of WCP B to the high grade Pilivili ore zone is well underway and currently on schedule. The project includes the construction of a 23km road, the installation of an electrical

> With a globally significant asset, a robust balance sheet and a strong team, we are well positioned to meet any challenges that might arise and to create new opportunities.

substation and the establishment of a 17km positive displacement pumping system. The move is on track to take place in Q3 2020, with commissioning anticipated in Q4 2020.

From 2021 we expect our production to account for approximately 10% of global supply of titanium feedstocks, supported by growing global demand.

Eamonn Keenan

I want to take this opportunity to remember our colleague Eamonn Keenan. He was one of the first members of the Kenmare team, and as Sales and Marketing manager he was responsible for developing the market for our products. Following a short illness, Eamonn sadly passed away on 9 October 2019.

Like all of our team, I am deeply saddened by Eamonn's death. We worked together for over 25 years and he was a highly valued colleague and friend. Eamonn played a key role in helping Kenmare to grow into the Company it is today, and he was well respected throughout the mineral sands industry. His memory will be honoured by all who knew and worked with him.

Product markets

The ilmenite and rutile we produce are used to make titanium dioxide pigment, which imparts whiteness and opacity in the production of paper, paint and plastic. Kenmare continues to be the largest global supplier of merchant ilmenite and the fourth largest producer of titanium feedstocks. Zircon's principal use is in the manufacture of ceramics. Based on analysis of historic trends, we expect that demand for all of our products will increase in line with global growth in gross domestic product and emerging market urbanisation.

In 2019 Kenmare achieved higher average prices for titanium feedstocks (ilmenite and rutile) than in 2018, but lower average prices for zircon.

Ilmenite prices increased by 7% during 2019 and prices in H2 2019 increased by 16% compared to H1 2019. Prices have increased further in the early months of 2020 due to strong global demand and continuing supply constraints. While Kenmare is profitable at current price levels, prices remain largely insufficient to incentivise new greenfield production, supporting tight ilmenite market conditions in the longer term.

It is difficult to predict the adverse impact on the market this year due to the global COVID-19 outbreak. However, we have yet to see any negative impact on customer demand or market pricing for titanium minerals. To the extent that there is a general decline in global economic activity, this is likely to affect our end product markets.

Zircon prices decreased by 5% in 2019 as a result of slower global growth leading to lower demand, coincident with increased supply. This resulted in softer pricing, particularly in the Chinese market. We believe that 2020 is likely to be a challenging year for the zircon industry as the market remains in oversupply and producer inventories are high. Following the outbreak of COVID-19 we have seen further pressure on zircon prices. However, global zircon production is forecast to decline in the coming years, with mine closures and ore body depletion at a number of operations, supporting higher long-term prices.

Outlook

Following the recent global outbreak of COVID-19, Kenmare has been taking actions to mitigate the potential impact of the virus. Our highest priority is to protect all our employees and the local communities in Mozambique. To minimise the potential for COVID-19 to spread to the operations, the Company has instigated strict procedures for access to the Mine and we have implemented heightened health protocols. We have also imposed restrictions on travel for all employees. The Company is working closely with its on-site contractors and evaluating the potential impacts on its operations and supply chain, on the execution of its development projects and on its customers, which may be negatively affected.

We believe that the fundamentals for all of our products remain positive. At Kenmare, we will continue to focus on the three pillars of our strategy: growth, margin expansion and shareholder returns. Partnership and sustainability will also remain key priorities.

With a globally significant asset, a robust balance sheet and a strong team, we are well positioned to meet any challenges that might arise and to create new opportunities. We will aim to deliver superior value as we responsibly meet global demand for our 'quality-of-life' minerals.

MICHAEL CARVILL
Managing Director

Market report

CILLIAN MURPHY
Marketing Manager

A positive outlook for titanium minerals

In 2019, Kenmare's revenues increased to US$270.9 million, representing a 3% increase compared to 2018 (US$262.2 million). Higher revenues were driven by an 8% increase in average received product prices to US$248/tonne (2018: US$229/tonne). This was partially offset by shipment volumes declining by 4%, primarily as a result of challenging weather conditions impacting shipping capacity.

Sales revenues in 2019 were weighted towards the second half of the year, as both average received prices and volumes increased in H2 2019, benefitting from improved weather conditions. This included a record 352,900 tonnes shipped in Q4 2019.

Ilmenite

Kenmare achieved 7% higher average ilmenite prices in 2019 compared to 2018, with improving market conditions resulting in sequentially higher received prices for each quarter of 2019. H2 2019 ilmenite prices increased by 16% in comparison with H1 2019.

The strong ilmenite market was supported by global supply constraints in 2019. Ilmenite supply from India continued to be limited to one producer as a government ban on four private mining companies remained in place. Supply from Vietnam reduced as mining was limited due to both the high cost of Vietnamese mining and the expiration of export quotas. Coupled with these restrictions, several mines in Australia and Africa reduced production in 2019 as a result of depleting ore bodies, further reducing availability in the market. Consequently, global ilmenite inventories that were carried into 2019 were drawn down throughout the year. In early 2020 demand continues to outstrip supply and Kenmare sees limited potential for new supply entering production in the short term.

Demand for ilmenite was impacted by challenging TiO_2 pigment market conditions as geopolitical factors such as the US-China trade war and Brexit dampened pigment demand. In addition, pigment producers destocked excess product inventories in H1 2019, reducing consumption of titanium feedstocks. However, Kenmare saw increased demand for its ilmenite for upgrading into high grade feedstocks, particularly in China, for use in the chloride pigment and titanium sponge market. The production of high grade chloride feedstocks in China requires imported ilmenite as contaminants in domestic ilmenite make it unsuitable. However, ilmenite imports decreased by over 30% in 2019, limiting the ilmenite available to this market.

Tight market conditions were also prevalent in high-grade feedstocks in 2019, leading to positive pricing momentum. Natural rutile is in tight supply as mines globally continue to deplete and close. Kenmare saw strong demand for its rutile product as a result. Chloride slag and synthetic rutile supply is available to replace the depleting rutile supply. However, such supply is constrained by ilmenite availability. Kenmare views this as a positive development for its ilmenite product suite going forward.

Eamonn Keenan
General Manager, Sales & Marketing

Eamonn Keenan held various roles within Kenmare during his 25 years with the Group, most recently serving as General Manager, Sales and Marketing. He joined Kenmare aged 27 in 1994 and he was one of the first members of the Kenmare team.

Eamonn was known for his diligence, honesty and loyalty. He loved travelling to Kenmare's operations in Mozambique and made many friends during his time there. He was open-minded, approachable and had a great sense of humour.

Eamonn was regarded by his team as a fair and generous manager. He was a patient teacher and would be the first to stand up for his colleagues if there were ever any difficulties.

He was also known as a loving family man.

Everyone at Kenmare was deeply saddened by Eamonn's passing on 9 October 2019, following a short illness. He is sadly missed by our teams in Dublin, Mozambique and China.

Read the Managing Director's Statement for Michael Carvill's memories of Eamonn.

Zircon

The zircon market faced challenging conditions in 2019, following two strong years of growth, and prices of zircon products moderated as a result. Despite this, Kenmare shipped a record 50,300 tonnes of primary zircon in 2019, representing a 9% increase compared to 2018. Kenmare also successfully introduced a new mineral sands concentrate product to the market in 2019, resulting in a large increase in concentrate volumes shipped – 38,900 tonnes compared to 27,000 tonnes in 2018.

Global economic uncertainty, as well as some downstream finished product inventories, resulted in lower than anticipated zircon demand in 2019. Coupled with this, there was a supply response following the strong market conditions in 2017 and 2018, and increased zircon entered the market in the form of low quality concentrates. This resulted in zircon prices decreasing from mid-year 2019 and this has continued into 2020. Kenmare believes a short-term oversupply exists but the medium to long-term fundamentals remain strong as large zircon-rich mines deplete.

Outlook

Prior to the COVID-19 outbreak, the outlook for titanium minerals looked strong. Little relief from global feedstock supply constraints was anticipated in the short-term and existing deposits continued to deplete. Coupled with this, demand for ilmenite upgrading was expected to increase as chloride pigment capacity in China grew. Kenmare's ilmenite product suite is a preferred feed for this market.

The lack of investment in the titanium feedstock industry in recent years has left the industry exposed to a supply gap and inventories throughout the supply chain are reported to be low. However, the extent of COVID-19's effects on global industrial and economic activity are difficult to gauge at this time, although they are clearly negative and likely to impact our markets.

The zircon market faces challenges as a small, short-term oversupply remains. Kenmare believed this would continue to dampen prices in 2020, and the COVID-19 pandemic has put further pressure on this market. Looking further ahead, zircon-rich development projects have yet to agree financing and significant deposits currently in production are nearing the end of their mine lives, creating a supply deficit. As a result, Kenmare believes that zircon fundamentals remain positive in the medium to long-term.

STRATEGIC REPORT

Current trends in our markets

2019 saw several trends emerge in Kenmare's markets, which are expected to continue into 2020. In general, these trends look positive for the ilmenite market but short-term weakness in zircon is expected.

01

Titanium feedstocks supply constraints

Global titanium feedstock supply is constrained by government policy and cost of production in India and Vietnam, while mines in other regions are depleting.

How will this impact us?

Lower supply from Kenmare's competitors resulted in increased enquiries for Kenmare ilmenite in 2019. Most of the constraint in supply is in high-quality ilmenite and Kenmare's position in the market has been strengthened as a result. These constraints are expected to continue in the near to medium-term and Kenmare will benefit from less competition.

02

Increased demand for upgrading ilmenite to high-grade feedstocks

Increasing demand to upgrade ilmenite to high-grade feedstocks for use in chloride pigment and titanium sponge.

How will this impact us?

All of Kenmare's products are suitable and desired for upgrading to high-grade feedstocks. In China, new chloride pigment projects have been commissioned or are underway, and will require high-grade feedstocks to be produced. Domestically produced ilmenite is unsuitable for upgrading to high-grade feedstocks, placing Kenmare in a strong position to supply this growing market. Outside of China, excess ilmenite upgrading capacity exists, but increased production is constrained by a lack of ilmenite availability, with these producers requiring supply.

03

Small-scale oversupply in zircon market

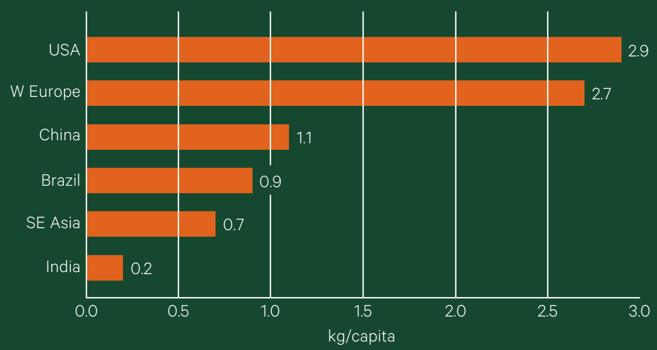
Following two years of strong growth, the zircon market faced challenging conditions in 2019 as geopolitical factors and excess downstream inventories weakened demand. Coupled with this, increased supply entered the market in 2019 causing a small oversupply.

How will this impact us?

Zircon customers see Kenmare as an important alternative to large zircon producers. Consequently, Kenmare does not expect its sales volumes to be impacted. However, Kenmare has seen a decrease in zircon prices since mid-2019 and this is likely to continue in the short-term as an oversupply exists. In the medium term Kenmare expects this oversupply to correct itself as existing zircon mines are depleting and no large new zircon projects are entering the market.

Long-term market opportunities	Kenmare's response
Growing GDP and urbanisation in large population economies	• Kenmare is expanding its production to meet future demand growth. • Kenmare believes increased pigment production in China will be required to meet this growing market demand. Kenmare is working with new prospective pigment producers, as well as current producers who plan to expand, to meet this growth.
Consolidation in consumer markets	• Kenmare expects to see consolidation in the markets into which it sells its products in the coming years. • Creating partnerships with industry leaders allows Kenmare to benefit from future consolidation. Kenmare believes it is well positioned in both titanium feedstocks and zircon on this front.
Opportunities to alter Kenmare's product suite	• Kenmare has flexibility to alter its processing circuits to meet changing market demands. • One example of this was the introduction of a mineral sands concentrate product to capitalise on a growing demand for rare earth oxides.

Regional pigment consumption (2017)



Mine process outline

Kenmare's operational process is well established and environmentally sound. The Moma Mine is a low-cost, bulk mining operation that predominantly utilises hydro-generated power and progressive rehabilitation processes.

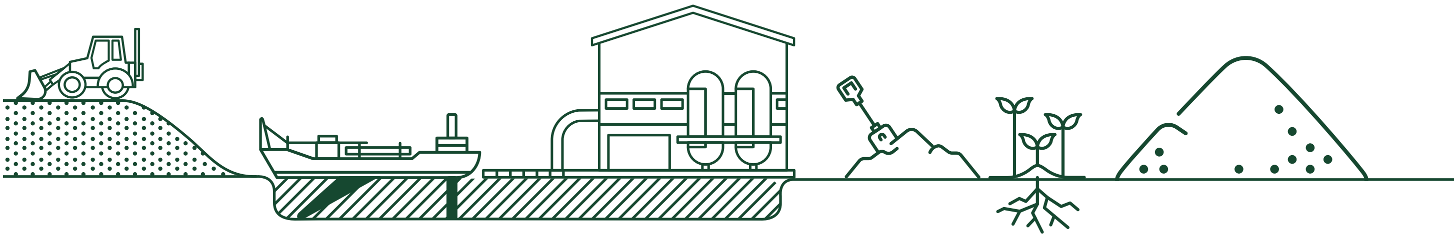
Mining

01 Mining

02 Wet Concentrator Plant

03 Dune rehabilitation

04 Heavy Mineral Concentrate



Dredging takes place in three artificial ponds, where four dredges feed three Wet Concentrator Plants (A, B and C). The dredges cut into the ore at the pond's base, causing the mineralised sand to slump into the pond where it is pumped to a WCP. Kenmare also has two dry mining operations to supplement ore feed to WCP A and WCP B.

The first processing stage at the WCPs consists of rejecting oversize material. Next, the ore feed is passed over progressive stages of gravity spirals, which separate the HMC from tailings (silica sand and clay).

Tailings are deposited into a series of settling ponds, dried and re-contoured, with the previously removed topsoil redeposited. Rehabilitation is completed by planting with a variety of vegetation as well as food crops. The area is then transferred back to the local communities.

HMC is pumped to the Mineral Separation Plant (MSP), where it is stockpiled prior to further processing. HMC consists of valuable heavy minerals (ilmenite, rutile and zircon), other heavy minerals and a small amount minerals, the bulk of which is silica.

STRATEGIC REPORT

Processing

Storage and export

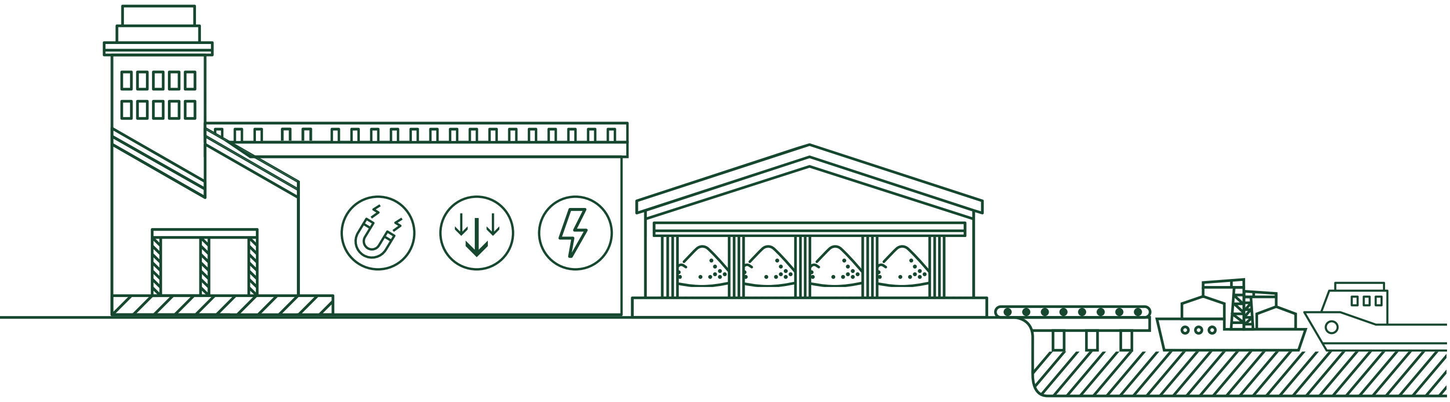
05 Wet High Intensity Magnetic Separation

06 Magnetic, gravity and electrostatic separation

07 Product storage warehouse

08 Conveyor and jetty

09 Customer bulk carrier



HMC is transferred from stockpiles by front-end loaders and fed to the Wet High Intensity Magnetic Separation (WHIMS) plant to separate magnetic from non-magnetic fractions.

The MSP uses magnetic, gravity and electrostatic circuits to separate the valuable minerals of ilmenite, rutile, zircon and monazite into products. The magnetic fraction of WHIMS output is dried and processed by electrostatic separation to produce ilmenite products. The non-magnetic fraction of the WHIMS output passes to the wet gravity separation circuit to remove silica and trash minerals. Electrostatic separators are then used to separate the conducting mineral rutile from the non-conducting minerals zircon and monazite.

Ilmenite and rutile are stored in a 185,000 tonne capacity warehouse, which also contains an enclosed area to store the mineral sands concentrate product (containing monazite). Zircon is stored in a separate 35,000 tonne capacity warehouse to reduce the potential for cross-contamination. The warehouses load the products onto a 2.4 km-long overland conveyor.

The conveyor transports product to the end of a 400 metre long jetty, where product is loaded onto transhipment vessels, at a rate of 1,000 tonnes per hour. Kenmare owns and operates two transhipment vessels, the Bronagh J and the Peg.

The vessels transport the products to a deep water transhipment point 10 km offshore, where they self-discharge into bulk carrier vessels. These vessels then transport the final products to multiple destinations around the world.

Other infrastructure:

Other infrastructure on site includes a 170km 110kV power transmission line, a sub-station, a leased 9.6 MW diesel generator plant, an accommodation village, offices, a laboratory, an airstrip, water supply and sewage treatment plants.

Operational review

BEN BAXTER
Chief Operations Officer

Optimising our operations to maximise value

We achieved record excavated ore in 2019 and shipped record volumes of finished products in Q4 2019. Ilmenite production was within one per cent of the original guidance range and we achieved guidance for all other products.

Cash operating costs per tonne were within the original guidance range and we successfully introduced a mineral sands concentrate product to the market. This was all delivered while progressing our growth strategy to increase ilmenite production to 1.2 million tonnes per annum from 2021, which will position Kenmare as a first quartile producer on the industry revenue to cost curve.

Although from an industry perspective our safety performance remained robust, our LTIFR weakened in 2019 to 0.27 per 200,000 man-hours worked, with seven lost time injuries recorded during the year compared to three in 2018. The Group is committed to continual improvement and in 2020 we are focusing on empowering employees and developing a culture of personal accountability for safety. For more information on our safety performance in 2019, read the Sustainability report on pages 52 to 65.

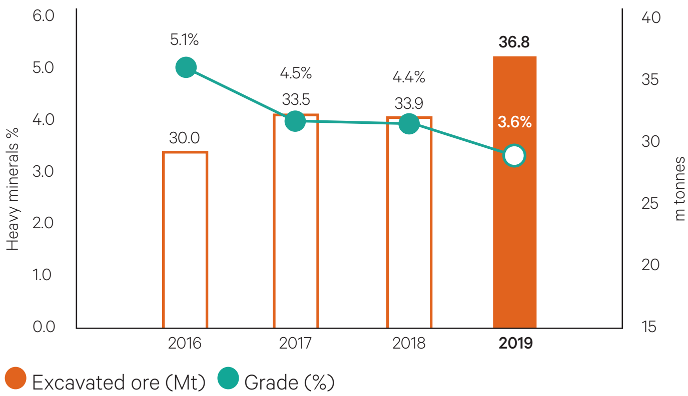
Mining

Kenmare achieved an annual record for excavated ore in 2019 (36.8 million tonnes), which represented an 8% increase compared to 2018 (34.0 million tonnes) and the fourth consecutive year of increase. Excavated ore volumes benefitted from a 20% capacity expansion at WCP B during 2018, in addition to a dredge automation project and sustained dry mining operations. Projecto Oitenta, which is a utilisation improvement programme with the goal of increasing mine operating time to 80%, also delivered operating time increases, particularly at WCP B.

Excavated ore volumes were impacted by more challenging dredging conditions and reduced power reliability in H2 2019, due to upgrade work on the national power grid. Tonnage was also impacted by difficulties encountered during the WCP A dredge automation project, as announced in December 2019. Work on the national power grid has been completed and power reliability has since improved.

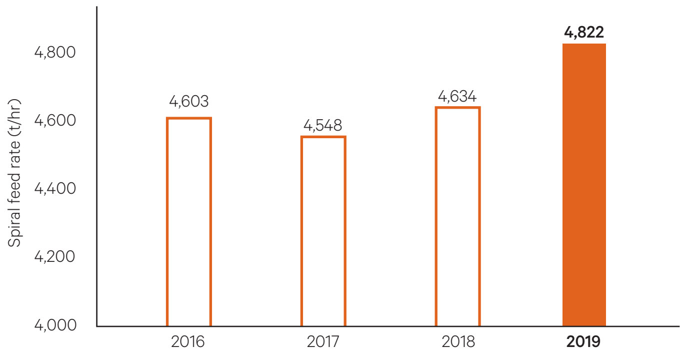
Despite this increase in excavated ore, HMC production decreased by 12% to 1,202,100 tonnes in 2019 compared to 2018 (1,370,800 tonnes). This was due primarily to an 18% decline in ore grades to 3.6% (2018: 4.4%), due to WCP B approaching the end of its current mine path in Namalope and lower grades at WCP A, as anticipated in the mine plan.

Excavated ore and grade



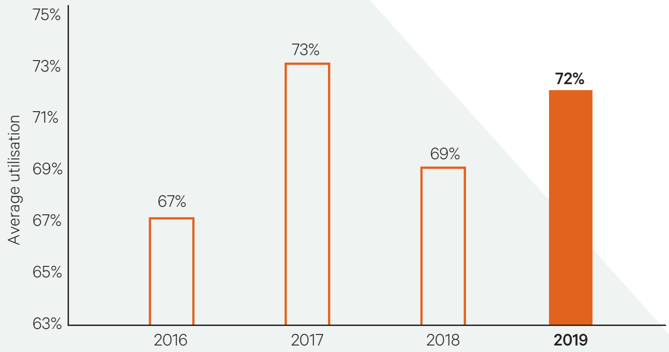
Mining throughputs (measured by the spiral feed rate on the WCPs) increased by 5% in 2019 compared to 2018, driven by the ramp-up of the WCP B capacity upgrade, which increased the mining plant's capacity from 2,000 tonnes per hour to 2,400 tonnes per hour. This was partially offset by harder ore at WCP A as a result of increased levels of slimes, and lower dune heights.

Mining throughputs



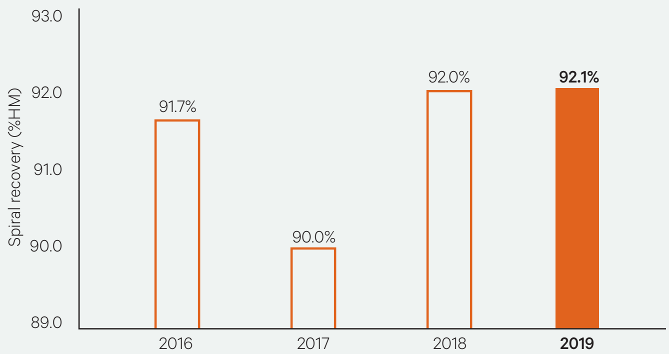
Mining utilisation, which relates to operating time excluding downtime and standing time, improved in 2019 to 72% compared to 69% in 2018. Projecto Oitenta was particularly successful at WCP B, delivering a 10% improvement in utilisation to 77% in 2019. However at WCP A, more downtime was required to implement the project as a result of the older plant and high slimes mining conditions. This countered the operating time benefits delivered, although net benefits from Projecto Oitenta at WCP A are expected in 2020.

Mine utilisation



Mine recoveries remained strong, increasing marginally in 2019 to 92.1%, compared to 92.0% in 2018, as a result of the improved management of the pond and settling paddocks slimes at WCP A. Kenmare upgraded the slimes management system in 2018, resulting in reduced downtime and improved pond water quality for processing needs, and these improvements continued to deliver mitigations for maintaining geotechnical stability in 2019. Occasional desliming periods were required during the year, which whilst impacting plant operating time, maintained these excellent plant recoveries.

Mine recovery



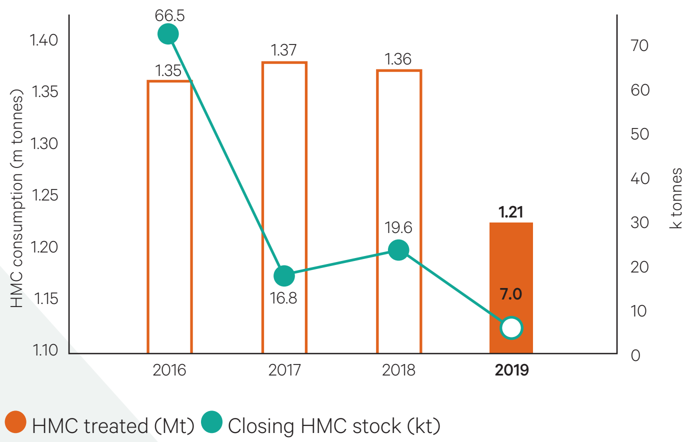
Processing

During 2019 Kenmare focused on improving processing efficiencies at the Mine's Mineral Separation Plant (MSP). This delivered record recoveries, assisted by reprocessing of low grade spillage and tailings stockpiles.

HMC consumption decreased by 11% in 2019 compared to 2018 as a result of lower HMC production, although this was partially offset by the processing of HMC stockpiles. HMC stockpiles began the year at 19,600 tonnes and closed the year at 7,000 tonnes.

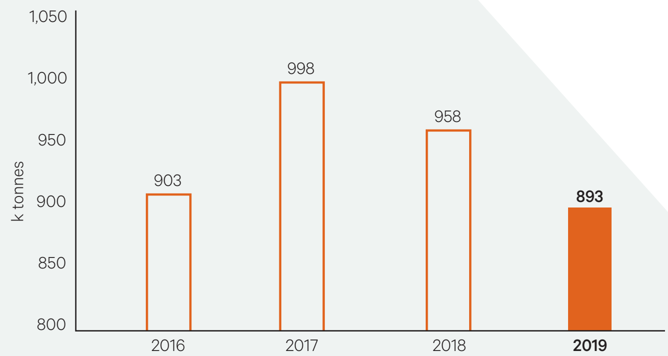
Plant throughputs and utilisations in the MSP were managed according to the HMC stock that was available, and consumption rates were not a constraint to production. To maintain efficient final products output during a period of poor power reliability, Kenmare used diesel-powered electric generators in November 2019 to power the MSP, in addition to during the traditional southern hemisphere summer wet season (December to March). This had the impact of keeping HMC stocks low and maximising product output through steady operations, which contributed to strong mineral recoveries. Kenmare utilised the diesel-powered generators less in 2019 than in 2018, which contributed to lower total power costs during the year.

HMC consumption



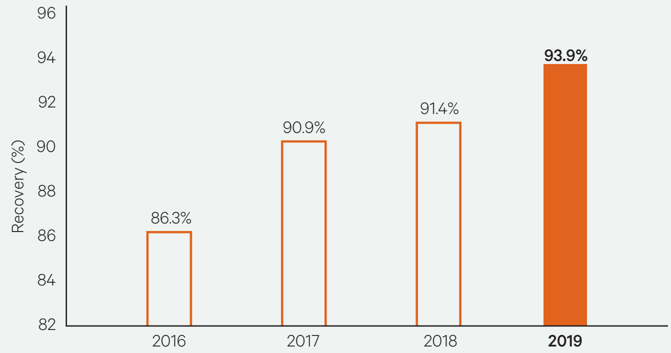
Ilmenite production was 892,900 tonnes in 2019, less than 1% below the lower end of original 2019 production guidance range of 900,000 tonnes. This represents a 7% decrease compared to 2018, as a result of the reduction in available HMC feed due to lower ore grades. However, ilmenite production benefitted from spillage retreatment and reprocessing of scavenger circuit tailings, resulting in ilmenite recoveries of 93.9% in 2019, compared to 91.4% in 2018. 2019 represented the third consecutive year of improved ilmenite recoveries.

Ilmenite production



Operational review continued

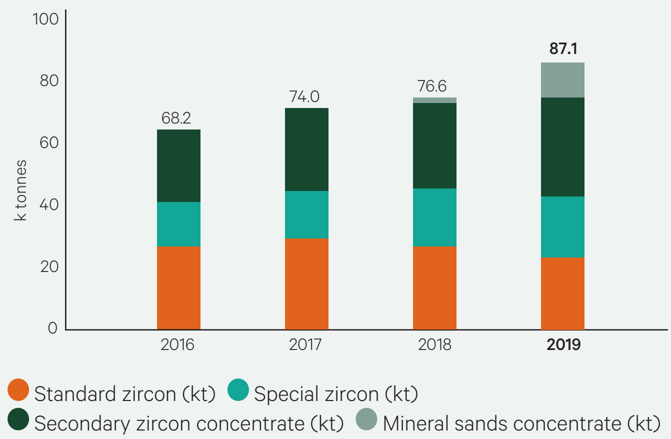
Ilmenite recovery



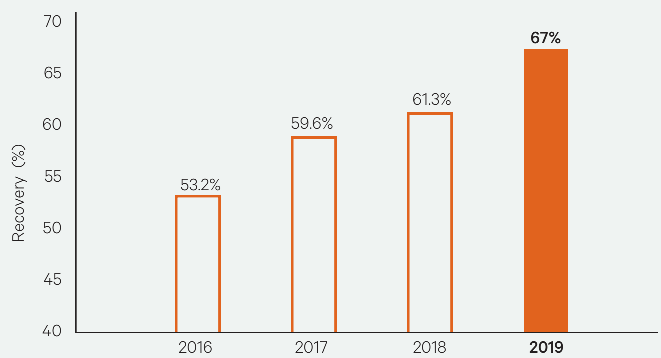
Primary zircon production was 46,900 tonnes in 2019, which represents a 3% reduction compared to 2018, as a result of reduced HMC availability. The impact of lower HMC consumption was lessened by the optimisation projects that the Group implemented during the year, as part of Kenmare's stated strategy of margin expansion. There were particular successes in 2019, with production benefitting from:

- Further optimisation projects converting secondary zircon to primary zircon, particularly the special grade product
- Reprocessing of tailings and intermediate stockholdings boosting primary zircon recovery to 67% in 2019, which represents the third consecutive year of increased primary zircon recoveries
- Monetising zircon, rutile and monazite through the development of a mineral sands concentrate product.

Zircon production including concentrates



Primary zircon recovery



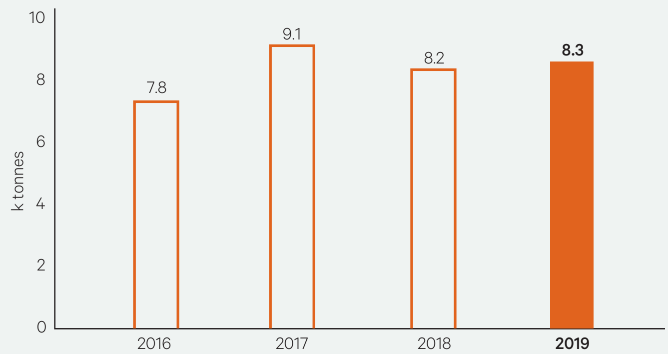
Concentrates production in 2019 was 40,200 tonnes, representing a 43% increase compared to 2018.

Whilst conversion of secondary zircon to primary zircon was a priority to increase revenues, the reprocessing campaigns throughout the year delivered additional secondary zircon production, contributing to strong concentrates production. As a result, secondary zircon production increased by 5% to 27,700 tonnes.

Concentrates production also benefitted from the introduction of a mineral sands concentrate product stream. The project was successfully commissioned in Q4 2018 and 2019 represented the first full year of mineral sands concentrate production, with 12,500 tonnes produced. The project had a capital cost of US$4 million and it has realised a payback period of less than one year.

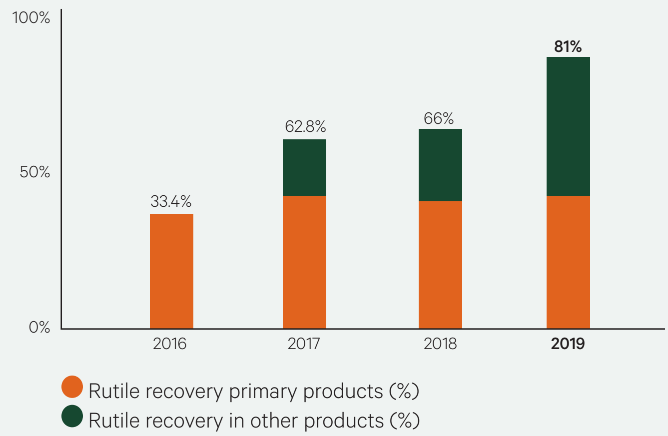
The outcome of these margin expansion initiatives has been that in 2019 more than 89% of zircon processed at Moma reported to a revenue-generating zircon product. This has been elevated through the availability of materials for reprocessing and represents a significant increase compared to 2018 recoveries (78.6%).

Rutile production



Rutile production increased by 2% in 2019 to 8,300 tonnes compared to 2018, with single product rutile recoveries improving by 5% to 41%. Rutile revenues were also received through our zircon concentrates and Mineral Sands Concentrate product with overall rutile recovery improving further to 81% in 2019, compared to 66% in 2018.

Rutile recovery including that sold in other products



Power

No long-term power outages affected Kenmare's operations in 2019, however, the mining plants did suffer from increased short-term power outages compared to 2018. This was despite the Group having assisted the state power provider, Electricidade de Moçambique (EdM), with capital provision on a reimbursable basis to improve reliability of critical transmission equipment. As a result, mine utilisation was impacted by 4%.

During Q4 2019, EdM replaced a power barge, which supplemented power capacity and delivered voltage stability in the Mozambican northern network, with a more suitable unit, and this resulted in improved power stability thereafter. Kenmare's synchronous condenser ("Dip Doctor") continued to perform well throughout the year and rendered harmless more than 80% of low voltage events.

Shipping

Kenmare achieved a record quarter for shipments in Q4 2019 with 352,900 tonnes of finished products shipped. This represented a 10% increase on the previous quarterly record of 322,000 tonnes in Q2 2018.

As a result, the Group shipped 1,029,300 tonnes of finished products in 2019, which comprised 930,700 tonnes of ilmenite, 50,300 tonnes of primary zircon, 9,500 tonnes of rutile and 38,900 tonnes of concentrates. This represented a 4% decrease compared to 2018 due primarily to poor weather conditions in the first three quarters of the year impacting loading rates. Kenmare utilised its finished product inventory during the year to maintain shipments at broadly the same level as in 2018.

A total of 45 ocean-going vessels visited Moma during 2019 and Kenmare's dedicated jetty and transhipment vessels generally performed well.

Capital expenditure

Development capital expenditure increased by 106% in 2019 to US$44.8 million, compared to 2018, and sustaining capital expenditure increased by 28% to US$20.4 million.

Development capital expenditure related to the fabrication and construction of the WCP C concentrator and dredge, and commencement of project execution for the relocation of WCP B to Pilivili. The WCP B move project entered the construction phase for civil engineering in 2019 and long lead time items, such as positive displacement pumps, were ordered.

Sustaining capital expenditure related to primarily:

- Light vehicle and heavy mobile equipment (HME) replacements and refurbishments of (US$3.5m)
- Mine infrastructure such as pumps, pipes and powerlines (US$4.1m)
- Capacity enhancing projects at the Mine, such as dredge automation, Projecto Oitenta and preparing the MSP to deliver 1.2 Mtpa of ilmenite production on a sustainable basis (US$2.8m)
- MSP refurbishments (US$4.5m)
- Camp and support infrastructure (US$1.8m)

Cost management

Kenmare's total cash operating costs and total cash operating costs per tonne were both within the original guidance ranges for 2019. Total cash operating costs were US$156.6 million in 2019, representing a 4% increase compared to 2018, due primarily to:

- Increased maintenance and repair costs contributed to by one-off activities and breakdowns together with the cost of maintaining an increased HME fleet (US$4.3 million)
- Increased costs relating to demurrage incurred from shipping delays as a result of poor weather and conveyor maintenance requirements (US$2.2 million)
- Increased fuel costs due to a 14% increase in fuel prices compared to 2018 (US$1.1 million)
- Cash operating costs per tonne of finished product were US$158 per tonne. This represented a 9% increase compared to 2018 due primarily to reduced production volumes.

Outlook

Kenmare's operations delivered a robust performance in 2019, despite more challenging mining conditions and anticipated lower ore grades at both WCP A and WCP B. I am proud of the continued hard work of our team at the Moma Mine, in particular their dedication to pursuing operational excellence while maintaining our focus on responsibility and sustainability.

2020 is an important year for Kenmare as through both optimising our existing operations and delivering our growth projects, we look forward to achieving our target production rate of 1.2 million tonnes per annum of ilmenite from 2021.

Production of all finished products in 2020 is expected to be lower than in 2019, due primarily to WCP B mining lower grade ore as it approaches the end of its current mine path at Namalope and the predicted lower grades being mined by WCP A. WCP B is expected to cease production for up to 12 weeks during its relocation from Namalope to Pilivili, predominantly during Q3 2020. However, production will benefit from the operation of WCP C. Following WCP B's relocation to Pilivili, WCP B will begin mining higher grade ore in Q4 2020. WCP B accounts for approximately 40% of Moma's mining capacity, including WCP C, and Pilivili is the highest grade ore zone in Moma's portfolio. As a result, Q4 2020 production is expected to be strongest quarter for the year.

Shipment volumes are expected to be higher than production volumes in 2020 but lower than in 2019.

Total cash operating costs in 2020 are anticipated to increase marginally, primarily as a result of the addition of WCP C. Cash operating costs per tonne will also increase due to lower anticipated production volumes.

From 2021, when we achieve our targeted production rate, Kenmare expects its cash operating cost per tonne to decrease to US$125–135 per tonne (in 2020 real terms), in line with its objective to become a first quartile margin producer.

BEN BAXTER
Chief Operations Officer

Total shipments in 2019

>1 Mt

Development projects

STRATEGIC REPORT

BEN BAXTER
Chief Operations Officer

Delivering **industry-leading growth**

Kenmare previously announced three development projects that together have the objective of increasing ilmenite production to 1.2 million tonnes (plus co-products) per annum on a sustainable basis from 2021. This represents a 35% increase in production compared to 2019 and as a result, Kenmare's production will account for 10% of global supply of titanium feedstocks.

This significant increase in production will be achieved through increasing Moma's mining capacity, improving utilisation and mining higher grade ore. It is expected to deliver increased revenues and reduced unit costs by spreading the fixed cost burden over higher production volumes.

Kenmare's cash operating costs per tonne are expected to decrease to US$125–135 per tonne from 2021 (in 2020 real terms), providing expanded margins and greater cash flow stability. As a result, Kenmare will be positioned in the first quartile of the industry revenue to cost curve, providing protection against downward commodity price cycles.

The following progress milestones were achieved in 2019, in accordance with the development programme:

- Completion of the WCP B upgrade on time and more than 35% below budget
- Successful ramp up of the WCP B upgrade to 2,400 tonnes per hour (tph)
- Execution of the WCP C development project, including commencement of commissioning of the dredge
- Completion of the Definitive Feasibility Study (DFS) for the WCP B move to Pilivili in Q3 2020, Board approval to proceed, and commencement of the execution phase of the project
- Receipt of approval of two Environment, Social and Health Impact Assessments (ESHIA) for the WCP B move to Pilivili

WCP B upgrade

The first of the three development projects, the WCP B upgrade, was undertaken in 2018. It had the objective of increasing WCP B's capacity by 20% from 2,000 tph to 2,400 tph. The WCP B upgrade was commissioned safely, with zero lost time injuries, and on time. The project was also completed for less than 35% of the original project budget of US$16 million, with the capital cost totalling less than US$10 million.

In 2019, WCP B ramped up successfully to nameplate capacity. It contributed materially to Kenmare achieving a record year for excavated ore, partially mitigating declining ore grades as WCP B reaches the end of its mine path in the Namalope ore zone. The upgraded capacity of WCP B was complemented by increased mining capacity from additional dry mining operations and the successful completion of a dredge automation project. At its increased run-rate of 2,400 tph, WCP B produces an additional 130,000 tonnes of HMC per annum.

WCP C development

The construction of WCP C is the second of Kenmare's three development projects. WCP C is mining a high grade area of the Namalope ore zone (averaging 5% Total Heavy Minerals (THM)), which is not accessible to the larger WCP A and WCP B mining operations. It is also below the water table, meaning it is not suitable for our supplementary dry mining operations. WCP C is expected to contribute 150,000 tonnes of HMC per annum to Kenmare's production profile.

WCP C is located in the immediate vicinity of the MSP, benefitting from low pumping costs. It is also expected to leverage the existing Moma fixed cost base and services infrastructure. Therefore, in combination with the anticipated higher grades, WCP C is anticipated to contribute to a significant overall reduction in Kenmare's unit costs.

The DFS for WCP C was completed in July 2018 and execution of the project began in November 2018, following Board approval. The project comprised three main components:

- Design, manufacture, transportation and commissioning of a bespoke dredge by Royal IHC, using Kenmare's experience of mining conditions at Moma
- Design, fabrication and construction of a 500 tph wet concentrator plant, using preferred metallurgical equipment by Mineral Technologies

> Kenmare will be positioned in the first quartile of the industry revenue to cost curve, providing protection against commodity price cycles.

- Provision of supporting electrical, piping and pumping infrastructure designed and managed under an EPCM contract with Hatch Engineering

Commissioning of the dredge commenced, as planned, in November 2019, with other infrastructure also established. Commissioning of the concentrator commenced in January 2020 and WCP C produced its first HMC in late February 2020. The project remains on track to be delivered within its capital cost budget of US$45 million.

WCP B move to Pilivili

The third of the three development projects is the relocation of WCP B to the high grade Pilivili ore zone. The move is scheduled to take place in Q3 2020, once WCP B has completed its mine path in Namalope.

All ore zones within Moma's portfolio were considered for the relocation of WCP B but Pilivili was selected due to the favourable combination of higher grades, strong co-product credits and free flowing sand with low slimes, enabling ease of mining and processing. Additionally, Pilivili is located 23 km from Namalope and the existing Mineral Separation Plant, allowing for ease of HMC transportation by pipeline.

During 2019, project execution for the relocation continued to advance on time and within budget. The Board approved a DFS for the project in May 2019, with a capital cost of US$106 million. This included US$15 million of contingency, calculated through a quantitative process involving analysing the risk probabilities of each project workstream.

A number of different methods for relocating WCP B to Pilivili were considered, including disassembly/reassembly and alternate transportation options for the assembled plant by road and/or sea. Moving the assembled plant by road has the lowest risk profile, and accordingly Kenmare has appointed ALE (since bought by Mammoet), a specialist heavy lifting and transport contractor, to relocate WCP B and its dredge by road. The other options were deemed to have greater scheduling risk, to require WCP B to be offline for longer and/or to provide insufficient HMC to achieve the long-term mine plan.

→ Visit our website to watch an animation of the WCP B move:
kenmareresources.com/media/video-library

B

WCP B upgrade (2018)

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

C

WCP C development (2019)

First HMC produced in February 2020 and project on track to be completed within US$45 million budget.

B

WCP B move (2020)

Project execution commenced following DFS completion and Board approval.

Development projects continued

Mammoet, which is the largest specialist heavy lifting and transport contractor globally, will use self-propelled modular transporters (SPMTs) to transport WCP B out of its mining pond at Namalope, along a purpose-built road, and into the new mining pond at Pilivili. Construction of the road is well underway, and it will be 23 kilometres in length and 60 metres in width when complete.

At the end of 2019, approximately 60% of the key contracts had been awarded, included the four key contracts relating to electricals, civil engineering, pumping and heavy lifting/transport. Risk assessment has been a key element of the design and engineering process and Kenmare's Owners' team (the team managing the projects) has ensured the integration of all the key contractors, providing the necessary confidence in the methodology of move. An optimal routing was determined, which saw the start-up location change to the northern most area of Pilivili, differing from the plan outlined in the Pre-Feasibility Study (PFS). Kenmare is in the process of establishing an infrastructure terrace in the start-up location, including the necessary HMC pumps, water supply, workshops and offices.

Kenmare received approval for the two Environmental, Social and Health Impact Assessments (ESHIAs) required for the relocation by the Ministry of Land, Environment and Rural Development in Mozambique in 2019. Community engagement was a key focus during the process to gain the two environmental permits, which relate to Pilivili and the road, and the relocation of farmland. Relocation of dwellings was limited to 11 houses.

In addition, a detailed environmental assessment was completed reviewing the flora and fauna of the mining area and impacts on downstream estuarine habitats. The detailed design phase for the transportation, infrastructure and future mining was completed in collaboration with the ESHIA development to ensure an acceptable long-term mine plan for Pilivili. Post-mining rehabilitation protocols were established and the completed studies led to the proposal of an aquatic management plan and biodiversity management plan for future operations management.

At the end of Q1 2020, the critical project scope items are:

- Completion of civil engineering works on the relocation ponds, transportation route, river crossing and infrastructure terrace in preparation for the move
- Provision of a positive displacement pumping system to pump HMC from Pilivili to the MSP in Namalope
- Electrical infrastructure to provide sufficient power supply from the national power grid, including a STATCOM, power line extension and associated substations
- The transportation contract for the move of the dredge and WCP from Namalope to Pilivili

All items are on track for completion to facilitate the relocation of WCP B in Q3 2020. The plant is expected to be commissioned during Q4 2020, positioning Moma to achieve its targeted production rate of 1.2 million tonnes per annum of ilmenite (plus associated co-products) from 2021.

BEN BAXTER
Chief Operations Officer

Capital cost of WCP B move

US$106m

Global titanium feedstocks production attributable to Kenmare currently

7%

Global titanium feedstocks production attributable to Kenmare from 2021

10%

WCP C development in November 2019

A >100 YEAR MINE LIFE

Kenmare's Moma Mine is a tier one asset, estimated to contain approximately 182 million tonnes (Mt) of ilmenite plus associated co-products of rutile, zircon and monazite. This is equivalent to more than 100 years of production at the expanded 1.2 million tonnes per annum rate expected from 2021 or more than 10% of total global consumption

The nature of these deposits, with abundant fresh water, minimal overburden, good ore grades and attractive products, gives Kenmare the ability to mine, concentrate and separate its products with relatively low capital and operating costs. Operations also benefit from 90% of the energy consumed being supplied by low cost hydroelectric power. Kenmare operates a dedicated port facility adjacent to the MSP, which allows for the shipment of products to customers efficiently and at a low cost.

Summary of reserves and resources

The total proved and probable ore reserves under the Namalope, Pilivili, and Nataka mining concession are estimated at 1,584Mt, grading 2.7% ilmenite, 0.18% zircon and 0.060% rutile, containing 43Mt of ilmenite, 2.9Mt of zircon and 0.95Mt of rutile, and 0.170Mt of monazite (as at 31 December 2019).

The total ore resource (excluding reserves) held by the Group under a combination of exploration licences and mining concessions is estimated as at 31 December 2019 at 6.4 billion tonnes, grading 2.4% ilmenite, 0.16% zircon and 0.052% rutile, containing 150Mt of ilmenite, 10Mt of zircon and 3Mt of rutile.

Details are set out in the Reserve-Resource table on page 40.

All mining currently takes place in the Namalope deposit. In 2019, this consisted of operations at WCP A and WCP B, whilst in early 2020 WCP C also began mining in Namalope. In Q3 2020, WCP B is scheduled to move and begin mining at Pilivili.

Total mineral reserves

1.6Bnt

Total mineral resources

6.4Bnt

Reductions in the reserve statement relate to depletion from mining in 2019 and dredge path revisions that were made during the year to optimise the mine plan. The Namalope reserves now comprise 156Mt of ore at a grade of 2.9% ilmenite, representing 4.5Mt of contained ilmenite, 0.20% zircon (0.32Mt) and 0.07% rutile (0.10Mt).

The Nataka deposit represents a large, long-life mining opportunity for the Group. Reserve status was unchanged in 2019, with probable reserves of 1,248Mt of ore at 2.56% ilmenite, representing 32Mt of contained ilmenite, 0.17% zircon (2.11Mt) and 0.06% rutile (0.70Mt). In 2019, studies continued to develop the initial 20 year high grade mining path for WCP A, which will be mined once mining has completed at Namalope. A further 4,047m of drilling was completed during the year to complement this work. An economic assessment has yet to be completed as part of a Pre-Feasibility Study (PFS) on this new path, and hence until completed, the path will not be translated into reserve category.

In 2019 significant progress was made in the definition of the Pilivili reserves and mining plan. The Definitive Feasibility Study (DFS) recommended a revised initial high grade, location with preferred relocation access from Namalope. A drilling programme of 10,023m was initiated in 2019 to further improve ore body knowledge in these northern areas of Pilivili. Probable reserves for Pilivili are estimated at 180Mt of ore at 3.7% ilmenite, representing 7.9 Mt of contained ilmenite, 0.26% zircon (0.46Mt) and 0.08% rutile (0.15Mt).

A DFS for the relocation of WCP B to Pilivili was completed in H1 2019 and the project was subsequently approved by the Board. WCP B is expected to be moved from Namalope to Pilivili in Q3 2020 and mining in Pilivili is estimated to take eight years before WCP B mines its way into contiguous ore zones.

The DFS considered hydrogeological conditions, both surface and groundwater, and a geotechnical assessment to consider ore hardness. This included inserting 35 piezometers to estimate aquifer properties; five Standard Penetration Tests, 29 Cone Penetration Tests and further test pit assessments of ore. An optimised mine path was generated, and typical in-fill drilling commenced at 50 x 50 metre spacing.

Mineral reserves and resources continued

The Environmental, Social and Health Impact Assessment (ESHIA) for Pilivili was also completed in 2019. This resulted in reassessment of the proposed dredge paths to reduce the proximity of mining to local communities in the later years of the Pilivili mine path.

In addition, new Light Detection and Ranging (LIDAR) topographical surface mapping and the addition of drilling and sampling at 50m x 50m x 1m spacing in the revised start-up area provided a more detailed understanding of the mining floor. Some reserve exclusions resulted from the removal of watercourses and peat deposits. Reserve losses have been reclassified into the Indicated Resource category and will be further assessed once mining at Pilivili has commenced.

At Mpitini and Mualadi exploratory drilling programmes commenced in 2019 and will continue in 2020 to broaden understanding of these deposits. No drilling activity was undertaken in the Congolone deposit during 2019.

The following table sets out Kenmare's mineral resources and reserves as at 31 December 2019:

Reserves

Zones	Category	Ore (Mt)	% THM*	%Ilmenite in THM	%Ilmenite in ore	% Rutile in ore	% Zircon in ore	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Namalope	Proved	111	3.5	81	2.9	0.07	0.20	4	3.2	0.07	0.23
Namalope	Probable	45	3.5	81	2.8	0.06	0.19	1.6	1.3	0.03	0.09
Pilivili	Probable	180	4.4	84	3.7	0.08	0.26	7.9	6.6	0.15	0.46
Nataka	Probable	1,248	3.1	82	2.6	0.06	0.17	39	32	0.70	2.11
Total reserves	**Proved & Probable**	**1,584**	**3.3**	**82**	**2.7**	**0.060**	**0.18**	**52**	**43**	**0.95**	**2.9**

Resources

Zones	Category	Sand (Mt)	% THM*	%Ilmenite in THM	%Ilmenite in sand	% Rutile in sand	% Zircon in sand	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Congolone	Measured	205	3.3	80	2.7	0.07	0.22	6.8	5.5	0.1	0.4
Namalope	Measured	141	3.5	81	2.8	0.06	0.20	4.9	4.0	0.1	0.3
Pilivili	Measured	7	2.8	82	2.3	0.05	0.16	0.2	0.2	0.0	0.0
Namalope	Indicated	108	2.8	81	2.2	0.05	0.16	3.0	2.4	0.1	0.2
Congolone	Indicated	55	3.8	79	3.0	0.08	0.23	2.1	1.7	0.0	0.1
Nataka	Indicated	1,321	3.2	84	2.7	0.05	0.17	42.9	36.0	0.7	2.2
Pilivili	Indicated	99	3.0	76	2.3	0.05	0.16	3.0	2.3	0.1	0.2
Congolone	Inferred	24	2.4	78	1.9	0.05	0.13	0.6	0.4	0.0	0.0
Pilivili	Inferred	35	2.2	76	1.7	0.04	0.13	0.8	0.6	0.0	0.0
Mualadi	Inferred	327	3.2	80	2.6	0.06	0.21	10	8.4	0.2	0.7
Nataka	Inferred	3,637	2.6	82	2.1	0.04	0.14	93	77	1.6	5.0
Mpitini	Inferred	287	3.6	80	2.9	0.07	0.24	10	8.3	0.2	0.7
Marrua	Inferred	54	4.1	80	3.3	0.19	0.19	2.2	1.8	0.1	0.1
Quinga North	Inferred	71	3.5	80	2.8	0.14	0.28	2.5	2.0	0.1	0.2
Total resources		**6,371**	**2.9**	**82**	**2.4**	**0.052**	**0.16**	**182**	**150**	**3.3**	**10**

Resources are additional to reserves. Estimates for Namalope, Nataka and Pilivili reserves and the Namalope, Nataka, Congolone and Pilivili resources comply with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 edition. Table 1 documentation for these reserves and resources can be found at **www.kenmareresources.com**. Estimates for all other resources were prepared and first disclosed under the 2004 edition of the JORC Code. They have not been updated to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since they were last reported.

The competent person for the Namalope, Nataka and Pilivili reserves and resources and the Congolone resources is Mouhamed Drame (MAusIMM). Mr. M Drame is an employee of Kenmare and does not hold any shares in the Company. The competent person for the other resources is Dr Alastair Brown (FIMMM). Dr Brown is an independent consultant who is a shareholder in and former employee of Kenmare. Mr M. Drame and Dr. A. Brown have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code 2012 edition. Mr. M. Drame and Dr. A. Brown consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

*THM is total heavy minerals of which ilmenite (typically 82%), rutile (typically 2.0%) and zircon (typically 5.5%) total approximately 90%. Tonnes and grades have been rounded and hence small differences may appear in totals. Mt represents million tonnes.

Financial review

TONY MCCLUSKEY
Financial Director

Growing from a position of strength

Highlights

Kenmare delivered a solid financial performance in 2019, generating EBITDA of US$92.6 million (2018: US$93.3 million) and finishing the year with a net cash position of US$13.7 million (2018: US$13.5 million).

The market for ilmenite, Kenmare's main revenue driver, strengthened during 2019. Average ilmenite prices (FOB) increased by 7% compared to 2018, and whilst the longer term impact on the market of COVID-19 remains unclear, these price increases have continued into early 2020. A higher average received price per tonne resulted in increased revenue of US$270.9 million (2018: US$262.2 million), partially offset by lower shipment volumes.

Production of finished products decreased by 5% in 2019 compared to 2018, primarily due to a reduction in HMC available for processing as a result of anticipated lower ore grades. Despite slightly lower ilmenite production volumes than expected, total cash operating costs and cash operating costs per tonne in 2019 were within original guidance.

Total cash operating costs in 2019 increased by 4% to US$156.6 million (2018: US$151.3 million), due primarily to increased maintenance and repair costs, increased costs relating to shipping delays and an adjustment to consumable spares stock. The higher total costs and lower production resulted in a 9% increase in cash operating costs per tonne to US$158 per tonne in 2019 (2018: US$145 per tonne).

As planned, we invested significantly in our growth strategy during 2019. Key capital items related to the development of WCP C and the initial project execution costs relating to the relocation of WCP B to the high grade Pilivili ore zone in Q3 2020. We agreed new debt facilities in December 2019, which provide increased financial flexibility during this current short period of elevated capital expenditure. These projects, together with the successful upgrade of WCP B in 2018, will enable us to deliver on our strategy to increase production to 1.2 million tonnes of ilmenite per annum (plus associated co-products) from 2021, positioning us in the first quartile of the industry revenue to cost curve.

We were pleased to pay our maiden dividend of USc2.66 per share in October 2019, which was an interim dividend, and the Board is recommending a final dividend of USc5.52 per share. This results in a 2019 full year dividend of USc8.18 per share and is in line with our policy to return a minimum of 20% of profit after tax to shareholders.

2019 results

The key financial metrics were as follows:

	2019	2018	FY change %
Revenue (US$ million)	**270.9**	262.2	3%
Freight (US$ million)	**(15.4)**	(16.3)	-5%
Revenue FOB (US$ million)	**255.5**	245.9	4%
Finished products shipped (tonnes)	**1,029,300**	1,074,400	-4%
Average price per tonne FOB (US$/t)	**248**	229	8%
Average ilmenite price per tonne FOB (US$/t)	**184**	172	7%
Average zircon price per tonne (FOB) (US$/t)	**1,163**	1,224	-5%
Total operating costs[1] (US$ million)	**211.7**	199.3	6%
Adjusted total cash operating cost (US$ million)	**156.6**	151.3	4%
Cash operating cost per tonne of finished product (US$/t)	**158**	145	9%
Net ilmenite unit cost (US$/t)	**81**	79	3%
EBITDA (US$ million)	**92.6**	93.3	-1%
Profit after tax (US$ million)	**44.8**	50.9	-12%
Net cash (US$ million)	**13.7**	13.5	1%
Interim and proposed final dividend per share (USc)	**8.18**	–	–

Notes to table: Additional information in relation to these Alternative Performance Measures (APMs) is disclosed in the glossary.
[1]Included in operating cost are depreciation and amortisation.

Production

2019 was a record year for Kenmare in terms of excavated ore (36.8 million tonnes), representing an 8% increase compared to 2018 (34.0 million tonnes). This was offset by anticipated declining ore grades, with average grades mined of 3.6% THM compared to 4.4% THM in 2018. This resulted in production of 1,202,100 tonnes of HMC (2018: 1,370,800 tonnes), which represents a 12% decrease compared to 2018.

Due to this reduced HMC availability, ilmenite production decreased by 7% to 892,900 tonnes in 2019 (2018: 958,500 tonnes). Production of primary zircon was 46,900 tonnes (2018: 48,400 tonnes) and rutile was 8,300 tonnes (2018: 8,200 tonnes), both largely in line with 2018. Concentrates production increased to 40,200 tonnes (2018: 28,200), representing a 43% increase compared to 2018, benefitting from the introduction of a mineral sands concentrate product in Q4 2018.

Revenue

Revenue increased by 3% in 2019 to US$270.9 million compared to 2018 (US$262.2 million), driven by an 8% increase in the average received price per tonne (FOB). This was partially offset by a 4% decrease in tonnes of finished products sold. Shipments during the year comprised 930,700 tonnes of ilmenite, 50,300 tonnes of primary zircon, 38,900 tonnes of concentrates and 9,500 tonnes of rutile.

Ilmenite revenue (FOB) remained flat in the year at US$171.1 million (2018: US$170.9 million), as a result of a 7% price increase, offset by a 6% reduction in shipment volumes. Ilmenite prices have continued to increase in early 2020. Primary zircon revenue (FOB) increased by 4% to US$58.5 million (2018: US$56.3 million) due to a 5% price decrease, offset by a 9% increase in shipment volumes. 2020 is expected to be another soft year for the zircon market as the short-term oversupply situation continues. Freight costs in 2019 decreased to US$15.4 million (2018: US$16.3 million), reflecting lower average freight rates during the year.

Operating costs

	2019 US$m	2018 US$m	FY change %
Cost of sales	**178.4**	168.3	6%
Other operating costs	**33.3**	31.0	7%
Total operating costs	**211.7**	199.3	6%
Freight charges	**(15.4)**	(16.3)	-6%
Total operating costs less freight charges	**196.3**	183.0	7%
Non-cash costs			
Depreciation and amortisation	**(33.4)**	(30.4)	10%
Share-based payments	**(1.8)**	(1.4)	29%
Mineral products inventory movements	**(4.5)**	0.1	-460%
Adjusted total cash operating costs	**156.6**	151.3	4%
Finished product production (tonnes)	**988,300**	1,043,300	-5%
Cash operating cost per tonnes of finished product (US$/t)	**158**	145	9%

Total operating costs increased by 6% in 2019 to US$211.7 million compared to 2018 (US$199.3 million) and adjusted total cash operating costs increased to US$156.6 million (2018: US$151.3 million). This was due primarily to additional maintenance and repair costs, additional demurrage costs as result of poor weather conditions in the first nine months of the year, and an adjustment to consumable spares stock. These cost increases were offset by lower payroll costs due to the localisation of staff, a reduction in the overtime requirement and improved cost management of staff catering and accommodation. Due to the 5% decrease in production of finished products, cash operating costs per tonne increased by 9% to US$158 per tonne in 2019 (2018: US$145 per tonne).

Finance income and costs

The Group recognised finance income of US$1.5 million in 2019 (2018: US$0.9 million), consisting of interest on bank deposits. Finance costs were US$8.9 million in 2019 (2018: US$7.8 million), including loan interest of US$5.0 million (2018: US$5.9 million),. The decrease in loan interest year on year reflects the lower debt quantum, as principal of US$19.0 million (2018: US$19.0 million) was repaid during 2019, as scheduled, partially offset by higher US LIBOR interest rates. There was also an unwinding of the discount on the mine closure provision of US$0.5 million (2018: US$0.5 million) in 2019.

The Group maintained trade finance facilities with Absa Corporate and Business Bank and Barclays Bank that enable it to receive early payment in respect of customer invoices. The cost of these facilities during the year was US$1.5 million (2018: US$1.4 million).

New debt facilities were agreed in December 2019 and consequently, the previous project loans were repaid in full. Costs of redemption of the previous debt amounted to US$1.6 million.

The Group has adopted IFRS 16 Leases effective 1 January 2019 and as a result recognised lease interest of US$0.4 million (2018: US$ nil) during the year.

Exchange movements

An exchange loss of US$1.9 million (2018: gain US$0.05 million) arose during the year. This primarily relates to operating and capital costs denominated in Mozambique Metical and South African Rand, which strengthened against the US Dollar during the year.

Tax

The tax charge for the financial year amounted to US$5.2 million (2018: US$5.2 million). Kenmare Resources plc's subsidiary, Kenmare Moma Mining (Mauritius) Limited, had a Mozambican tax charge of US$5.7 million (2018: US$5.2 million)

As at 31 December 2019, the Company, Kenmare Resources plc had unutilised tax losses of US$3.8 million (2018: US$ nil) and a deferred tax asset of US$0.5 million was recognised (2018: US$ nil). Effective as of 2019, the Group revised the basis of provision of internal group services by the Group's parent. As a result of this revision, the profits earned by Kenmare Resources plc from these group services are liable to corporation tax. This has resulted in unutilised losses of the Company being recognised as a deferred tax asset.

Dividends

Providing shareholder returns is one of the three pillars of Kenmare's strategy. In October 2018 the Group outlined a dividend policy to return a minimum of 20% of profit after tax to shareholders per annum, subject to prevailing product market conditions. In order to deliver this policy, in February 2019 Kenmare successfully obtained confirmation from the High Court of Ireland to eliminate historical losses to allow the payment of dividends, following shareholder approval.

An interim dividend of USc2.66 per share was paid in October 2019, based on the Group's H1 2019 Results. Kenmare generated profit after tax of US$44.8 million in 2019 (2018: US$50.9 million) and as such, the Board is recommending a final dividend of USc5.52 per share, which is subject to shareholder approval at the AGM. This would give a full dividend of USc8.18 for the year, which represents 20% of profit after tax. The financial statements do not reflect the final dividend.

Following completion of the WCP B move in Q3 2020, Kenmare expects to be positioned to make higher shareholder returns from 2021, which may take the form of a special dividend or share buy backs.

Cash flows

Net cash generated from operations in 2019 was US$76.4 million (2018: US$87.0 million).

Investing activities of US$64.8 million (2018: US$39.8 million) during the year represented additions to property, plant and equipment. US$82.6 million of debt repayments were made in 2019 (2018: US$19.0 million), comprising a US$19.0 million scheduled prepayment of the previous debt facilities in February and August, and a final repayment of US$63.6 million of principal in December.

US$67.3 million of the new US$110 million Term Loan Facility was drawn in December 2019 to repay in full the previous loan facilities (US$63.6 million) and pay certain transaction costs (US$3.7 million). An interim dividend for 2019 of US$3.0 million (2018: US$ nil), representing USc2.66 per share, was paid in October 2019. Lease repayments of US$0.9 million (2018: US$ nil) were made in the year.

Consequently, Kenmare finished the year with US$81.2 million of cash and cash equivalents, representing a decrease of US$15.8 million in 2019 compared to year-end 2018 (US$97.0 million).

Balance sheet

In 2019 there were additions to property, plant and equipment of US$68.5 million (2018: US$40.1 million). Additions consisted of US$26.8 million for the construction of WCP C, US$16.1 million for initial project execution costs for the relocation of WCP B to the high grade Pilivili ore zone, US$23.7 million on sustaining capital and US$1.9 million on other development capital.

On transition to IFRS 16 Leases effective 1 January 2019, the Group recognised US$5.0 million additional right-of-use assets for the Dublin head office lease and the electricity generator lease at the Mine. These leases are presented in property, plant and equipment and lease liabilities. The Maputo office lease was entered into in February 2019 and the Group recognised an additional right-of-use asset of US$0.4 million. The Group discounted lease payments at appropriate incremental borrowing rates and the weighted average rate applied is 7%. The Group recognised depreciation of US$1.1 million and interest costs of US$0.4 million, instead of operating lease expense which would have amounted to US$1.4 million during the year.

Depreciation increased to US$33.4 million in 2019 (2018: US$30.4 million), primarily as a result of the leased assets as noted above and increased investment in mobile equipment in recent years. The mine closure provision was increased by US$5.5 million in 2019 (2018: US$2.8 million). This was due to estimated additional closure costs associated with WCP C and a reduction in the discount rate used to estimate the closure cost provision. Capital disposals during the year amounted to US$5.3 million (2018: US$6.9 million).

The Group conducted an impairment review of property, plant and equipment at the period end and the key assumptions of this review are set out in Note 13 of the financial statements. No impairment provision is required as a result of this review.

> "In 2019 we significantly strengthened our balance sheet whilst paying our maiden dividend.

EBITDA

US$92.6m

Inventory at year-end amounted to US$51.9 million (2018: US$53.9 million), consisting of intermediate and finished mineral products of US$26.5 million (2018: US$31.0 million) and consumables and spares of US$25.4 million (2018: US$22.9 million). Closing stock of HMC at the end of 2019 was 7,000 tonnes compared with 19,600 tonnes at the start of the year. Closing stock of finished products at the end of 2019 was 159,000 tonnes (2018: 200,000 tonnes). The net drawdown of minerals stocks was due to the reduction in production as noted above, while maintaining shipment levels of 1,029,300 tonnes (2018: 1,074,400 tonnes).

Trade and other receivables amounted to US$41.2 million (2018: US$22.4 million), of which US$32.2 million (2018: US$17.4 million) were trade receivables from the sale of mineral products and US$9.0 million (2018: US$5.0 million) was comprised of prepayments and other miscellaneous debtors. Trade receivables are a function of shipments made before year-end and credit terms specific to the relevant customer. Q4 2019 was a record quarter for shipments, resulting in increased trade receivables at year-end in comparison to 2018. All trade receivables are current and an expected credit loss of US$0.2 million (2018: US$0.001 million) was recognised during the year.

Cash and cash equivalents decreased by US$15.8 million (2018: increase of US$28.2 million) during the year and at 31 December 2019 amounted to US$81.2 million (2018: US$97.0 million).

On 5 February 2019 the reduction of capital and elimination of losses that was approved by shareholders and confirmed by the High Court of Ireland took effect. This resulted in share premium being reduced by US$185.3 million and retained earnings being increased by US$185.3 million.

Lease liabilities recognised under IFRS 16 amounted to US$4.5 million (2018: US$ nil) at year-end.

The legal provision of US$1.2 million as at 31 December 2018 was released as a result of developments during the year, as detailed in Note 24, resulting in the expectation that these costs will not now be incurred.

Tax liabilities and trade and other payables amounted to US$4.4 million (2018: US$1.1 million) and US$36.0 million (2018: US$22.6 million) respectively at year-end.

New debt facilities

On 11 December 2019 the Group entered into new debt facilities with Absa Bank Limited (acting through its Corporate and Investment Banking Division) (Absa), The Emerging Africa Infrastructure Fund (a PIDG Company) (EAIF), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) (Nedbank), Rand Merchant Bank and Standard Bank Group (Standard Bank) acting as mandated lead arrangers. The mandated lead arrangers, which are each headquartered in South Africa, provide the Group with new and continuing banking relationships with lenders with significant expertise in African mining, and the mineral sands industry in particular.

The new debt facilities comprise a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility. Subsequent to the year-end, two of the mandated lead arrangers transferred a portion of their commitments to their respective Mozambican affiliates, as a result of which approximately US$32 million of total commitments, representing approximately 22% of the total facilities, are currently provided by Mozambican resident lenders.

The new debt facilities provide additional financial flexibility and extend the debt maturity profile from 2022 under the former project financing to 2025. Furthermore, the first principal repayment under the new term facility is in March 2022, affording the Group a repayment holiday during the current period of significant development capital. The new facilities will provide increased liquidity in case of a downturn in commodity price cycles or other events that may impact future cash flow.

The new facilities also accommodate the later inclusion of a Mine Closure Guarantee Facility of up to US$40 million (increasing from US$3 million to a maximum of US$40 million over five years), which will share the agreed security package with the Term Loan Facility and Revolving Credit Facility.

At year-end debt amounted to US$60.9 million (2018: US$83.5 million). This consists of debt drawn of US$67.3 million and loan interest and amortisation of US$0.2 million, net of transaction costs of US$6.6 million. The weighted average interest rate on Group debt at year-end was 7.3% (2018: 7.3%).

Total debt drawn of US$67.3 million and interest accrued of US$0.2 million amounted to US$67.5 million outstanding at 31 December 2019.

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union; therefore, the Group financial statements comply with Article 4 of the IAS Regulation. The financial statements have also been prepared in compliance with Irish Companies Act 2014.

The Group's significant accounting policies and details of the significant accounting judgements and critical accounting estimates are disclosed in the Note 1 to the financial statements. The Group adopted IFRS 16 Leases and other Amendments during the financial year ended 31 December 2019. Details of the adoption of this standard are set out in Note 1 in the statement of accounting policies.

Financial outlook

The emergence of COVID-19 has created uncertainty with respect to Kenmare's financial outlook and the extent of the impact is difficult to predict. Whilst the situation is still developing, we are pro-actively taking appropriate actions and making contingency plans to mitigate the impact of COVID-19 in order to protect our business. Further detail covering the risks associated with COVID-19 are outlined under principal risks and uncertainties on pages 46 to 51.

With first HMC production from WCP C in February 2020, Kenmare has largely completed two of its three outlined development projects as detailed on pages 34 to 37. The relocation of WCP B to Pilivili is expected to be undertaken during Q3 2020 and managing risks associated with this project is a key focus for the year.

Approximately US$119.5 million has been approved for development capital expenditure in 2020. This expenditure primarily relates to the relocation of WCP B. US$14.5 million is attributable to upgrade works on the Mineral Separation Plant to enable it to process 1.2 million tonnes per annum of ilmenite on a consistent basis. Operating cash flow and the new debt facilities put in place in 2019 will support funding of this key strategic capital project whilst continuing to maintain a robust balance sheet, which remains a key priority for the Board. Sustaining capital costs in 2020 are expected to be approximately US$22.0 million.

Total cash operating costs in 2020 are anticipated to increase marginally, primarily as a result of the addition of WCP C. Cash operating costs per tonne will also increase due to lower anticipated production volumes. From 2021, Kenmare expects to be producing 1.2 million tonnes per annum of ilmenite, cash operating costs per tonne are expected to increase margins and reduce unit costs. This is due to the Mine's largely fixed operating costs being spread over a greater number of tonnes produced.

Consequently, from 2021 we look forward to being positioned in the first quartile of the industry revenue to cost curve, which represents a standard comparison metric for titanium minerals producers, and generating stronger free cash flow, which will enable us to deliver increased shareholder returns.

TONY MCCLUSKEY
Finance Director

Net cash at 31 December 2019

US$13.7m

Principal risks and uncertainties

Managing risk is an integral part of our business. A comprehensive process in place for assessing and managing risks associated with business and strategic corporate decisions. Through this process, significant risks faced by the Group are identified, evaluated and appropriately managed.

Risk management framework

An overview of the risk management and internal control framework, responsibilities within it and the relationship between functions is illustrated below. While the Board is ultimately responsible for risk management within the Group, it has delegated responsibility for the monitoring of the effectiveness of the Group's risk management and internal control systems to the Audit & Risk Committee. The Board and Audit & Risk Committee receive reports from executive management on the key risks to the business and the steps being taken to mitigate such risks. The Audit & Risk Committee reviews the principal risks and uncertainties.

Assurance flow

Board of Directors | **Audit & Risk Committee**

Executive management

Site General Manager

Environmental Health and Safety Manager

Departmental management

Chief Operations Officer

General Counsel

Group Financial Controller

Internal audit

1. First line of defence

The first line of defence, departmental management, has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.

2. Second line of defence

The second line of defence, selected executive management, monitors and facilitates the implementation of effective risk management practices by departmental management and ensures appropriate risk reporting up and down the organisation.

3. Third line of defence

The third line of defence, the internal audit function, provides assurance to executive management and the Board on how effectively the organisation assesses and manages its risks. It includes assurance on the effectiveness of the first and second lines of defence.

Risk heat map

The risk heat map plots the impact and likelihood of each risk that the management believe could influence performance. Neither management's assessment, nor the risk heat map, has been revised to reflect the potential impact of the COVID-19 pandemic on performance.

1. Loss of licences
2. Development project risk
3. Country risk
4. Geotechnical risk
5. Severe weather events
6. Uncertainty over physical characteristics of the orebody
7. Power supply & transmission risk
8. Asset damage or loss
9. Health, Safety & Environmental (HSE)
10. Mineral resource statement risk
11. IT security risk
12. Industry cyclicality
13. Customer concentration
14. Foreign currency risk
15. Loan default risk

Risk key

Strategic Operational Financial

Risk assessment process

The Group's risk assessment process is based on a co-ordinated, Group-wide approach to the identification and evaluation of risks and the manner in which they are monitored and managed. This process begins with a bottom-up approach involving managers from the Mine's departmental areas who, through a programme of workshops, regularly perform a detailed risk review to update the departmental risk registers. In assessing the potential impact and likelihood of each risk identified, management considers the existing key controls and evaluates the risks in terms of potential residual impact. A standard risk-scoring matrix is used to ensure consistency in reporting across all areas.

Departmental risk registers are consolidated into a Group Risk Register. Executive management provides input to ensure that there is a top-down view of the key risks facing the Group, this input includes consideration and assessment of any newly identified emerging risks. Following a review of the Group Risk Register by senior management, the principal risks identified for the Group and their mitigations are submitted to the Audit & Risk Committee and Board for review and approval. As part of this review and approval process the Audit & Risk Committees provides a robust assessment of the emerging and principal risks faced by the Group, this is achieved by way of offering alternative viewpoints and challenging risk scoring assumptions as appropriate. These risks are included in the principal risks and uncertainties facing the Group as set out on pages 46 to 51. The current COVID-19 pandemic is a recent development that has not been considered as part of the structured process described above.

Under Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007, the Group is required to give a description of the principal risks and uncertainties that it faces. These risks are similar to those faced by many companies in the mining industry. A description of the principal risks and uncertainties, together with any mitigating factors and controls, are set out in the table on pages 46 to 51. A risk heatmap illustration, accompanies the table of risks, providing a summary overview of the risks and their relativity in terms of impact upon the Group and likelihood of occurrence. This table is not an exhaustive list of all risks that may impact the Group, but rather the Board's view of principal risks at this point in time. There are additional risks which are not yet considered material or which are not yet known to the Board but which may assume greater importance in the future.

COVID-19

The COVID-19 pandemic represents a risk to a number of aspects of the Group's business, although there is considerable uncertainty relating to the pandemic and its impact. The pandemic is not identified as a separate principal risk because such inclusion may give an unfair impression of understanding and controlling of this risk. However, although the range and seriousness of impacts of the pandemic are not known and very difficult to assess, some reference to it has been included in the principal risks identified by the Group. The Group continues to closely monitor impacts on its operations, development project and markets and develop appropriate response plans. The Group has also commenced a range of scenario analysis, which will continue to inform management's response.

Strategic

Description	Potential impact	How we manage the risk	Risk trend
1 Loss of licences			
The Group's mining activities require licences and approvals to be in place in the relevant mining areas in northern Mozambique. The Group may lose or not receive the necessary approvals for it to operate in current or future mining licence areas in northern Mozambique.	A loss of or failure to maintain or obtain a relevant mining licence would significantly affect the Group's ability to operate, its ability to generate cash and the valuation of the Group's assets.	• Robust foundation agreement (Mineral Licensing Contract) provides the right to be issued licences and approvals. • Maintenance of existing licences in good standing. • The Group continually demonstrates its commitment to the future long-term development of the Mine. • The Group maintains a positive working relationship with the Government of Mozambique through regular contact, promoting open and honest two-way communication. • Engagement with local communities to ensure they are benefit economically from the presence of the Mine.	There have been no significant changes to the overall assessment of this risk.

Risk trend key: Risk is unchanged Risk is increased Risk is decreased

STRATEGIC REPORT

Principal risks and uncertainties continued

2 Development project risk

Description	Potential impact	How we manage the risk	Risk trend
The Group's long-term plan is to deliver a significant increase in production capacity to 1.2 Mtpa of ilmenite plus co-products.	Failure to successfully execute and complete the development projects, or to execute and complete the projects on time and on budget, would have adverse operational and financial impacts.	• The Group has a dedicated development projects team of experienced professionals in place. This team is deploying a wide range of best-practice project management methods, tools and protocols. • Contracting strategies consider potential risk mitigations including where appropriate and available, fixed price contracts, delay damages, performance damages, retention and third party bonds or guarantees. • Insurance mitigates some of the construction and start-up risk. • Ongoing project monitoring, reporting and control processes are in place. The Group's most senior management team is involved on an ongoing basis.	While the WCP C development project is now in the final execution phase and producing HMC in commercial quantities, the larger WCP B move project is still in execution phase with heightened associated risk. The COVID-19 pandemic has further heightened the associated risk as a result of restrictions on the movement of people and goods, the risk of relevant personnel being otherwise unavailable (as a result of infection or quarantine), and disruptions in the supply chain for equipment required for the development projects.

Strategic

Description	Potential impact	How we manage the risk	Risk trend
3 Country risk			
The Group's operations are located entirely in Mozambique. There may be potential adverse financial or operational impacts from changes in the political, economic, fiscal or regulatory circumstances in Mozambique.	Kenmare has operated in Mozambique since 1987; however, it remains subject to risks similar to those prevailing in many developing nations, including economic and social instability, changing regulatory requirements, increased taxes, etc. Such events may cause significant disruption to the operation or cause an increase in costs in order to ameliorate their impact. Country risk is a factor in determining the economics of the Mine and increasing country risk may have an effect on the Group's financial results.	• Binding foundation agreements are in place with stability clauses and international arbitration provisions. • The Group maintains a positive working relationship with the Government of Mozambique. • Kenmare monitors closely any developments in the national environment.	There have been no significant changes to the overall assessment of this risk.

Risk trend key: Risk is unchanged Risk is increased Risk is decreased

Operational

Description	Potential impact	How we manage the risk	Risk trend
4 Geotechnical risk			
An external berm failure at the Moma Mine could result in a major slimes/ water spill, potentially impacting on local communities and the production plant.	The nature of dredge mining gives rise to the creation of artificial ponds and a potential for failure of the berm system, which surrounds the ponds. A failure of a berm could cause loss of life and cessation of the operation of the mining WCPs for a prolonged period.	• Permanently employed staff with geotechnical engineering skills. • Prudent geotechnical design and controls. • Daily inspections. • Interlocking external audits from two separate and independent geotechnical consultants.	There have been no significant changes to the overall assessment of this risk.
5 Severe weather events			
The location of the Group's operations on the northern Mozambican coast gives rise to risk from cyclone activity and severe flooding. Such events pose significant risk to the safety of mine staff, contractors and visitors, as well as to physical damage to the Mine.	In extreme weather circumstances, there is a risk of loss of life. There is a risk of physical damage to 'the facilities, which may result in an inability to operate the Mine. The probability of adverse weather events is considered low. They are also foreseeable, thereby allowing for disaster planning. Less severe adverse weather could impact supply logistics to and from the Mine.	• Mine and associated infrastructure designed to appropriate cyclone rating. • Designated cyclone-proofed buildings at the Mine. • Ongoing weather/cyclone monitoring. • Cyclone readiness plan. • Disaster management programme. • Insurance cover. • Adequate stocks of materials and supplies on site.	As a general matter, there is a consensus that extreme weather events will increase in frequency and severity as a result of climate change. In addition, an increased number of high intensity adverse weather events with an impact on the Mine and wider community have been observed recently.
6 Uncertainty over physical characteristics of the orebody			
Orebody characteristics may not conform to existing geological or other expectations or may have an unanticipated effect on production.	Physical characteristics of an orebody, including divergence from expectations, may cause reduced production levels or a necessity to incur increased production costs in order to maintain production at the intended level.	• Extensive sample testing. • Extensive orebody drill programme. • Test pits/trenching implemented. • Growing expertise in managing unexpected mining conditions. • Dry mining operations. • Improved throughput modelling.	There have been no significant changes to the overall assessment of this risk
7 Power supply and transmission risk			
The Mine is reliant on the delivery of stable and continuous electric power from the Cahora Bassa Dam via a power transmission line to the Mine.	Significant disruption to, or instability in, the power supply at the Mine could have a material and adverse effect on the ability to operate the Mine or to operate it in the lowest cost manner, thereby adversely affecting production volumes and/or operating costs.	• Ongoing investment by EdM in power supply and transmission infrastructure. • On-site diesel-powered generators to maintain part of the operations in the event of a loss of grid power. • Robust and open relationship with EdM, based on long-term power supply agreement. • Synchronous Condenser (Dip Doctor) at the Mine reducing the effect of grid power instability.	There have been no significant changes to the overall assessment of this risk.
8 Asset damage or loss			
The operation of a large mining and processing facility carries an inherent risk of technical failure of equipment, fires and other accidents.	An occurrence of these risks could result in damage to or destruction of key mining, processing or shipping facilities at the Mine. Loss of key assets could result in disruption to production or shipping, significant replacement cost and consequential monetary losses.	• Programme of inspections and planned maintenance. • Standard operating procedures. • Fire detection and suppression systems. • Annual external risk assessment. • Insurance cover.	There have been no significant changes to the overall assessment of this risk.

Principal risks and uncertainties continued

Operational

Description	Potential impact	How we manage the risk	Risk trend
9 Health, Safety and Environment (HSE)			
The operation of a large mining and processing facility carries a potential risk to the health and safety of mine staff, visitors and the local community. A potential for environmental damage to the surrounding areas also exists. The recent COVID-19 pandemic represents a potential risk to the health of our staff, visitors and local community, as well as the health of those working in our supply chain.	The improper use of machinery, technical failure of certain equipment or failure to meet and maintain appropriate safety standards could result in significant injury, loss of life or significant negative impact on the surrounding environment and/or communities. The COVID-19 pandemic may detrimentally impact the health of our staff, visitors and local community, as well as the health of those working in our supply chain. In addition, the potential impact of COVID-19-related restrictions on the movement of staff and contractors, and the risk of relevant personnel being otherwise unavailable (as a result of infection or quarantine), may impact on the Mine's operations. Similarly, the pandemic may affect the ability of the Mine to obtain in a timely fashion goods such as spares, consumables and equipment. The Group is proactively assessing how these risks can be mitigated.	• Prioritisation of HSE by management. • Appropriately trained staff. • Standard operating procedures. • Ongoing hazard identification programme. • Health and Safety awareness programme implemented for the Group and community. • Mine clinic and evacuation procedures for staff. • Community investment and programmes including health clinic and education programmes. • Compliance with applicable HSE standards and legislation. • COVID-19-related hygiene and other procedures have been activated at the Mine.	Continued progress made in 2019 implementing our "safety in the community programme". Increased construction activity at the Mine does however pose an increased risk profile in this area. The COVID-19 pandemic has also both increased and broadened the risk profile in this area.
10 Mineral resource statement risk			
A material misstatement in the reserves and resources statement.	A material misstatement could materially adversely impact on the Group's valuation.	• JORC-compliant statement prepared by competent persons. • Ongoing drilling and sampling programme. • Ongoing reconciliation of mining results to resource models.	There have been no significant changes to the overall assessment of this risk.
11 IT security risk			
The Group is dependent on the employment of advanced information systems and is exposed to risks of failure in the operation of these systems. Further, the Group is exposed to security threats through cybercrime.	A failure in these systems could lead to: • disruption to critical business systems; • loss or theft of confidential information, competitive advantage or intellectual property; and • financial and/or reputational harm.	• Analysis by third-party specialists of potential areas of weakness. • Third-party specialists provide network assurance. • Ongoing strategic and tactical efforts to address the evolving nature of cyber threats.	This risk remains at an elevated level.

Risk trend key: Risk is unchanged Risk is increased Risk is decreased

Financial

Description	Potential impact	How we manage risk	Risk trend
12 Industry cyclicality			
The Group's revenue generation may be significantly and adversely affected by declines in the demand for and prices of the ilmenite, zircon, concentrates and rutile products that it produces. During rising commodity markets, there may be upward pressure on operating and capital costs.	Failure of the Group to respond on a timely basis and/or adequately to unfavourable product market events beyond its control and/or pressure on operating or capital costs may adversely affect financial performance.	• Global portfolio of customers. • Long-term contracts with certain key customers. • Ongoing cost control and disciplined financial management. • Industry analysis to develop suitable assumptions in commodity price forecasting used for planning purposes.	There have been no significant changes to the overall assessment of this risk.
13 Customer concentration			
The customer base for the Group's ilmenite, zircon, concentrates and rutile products is concentrated.	The Group's revenue generation may be significantly affected if there ceases to be demand for its products from major existing customers and it is unable to further expand its customer base in respect of the relevant product.	• Active management of existing customer relationships and development of new customers. • Market intelligence to track developments in customer demand. • Development of mineral sands concentrate as an additional co-product stream with a different customer base.	Increased production after completion of the development projects will pose an increased risk of customer concentration, whereby the ability to sell this additional output across a narrow customer base is unproven. The COVID-19 pandemic further raises the risk profile in this area as there is a risk that major existing customers may not be able to continue to take the Group's products as a result of disruptions to their own operations or a reduction in demand for their products.
14 Foreign currency risk			
The Group's revenues are entirely denominated in US Dollars, whereas costs are denominated in a number of currencies including South African Rand, Mozambican Meticais, Euro and US Dollars.	The intrinsic volatility of exchange rates give rise to an ongoing significant probability of occurrence of an adverse exchange rate fluctuation. The impact of such a fluctuation can be significant.	• All project debt is denominated in US Dollars. • A natural hedge exists between revenue receipts and US Dollar-denominated costs. • A further natural hedge exists between the value of US Dollars and commodity prices over the long-term. When commodity prices increase, the Group's non-US Dollar-denominated costs tend to increase in US Dollar terms. When commodity prices decrease, the Group's non-US Dollar-denominated cost tend to decrease in US Dollar terms.	There have been no significant changes to the overall assessment of this risk.
15 Loan default risk			
The inability to meet existing loan repayment obligations as they become due or comply with loan covenants.	The Group does not believe that a significant risk exists in meeting the current repayment obligations or to comply with loan covenants.	• Low leverage and net debt. • Initial two-year loan repayment "holiday" and then an amortising loan structure. • Loan covenants tested for downsides as part of initial debt package negotiation. • The Group continually monitors liquidity requirements and covenant compliance.	Term of new debt financing negotiated to reflect Kenmare's current business and related risks, as a result of the likelihood of potential payment or covenant breaches is reduced.

Sustainability report

Our approach to sustainability

Kenmare is committed to being a responsible corporate citizen. Our objective is to maintain a sustainable business, while ensuring responsible environmental stewardship and ethical business practices, and generating economic development. We are focused on conducting all activities in a manner that minimises risks to, and maximises opportunities for, our employees, our third-party service providers, our host communities and the environment.

Employees

Focus areas
- Localisation of workforce
- Increasing women in the workforce
- Development and training of employees

2019 performance
- 96% Mozambican employees by year-end
- 8% female employees by year-end and Kenmare Women in Mining Forum established
- Each employee received an average of approximately 10 hours of refresher training in 2019 and the Graduate Development Programme (GDP) continued to recruit new talent into the Moma Mine

96%

Mozambican employees at the Moma Mine
(2018: 95%)

30%

Decrease in number of malaria cases in our workforce in 2019
(2018: 1,402 cases)

Environment

Focus areas

- Use of renewable power
- Progressive rehabilitation strategy
- Compliance with the International Finance Corporation's (IFC) Performance Standards (2012)

2019 performance

- 90% of the Moma Mine's power requirement was derived from hydropower, transmitted through the national grid
- 200 hectares of mined land were rehabilitated as part of Kenmare's progressive rehabilitation strategy
- Kenmare continued to ensure the Moma Mine's compliance with the IFC's Performance Standards (2012)

Community

Focus areas (through KMAD)

- Economic development and livelihoods
- Healthcare development
- Education development

2019 performance

- 41 small-scale, local businesses supported by KMAD by year-end
- Funded renovation and repair works to the community health centre at Mtiticoma and provided a new ambulance
- Constructed phase 2 of the technical school to provide vocational development opportunities for local people

90%

Power requirement supplied from hydropower
(2018: 86%)

200

Hectares of mined land rehabilitated
(2018: 159 hectares)

254

Farmers registered in the Conservation Agriculture programme by year-end
(2018: 101)

24,600+

People received care at the KMAD-constructed community health centre
(2018: 20,000)

Stakeholder engagement

The interests of our key stakeholders, including our employees, host communities, and shareholders, are at the centre of all we do. We rely on strong relationships with our key stakeholders in order to maintain our licence to operate and to create shared value. To this end, we engage with the communities where we operate, as well as with our union and third-party service providers (including suppliers and contractors). We also work closely with the Government of Mozambique and ensure open communications with investors.

Employees and unions

Why it is important to engage

Kenmare recognises that our employees are the cornerstone of our business and that a partnership approach is vital to achieving business objectives. We engage in a variety of ways with our employees and the employees' union in order to ensure we have an informed workforce, where any issues are resolved quickly and efficiently.

Ways we engage

- Facilitate quarterly union meetings
- Undertake quarterly performance and feedback meetings with employees
- Undertake bi-monthly departmental 'focal points' meetings
- Engage union representatives constructively on collective bargaining issues
- Encourage networking forums such as the Kenmare Women in Mining Forum
- Operate an independent whistleblowing service
- Regularly publish a company newsletter called Salama

Stakeholders' key interests

- Attraction and retention of talent
- Remuneration
- Working conditions
- Labour rights
- Human rights
- Health and safety

Communities

Why it is important to engage

Kenmare values highly its strong relationship with its host communities. Our stakeholder engagement plan is updated annually and reflects the changing dynamics in the relationship between the Mine and the community.

Ways we engage

- Host formal bi-monthly community meetings, in addition to ad hoc meetings, in order to understand and discuss local peoples' concerns
- Support a community radio station in order to inform the community of Kenmare's and KMAD's activities
- Conduct Environmental, Social and Health Impact Assessments to identify potential positive and negative impacts of the Mine's activities
- Operate grievance mechanisms to address community concerns
- KMAD hosts quarterly meetings and publishes a quarterly newsletter

Stakeholders' key interests

- Respect for local values and traditions
- Community development initiatives, including those to stimulate economic development
- Employment and procurement opportunities
- Mined land rehabilitation

Government and regulators

Why it is important to engage

Kenmare is committed to being a responsible corporate citizen. We are focused on ensuring that our host country shares in the benefits of the Moma Mine and our partnership approach ensures that we keep the Government of Mozambique well-informed of our activities.

Ways we engage

- Direct engagement with local, regional and national government authorities regarding mining rights, environmental issues, permitting and other relevant topics
- Provide monthly, quarterly and annual reports to Ministry of Mineral Resources and Energy
- Provide an annual report to the Ministry for Land, Environment and Rural Development
- Provide a quarterly report to the District authorities
- Provide a Portuguese summary of Kenmare's Annual Report to all government departments

Stakeholders' key interests

- Compliance with applicable laws and regulations
- Employment opportunities and labour rights
- Health and safety
- Environmental stewardship
- Licences and permitting
- Taxation and royalties

Third-party service providers

Why it is important to engage

Similarly to employee engagement, we believe that a partnership approach with our third-party service providers, including our contractors and suppliers, is vital to business success.

Ways we engage

- Maintain open communication channels with our third-party service providers
- Operate an independent whistleblowing service

Stakeholders' key interests

- Working conditions
- Labour rights
- Human rights
- Health and safety
- Security

Shareholders

Why it is important to engage

As a publicly listed company we are committed to providing fair, balanced and meaningful information to allow informed investment decisions to be made by new and existing investors.

Ways we engage

- Organise one-on-one meetings and roadshows
- Attend conferences
- Organise site visits to the Moma Mine
- Annual General Meeting
- Corporate materials including announcements, company website, Annual Report and social media profiles

Stakeholders' key interests

- Operating and financial performance
- Growth strategy
- Capital expenditure projects
- Environmental, social and governance (ESG) performance

NOSA HSE management system rating

5 star

KMAD investment in community initiatives

US$1.4m

Procurement spend in Mozambique

US$64m

Goods and services for Moma sourced in Mozambique

~50%

2019 full year dividend per share

USc8.18

Sustainability report continued

Responsible business

Strengthening corporate governance

In October 2019, Kenmare announced the establishment of a Sustainability Committee as part of our commitment to strong corporate governance and continual improvement. The Committee is chaired by Non-Executive Director Elizabeth Headon, with fellow Non-Executive Directors Elaine Dorward-King, Clever Fonseca, Tim Keating and Graham Martin as the other members. The Committee has responsibility for ensuring that Kenmare has the appropriate strategies, policies and operational controls in place to maintain a socially responsible business and to promote the long-term development of our host communities. For more information see the Sustainability Committee Chair's letter on page 82.

Kenmare has published corporate policies that outline our approach to responsible business practices. The Sustainability Committee and Audit & Risk Committee, and more widely the Board of Directors, have responsibility for overseeing group-wide compliance to these policies. They are available on the Company's intranet and at **www.kenmareresources.com/sustainability/policies**

Kenmare is continually strengthening its approach to corporate responsibility. We recognise the importance of delivering on our long-term vision as a socially responsible company and will continue to strive for best practice standards in all our activities.

Business ethics

Kenmare is committed to upholding the highest possible ethical standards. All our activities are conducted in accordance with our core values: Integrity, Commitment, Accountability, Respect and Excellence (ICARE).

Our commitment to ethical behaviour is outlined in our Business Ethics Policy. Employees undergoing induction or annual refresher training, must attest, by means of a signature, that they have read and understood the requirements of this Business Ethics Policy and Kenmare's internal code of conduct and that they will comply with them. We also provide this policy to the Moma Mine's third-party service providers (including contractors and suppliers) and ask them to adhere to it.

Anti-bribery

Bribery is strictly prohibited by Kenmare. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships, wherever we operate. Kenmare is bound by the laws of Ireland, including the Criminal Justice (Corruption Offences) Act 2018, in respect of its conduct both at home and abroad. We also comply with any applicable laws relevant to countering bribery and corruption in the jurisdictions in which we operate.

New employees (including management) receive training on our Anti-Bribery Policy in their induction. Employees also receive regular, relevant training on how to comply with this policy. We provide our Anti-Bribery Policy to the Moma Mine's third-party service providers and we ask them to adhere to it.

Whistleblowing

Kenmare has a whistleblowing procedure in place that provides all Kenmare employees and third-party service providers, as well as any member of the public, with the opportunity to independently and anonymously report conduct that is in contravention of the Business Ethics Policy or the Anti-Bribery Policy. This service is provided in Portuguese and in English and, in order to uphold its independence, the service is outsourced. All whistleblowing reports are directed to the service provider's central facility, then sent to Kenmare's Internal Auditor (with a copy to our General Counsel), in the case of the Moma Mine, or Company Secretary, in the case of our Dublin office, who will then consider the appropriate next steps. All reports and outcomes are presented to Kenmare's Audit & Risk Committee. For more information see our Whistleblowing Policy.

In 2019, Kenmare did not receive any whistleblowing reports.

Celebrating service to Kenmare

Kenmare is committed to investing in and rewarding its employees. We are proud of our low staff turnover rate, which was below 1% in 2019.

One of the ways in which we reward our employees is through the annual Long Service Awards Ceremony. In 2019, three employees received awards for 20 years of service to the Group and four employees received awards for 15 years of service. Kenmare's longest serving employee in Mozambique is Clemente Julio Matavel who joined the Kenmare in 1995, meaning that in 2020 he will have been a member of the Kenmare team for a quarter of a century.

> Ensuring our people return home safely on a daily basis from work is Kenmare's most important objective and is ingrained into everything we do.

Human rights

Kenmare is fully committed to upholding the human rights of its stakeholders, as set out in our Human Rights Policy. We support the International Bill of Human Rights, including the UN Declaration of Human Rights; the International Labour Organisation's Fundamental Conventions and Declaration on Fundamental Principles and Rights at Work; and Part I, Chapter IV (Human Rights) of the OECD Guidelines for Multinational Enterprises. Kenmare recognises the important responsibility that companies have in respecting and upholding human rights in their sphere of influence. Our human rights commitment includes the prohibition of modern slavery in all its forms. This means we have zero tolerance for child labour, forced labour or discrimination.

We do not consider there to be a risk of slavery or human trafficking with regards to our operations, due to our rigorous recruitment and pre-employment vetting process. Human rights issues are also covered by internal operational policies and procedures, with the Group's Employment Policy, and Diversity & Inclusion Policy expressly forbidding any kind of discrimination. Kenmare will consider appropriate mechanisms for mitigation and remediation in instances in which it determines that its employees or third parties acting on its behalf have caused adverse human rights impacts. Where violations by employees are proven, Kenmare will implement appropriate sanctions.

Kenmare provides a copy of its Human Rights Policy to new employees at the Moma Mine and provides training on our human rights expectations. The Group also communicates this policy to external stakeholders by making it available on the corporate website. For more information on our commitment to upholding human rights, see our Human Rights Policy.

Safety and occupational health

Prioritising health and safety

The health and safety of our employees and our host communities are Kenmare's top priorities. Ensuring our people return home safely every day from work is Kenmare's most important objective and is ingrained into everything we do.

We are committed to preventing and mitigating health and safety risks and to identifying and capturing opportunities to deliver positive impacts. Central to our approach is the zero-harm principle, which means we do not compromise on health and safety and we ensure that all employees take responsibility for their own health and safety and that of their fellow employees.

Health and safety hazards and associated risks are identified when developing work programmes. The outcomes of continuous risk assessment, management walkabouts, internal audits, and internal and regulatory inspections are analysed, prioritised and formally actioned by means of remedial action plans with assigned responsibilities and target dates. In 2019, 100% of our Moma workforce received training on our health and safety standards.

In 2019 Kenmare retained its five-star certification award through the National Occupational Safety Association (NOSA) Five Star System for the fourth consecutive year. NOSA is an external occupational risk management consultant and it conducts an audit of Kenmare's health and safety practices at the Moma Mine on an annual basis.

Jacob Chitlango

Jacob Chitlango joined Kenmare two years ago through the Company's Graduate Development Programme (GDP).

Aged 29, Jacob is from Inhambane province in southern Mozambique and he has a degree in Chemical Engineering from Eduardo Mondlane University in Maputo. Since joining Kenmare, he has received in-house training as part of the GDP, including the Supervisory Development Programme (SDP).

Jacob says that since the end of the first year of his GDP he has been able to work effectively in any of the Mineral Separation Plant circuits. He has also gained the relevant experience to work as a Process Controller and Grade Controller on the MSP's wet and dry circuits.

Jacob says he has benefitted from the willingness of his colleagues to teach him new skills and assist his personal growth. As a result of working for Kenmare, Jacob has been able to buy land and build his own house.

In 2019 we achieved a Lost Time Injury Frequency Rate of 0.27 and an All Injury Frequency Rate of 2.44. Although this represents a strong performance in industry terms, it shows an increase in both metrics at Moma compared to 2018. As a result, we have increased our focus on empowering employees and developing a culture of personal accountability for safety. We are pleased to report that in 2019 there were no fatalities.

In 2020 we will aim to strengthen our safety performance to bring Kenmare closer to achieving its goal of a zero-harm workplace. As well as increasing levels of employee engagement in safety management, the key areas of focus for improvement will continue to be:

- Further increasing personal accountability for safety;
- Further entrenching the systems relating to hazard identification through the "stop unsafe work" process and the Company's Take 5 pre-work risk assessment process;
- Continuing to support the safety leadership programme, highlighting the role of leaders in caring for their team members and preventing incidents, including compliance with our mantra of "we do not walk past unsafe conditions/behaviours";
- Continuing to support the safety theatre programmes used to personalise the impacts of incidents, and show how to prevent them; and
- Placing emphasis on learning from significant potential incidents that could have had serious consequences.

	2019	2018	2017	2016
Man-hours worked	**5,240,163**	4,888,574	4,627,491	4,037,186
Lost time injuries (LTIs)	**7**	3	9	4
Fatalities (included in LTIs)	**0**	0	0	0
Medical treatment injuries (MTI)	**6**	4	3	4
First aid injuries (FAIs)	**51**	49	37	43
All injuries (AIs)	**64**	56	49	51
Man-days lost to injuries	**343**	236	521	291
All injury frequency rate (AIFR)	**2.44**	2.26	2.11	2.53
LTI frequency rate (LTIFR)	**0.27**	0.12	0.39	0.20

Occupational health

In addition to keeping our employees safe, we also encourage and support a healthy workforce, considering prevalent local health issues. All mine employees are provided with appropriate personal protective equipment and we implement employee health and wellbeing programmes on topics such as HIV/AIDS and malaria prevention. We also provide access to primary medical care and we build partnerships with external health service providers to strengthen our health systems. In 2019, all employees participated in the on-site occupational medical surveillance programme.

Outside the workplace, the main health challenge is malaria. A significant reduction in incidents of the disease was delivered in 2019 compared to previous years. The number of recorded malaria cases decreased by 30% in 2019 to 1,094 compared to the average of the previous four years, and by 22% compared to 2018. We believe this is attributable to improvement in the quality of our anti-malaria programme, which includes health education and mitigation initiatives.

We are committed to seeking out and retaining a diverse and talented workforce to ensure business growth and performance. Kenmare encourages diversity in its workforce and believes in treating all people with respect and dignity.

Kenmare's workforce productivity also benefitted from the improved malaria management. There were approximately 872 man-days of additional working time in 2019 compared to 2018 as a result of fewer employees taking sick leave due to malaria.

Our people

Kenmare recognises that our employees are the cornerstone of our business and that a partnership approach is vital to achieving business objectives. As stated in our Employment Policy, we operate in full compliance with the relevant national laws and employment standards. They cover hours of work, meal breaks, transport, shift hours, overtime, standby, call-outs and payment on Sundays and holidays. Employee benefits also covered include retirement, health, personal accident and medical benefits.

A diverse and talented workforce

We are committed to seeking out and retaining a diverse and talented workforce to ensure business growth and performance. Kenmare encourages diversity in its workforce and believes in treating all people with respect and dignity. For more information see our Employment Policy, and our Diversity and Inclusion Policy, which are available on our website.

We pride ourselves on the employment the Mine generates for our host communities and Mozambique as a whole. In 2019, we directly employed 1,423 people in Mozambique, and paid over US$33.5 million in salaries.

The Mine's employment statistics at year-end for each of the last three years are as follows:

	2019	2018	2017
Number of employees	**1,423**	1,398	1,324
% Mozambican	**96%**	95%	93%
% Expatriates	**4%**	5%	7%
% Women	**8%**	7%	5%

The size of Kenmare's workforce in Mozambique increased by 2% in 2019 compared to 2018 as a result of increased labour requirements due to the development of WCP C and increased finance, logistical and engineering needs.

Of our permanent employees at the Moma Mine, 96% are now Mozambican, compared to 95% in 2018, as we continued to drive the localisation of our workforce. All personnel at operator and tradesman levels are Mozambican, and the percentage of Mozambican employees at supervisory levels increased to 91% from 87% in 2018. Management localisation increased significantly to 63% in 2019, compared to 53% in 2018, and particular success was seen at the middle management level (65%), with the successful appointment of production superintendents and engineers. Kenmare's focus has now turned towards skills development and providing opportunities for more employees to be promoted into more senior roles.

The sustainability of our localisation programme has been underpinned by the successful technical development of local artisans, who have replaced expatriates through our on-site practical training centre. Our University Internships and our Graduate Development Programme (GDP) have also seen local graduates employed and positioned in higher ranks of the operation.

Training and development

Kenmare invests in training and development initiatives for our employees at all levels of the business as building capacity and capability are key to sustainable development. In 2019, we invested US$700,000 in training and development and delivered over 13,800 hours of refresher training to our employees at the Moma Mine, which equates to an average of approximately 10 hours of training per person.

Kenmare's GDP also remains an important strategic initiative. Through the GDP, Kenmare identifies and develops Mozambican graduates who display the potential to fulfil leadership and specialist positions in the future. In 2019, 32 people participated in the GDP and past graduates now fill roles including plant supervisors, metallurgists and geologists.

Advancing women

Kenmare is also focused on increasing the number of women in our workforce as we recognise that gender diversity is a key driver of business success. We encourage networking groups, such as the Kenmare Women in Mining Forum, which was established in 2019. We also support mentorship programmes, such as members of the Kenmare Women in Mining Forum visiting local schools to mentor female students.

At the end of 2019, women represented 20% of our Board of Directors, compared to 11% at the end of 2018, and 11% of the executive management team, which is unchanged compared to 2018. At the end of 2019 there were seven women in the executive committee's direct reports, with an additional 24 women at the Mine in positions of leadership responsibility. 8% of our Mine employees were female at the end of 2019, compared to 7% in 2018. Training and recruitment initiatives are also in place to create employment opportunities for women in Mozambique.

Labour relations

Kenmare remains highly focused on managing labour relations, which are essential to our productivity and strategy delivery, and on maintaining effective communication channels with our employees and the appropriate union representatives. We did not experience any industrial action during 2019 and the Moma Mine has seen largely stable labour relations over the past four years.

We respect our workforce's right to exercise freedom of association and collective bargaining without interference and free from discrimination, as stated in our Freedom of Association Policy. During 2019 meetings were held on a quarterly basis between the union and employees, as planned, and during wage negotiations, a three-year wage agreement was reached between the Group and the union.

Supply chain management

Responsible procurement

Kenmare's procurement department is responsible for managing the Group's inbound supply chain. It performs an important role in terms of delivering on our production and development plans by ensuring that the right goods and services are delivered to the right location at the right time. The team also ensures that our supply chain operates safely, efficiently and according to the high level of ethical conduct that we expect of our business, including full compliance with the International Finance Corporation (IFC) Performance Standard 2.

We also do not consider there to be a risk of slavery or human trafficking to our supply chain, due to the supply chain due diligence processes. The process involves establishing policies and procedures for managing the performance of third-party service providers and we insert terms and conditions with regards to human rights in supply contracts, including requiring our suppliers to confirm that they do not use forced labour. Kenmare provides copies of its corporate policies to the Moma Mine's third-party service providers (including contractors and suppliers) and the Group asks them to adhere to the policies.

Sourcing goods and services locally

The Mine represents the only major economic activity in the local area as it is in a remote part of Mozambique with relatively low socio-economic development and high unemployment. Maintaining supportive relationships and playing a positive role in our local communities are vital elements in the sustainable success of our operations.

In 2019 Kenmare sourced almost 50% of the goods and services for its Moma Mine from Mozambique. This figure has been consistent for the past three years. Our total procurement spend in Mozambique during 2019 was US$64 million, with over US$9 million spent in Nampula province, where the Moma Mine is located. Additionally, on 11 December 2019 the Group entered into new debt facilities, comprising a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility. Subsequent to the year-end, 22% of the debt facilities were transferred to Mozambican affiliates of the lending banks, with US$22.3 million provided by Standard Bank and US$10 million provided by Absa. This underlines Kenmare's commitment to Mozambican procurement, where possible.

Environment

Kenmare is committed to operating in an environmentally responsible manner and to minimising the impact of mining and processing operations on the local environment. The Group is proud of its low environmental impact, with 90% of its power requirement supplied from renewable sources, a progressive land rehabilitation programme and no chemicals used in its mining or processing operations.

As stated in our Environmental Policy, Kenmare complies with applicable environmental legislative requirements guided by relevant best practice standards. We apply the IFC Performance Standards 2012 in a manner appropriate to our operations and we apply rigorous environmental management of our operations and related activities through our Environmental Management System (EMS).

We consistently seek to apply best practice in our activities. This includes in relation to greenhouse gas emissions, effluent treatment, noise, radiation, water quality, mined land rehabilitation and management of social impacts, amongst others.

EIA Services, Lda, on behalf of the Ministry for Land, Environment and Rural Development (MITADER), conducted an independent annual environmental audit at the Mine in 2019, in compliance with Mozambican Government Decree 25/2011 of 15 June 2011. The Mine was deemed to be compliant with applicable environmental legislation and no significant negative findings were registered.

Environmental Management System

We recognise that protecting the environment in which we operate is fundamental to the running of our business. The principles of pollution prevention, compliance with legal and adopted obligations and continual improvement are integrated into our planning, management systems and daily activities.

Our EMS subscribes to the NOSA Occupational Health, Safety and Environmental Management System and is modelled in accordance with ISO 14001. The objective of the EMS is to facilitate and achieve compliance with the requirements of our environmental licences, the commitments in our Environmental Policy, as well as continual improvement of environmental performance.

The EMS also sets out the detailed processes for the identification of environmental risks and implementation of action plans to mitigate the impacts of our activities. This involves monitoring to ensure applicable standards are being observed, and where deviations are encountered, that reporting and mitigation take place promptly.

In 2019 a breach of Kenmare's process control procedures was recorded relating to the loss of two densometers, which are field instruments used for measuring slurry tonnages. This was subsequently reported to the relevant authorities and additional controls have been implemented in order to mitigate this risk in the future.

> "Kenmare is committed to operating in an environmentally responsible manner and to minimising the impact of mining and processing operations on the local environment.

Number of casuarina plants planted

17,678

Hectares of mined land rehabilitated

200

A joint community and company environmental monitoring practice, introduced in 2015, continues to work well. Community engagement is a developing area of focus to involve and educate communities on the needs for environmental management and ensure that the monitoring programmes underway within host communities are well understood by all stakeholders.

Environmental monitoring statistics were:

	2019	2018	2017	2016
Energy use				
Total electricity use (million kWh)	**207.0**	195.7	199.3	191.3
Total electricity use from renewable sources (million kWh)	**185.4**	168.4	187.0	183.5
Total electricity use from non-renewable sources (million kWh)	**21.6**	27.3	12.3	7.8
Scope 1 greenhouse gas (tonnes CO_2)	**78,605**	81,511	73,234	65,382
Scope 2 greenhouse gas (tonnes CO_2)[1]	**110**	110	110	110
Carbon efficiency per tonne mined (scope 1 tonnes CO_2/tonne of excavated ore)[2]	**0.0021**	0.0024	0.0022	0.0022
Total fuel consumption (million litres)	**24.6**	26.9	21.3	17.9
Fuel consumption by diesel generators (million litres)	**5.9**	8.5	4.5	2.1
Water management				
Water extraction (million cubic metres)	**18**	18	19	21
Water usage efficiency (cubic metres of water/tonne of excavated ore)	**0.49**	0.53	0.57	0.70
Rehabilitation				
Rehabilitation: Total (Ha)	**200**	159	292	186
– Topsoiling (Ha)	**158**	121	246	153
– Casuarina plantation (Ha)	**16**	21	46	33
– Wetland (Ha)	**26**	17	–	–
Number of casuarina trees planted	**17,678**	22,222	51,322	24,790

Notes to table:

1. Based on Kenmare's current understanding of our annual, average Scope 2 greenhouse gas emissions from hydropower. These emissions relate to construction activities and decaying biomass from flooded land linked to hydropower facilities. 2 Carbon efficiency per tonne mined is based on scope 1 emissions only..

Fuelled by renewable power

We recognise the growing importance of climate change, both to our Group and to our stakeholders. The Sustainability Committee, and more widely the Board of Directors, has oversight of Kenmare's climate-related risks and opportunities.

In 2019, Kenmare's total electricity use at the Moma Mine was 207.0 million kWh. This represents a 6% increase compared to 2018, driven by the 8% increase in excavated ore during the same period. However, the percentage of electricity derived from non-renewable sources decreased in 2019 to 10% compared to 14% in 2018. As a result, the Mine's carbon efficiency improved by 13% in 2019 compared to 2018.

The Group's principal power source is the Cahora Bassa hydroelectrical power station with transmission through the EdM transmission grid. In 2019, 90% of Kenmare's energy requirement or 185.4 million kWh was produced from this renewable power source (hydropower), compared to 86% in 2018. During 2019 we updated our methodology for the calculation of energy usage, resulting in a change to 2018's renewable power usage from 80% to 86%. Kenmare aims to maximise the use of hydropower in its operations as it substantially reduces Kenmare's greenhouse gas emissions. However, due to the varying reliability of the northern power network in Mozambique, the Mine uses diesel-powered electric generators in the summer rainy season to ensure uninterrupted operation of our MSP.

In 2019 our Scope 1 greenhouse gas emissions decreased by 4% compared to 2018, primarily due to a reduction in the use of diesel-powered electric generators. The use of generators accounted for 24% of total diesel fuel usage in 2019, compared to 32% in 2018.

The Moma Mine's total fuel usage in 2019 was 24.6 million litres, which includes 5.9 million litres used to power the diesel generators. This represents an 8% decrease compared to 2018, driven by the reduced use of diesel-powered electric generators in 2019 compared to 2018.

Water management

Water is an essential resource for our operations, as it is used intensively in both our mining and processing operations. The majority of the water used at Moma is recycled by returning it to the groundwater table from whence it was drawn as tailings deposition water and mine pond seepage (minus some evaporation).

In 2019 Kenmare extracted 18 million cubic metres of water, which is in line with 2018. Our water usage efficiency improved in 2019 to 0.49 m^3/ tonne compared to 2018 (0.53 m^3/tonne) as we delivered an 8% increase in excavated ore in 2019 but water usage remained flat.

Since our mining and processing operations do not use any chemicals, seepage to groundwater is clean. 2019 seepage rates were consistent with mining over low permeable soil units.

Waste management

The Group is consistently implementing processes to improve waste management, including minimising waste generation and encouraging adequate waste segregation at source. Kenmare has a waste monitoring programme and is looking to improve its waste generation reporting going forwards.

Training and awareness campaigns amongst our employees continued in 2019 to promote sustainable waste management practices and we invested in water purification technology called Reverse Osmosis (RO). The aim of the RO units is to reduce the amount of single use plastic water bottles used at the Moma Mine and every employee and contractor received a reusable water bottle for use at the RO units. Kenmare expects that the number of single use plastic bottles will be reduced by approximately 80% at the Mine in 2020.

Kenmare also continues to monitor effluent quality at our sewerage treatment plants at the Mine. External analyses in 2019, conducted on a monthly basis, indicated good compliance levels, with the following areas of concern being addressed:

- One sewage treatment plant returned increased mercury levels during two months of the year. The possible source of mercury is not yet known.
- Coliforms exceeded the standard limit at one sewage treatment plant during two months of the year as a result of operational difficulties at the sewage treatment plant at the time.
- All sewage treatment plants periodically exceeded the total dissolved solids (TSS) standard limit of 50mg/l. Elevated TSS values would be of concern where treated effluent is discharged into water bodies. This is, however, not the case at Kenmare where treated effluent is discharged as part of tailings to reshape sand dunes after mining. We are engaging the regulator regarding the relevance of this standard given the fact that treated effluent is discharged into a sand based substrate and not into water bodies.

Progressive rehabilitation strategy

Kenmare is committed to rehabilitating mined land to maximise benefits for local communities and to minimise negative impacts. We do this through continuing to follow our progressive rehabilitation strategy for the restoration of mined-out dredge paths. We use the services of third-party independent specialists on a regular basis to ensure our rehabilitation efforts are delivering the most appropriate future land-use options on a regular basis.

In 2019, an area of 200 Ha was rehabilitated, compared to 159 Ha in 2018. The 2019 rehabilitated area was largely aligned with our five-year rehabilitation plan and operational open area requirements. A total area of 158 Ha was rehabilitated with topsoil, with the natural seed content contributing to the development of mixed trees and grassland rehabilitation. Planting of indigenous trees supplements the development of these areas. A further 16 Ha was planted with 17,678 casuarina trees in 2019, a future commercial forestry crop, using community nurseries to supply saplings. 26 Ha was also converted to wetland.

During 2019, 175 Ha of rehabilitated mined land was returned to our host communities. Further land returns will continue in future years, providing agricultural land for subsistence farming.

Our rehabilitation plans are regularly updated, and we implement measures to avoid significant negative environmental impacts. These include tailoring our rehabilitation programme according to topography, adjacent ecotypes, and availability of topsoil and tailings characteristics. Our rehabilitation programme involves developing a patchwork of alternative land uses post-mining, including establishment of agricultural land, forestry, savannah and woodlands. The environmental impact from Kenmare's mining activities is expected to be minimal after the cessation of operations, due to our approach, which intrinsically has a low environmental impact.

Kenmare includes the cost of rehabilitation in its cash operating costs as we see rehabilitating mined lands and returning them to our host communities as an intrinsic part of our mining process. Although the Moma Mine has a life of mine of over 100 years, we set aside funds to cover closure costs, as required by law. We are also committed to consulting with the community on closure planning at the appropriate time.

Sustainability report continued

Radiation management

The mineral sands mined by Kenmare and our products contain naturally occurring radionuclides. A radiation management plan is in place and occupational exposures remain well within legal exposure limits.

The first two shipments of mineral sands concentrate, which contains monazite, were despatched from Moma in 2019. Due to the monazite content, regulatory and radiation control requirements have been implemented and radiation management remains compliant to national legislation, the International Commission on Radiation Protection (ICRP) and IFC Performance Standards (2012).

Air and noise quality

Kenmare undertakes a number of environmental compliance programmes to manage and reduce our impact on the environment and our host communities.

Environmental noise monitoring in 2019 returned results that were generally in line with accepted levels. Day time noise levels in excess of the IFC 1-hour guideline of 55dBA were measured in Mtiticoma, Tibane and Topuito, but these were attributable to noise from community sources (such as motor vehicles, motor cycle movement, work activities such as hammering, and music from social gatherings), and not mining activities. Night time environmental noise levels in excess of the IFC 1-hour guideline of 45dBA were recorded in Topuito, where the noise levels were a combined result of Heavy Mobile Equipment use at the Mineral Separation Plant and community noise (loud music and motor vehicle movement), with community noise as the predominant contributor. This measurement was obtained during one external survey. Environmental noise monitoring efforts will be increased in 2020 to ensure we obtain a more representative picture and to determine whether additional operational controls need to be considered.

Kenmare's air monitoring programme measures particulates at multiple locations on site on a monthly basis. Air emission monitoring data was interpreted based on the adopted IFC interim 24-hour average target (IT-2) of 100 g/m^3 for PM10 and 50 g/m^3 for PM2.5. 24-hour average results for PM10 and PM2.5 air emission monitoring registered 14% exceedances out of 343 measurements for PM10 and 21% exceedances out of 334 measurements for PM2.5 dust levels.

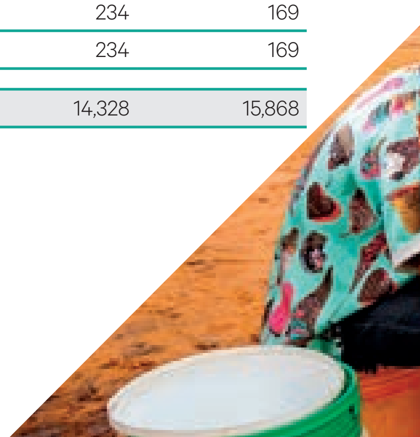
However, an air emission dispersion modelling project conducted in 2019 indicated no environmental impacts arising from mining activities on surrounding communities, suggesting that the monitoring results are unreliable. The aim of air emission monitoring is to determine the emission impact of PM10 and PM2.5 on surrounding communities, but historical monitoring positions were not conducive to satisfying this requirement. For example, several sampling positions were close to public roads, where emissions would naturally be higher. In order to deliver more reliable results going forwards, recommendations from the modelling project are being implemented, including changing the positions of the PM10 and PM2.5 air emission monitoring stations to better measure the impact from mining and processing activities on surrounding communities.

Government payments

Kenmare subscribes to the Extractive Industries Transparency Initiative (EITI). Established in 2002, this reporting system supports good governance through the verification and publication of payments by companies and the use of government revenues derived from the extractive industries.

In line with the EITI, Kenmare discloses the payments it makes to governments on an annual basis. All payments disclosed have been made to national governments, either directly or through a ministry or department of the national government on a cash basis. Payroll taxes consist of income tax withheld at source and employer and employee social security tax. Kenmare does not give donations or contributions to any political party. We adhere to a strict policy of zero tolerance to all forms of corruption and unethical business practices.

	2019 US$'000	2018 US$'000	2017 US$'000	2016 US$'000	2015 US$'000
Mozambique					
Mining royalty	**3,180**	2,933	2,833	2,371	2,826
Industrial free zone (IFZ) royalty	**2,423**	2,553	1,517	1,538	1,486
Payroll taxes	**8,446**	8,378	6,998	7,405	8,551
Corporation taxes	**2,310**				
Withholding taxes	**716**	1,077	978	695	462
Licenses	**83**	3	12	24	123
Total	**17,158**	14,944	12,338	12,033	13,448
Ireland					
Payroll taxes	**2,678**	2,739	2,262	2,052	2,240
Corporation taxes	**7**	4	5	9	11
Total	**2,685**	2,743	2,267	2,061	2,251
UK					
Payroll taxes	**207**	163	154	234	169
Total	**207**	163	154	234	169
Total payments to governments	**20,050**	17,850	14,759	14,328	15,868



Community engagement principles

Kenmare recognises that its licence to operate requires a strong relationship with its host communities. Our stakeholder engagement plan is updated annually and reflects the changing dynamics in the relationship between the Mine and the community.

Kenmare is focused on proactive community engagement in order to deliver:

- **The development of a co-operative working relationship between the Mine and local people;**
- **The community taking a greater responsibility for what is happening in its area;**
- **Improved conflict management capacities;**
- **Informed policy-making with local government; and**
- **A strengthened sense of community**

Kenmare's key criteria for successful community engagement are:

- **Ensuring that a broad range of people and sectors participate in the process;**
- **Striving to resolve complex issues;**
- **Creating a shared vision that achieves results and creates change, ensuring collaboration and social inclusion;**
- **Identifying local priorities together with community; and**
- **Reaching a consensus on the resulting actions required from both the Group and the community.**

A POSITIVE CATALYST FOR CHANGE

Established in 2004, the Kenmare Moma Development Association (KMAD) is a not-for-profit development organisation, supported by Kenmare. It aims to be a catalyst for positive social and economic change in the Moma Mine's host communities.

KMAD's community initiatives have three key focuses: livelihoods and economic development, healthcare development, and education development. During the past 15 years KMAD has delivered significant improvements to local infrastructure, including drilling 25 water boreholes to provide clean drinking water for approximately 24,000 people, constructing over 30 classrooms and providing funding for over 40 small businesses.

GARETH CLIFTON
Mozambique Country Manager

BERTA VASCO DE ARAUJO BORGES
KMAD Co-ordinator

The KMAD vision

The Moma Mine's host communities and their needs are at the centre of KMAD's programmes. KMAD is committed to effective communication and consultation with all stakeholders as part of its development strategy. KMAD's vision is to support:

- Communities with high standards of health and wellbeing, where local people live in safe and dignified conditions;
- Independent communities, well-informed of Kenmare's ongoing operating activities, and with access to education and opportunity for individuals to reach their potential; and
- Cohesive social groups and networks contributing to sustainable development.

For more information about Kenmare and KMAD's approach, read our Community Engagement and Investment Policy. For more information on KMAD's objectives and its core values, visit **www.kenmareresources.com/sustainability/kmad.**

Livelihood and economic development projects

Kenmare is committed to creating employment opportunities for local people that deliver sustainable economic growth, while not harming the environment. As a result, KMAD supports income-generating activities, such as vegetable farms to supply the Mine's kitchens, and capacity development, such as projects to transfer new skills and knowledge to local farmers to help them increase productivity.

Five new projects funded

Local community members submit business proposals to KMAD, which are reviewed for their economic viability. If the proposal is approved, KMAD will provide the majority of the funding required, with the business owner asked to fund the remainder to ensure effective personal buy-in.

In 2019, KMAD supported five new projects in its host communities, including a carpentry workshop, a welding workshop, a fishing materials shop and two broiler projects. At the end of 2019, there were 41 small-scale business projects supported by KMAD, which directly benefit a total of 206 project owners and by extension their families and employees. These businesses generated revenues of US$469,000 in 2019, which represents a 26% increase compared to 2018 (US$373,000).

Since KMAD's inception in 2004, some of its achievements include:

- **Providing funding for >40 new local businesses**
- **>100 local people involved in providing goods and services for Moma**
- **25 boreholes drilled to provide clean drinking water for c.24,000 people**
- **Community health centre constructed to provide care for >20,000 people per year**
- **>30 classrooms constructed in local schools, plus 1,100 desks, and >90 scholarships funded**
- **Technical school constructed and equipped for vocational development**

Kenmare Moma Development Association continued

Doubling farming yields

The Conservation Agriculture (CA) project continued in 2019 with the objective of transferring skills to local farmers that will enable them to increase their productivity, reduce crop disease and grow crops that were previously not viable in the area.

At the start of 2019 there were 101 farmers registered to participate in the CA project and by year-end this number had increased by over 150% to 254. KMAD continued to train the farmers by splitting their fields in two, with one side being farmed with CA techniques and the other side with traditional farming techniques. Over 43,000 kilograms of crops were produced from the CA plots, compared to over 15,800 kilograms from the traditional plots in 2019, demonstrating that increased productivity can be achieved through the CA approach.

During the year, the CA project motivators (farmers who actively promote the programme to other farmers in their villages) received extra training in order to prepare them to assist new farmers. The number of motivators increased from 27 to 54 in 2019. In addition to taking part in the CA project, some of the CA farmers from Topuito and Mulimune villages were involved in the agroforest planting as part of the rehabilitation process of the areas mined.

Health development projects

Kenmare believes that ensuring healthy lives and promoting wellbeing at all ages is essential to sustainable development. As a result, KMAD provides funding for healthcare infrastructure improvements and capacity development of medical staff. KMAD also supports access to clean drinking water through drilling boreholes to serve the villages surrounding the Moma Mine.

Clinic renovations and new ambulance

In 2019 KMAD funded the renovation and repair of the outpatient and maternity blocks of the community health clinic at Mtiticoma. The renovation work included the replacement of the roof and ceiling, re-plastering of the walls and repainting of the interior and exterior walls. KMAD is also improving the water supply to the clinic. In addition, KMAD donated a new ambulance during the year. The new ambulance allows patients to be transferred safely from the clinic to hospitals in Moma and Larde for further treatment.

The community health clinic was constructed by KMAD in 2011, and in 2019 over 24,600 people attended for consultations, representing a second consecutive year on year increase in the number of patients.

Malaria was the primary reason that people came to the clinic seeking treatment, with over 13,000 people tested in 2019, which represents a 23% decrease compared to 2018. The clinic also provided testing and care for people with HIV and STDs, with over 4,600 people tested for HIV in 2019. Almost 4,000 women attended the clinic for maternity care and family planning during the year, and 709 babies were born in the maternity ward.

Healthcare capacity building

In 2018–2019 KMAD supported 27 nursing students to undertake a training course in mother and child healthcare. In December 2019 the students graduated successfully from the course and, subject to passing an entrance exam, will be allocated to health facilities in the district.

Community health awareness

The community health programme promotes awareness on health issues, hygiene and sanitation, primarily through group discussions. In 2019 the community volunteers conducted 65 sessions in the health clinic, which were attended by over 3,900 people, and 252 sessions in the villages, which were attended by over 3,000 people. The topics addressed were water and sanitation, HIV, and malaria prevention, with a focus on the correct use of mosquito nets and the need to follow the malaria prescription until the last day.

Water and sanitation

In 2019 KMAD supported a training programme for the Moma Mine's host communities on how to maintain a clean water supply, both within the local water system and at a household level. KMAD signed a contract with an NGO based in Nampula city to facilitate this and provide advice to the Mine's host communities on improving sanitation and water treatment practices using affordable and readily available materials.

In 2019 KMAD drilled one water borehole in Mulimune village, replaced the water distribution systems in Topuito with an expanded system (13 new taps throughout the village) and established a water distribution system in Nataka (five new taps throughout the village).

Education development projects

Kenmare believes that ensuring all children obtain a good quality education is the foundation for creating sustainable development. As a result, KMAD funds the construction of classrooms and other educational infrastructure, it facilitates capacity development of teachers and it sponsors scholarships. KMAD also supports skills transfer at all ages through vocational training.

Phase 2 of technical school

In 2019 KMAD funded the construction of phase 2 of the technical school, including additional classrooms, additional teachers' housing, a library, a computer room and an administrative block. KMAD

Community health centre at Mtiticoma

completed construction of the technical school in 2017 and in 2018 it financed a series of courses open to local community members on topics such as construction, mechanics and welding. The Government is responsible for funding and managing the staffing of the school, although KMAD will continue to help with financing consumables from time to time. The school has the objective of providing vocational development for people living in the Moma Mine's host communities, in addition to potentially providing a pool of skilled tradespeople from the local area for the Mine.

Separately, in 2019 KMAD commenced construction of a new primary school in Cabula village, which was completed in January 2020. The new school block has four classrooms, which were furnished with school desks and benches by a carpentry workshop in Pilivili. The previous school block, which comprised one classroom and a teacher's room, will be used for adult literacy classes.

Improving primary education

Following the success of the pilot programme in 2018, in 2019 KMAD signed a three-year contract with a Mozambican NGO called Facilidade to improve the quality of primary education in the Mine's host communities. Facilidade is an organisation based in Nampula, which has the objective of improving the quality of learning in schools. It builds education capacity by training teachers and school principals in new interactive teaching techniques, with a focus on literacy and numeracy skills.

Additional information on Kenmare's approach to corporate social responsibility and KMAD's community initiatives can be found in the KMAD 2019 Annual Report available at **www.kenmareresources.com/sustainability**.

GARETH CLIFTON
Mozambique Country Manager

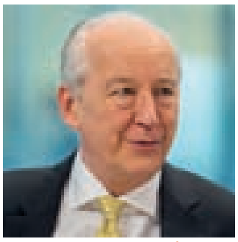
BERTA VASCO DE ARAUJO BORGES
KMAD Co-ordinator

Increase in farming yields through Conservation Agriculture programme

172%

CORPORATE GOVERNANCE

Board of Directors



Steven McTiernan

Chairman and Non-Executive Director

Age: 68 Appointed: 2013

N R

Skills and experience: Steven McTiernan has over 45 years of diverse natural resources industry and investment banking experience with Amoco, BP, NatWest Markets, CIBC and the Chase Manhattan Bank, where he was Senior Vice President. He served as Senior Independent Director of Tullow Oil plc and was a Non-Executive Director for 11 years until January 2013, was an Independent Director at First Quantum Minerals Ltd. until June 2012, and was an Independent Director at Songa Offshore SE until January 2014. He received an MA in Natural Sciences from the University of Cambridge.

External appointments: Steven serves as Non-Executive Chairman of Hurricane Energy plc.

Michael Carvill

Managing Director

Age: 60 Appointed: 1986

Skills and experience: Michael Carvill is a Fellow of the Institute of Engineers of Ireland (FIEI). He holds a BSc in Mechanical Engineering from Queen's University Belfast and an MBA from the Wharton School of the University of Pennsylvania. He worked as a contracts engineer in Algeria and as a project engineer at Tara Mines, Ireland.

External appointments: Michael is a Director of Vico Camperdown Ltd and Merindol Ltd.

Tony McCluskey

Financial Director

Age: 55 Appointed: 1999

Skills and experience: Tony McCluskey has worked with Kenmare since 1991. He was originally appointed as Company Secretary and Financial Controller, before becoming Financial Director in 1999. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of the Institute of Chartered Accountants. Before joining Kenmare, he worked for a number of years with Deloitte as a Senior Manager in Dublin. He has worked on a part-time basis as a lecturer with Chartered Accountants Ireland and has worked overseas.

Peter Bacchus

Non-Executive Director

Age: 51 Appointed: 2017

A R

Skills and experience: Peter Bacchus has over 20 years' experience in investment banking, with a focus on the global natural resources sector, including as European Head of Investment Banking at US investment bank Jefferies, Global Head of Mining & Metals at Morgan Stanley, and Head of Investment Banking, Industrials and Natural Resources at Citigroup, in Asia and Australia. He is a Member of the Institute of Chartered Accountants, England & Wales, and holds an MA in Economics from the University of Cambridge, United Kingdom.

External appointments: Peter Bacchus is the Chairman and Chief Executive of Bacchus Capital Advisers Ltd, an independent investment banking boutique based in London. He is also a Non-Executive Director of US and South African-listed Gold Fields and Australian-listed Galaxy Resources.

Elaine Dorward-King

Non-Executive Director

Age: 62 Appointed: 2019

S

Skills and experience: Elaine Dorward-King has over 30 years' experience in the mining, chemicals and engineering industries, including the mineral sands sector. She served as Executive Vice President of Sustainability and External Relations for Newmont Goldcorp, the world's leading gold mining company, from March 2013 to December 2019. Prior to that, she worked from 1992 to 2013 for Rio Tinto, holding positions including Global Head of Health, Safety and Environment, and Managing Director of Richards Bay Minerals in South Africa. She holds a Bachelor of Science, magna cum laude, from Maryville College, Tennessee and a PhD in Analytical Chemistry from Colorado State University.

External appointments: Elaine sits on the Board of Great Lakes Dredge & Dock Corporation, the largest provider of dredging services in the USA, She is also a Director of Canadian-listed Bond Resources Inc.

Clever Fonseca

Non-Executive Director

Age: 66 Appointed: 2018

S

Skills and experience: Clever Fonseca has worked in the titanium industry for over 35 years. He has extensive knowledge and board-level management experience of mineral sands mining and he has worked in the titanium pigment and feedstock industries. He was responsible for developing Brazil's only dredge-mined mineral sands operation, was Vice President of Global Supply and Mining for Millennium Inorganic Chemicals (now Cristal Global) in the US, and also served as Executive Director of Mineral Deposits Ltd in Melbourne. Most recently, he was Chief Executive of TiZir Ltd until 2012. He has a BSc in Mining Engineering from Universidade Federal De Pernambuco, and an MBA from Fundacao Getulio Vargas, both in Brazil.

Committee key Ⓐ Audit and Risk Committee Ⓝ Nomination Committee Ⓡ Remuneration Committee Ⓢ Sustainability Committee Ⓢ Committee Chairman

Elizabeth Headon

Non-Executive Director

Age: 48 Appointed: 2011

A S

Skills and experience: Elizabeth Headon has over 20 years' experience in communications, corporate affairs and social responsibility. Previously she was Chief Executive of the Digicel Haiti Foundation and worked in Mozambique on the Kenmare Moma Development Association. She has a BA, MA and MBA from the National University of Ireland.

External appointments: Elizabeth sits on the Board of Horse Racing Ireland and is an Executive Director of Gibney Communications Ltd.

Tim Keating

Non-Executive Director

Age: 45 Appointed: 2016

S

Skills and experience: From 2010 to 2013 Tim Keating was CEO of African Nickel Ltd, a nickel sulphide development company. He also worked at Madini Mineral Resources (2014–2015), Investec Bank (2004–2010), and at Black Mountain Mine, owned by Anglo American plc, in South Africa. He has a BSc in Mining Engineering from West Virginia University, a B. Comm in Economics & Law from University of Witwatersrand, South Africa, and a Mine Manager's Certificate of Competency.

External appointments: Tim is Head of Mining Investments Private Equity at the State General Reserve Fund (SGRF), a sovereign wealth fund of the Sultanate of Oman. He is a Director of Minerals Development Oman and also a Non-Executive Director of Kore Potash Ltd.

Graham Martin

Non-Executive Director

Age: 65 Appointed: 2016

N R S

Skills and experience: Graham Martin has over 30 years' experience in the global natural resources sector with a particular focus on Africa. From 1997 to 2016 he served as an Executive Director of Tullow Oil plc, an oil and gas exploration, development and production company listed on the London, Irish and Ghanaian stock exchanges. Prior to Tullow, he was a partner at the US energy law firm Vinson & Elkins LLP, and at the UK corporate law firm Dickson Minto WS. He holds a degree in Law and Economics from the University of Edinburgh.

External appointments: Graham is Non-Executive Chairman of United Oil & Gas plc, an AIM listed oil and gas company.

Gabriel Smith

Non-Executive Director

Age: 68 Appointed: 2013

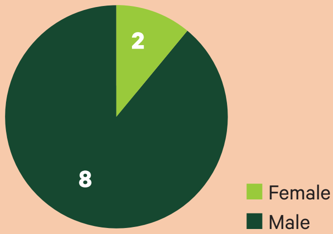
A N R

Skills and experience: Gabriel Smith has considerable executive experience and has been on several boards representing companies in different industries. He began his career as a Loan Officer at Citibank London. He was Managing Director of a technical trading company before joining Tinfos, a Norwegian silicomanganese, pig iron and titanium dioxide producer, as Chief Executive Officer from 1990 to 2007. From 2003 to 2006 he held the position of Chairman of Pan Fish, and from 2007 to 2009 he held the position as Chairman of Lighthouse Caledonia, both public companies in the seafood sector. He received his undergraduate degree in Economics from Dartmouth College and has an MBA from Amos Tuck School in the US.

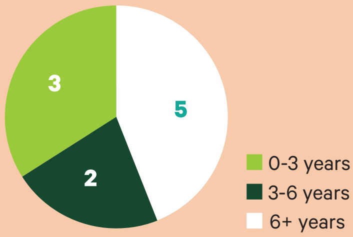
External appointments: Gabriel sits on the Board of Tinfos, now restructured as a hydro company.

Board diversity

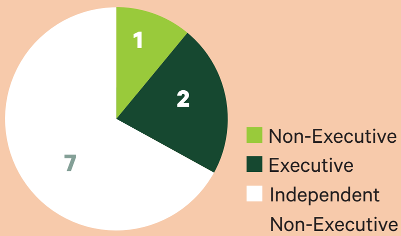
Gender diversity



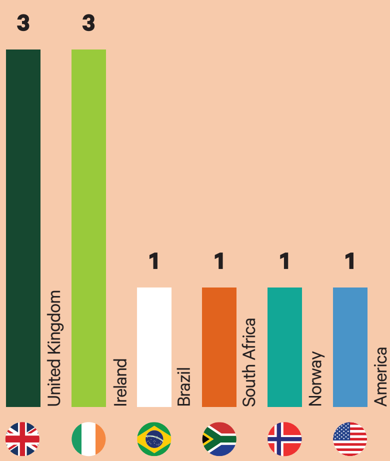
Length of tenure



Composition



Nationality



Corporate governance report

Corporate governance

The Directors recognise the importance of corporate governance and ensure that appropriate corporate governance procedures are in place. In the financial year under review, the Directors have complied with all relevant provisions of the 2018 UK Corporate Governance Code (the "Code") issued by the UK's Financial Reporting Council (FRC) in July 2018. A copy of the Code can be obtained from the Financial Reporting Council's website, ww.frc.org.uk. This report, together with the other reports in the "Corporate Governance" part of this document, explains how the principles of the Code have been applied.

Board leadership and company purpose

Board of Directors

Role of the Board

The Board is responsible for the oversight and success of the Group's business. The Board's responsibilities include:

- ensuring that appropriate management, development and succession plans are in place;
- reviewing the environmental and health and safety performance of the Group;
- approving the appointment of Directors' remuneration and severance; and
- ensuring that satisfactory dialogue takes place with shareholders.

The Board has delegated some of its responsibilities to the Audit and Risk, Nomination, Remuneration and Sustainability Committees.

Matters reserved for the Board

The Board has a formal schedule of matters specifically reserved for its decision, covering:

- strategic decisions;
- risk management and internal controls;
- acquisitions and capital expenditure above agreed thresholds;
- approval of interim and final dividends and share purchases;
- changes to the capital structure;
- tax and treasury management;
- approval of half-yearly and annual financial statements; and
- budgets and matters currently or prospectively affecting the Group and its performance.

Supported by

Audit & Risk Committee
Monitors the appropriateness and integrity of the Group's financial reporting, external audit, internal audit and risk management processes.

See page 84
for more information

Nomination Committee
Evaluates the composition of the Board to ensure an effective balance of skills and experience, and considers succession planning for Directors and senior executives.

See page 80
for more information

Remuneration Committee
Determines the policy for remuneration of the Chairman, the Executive Directors, the Company Secretary and such other executive management as it is designated to consider.

See page 88
for more information

Sustainability Committee
Oversees the implementation of the Group's Sustainability focused corporate policies.

See page 82
for more information

Composition and operation of the Board

The Board consists of 10 Directors, of which two are Executive and eight are Non-Executive. Biographical details, including each Director's date of appointment, are set out on pages 72 and 73. The majority of the Board is made up of independent Non-Executive Directors. The Chairperson is required to be a Non-Executive.

A clear division of responsibility exists between the Chairman, whose principal responsibility is the effective running of the Board and is not responsible for executive matters regarding the Group's business, and the Managing Director, whose principal responsibility is running the Group's business.

The appointment of Dr. E. Dorward-King in November 2019 has increased female representation on the Board to 20%. The diversity policy on Board appointments is set out in the Nomination Committee report on page 81.

The Board is collectively responsible for the leadership, oversight, control, development and long-term success of the Group. It works with management to set corporate values and develop strategy. Its aim is to create value for all its stakeholders, including shareholders, employees, customers, suppliers and the communities in which it operates. The Board's oversight responsibilities involve it constructively challenging the management team in relation to the operational and financial performance of the Group. It is also responsible for ensuring that accurate and understandable information is provided about the Group to shareholders and finance providers on a timely basis.

The Board has delegated responsibility for management of the Group to the Managing Director and the management team. The Board has delegated some of its responsibilities to four Committees of the Board: Audit & Risk, Remuneration, Nomination and Sustainability.

Each Committee has written terms of reference that set out its authorities and responsibilities.

These terms of reference are available for review at the Company's registered office and on the Company's website **www.kenmareresources.com**.

The membership and activities of these Committees are detailed in the reports on pages 80 to 108. The Board receives reports at its meetings from the Chairperson of each of the Committees on their recent activities.

All Directors offer themselves for re-appointment at the Company's Annual General Meeting. Directors may take independent advice in the furtherance of their duties at the Company's expense.

Board meetings

The Board meets sufficiently regularly to ensure that all its duties are discharged effectively. All Directors are expected to prepare for and attend meetings of the Board and the AGM. If a Director is unable to attend a Board meeting in person, teleconference arrangements are available to facilitate participation. In the event that a Board member cannot attend or participate in the meeting, the Director may discuss agenda items with the Chairman, Managing Director or Company Secretary in advance of the meeting.

A schedule of Board and Committee meetings is circulated to the Board for the following year. A more detailed agenda and Board materials are made available electronically in the week preceding the meeting.

During 2019, the Board held nine meetings. Details of the Directors' and Secretary's attendance at Board and Committee meetings are set out below:

	Full Board		Audit & Risk Committee		Remuneration Committee		Nomination Committee		Sustainability Committee	
	A	B	A	B	A	B	A	B	A	B
Non-Executive Director										
S. McTiernan	9	9	–	–	5	5	4	4	–	–
P. Bacchus	9	8	6	6	5	5	–	–	–	–
E. Dorward-King	1	1	–	–	–	–	–	–	2	2
C. Fonseca	9	9	–	–	–	–	–	–	3	3
E. Headon	9	7	6	5	4	3	4	3	3	3
T. Keating	9	7	–	–	–	–	–	–	3	3
G. Martin	9	8	–	–	5	5	4	4	3	3
G. Smith	9	9	6	6	5	5	4	4	–	–
Executive Directors										
M. Carvill	9	9	–	–	–	–	–	–	–	–
T. McCluskey	9	9	–	–	–	–	–	–	–	–
Company Secretary										
D. Corcoran[1]	9	9	6	6	5	5	4	4	3	3

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

[1]In attendance only

The Board's principal activities during 2019 are summarised below.

Board activities in 2019

Topic	Key activities and discussions
Culture	• Continued to promote Kenmare's values across the Group. • Established a new Sustainability Committee. • Formalised policies on Health and Safety, Environment, Business Ethics, Community Engagement and Investment, Freedom of Association and Stakeholder Engagement. • Identified areas for strengthening of the Group culture.
Strategy	• Conducted an overall strategic review covering shareholder considerations, competitive landscape, marketing, incremental monetisation strategies, industry review, debt position and valuation. • Received and reviewed regular departmental strategic updates.
Operations	• Received reports and presentations from senior management at every Board meeting regarding business operations, development projects and marketing information.
Finance and risk management	• Received reports and presentations from the Financial Director at every Board meeting regarding the Group's financial performance and refinancing plans. • Approved the Group's annual report and accounts for 2018 and Half Year Results to 30 June 2019. • Approved payment of the Company's maiden interim dividend and the structuring to facilitate this. • Received regular reports from the Chairman of the Audit & Risk Committee. • Reviewed the principal risks and uncertainties facing the Group.
Health, Safety and Environment	• At every Board meeting, health, safety and environmental updates for operations and the community were provided by the Chief Operations Officer. • Established the Sustainability Committee with health, safety and environmental matters being within its remit.
Board development and succession	• Received regular reports from the Chairman of the Nomination Committee. • Approved the appointment of Dr. E. Dorward-King as a Non-Executive Director. • Considered the findings of the external Board evaluation. • Received regular reports from the Chairman of the Remuneration Committee especially in relation to the review of the remuneration policy and communications with shareholders in this regard.

Independence of Non-Executive Directors

The Board has carried out an evaluation of the independence of its Non-Executive Directors, taking account of the relevant provisions of the Code and whether the Non-Executive Directors discharge their duties in a proper and consistently independent manner, and constructively challenge the Executive Directors and the Board.

In October 2016, Mr. T. Keating was appointed to the Board by African Acquisition Sarl, following its subscription for shares in the Company. As a result, Mr. T. Keating is not considered to be independent. The Board is satisfied that each of the other current Non-Executive Directors fulfils the independence requirements of the Code.

Mr. S. McTiernan has been Chairman of the Company since June 2014. On his appointment as Chairman, Mr. McTiernan met the independence criteria as set out in the Code.

Senior Independent Director

Ms. E. Headon is the Group's Senior Independent Director (SID). The principal role of the SID is to provide a sounding board for the Chairman and to act as an intermediary for other Directors and shareholders. The SID is responsible for the appraisal of the Chairman's performance throughout the year. She is also available to meet shareholders upon request, in particular if they have concerns that cannot be resolved through the Chairman or the Managing Director.

Company Secretary

The Directors have access to the advice and services of the Company Secretary, Ms. D. Corcoran, who advises the Board and Committees on governance matters. The Company's Articles of Association provide that the appointment or removal of the Company Secretary is a matter for the full Board.

> The board is collectively responsible for the leadership, oversight, control, development and long-term success of the Group.

Composition, succession and evaluation

Board evaluation

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually, and facilitated externally every third year. In 2018, the comprehensive performance evaluation was conducted by the Institute of Directors in Ireland (IOD), which has no connection with the Company. In 2019, the performance evaluation process was conducted internally.

2019 Board Evaluation Process

In December 2019, Ms. E. Headon, the Senior Independent Non-Executive Director, appraised the performance of each of the Non-Executive Directors.

The various phases of the internal performance evaluation process, which commenced in early December 2019 and concluded in January 2020, are set out below.

- A survey covering key aspects of Board effectiveness, including the composition of the Board, the content and conduct of Board and Committee meetings, and the Directors' continuing development, was circulated to all Directors.
- Completed surveys, including views on performance and recommendations for improvement, were returned to Ms. Headon.
- Follow-up discussions were held with each of the Directors individually to clarify any points raised in the survey and Ms. Headon then prepared a summary report on the Board and its Committees.
- Ms. Headon, on behalf of the Board, conducted evaluations of performance individually with each of the Non-Executive and Executive Directors.
- The Senior Independent Director conducted an evaluation of the performance of the Chairman.
- The Non-Executive Directors also evaluated the performance of each Executive Director.
- Each of the Audit and Risk Committee, the Remuneration Committee, the Nomination Committee and the Sustainability Committee considered the summary report as part of the review of its own performance and terms of reference.

Analysis of 2019 evaluation

The main conclusion of the evaluation was that the Board continued to be experienced, effective and well-functioning. The diversity of experience, knowledge and skills within the Board serves the Company well. The Board performed well across all areas of assessment including succession planning, crisis management and risk management. A number of areas of focus were identified including employee engagement, the best allocation of Board time at meetings and the Board's contribution to strategic development. These matters will be further considered by the Board. The evaluation also concluded that all Committees have functioned effectively in delivering their objectives during the year. The Chairman continues to contribute effectively and to demonstrate commitment to his role.

2018 Evaluation process

In 2018, the IOD undertook a comprehensive performance evaluation of the Board. The IOD, based in Dublin, is recognised as a leading body of board reviewers in Ireland. The process commenced with the IOD briefing the Directors on the objectives, the process and the prospective output of the evaluation. Each of the Directors then had to complete a detailed questionnaire. Based on the results of the questionnaire, the IOD prepared a detailed report which, together with a debriefing on the report's findings, was provided to the Board.

Corporate governance report continued

Analysis of 2018 evaluation

In summary, the IOD found significant improvement across all elements of Board performance compared to the last evaluation in 2016, indicating a well-functioning and effective Board. The IOD stated that, notably, the scoring regarding the tone set by the Board and standards and ethics around the Board table was exceptionally high. The Board performed well across all areas of assessment and IOD made several recommendations to further improve performance. Key recommendations and the action taken or proposed to address them were as follows:

Analysis of 2018 evaluation

Recommendation	Action
Allocation of appropriate time at Board meetings for more broad ranging discussions.	An increased amount of time has been allocated at each Board meeting to strategic and broad ranging discussion.
Full Board visibility on the engagement plan for all stakeholders and consider a formal annual review of same.	A Stakeholder Engagement Policy was put in place in 2019 and a stakeholder engagement plan will be developed and presented to the Board annually.
Discuss risk oversight to establish if improvements to the risk framework are required.	The Terms of Reference for the Audit & Risk Committee were amended to provide enhanced risk review and oversight by the Committee, which in turn reports to the Board on its review and findings.
Update and refresh the Company's crises management and business continuity plans and bring disaster recovery plans to the Board for review.	The Disaster Management Plan was reviewed in 2019 and updated. An externally facilitated disaster simulation exercise was conducted in July 2019 involving employees from the Moma Mine, Head Office and Maputo office, and a report on the exercise was presented to the Board.
Development of a succession plan for the Managing Director and other key executives.	During 2019, the Nomination Committee received updates from management on succession planning activities throughout the Group.
The Board should discuss the merits of establishing an Environmental Social/ Community/ Health and Safety Committee.	The Board considered the establishment of such a committee and as a result the Sustainability Committee was established in October 2019. See pages 82 and 83 for more details.
Membership of the Board Committees should be formally reviewed annually.	The Nomination Committee formally reviews the membership of the Board's committees each year.
The Board should ensure that, through the work of the Remuneration Committee, incentives and rewards are aligned with culture to drive behaviours consistent with the Company's purpose, values and strategy.	The Remuneration Committee ensures that the performance targets set are designed to drive behaviours consistent with the Company's purpose, values and strategy.

Induction and development of Directors

New Non-Executive Directors undertake a structured induction process which includes a series of meetings with management, a briefing session with internal and external solicitors on the responsibilities of a Director under Irish law and applicable stock exchange rules and a session with the Company Secretary regarding corporate policies.

External experts may be invited to attend certain Board or Committee meetings to address the Board (or relevant Committee, as the case may be) on relevant industry matters and on developments in corporate governance, risk management and executive remuneration. Training and development requirements for the Directors are discussed in the evaluation process and Directors are encouraged to undertake appropriate training on relevant matters. In addition, all Directors have access to an online database which is regularly updated with relevant publications and changes in legislation.

Audit, risk and internal control

Board's approach to risk management and internal control

The Board of Directors has responsibility for the Group's system of internal control. This involves an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and reviewing the effectiveness of the resultant system of internal control that has been in place throughout the financial year and up to the date of approval of the Annual Report and Accounts. The Board has delegated to management the planning and implementation of the system of internal control throughout the Group. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and accords with Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014). The key elements of the system include the following:

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

Review and effectiveness of the risk management and internal control systems

The Board conducted a review of the effectiveness of the Group's risk management and internal controls systems, including financial, operational and compliance controls, and as part of this it obtained a report from the internal auditor. In the course of this review the Board did not identify nor was it advised of any failings or weaknesses which it determined to be significant.

Moma site visit

In January 2020, Kenmare hosted a site visit for the Chairman, the Sustainability Committee and Executive Directors to its Moma Mine. Committee members took the opportunity to meet with management, staff and Community members and to visit some of the projects being implemented by KMAD.

Workforce Engagement

Designated Non-Executive Director

The Board designated Mr. G. Martin as the Non-Executive Director responsible for engagement with the Group's workforce. In connection with this role, in the course of 2019 and early 2020 Mr. G. Martin met with the Group's senior management in Dublin and Maputo, as well as mine management and staff at Moma.

Engagement with Shareholders

Investor Relations

Communications with shareholders are given high priority. Kenmare has adopted a Stakeholder Engagement Policy (available on its website at **www.kenmareresources.com**) pursuant to which it will, inter alia:

- Engage openly and honestly with its key stakeholders (including shareholders) using appropriate communication tools and in a regular and timely manner, having regard to commercial sensitivities; and
- Consult and listen to all its stakeholders as appropriate, understand their aspirations, concerns and their views within the context of its decision-making processes.

Annual Reports and Accounts are sent to shareholders. Major transactions and production guidance are also notified to the market, and the Company's website **www.kenmareresources.com**, provides the full text of all announcements. The website also contains annual and interim reports and investor presentations. In addition, the Company maintains several social media accounts such as Twitter, LinkedIn and Facebook, which are regularly updated with project and corporate news.

Where necessary, the Board and Committee Chairpersons engage with shareholders on specific topics and, where relevant, provide feedback to other Directors. The Chairman and Senior Independent Director are also available throughout the year to meet shareholders on request.

The Board is kept informed of the views of shareholders through the Executive Directors' attendance at investor presentations and results presentations. Relevant feedback from such meetings, investor relations reports and brokers notes are provided to the entire Board on a regular basis. The Board also receives briefings from the Company's brokers.

Capital Markets Days and site visits to the Moma Mine for major shareholders are held periodically and feature presentations by the Executive Directors. These events are attended by members of the Board, as well as various brokers, analysts and potential investors. The most recent Capital Markets Day was held in London in October 2018 and the most recent mine visit was held in January 2020.

On an ongoing basis, our Investor Relations team acts as a focal point for contact with investors and they provide information and deal with queries as they arise. The Company Secretary engages annually with proxy advisors in advance of the Company's AGM. The Company's AGM affords shareholders the opportunity to question the Chairman and the Board.

SGRF relationship agreement

SGRF currently does not fall within the definition of controlling shareholder under the Listing Rules as it holds less than 30% of Kenmare's equity. However, the Company and African Acquisition Sarl, the vehicle through which SGRF invested in the Company, have entered into arrangements equivalent to those that would be expected to be in place between a listed company and its controlling shareholder. This is to ensure the independence of the Company from that shareholder. In particular, the Company entered into a subscription and relationship agreement, dated 18 June 2016, with African Acquisition Sarl that, amongst other things, sets forth the relevant arrangements.

AGM update

The AGM is an opportunity for the Directors to deliver presentations on the business and for shareholders, both institutional and private, to question the Directors directly. Generally, all Directors attend the AGM and are available to meet with shareholders. Notice of the AGM, proxy statement and the Annual Report and financial statements are sent to shareholders at least 21 days before the meeting. A separate resolution will be proposed at the AGM on each separate issue including a particular resolution relating to the adoption of the Directors' report and Auditor's report and the financial statements. Details of the proxy votes for and against each resolution, together with details of votes withheld, are announced after the result of the votes by hand. These details are published on the Company's website following the conclusion of the AGM. At the AGM held on 14 May 2019, there were no material votes cast against any resolutions.

Nomination Committee report

STEVEN MCTIERNAN
Chairman

Promoting diversity and inclusion

Principal responsibilities of the Committee:

- Regularly reviewing the structure, size, composition and length of service of the Board and making recommendations to the Board with regards to changes considered advisable;
- Assessing the effectiveness and performance of the Board and Committees including consideration of the balance of skills, knowledge, independence, diversity and experience of the Board and Committees, and other factors relevant to its effectiveness;
- Considering succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Group what skills and expertise are needed in the future, and ensuring a diverse pipeline for succession;
- Identifying, and nominating for the approval of the Board, candidates for appointment as Directors and ensuring that there is a formal, rigorous and transparent procedure for appointment;
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board, its diversity and how effectively the members of the Board work together; and
- Reviewing periodically the time input required from a Non-Executive Director.

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

See the Committee's terms of reference at **www.kenmareresources.com/about-us/corporate-governance**

Chairman's overview

I am pleased to present the report of the Nomination Committee for 2019. During the year, the Committee met four times and the main areas of focus were the ongoing renewal and refreshment of the Board, succession planning at Board and senior management level, the composition of the Board's Committees and reviewing the approach to improving inclusion and diversity in the Group.

The Committee considered the appointment of Dr. E. Dorward-King as a Non-Executive Director, the result of which was her co-option to the Board in November 2019. The Committee also considered evolution of Board and Committee composition, taking into account succession requirements and gender diversity targets as well as management succession.

Board renewal

During 2019 the Committee considered the structure, size, skills and composition of the Board and its Committees. The Committee maintains a skills matrix of the current Board to identify areas for enhancement and to highlight skills which may be required, or which need

Membership and meetings

The Nomination Committee consists of the Non-Executive Chairman, Mr. S McTiernan, and Non-Executive Directors Mr. G. Martin and Mr. G. Smith. Ms. E. Headon retired from the Committee in October 2019 following her appointment as Chair of the Sustainability Committee. She attended three of the four meetings held during the period she was a member of the Committee.

		Independent	Date of appointment to Committee	Meetings attended
Mr. S. McTiernan	Chairman	Yes[1]	12/03/2013	
Mr. G. Martin	Member	Yes	25/05/2017	
Mr. G. Smith	Member	Yes	12/03/2013	

[1] On appointment as Chairman of the Company

to be replaced due to Board retirements. In advance of the establishment of the Sustainability Committee in 2019, the Committee considered that the Board would be further strengthened by addition of a Director with suitable Environmental, Social and Governance (ESG) experience in the mining sector.

An external recruitment consultant, The Effective Board LLP (which has no connection with the Company), was engaged to assist in the process which resulted in the co-option of Dr. E. Dorward-King to the Board in November 2019.

Dr. Dorward-King has over 30 years' experience in the mining, chemicals and engineering industries, including the mineral sands sector. From March 2013 to December 2019 she served as Executive Vice President of Sustainability and External Relations for Newmont Goldcorp, the world's leading gold mining company. Prior to that, she worked for over 20 years with Rio Tinto, holding positions including Global Head of Health, Safety and Environment, and Managing Director of Richards Bay Minerals in South Africa, a mineral sands mining and beneficiation company and a subsidiary of Rio Tinto.

Diversity and inclusivity

Kenmare recognises the benefits of diversity and its objective of achieving greater diversity at Board and senior management level, as well as across the wider workforce, is supported by the Group's Diversity and Inclusion Policy. The Board keeps this policy under review to ensure that it is effective in achieving diversity in its broadest sense, having regard to experience, age, gender, religious beliefs, sexual orientation, race, ethnicity, disability, nationality, background and culture.

While the Board will always seek to appoint the most talented and skilled candidates on merit against objective criteria, greater diversity is actively considered when making Board appointments. Gender and diversity will continue to be given careful consideration when shortlisting candidates as part of the process of Board refreshment and renewal, as it was in 2019. We were therefore pleased to announce the appointment of Dr. Dorward-King to the Board in November 2019. The Board is working towards having female Directors represent 25% of the Board, excluding Tim Keating (non-independent) by the end of 2020 and 33% as soon as practicable thereafter.

The Board and Executive Management is committed to increasing female representation in senior leadership positions across the Group. The Group is also making progress with this objective, with 11% of the Executive Committee being female and a further 7 women in their direct reports. The Board and management continues to focus on evolving and implementing strategies for recruiting and developing colleagues in ways that promote diversity and inclusion.

Succession

Each year the Committee considers the leadership needs of the Group and succession planning for senior management roles including the Managing Director and Financial Director.

During the year, the Committee received updates from management on succession planning activities through the Group. Board members engage regularly with members of the senior management team who present at Board and strategy meetings.

Board effectiveness

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually and facilitated externally every third year. In 2018, an external performance evaluation was conducted by the Institute of Directors in Ireland (IOD). The IOD has no connection with Kenmare. In 2019, an internal performance evaluation process was conducted by Ms. E. Headon, Senior Independent Director. Further details are set out in the Corporate Governance section of the report.

STEVEN MCTIERNAN
Chairman of the Nomination Committee

27 March 2020

Process for Board appointments:

01
The Committee approves a role specification based on skills and experience required

02
An independent search agent is appointed

03
The Committee considers a longlist and then a shortlist of potential candidates and holds interviews

04
The preferred candidate is invited to meet with all Board members

05
The Committee makes a recommendation to the Board for consideration and references are followed up

06
Following Board approval, the appointment is announced in line with regulations and an induction process takes place

Sustainability Committee report

ELIZABETH HEADON
Chairman of the Sustainability Committee

An increasing focus on sustainability

Principal responsibilities of the Sustainability Committee

- Oversee management of health, safety, security, social and environmental risks, and facilitate progressive employment practices on our operating sites;
- Facilitate fair land access, compensation, and timely rehabilitation arrangements in our mining areas;
- Advocate for and promote community development, particularly economic, healthcare and education in our host communities;
- Incorporate management of climate change and other sustainability factors into Group plans, with external reporting where appropriate to recognised international norms; and
- Monitor socio-political developments within the region and Mozambique.

See the Committee's terms of reference at
www.kenmareresources.com/about-us/corporate-governance

Kenmare has always demonstrated a commitment to upholding strong health and safety, social and environmental standards, which are our long-standing core values. With increasing focus on sustainability, and the need to formalise systems and reporting structures that support this work, in 2019 the Board determined that it was the right time to establish a Sustainability Committee.

Meetings

Following its establishment in Q3 2019, the Committee met three times by year end. It agreed the Committee's terms of reference and it focused on developing or revising corporate policies on health and safety, environment, freedom of association, community, business ethics and stakeholder engagement. This process involved senior and site management, and there was strong engagement and debate to ensure the policies are meaningful for all operational divisions.

One challenge has been the expectation among some that suppliers should be required to adopt the same policies as Kenmare. In view of our commitment to progressively increase the number of Mozambican suppliers, we have pursued a pragmatic approach of formally informing suppliers of our policies, and advising them that we desire that they should adopt the same standards.

We intend to work more closely with our entire supplier base over time to develop capacity and support their adoption of key policies.

The Committee considered a review of community grievances since the mine was established, a detailed review of health and safety, the Kenmare Moma Development Association (KMAD) work programme and budget, and an update on the political situation. The Committee's work programme for 2020 has also been agreed.

2019 sustainability performance

Turning to the year's performance, the Group had seven injuries among employees and contractors during the year, resulting in a LTIFR of 0.27. Although this LTIFR represents a robust performance from an industry perspective, it is an increase for Moma compared to 2018, and therefore we have redoubled our efforts to ensure every employee goes home safe and well, after every shift. We have been encouraged by a 30% reduction in malaria cases among employees compared to the average of the past four years, underlining the positive efforts being made by the Group to ensure employee health and wellbeing.

We made progress towards our goal of increased gender diversity, with an 8% female workforce by the end of 2019 compared to

Membership and meetings

The Sustainability Committee consists of the Non-Executive Directors Ms. E. Headon, Mr. C. Fonseca, Mr. G. Martin, Dr. E. Dorward-King and Mr. T. Keating. Dr. E. Dorward-King attended all meetings held after her appointment to the Committee.

		Independent	Date of appointment to Committee	Meetings attended
E. Headon	Chairman	Yes	2/10/2019	
C. Fonseca	Member	Yes	2/10/2019	
E. Dorward-King	Member	Yes	4/11/2019	
T. Keating	Member	No[1]	2/10/2019	
G. Martin	Member	Yes	2/10/2019	

[1] See page 76 regarding Independence

7% at the end of 2018. The localisation of our workforce also continued to increase, with a 96% Mozambican workforce by the end of the year (2018: 95%) and a significant increase in the number of Mozambicans in management positions.

From an environmental perspective, our progressive rehabilitation programme continued well, with 200 hectares of mined land rehabilitated during the year. This was just below our internal target of 215 hectares due to operational reasons, and we maintain close communication with our host communities throughout.

In 2019, 90% of our power requirement was supplied from hydropower, a strong uplift on 2018 (86%).

KMAD continues to focus on ensuring that our host communities share in the benefits of the Mine. Some of the highlights of KMAD's work programme included the construction of the second phase of the technical school to further vocational development and renovation work undertaken on the community health centre, which provides care to over 24,000 local people every year.

For more information about our approach to sustainability and our performance during the year, read the Sustainability report on pages 52 to 65.

Acknowledgements
I would like to thank the Committee members for their enthusiasm and vigour in engaging with the important and wide-ranging sustainability agenda, and the Kenmare senior executive for their whole-hearted support. In particular Ben Baxter, Deirdre Corcoran, Katharine Sutton and Johan Jacobs, whose work has been essential during the time-consuming process of establishing the Committee and planning its work programme.

For me personally it has been a tremendous honour to act as the first Chair of the Sustainability Committee, especially in view of my long involvement with Kenmare's community development programmes.

ELIZABETH HEADON
Chair of the Sustainability Committee

27 March 2020

Hectares of mined land rehabilitated

200

Reduction in malaria cases amongst employees

30%

Audit & Risk Committee report

GABRIEL SMITH
Chairman of the Audit & Risk Committee

Mitigating risk and ensuring fair and balanced reporting

Principal responsibilities of the Committee:

- Monitoring the integrity of the Group's financial statements and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained in them;
- Assessing whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- Monitoring the external auditors' independence and objectivity and, in particular, the appropriateness of the provision of non-audit services;
- Monitoring the effectiveness of the Group's internal control and risk management systems;
- Considering the appropriate risk appetite for the Group and overseeing the current and prospective risks faced by the Group and its strategy in relation to future risks;
- Ensuring the risk management function is properly resourced, with adequate information rights and sufficient independence such that it is free from management interference;
- Making recommendations for the Board to put to shareholders for their approval in General Meetings regarding the appointment, remuneration and terms of engagement of the external auditors;
- Monitoring the effectiveness of the internal audit function; and
- Reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

The Chairman of the Audit & Risk Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

See the Committee's terms of reference on:
www.kenmareresources.com/about-us/corporate governance

Chairman's overview

I am pleased to present the report of the Audit & Risk Committee for 2019. During the year, the Committee, renamed the Audit & Risk Committee to better reflect its role and oversight in risk management, took an active role in assessing risks associated with the business including milestone events such as the commencement of dividend payments and the refinancing of the Group's debt facilities. This report describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the Code.

External audit

Independence and Non-Audit Services

The Committee is responsible for ensuring that the external auditor is independent and for implementing appropriate safeguards where the external auditor also provides non-audit services to the Group. The Committee closely monitors the level of audit and non-audit services that audit firms provide to the Group. The Committee has adopted a policy on the provision of non-audit services by the external auditors on the basis that they may provide such services only where the engagement will not compromise their audit objectivity and independence, they have the understanding of the Group necessary to provide the service and they are considered to be the most appropriate

Membership and meetings

The Audit & Risk Committee consists of the Non-Executive Chairman, Mr. G. Smith, and Non-Executive Directors Mr. P. Bacchus and Ms. E. Headon. Mr. G. Smith is the Committee's financial expert. As outlined in the Directors' biographical details, set out on pages 72 and 73, members bring considerable financial, accounting and mining industry experience to the work of the Committee, with Mr. P. Bacchus being a Chartered Accountant.

		Independent	Date of appointment to Committee	Meetings attended
Mr. G. Smith	Chairman	Yes	12/03/2013	
Mr. P. Bacchus	Member	Yes	25/05/2017	
Ms. E. Headon	Member	Yes	21/04/2011	

to carry out the work. All non-audit services provided by audit firms must be approved by the Committee.

In 2019, following the completion of a competitive audit tender process, KPMG were appointed as the Company's external auditor. KPMG confirmed to the Committee that they are independent from the Group under the requirements of the Irish Auditing and Accounting Supervisory Authority's (IAASA) Ethical Standards for Auditors. The Committee reviews and approves any appointment of an individual, within three years of having previously been employed by the current external auditor, to a senior managerial position in the Group.

The Company Secretary, the external audit lead partner and, from time to time, the Finance Director attend meetings at the invitation of the Committee. At least once each year, the Committee and the external auditors discuss, without management present, matters relating to its remit and any issues.

KPMG were approved as auditor by the Company at the AGM in May 2019 and began their engagement in July 2019. Since the commencement of KPMG's engagement, the lead audit partner has been David Meagher. In 2019, KPMG provided a number of audit services and non-audit services. The non-audit services consisted mainly of audit-related assurance being the review of the half-yearly financial statements and Mozambican tax compliance services and other related matters. The Committee is satisfied that the external auditor's knowledge of the Group was an important factor in choosing them to provide these services. The fees paid to KPMG for non-audit work in 2019 amounted to US$ 81,000 and represented 34% of the total KPMG fees for the year. Of this amount, US$20,000, representing 8% of the total KPMG fees for the year, relate to Mozambican tax compliance services and other non-audit services. The Committee is therefore satisfied that the non-audit work did not compromise KPMG's independence or objectivity and that it was in the interests of the Group to retain KPMG for those services. Details of the amounts paid to the external auditor during the year for audit and other services are set out in Note 7 to the consolidated financial statements on page 136.

Effectiveness

In assessing the effectiveness of the external auditor, the Committee considers the following:

- The quality of presentations to the Board and Committee;
- The technical insights provided relevant to the Group; and
- Demonstration of a clear understanding of the Group's business and key risks.

On the basis of the above, the Committee is satisfied with the effectiveness of the external auditors.

Financial reporting and significant financial judgements

A key responsibility of the Committee is to consider the significant areas of complexity, management judgement and estimation that have been applied in the preparation of the financial statements. The Committee has, with the support of KPMG as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management have made appropriate judgements and disclosures. The table on page 87 sets out the significant matters considered by the Committee in relation to the financial statements for the year ended 31 December 2019.

Under Provision 25 of the 2018 UK Corporate Governance Code, the Committee, upon request from its Board, should 'provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.' The Board has tasked the Committee with this role, which is incorporated into the Committee's Terms of Reference. In line with the above, the Committee has undertaken a review of the 2019 Annual Report and Accounts and confirmed to the Board that it was the opinion of the Committee that, taken as a whole, the 2019 Annual Report and Accounts are fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In advance of providing such a confirmation to the Board, the Committee considered the adequacy of the systems and internal controls, the consistency of the various elements of the 2019 Annual Report and Accounts (taking into account reports received by the Board during the year), the level of information provided, the narrative reporting and the language used.

Risk management

The Group has identified and documented critical risks to the business, including key operational risks and related controls in its risk register. The Mine operational risks to the business are reviewed quarterly and updated. The Group's operational risks are reviewed annually and the corporate and business risks on the Group's risk register are updated.

Following a review of the Group Risk Register by senior management, the principal risks identified for the Group and their mitigations are submitted to the Audit & Risk Committee and Board for review and approval. These risks are included in the principal risks and uncertainties facing the Group as set out on pages 46 to 51. As part of the internal audit function, controls identified in the risk register are tested to ensure they are operating effectively.

The Committee assessed the Group's risk management and internal control framework in line with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and reviewed the audit and review summary reports from the external auditor. The Committee, having assessed the above information, is satisfied that the internal control and risk management framework is operating effectively and has reported this opinion to the Board.

Internal audit

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Internal Audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- Reviewed and approved the Internal Audit annual plan to ensure alignment with the Group's principal risks;
- Considered and were satisfied that the competencies, experience and level of resources within the internal audit team were adequate to achieve the proposed plan;
- Considered the role and effectiveness of internal audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- Ensured that the Internal Auditor had access to the Chairman of the Board if required; and
- Ensured co-ordination between Internal Audit and the external auditor to maximise the benefits from clear communication and co-ordinated activities.

On the basis of the above the Committee concluded that for 2019 the Internal Audit function was performing well and is satisfied that the quality, experience and expertise of the function is appropriate for the Group.

The Internal Auditor prepares an Internal Audit plan for each financial year proposing the audit areas to be covered and the timeframe for each. This is presented to the Committee for approval. The Internal Auditor updates the Committee on progress at regular intervals and prepares a final report on his findings which he presents at a meeting with the Committee for discussion. The Committee can question the Internal Auditor on the contents of the report and the processes employed by them in investigations. This report is considered by the Committee and material matters and recommendations are then reported to the Board.

In 2019 a vacancy arose in the Internal Audit department as a result of redeployment of the incumbent to a new role within the Company. A search process was undertaken and a new Internal Auditor was employed in January 2020.

Whistleblowing

The Company has a Whistleblowing Policy in place and a third-party service provider is engaged to provide a confidential 24/7 whistleblowing service available to all employees to report any wrongdoing in the workplace. No reports were received in 2019. The service does not replace the internal processes within the organisation, but seeks to provide an alternative for those employees who, for any reason, do not wish to use the internal processes. The Audit & Risk Committee Chairman is also positioned to receive written complaints in confidence on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit & Risk Committee.

Areas of focus in 2019 and to date in 2020

Area of focus	Audit & Risk Committee action
Financial reporting	The Committee reviewed the 2019 Half Yearly Financial Report issued in August 2019, the 2019 Annual Report and Accounts in March 2020 and all formal announcements relating to these statements before submitting them to the Board of Directors with a recommendation to approve. The Committee undertook a review of the 2019 Annual Report and Accounts and confirmed to the Board that it was the opinion of the Committee that, taken as a whole, the 2019 Annual Report and Accounts are fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy.
Risk management and internal control	The Committee reviewed the Group's risk management and internal control framework established for identifying, evaluating and managing key risks. The principal risks facing the Group were reviewed and considered.
Internal audit	The Committee approved the internal audit plan for 2019. The Committee reviewed two internal audit reports during the year covering: • foreign currency risk management; • controls audit on procurement; • licensing; • community safety awareness programmes; and • power supply. The Committee instigated a recruitment search for a new Internal Auditor and approved the appointment of a candidate who commenced employment in January 2020.
External audit	In 2019 the Committee concluded a competitive audit tender process which began in 2018. Following a detailed evaluation process involving presentation to the Committee by shortlisted firms, the Committee recommended to the Board that KPMG be appointed to succeed Deloitte as Kenmare's external auditor. The Committee agreed the fees and audit plan of the external auditor, KPMG, for their audit of the 2019 Annual Report and Accounts and their review of the 2019 Half Yearly Financial Report. The Committee reviewed the safeguards designed to avoid the possibility that the auditor's objectivity and independence could be compromised. The Committee is satisfied that the appropriate policy is in place in respect of services provided by external auditors. At the December 2019 Committee meeting, KPMG outlined to the Committee in detail the external audit plan. Post completion of the 2019 audit and half year review, in conjunction with KPMG, review meetings were held with senior finance management and it was confirmed by both parties that no issues had arisen during the audit or review process.

Areas of focus in 2019 and to date in 2020

Area of focus	Audit & Risk Committee action
Irish Auditing and Accounting Supervisory Authority Review	IAASA wrote to Kenmare in May 2019 requesting further information on a number of matters following their review of the 2018 Annual Report. Responses were provided by Kenmare. Following the provision of that information all items save for one were addressed to IASSA's satisfaction. The remaining item related to the impairment review undertaken and in particular the appropriate country risk rate to use in the calculation of the discount rate. IAASA requested further explanation on the approach taken and this was provided by Kenmare in a detailed letter. IAASA has written to the Company advising that the Company's position is noted and that they have no further queries.
Terms of reference	The Committee reviewed its terms of reference and expanded its risk management remit. The new terms of reference are available on the Kenmare website at **www.kenmareresources.com/about-us/corporate-governance/audit-committee**

Estimates and judgements

The Committee reviewed in detail the following areas of significant judgement, complexity and estimation in connection with the 2019 financial statements. The Committee considered a report from the external auditors on the audit work undertaken and conclusions reached as set out in their audit report on pages 118 to 121.

Financial Statements 2019

Area of judgement	Audit & Risk Committee considerations
Property, plant and equipment	The recovery of property, plant and equipment is dependent upon the successful operation of the Mine. The realisation of cash flow forecast assumptions would result in the recovery of such amounts. During the financial year the Group carried out an impairment review of property, plant and equipment. As a result of the review no impairment provision is required in the financial year.
Revenue recognition	The Group sells its mineral products on the Incoterms FOB, CFR and CIF and has identified the performance criteria and recognition of revenue in to relation products, freight and insurance. Following discussions with management, the Audit Committee was satisfied that the revenue recognition methodology used by management is appropriate.

Audit & Risk Committee effectiveness and priorities for 2020

As outlined in the Corporate Governance report, during 2019 there was an internal evaluation of the Committee's performance and effectiveness. I am pleased to confirm that the Committee continues to operate effectively.

I would like to thank my fellow Committee members for their commitment and input to the work of the Committee during 2019. We would also like to thank KPMG for their work on the 2019 financial statements.

The Committee will continue to focus on internal control, external audit planning and risk management.

GABRIEL SMITH
Chairman of the Audit & Risk Committee

27 March 2020

Directors' remuneration report

GRAHAM MARTIN
Chairman of the Remuneration Committee

Ensuring alignment of shareholder and management interests

Dear shareholders,

On behalf of the Board, I am pleased to present the Remuneration Committee's report for 2019 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 proposals for a new three year Directors' remuneration policy;
- The 2019 annual report on remuneration which provides details of the remuneration earned by the Directors in the year ended 31 December 2019 and how the proposed new 2020 remuneration policy will operate for 2020; and
- Details of the proposed new Directors' remuneration policy which will be put to an advisory vote of shareholders at the 2020 AGM.

Summary of the work of the Committee in 2019

In early 2019 most of the Committee's work focused on assessing and agreeing with the Executive Directors the outcome of the key performance metrics (KPIs) under their bonus scheme for 2018, and agreeing some modifications to those metrics for the application of the scheme in 2019. With the assistance of PwC (the Company's independent remuneration advisor) who prepared benchmarking reports, we also reviewed the salaries and fees of the Executive Directors, Company Secretary and the Chairman.

During the remainder of the year, the Committee monitored, on a quarterly basis, the performance of the Group 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 Group's workforce as a whole, particularly those at the Mine in Mozambique and in the Dublin head office. We received presentations from mine management on the structure of the remuneration of the different categories of workers at the Mine and satisfied ourselves that our staff receive pay and benefits which are benchmarked appropriately, took account of local employment regulations and conditions as well as seniority, and afforded our workers the opportunity to share in the benefits from the success of the Group. We also noted that there is no discrimination between our male and female workers in their pay and benefits for similar jobs.

In our Dublin office, a new remuneration and personal development policy for staff was introduced and, as with our Mine staff, the Committee satisfied itself that the remuneration and benefits of our employees was appropriate and that they also have opportunities to share in the success of the Group.

The Committee formally met five times during the year but there were also a number of less formal communications throughout the year on remuneration issues between members of the Committee and me, and with the Executive Directors. In October, the Committee received a presentation from PwC with an update on current remuneration matters with particular focus on the recent changes in the UK Corporate Governance Code and the various issues likely to affect the design of our proposals for a new three-year Directors' remuneration policy.

Performance and reward for 2019

Under the 2017 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 an annual bonus depending on the outcome of the KPIs.

As noted by the Chairman and the Managing Director in their respective reports, in 2019 we continued to make strong progress towards increasing production of ilmenite to 1.2 million tonnes per annum from 2021, plus co-products. Our average received commodity price increased, supported by robust demand for ilmenite and continuing supply constraints, and in October 2019 we paid our maiden interim dividend of USc2.66 per share, in line with our policy to return a minimum of 20% of profit after tax to shareholders. 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 quantitative and qualitative targets for 2019 comprised 75% (2018: 67.5%) and 25% (2018: 32.5%) respectively of the maximum 100% opportunity.

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 improving community safety, lowering the incidence of malaria, increasing the rate of land rehabilitation and certain key corporate matters. The project and corporate targets were weighted differently for the Managing Director and the Financial Director, reflecting their primary areas of oversight, which resulted in different bonus outcomes.

The outcome of the Committee's assessment of performance against these criteria resulted in the Executive Directors receiving a cash bonus of 47.30% of salary in the case of the Managing Director and 49.05% in the case of the Financial Director. The Committee considers these outcomes a fair reflection of their respective individual performances and the corporate performance for the year, and therefore no discretion was applied to adjust this outcome.

Proposed new Directors' remuneration policy

The 2017 Directors' remuneration policy received strong support from shareholders on its approval in 2017, and in subsequent votes on its implementation in 2018 and 2019. Notwithstanding that, with the assistance of PwC, we conducted a comprehensive review in 2019 of the remuneration arrangements for the Executive Directors taking into account developing governance recommendations in this area, particularly around the use of restricted share schemes.

After careful consideration, we concluded that the structure of the existing scheme has worked well, particularly in the context of the volatile commodity prices in our industry, and has served to strongly align the interests of the Executive Directors with those of our shareholders. We therefore concluded that we should retain the structure of our existing arrangements but that we should also recognise the emerging governance recommendations of the shareholder advisory bodies, particularly in matters such as the vesting and holding periods for restricted stock, the introduction of an underpin on the vesting of stock awards and the introduction of a post-cessation shareholding requirement.

Towards the end of 2019 we wrote to each of our major shareholders setting out our proposals in detail and received some very useful feedback in meetings, correspondence and in telephone calls, as a result of which we made some changes to our initial recommendations. I am very grateful to those of our shareholders who engaged with us in this consultation process.

The resultant proposed new policy together with a summary of the key changes to the current policy is set out in detail on pages 98 to 108.

Shareholder dialogue

Your views on executive remuneration are very important to the Board, particularly this year as we are proposing a new three year remuneration policy to put before you for approval at the AGM. 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, and in favour of our new remuneration policy proposals.

Conclusion

The Committee continues to believe that the current Directors' remuneration policy remains appropriate at this stage of the Group's growth which is why we are proposing to substantially retain its structure in our new proposals. 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 Group or its performance in the year. The revised 2020 remuneration policy, being put to an advisory vote of shareholders at the 2020 AGM, will also allow the Committee to look back over each three year period in determining the KRSP vesting outcomes.

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

GRAHAM MARTIN
Chairman of the Remuneration Committee

27 March 2020

At a glance

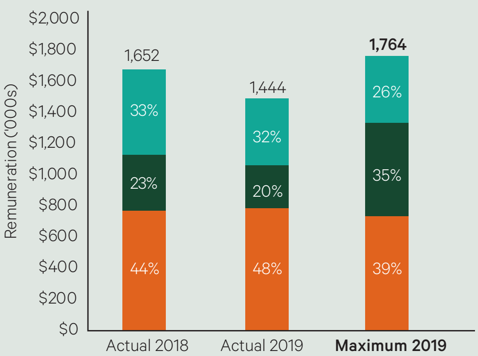
Remuneration philosophy

The key principles of our approach to executive remuneration are:

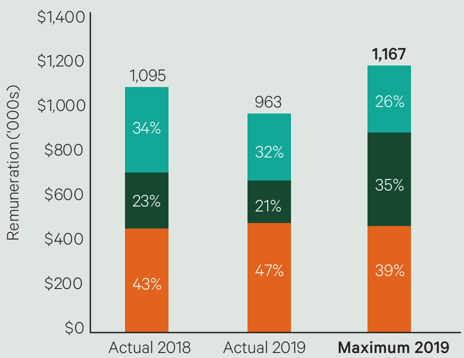
- **Attract, motivate and retain executives of the highest calibre**
- **Align long-term interests of executives with those of shareholders**
- **Provide an appropriate blend of fixed and variable remuneration and short and long-term incentives**
- **Reflect the risk polices and appetite of the Group**

Executive Director total remuneration

Mr M. Carvill



Mr T. McCluskey



Salary, Benefits and Pension | Bonus | KRSP and KIP

Annual report on remuneration

> The remuneration policy and practices of the Group are designed to support strategy and promote long-term sustainable success

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 his or her own remuneration.

Principal role and responsibilities of the Committee

The role of the Committee is to assist the Board to fulfil its responsibility to shareholders to ensure that:

- Remuneration policy and practices of the Group are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
- Executive remuneration is aligned to Group purpose and values and linked to delivery of the Group's long-term strategy.

The primary responsibilities of the Committee are to:

- Determine and agree with the Board the Group's policy on executive remuneration;
- Within the terms of the agreed policy, determine the total individual remuneration package of the Chair, Executive Directors, Company Secretary and such other members of the senior executive management as it is designated to consider;
- Review workforce remuneration, related policies and the alignment of incentives and rewards with culture; and
- Oversee the preparation of the Directors' remuneration report.

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 Remuneration Committee seeks independent advice when necessary from external remuneration consultants. During the year, the Committee conducted a competitive tender process following which the Committee decided to renew the appointment of PwC, which has no other connection with the Company or the Directors, as independent external remuneration advisor. PwC is paid a fixed fee for a fixed scope of work and charges fees on a time and materials basis for work outside of the agreed scope. During the year ended 31 December 2019 the total fees payable to PwC in respect of these services was £64,500. PwC is a member of the Remuneration Consultants Group and a signatory of that 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.

See the Committee's terms of reference on: **www.kenmareresources.com**.

Membership and meetings

The Remuneration Committee consists of its Non-Executive Chairman, Mr. G. Martin, and Non-Executive Directors Mr. P. Bacchus, Mr. G. Smith and Mr. S. McTiernan. Ms. E. Headon retired from the Committee in October 2019 following her appointment as Chair of the Sustainability Committee. She attended three of the four meetings held during the period she was a member of the Committee. Details of the members skills, expertise and experience is set out in the Board of Directors on pages 72 and 73.

		Independent	Date of appointment to Committee	Meetings attended
Mr. G. Martin	Chairman	Yes	14/10/2016	
Mr. P. Bacchus	Member	Yes	25/05/2017	
Mr. S. McTiernan	Member	Yes	12/03/2013	
Mr. G. Smith	Member	Yes	12/03/2013	

Activities during 2019

The main agenda items during the year included:

- review of remuneration trends and benchmarking reports;
- assessment of performance outcomes for the 2018 annual bonus;
- determination of performance metrics and targets for the 2019 annual bonus;
- review of executive remuneration policy;
- approval of KRSP awards granted in March 2019;
- consideration of UK Corporate Governance Code changes in so far as they are likely to affect the role and remit of the Committee;
- review of pay and benefits of the Group's overall workforce;
- review of the Committee's terms of reference; and
- approval of PwC's fees as independent external advisor.

Directors' remuneration (audited)

The following table sets out the total remuneration for Directors for the year ended 31 December 2019 and the prior year. There was no increase in the base salary of Executive Directors during 2019 (differences in amounts in the table reflect movements in conversion rates between Euro and US Dollars at the relevant dates).

	Salary and fees		All taxable benefits		Cash bonus		Total		LTIP - KRSP	LTIP - KRSP	LTIP - KIP	Pension		Total	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000	2019(iii) US$'000	2018(iii) US$'000	2018(iv) US$'000	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Executive Directors															
M. Carvill	**616**	649	**8**	12	**291**	375	**915**	1,036	**467**	512	39	**62**	65	**1,444**	1,652
T. Fitzpatrick(i)	**–**	152	**–**	3	**–**	53	**–**	208	**–**	137	–	**–**	8	**–**	353
T. McCluskey	**407**	428	**7**	7	**200**	247	**614**	682	**308**	338	32	**41**	43	**963**	1,095
Subtotal	**1,023**	1,229	**15**	22	**491**	675	**1,529**	1,926	**775**	987	71	**103**	116	**2,407**	3,100
Non-Executive Directors															
P. Bacchus	**77**	81	**–**	–	**–**	–	**77**	81	**–**	–	–	**–**	–	**77**	81
E. Dorward-King(ii)	**12**	–	**–**	–	**–**	–	**12**	–	**–**	–	–	**–**	–	**12**	–
C. Fonseca(i)	**66**	34	**–**	–	**–**	–	**66**	34	**–**	–	–	**–**	–	**66**	34
E. Headon	**89**	94	**–**	–	**–**	–	**89**	94	**–**	–	–	**–**	–	**89**	94
T. Keating	**66**	67	**–**	–	**–**	–	**66**	67	**–**	–	–	**–**	–	**66**	67
G. Martin	**85**	88	**–**	–	**–**	–	**85**	88	**–**	–	–	**–**	–	**85**	88
S. McTiernan	**213**	224	**–**	–	**–**	–	**213**	224	**–**	–	–	**–**	–	**213**	224
G. Smith	**92**	97	**–**	–	**–**	–	**92**	97	**–**	–	–	**–**	–	**92**	97
Subtotal	**700**	685	**–**	–	**–**	–	**700**	685	**–**	–	–	**–**	–	**700**	685
Total	**1,723**	1,914	**15**	22	**491**	675	**2,229**	2,611	**775**	987	71	**103**	116	**3,107**	3,785

(i) Mr. C. Fonseca was appointed to the Board as Non-Executive Director on 1 July 2018 and Mr. T. Fitzpatrick retired down from the Board on that date. The amounts set out in the table above relate to the period of their directorships.

(ii) Dr. E. Dorward-King was appointed to the Board as a Non-Executive Director on 5 November 2019. The fees set out in the table above relate to the period of her directorship.

(iii) The LTIP KRSP amount for 2019 and 2018 are the KRSP incentives earned in the relevant 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 2015 KIP awards which vested in July 2019, based on the performance measured to 31 December 2018. The values have been restated to reflect the share price of £1.83 on the vesting date (6 July 2019).

(v) No share options granted under the share option scheme were exercised in 2019 or 2018.

(vi) The underlying currencies of Directors' emoluments are Euro 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$2.4 million (2018: US$3.1 million) and US$0.7 million (2018: US$0.7 million) respectively. These figures have been calculated based on the requirements of the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the "Regulations"), to which the Company has regard.

2019 annual bonus award

The performance metrics for the 2019 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. Different performance targets for project execution and corporate performance were set for each Executive Director according to their roles.

The maximum opportunity under the annual bonus award for 2019 was 100% of base salary for the Managing Director and Financial Director.

Annual report on remuneration continued

Performance targets and outcomes for the 2019 financial year were as follows:

2019 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%	900,000	930,000	960,000
	Zircon production (tonnes)	5%	44,500	48,250	52,000
	Rutile & Concentrates production (tonnes)	5%	41,600	47,300	53,000
Financial	EBITDA	10%	$88.8m	$98.6m	$108.5m
	Production cash costs	10%	$167m	$159m	$151m
	Cost per tonne	5%	$160	$155	$150
	TSR	10%	£2.32	£2.50	£3.00
HSE	LTIFR per 200,000 man-hours	5%	0.30	0.25	0.20
	Community safety	2.5%	Working safely with the community; putting into practice lessons learned from previous incidents; 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 90% 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	WCP C M. Carvill T. McCluskey	 7.50% 3.75%	Project execution related to the efficient execution of two capital projects, i.e. being completed on time and within budget.		
	WCP B move M. Carvill T. McCluskey	 7.50% 3.75%	The projects were the acquisition and installation of WCP C – a new wet concentrator plant and its related dredge, and the commencement of the move of WCP B to Pilivili. Each project was given equal weighting.		
Corporate	Refinancing M. Carvill T. McCluskey	 2.5% 12.5%	Successful corporate debt refinancing in 2019 on favourable terms.		
	Investor Relations (IR) M. Carvill T. McCluskey	 5.0% 2.5%	A focus on various aspects of IR including good results in the management of the share register.		
	People	2.5%	Substantial progress in executive and senior management succession planning, capacity enhancement in key roles and the implementation of the senior management performance scheme.		
Total		100%			

(i) Formulaic level of award equates to the weighting multiplied by the proportion of element vesting.
(ii) Year end share price adjusted for interim dividend payment made in October 2019.

		M. Carvill		T. McCluskey	
	Performance achieved	Proportion of element vesting %	Formulaic level of award % maximum %(i)	Proportion of element vesting %	Formulaic level of award % maximum %(i)
	892,910	0.0	0.00	0.0	0.00
	46,933	41.2	2.06	41.2	2.06
	48,526	60.8	3.04	60.8	3.04
	$92.6m	34.6	3.46	34.6	3.46
	$156.6m	67.0	6.70	67.0	6.70
	$158.1	34.4	1.72	34.4	1.72
	£2.38(ii)	33.3	3.32	33.3	3.32
	0.27	40.0	2.00	40.0	2.00
	There was a significant improvement in community safety in 2019 with no material incidents recorded. This was achieved through proactive actions and implementing the learnings from previous incidents. A continuing educational programme is in place to improve awareness in the community of safety issues, including industrial theatre and initiatives in schools.	100.0	2.50	100.0	2.50
	The NOSA 5 start rating was retained and there was a further material reduction in malaria incidence among the Mine staff. More than 90% of safety issues were closed out with appropriate action taken and the insurance risk review was successfully completed. However, there has been a growing incidence of low level thefts in the area of the mine to which the Group is responding with appropriate measures and controls and liaising with the authorities.	80.0	2.00	80.0	2.00
	There were no material spills.	100.0	2.50	100.0	2.50
	There was a large increase in 2019 in the areas of land rehabilitated and returned to the community but the increase in dry mining operations during the year resulted in an increase in the open areas. Community related engagement on environment, land use management and resettlement has been extensive, transparent and successful. However, the scoring on this metric was impacted by the loss at the end of the year of two densitometers (containing low level radioactive sources), the circumstances of which were still being investigated.	60.0	1.50	60.0	1.50
	WCP C dredge execution and commissioning was completed in 2019. WCP C plant completion was delayed to January 2020 due to delayed delivery of the plant by the contractor. The project remains on track to be completed within the budget. The outcome reflects the relative weighting attributed by the Committee to project timing and budget.	33.3	2.50	33.3	1.25
	Although the WCP B move is not due to be completed until the end of 2020, it was important that the project commenced successfully in 2019 which it did. The main procurement contracts were adjudicated and awarded, civil works were progressing well at year end and plans for the heavy transportation move and the key HMC pumping and electricity infrastructure parts of the project were proceeding well. The Committee awarded 80% achievement.	80.0	6.00	80.0	3.00
	The refinancing was completed on favourable terms to the Group and drawdown of funds was made before year end.	80.0	2.00	80.0	10.00
	Through vigorous efforts of the IR team and others the free float in the Company's shares was increased throughout the year, the capacity of the IR team was increased and various IR initiatives were successfully completed during the year or are well in progress.	80.0	4.00	80.0	2.00
	A number of key roles were filled during the year and in other cases appropriate succession plans were presented to the Board and approved. The performance management scheme for senior staff at the Mine, and for staff in Dublin, was partially implemented during the year but is undergoing further development for 2020.	80.0	2.00	80.0	2.00
			47.30		49.05

Overall, the outcome of the scorecard and therefore outcome for Mr. M. Carvill was 47.30% of maximum. The outcome for Mr. T. McCluskey was 49.05%. The Committee believes this appropriately reflects the Executive Directors' performance during the year and the Group's results, and therefore has not applied further discretion to this outcome. The 2019 annual bonus award was delivered 100% in cash, consistent with the Directors' remuneration policy as the outcome did not exceed 75% of salary.

Total pension entitlements

Pension provision for the Executive Directors was made in 2019 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 2016 KIP ended. . The share-based portion of the 2016 KIP award vests as follows:

- 25% based on continued employment;
- 12.5% of the award vests if Kenmare's TSR performance exceeds the TSR performance of the FTSE 250 Index;
- 12.5% of the award vests if Kenmare's TSR performance exceeds the TSR performance of the FTSE Mining Index; and
- 50% of the award vests if Kenmare's absolute TSR performance exceeds 10% per annum.

Kenmare's total shareholder return (TSR) for the relevant period was below that of the FTSE 250 Index and the FTSE Mining Index, and was also less than 10% per annum, consequently no vesting occurs under the performance element of the 2016 KIP award. 25% of the share-based portion award of the 2016 KIP award will vest in March 2020 based on continued employment. The value of these shares was included in the 2016 single figure table.

Scheme interests awarded during the year

Share awards were made under the KRSP on 15 March 2019 as set out on page 95. These awards represent 75% of base salary for Mr. M. Carvill and Mr. T. McCluskey based on a share price of £2.32; the open offer price from the 2016 capital raise as the actual share price at the date of award was lower. The value of award totalled £0.6 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.

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 the provision of other contractual services to the Company other than as a Director.

Directors' and Secretary's shareholdings (audited)

The interests of the Secretary and Directors who held office during 2019, their spouses and minor children, in the ordinary share capital of the Company, other than pursuant to share options or share awards, were as set out below:

	Shares held 27 March 2020	Shares held 31 December 2019	Shares held 1 January 2019
P. Bacchus	–	–	–
M. Carvill(i)(ii)	139,097	139,097	77,575
C. Fonseca	–	–	–
E. Dorward-King	–	–	–
E. Headon	4,990	4,990	5,033
T. Keating	–	–	–
G. Martin	84,135	84,135	57,820
T. McCluskey(ii)	68,720	68,720	44,357
S. McTiernan	169,576	169,576	117,215
G. Smith	30,078	30,078	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 and was not met at 31 December 2019.

Directors' and Secretary's share options and share awards (audited)

Details of the share options of the Secretary and Executive Directors who held office at 31 December 2019, granted in accordance with the rules of the share option scheme are as follows:

Share option scheme (audited)

	1 Jan 2019	Granted during 2019	Exercised or transferred during 2019	Lapsed during 2019	31 Dec 2019	Average option price £	Option price range From £	Option price range To £
M. Carvill	6,667	–	–	6,667	–	N/A	N/A	N/A
T. McCluskey	5,417	–	–	5,417	–	N/A	N/A	N/A
D. Corcoran (Secretary)	6,750	–	–	3,000	3,750	54.40	54.40	54.40

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 £2.36 and the share price range for the year was between £1.79 and £2.56.

None of the Non-Executive Directors held share options during the period or have received any awards under the KIP or KRSP.

KIP (audited)

Details of the Executive Directors' outstanding KIP interests as at 31 December 2019 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	2016 KIP award	193,976	31-Mar-20	64,659	31-Mar-20	–
T. McCluskey	2016 KIP award	128,017	31-Mar-20	42,672	31-Mar-20	–

The performance conditions attaching to the 2016 KIP awards above were not met, and accordingly that element of the award will lapse. 2014 and 2015 KIP awards vested and were exercised during 2019 resulting in gains of £0.2 million. The Secretary has not received any awards under the KIP.

KRSP (audited)

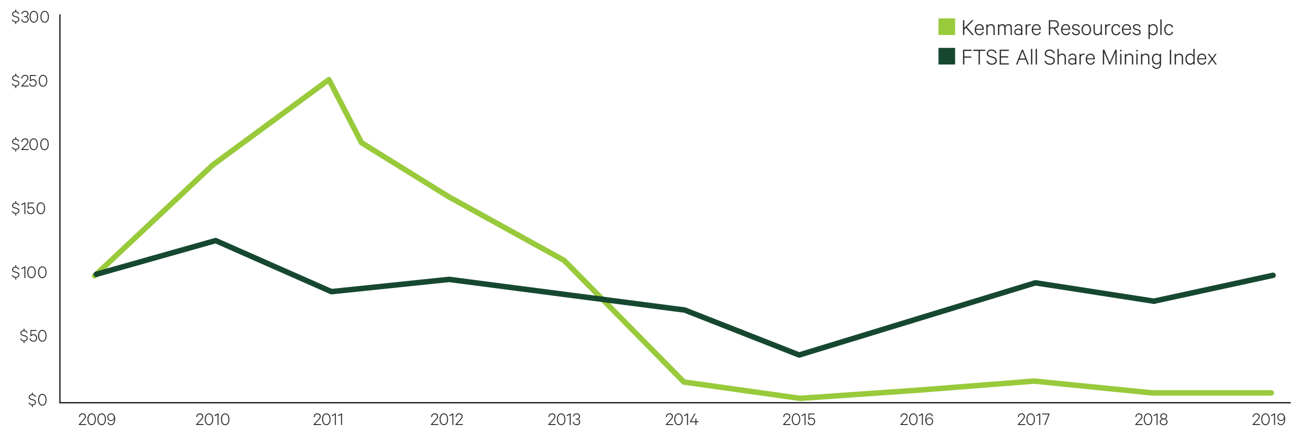
Details of the Executive Directors' and Secretary outstanding KRSP interests as at 31 December 2019 are as follows:

	Date of grant	Unvested KRSP interests	Vested KRSP interests
M. Carvill	26-May-17	134,466	–
	15-Mar-18	149,362	–
	15-Mar-19	152,074	–
T. McCluskey	26-May-17	88,743	–
	15-Mar-18	98,574	–
	15-Mar-19	100,364	–
D. Corcoran	26-May-17	20,343	–
	17-Apr-18	31,094	–
	29-Mar-19	33,519	–

In the case of the Executive Directors, 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. In the case of the Secretary, the above KRSP awards vest subject to continued employment on the third anniversary of grant date.

Performance graph and table

The value at 31 December 2019 of US$100 invested in the Group in 2009 compared with the value of $100 invested in the FTSE All Share Mining Index is shown in the graph below.



CORPORATE GOVERNANCE

Annual report on remuneration continued

The remuneration paid to the Managing Director in the past 10 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)
2019	M. Carvill	1,444	47%	25%
2018	M. Carvill	1,652	58%	83.3%
2017	M. Carvill	1,528	59%	0%
2016	M. Carvill	1,340	66%[i]	N/A
2015	M. Carvill	744	22%[i]	N/A
2014	M. Carvill	967	26%[i]	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

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 Group has regard, figures shown in the table above relate to remuneration for performance each year.

Percentage change in Managing Director's remuneration

The table below compares the percentage change in the Managing Director's salary, taxable benefits and annual bonus in US Dollars with the whole employee population comparing 2019 with 2018.

	Salary % change	Taxable benefits % change	Bonus % change
Managing Director	-5%	-33%	-22%
Average Employee pay	-10%	–	+1%

The underlying currency of the Managing Director's salary is Euro. The 10% decrease in average employee pay is due to a higher percentage of Mozambican staff employed in 2019 and a favourable movement in the Metical exchange rate.

Relative importance of spend on pay

	2019 US$'000	2018 US$'000	Change US$'000
Overall spend on pay including Directors	41,994	43,381	-1,387
Profit distributed by way of dividend	3,026	–	3,026
Group cash operating costs	156,600	151,300	5,300

Employee numbers throughout the Group increased from 1,420 in 2018 to 1,497 in 2019.

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

Statement of implementation of policy in 2020 (audited)

Base salary

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

Executive Director	2020 US$'000	2019 US$'000	% change
M. Carvill	616	616	0
T. McCluskey	407	407	0

The underlying currency of Mr. M. Carvill and Mr. T. McCluskey's base salaries is Euro. The US Dollar figures shown above for 2020 have been calculated using the average 2019 Euro to US Dollar exchange rate. The final US Dollar figure for 2020 will vary depending on exchange rate movements.

Annual bonus

The incentive opportunity for the Executive Directors under the incentive scheme for 2020 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 2020 annual bonuses and their associated weightings are as follows:

Area	Measure	Weight(i)
Operational	Ilmenite, zircon, rutile and concentrates production volume	25%
Financial	EBITDA	10%
	Total cash operating costs	10%
	Cash cost per tonne	5%
	Total shareholder return	5%
Environment, Social and Governance (ESG)	Safety – LTIFR and community	
	Environment	20%
	Social and other	
Corporate and Project execution		25%

(i) The respective weightings for the Managing Director and Financial Director will be the same for all metrics except for Corporate and Project execution where the Remuneration Committee will determine appropriate splits reflecting their respective responsibilities and challenges in these areas in 2020.

The performance metrics as set out above seek to deliver ongoing progress in relation to operational performance, cost efficiency, ESG, 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)

Subject to approval at the AGM, the maximum award level for the Executive Directors under the KRSP for 2020 will be 100% of base salary. For the current Executive Directors only, the share price used to determine the award levels will not be less than £2.32, the open offer price for the 2016 capital raise. Vesting of awards will be subject to a performance underpin based on a number of corporate indicators. The underpin has no predetermined targets and will be assessed retrospectively based on performance over the three year vesting period.

In addition to the assessment of the appropriate award level prior to grant, the Remuneration Committee will also undertake a discretionary underpin performance assessment prior to vesting. The assessment of the underpin will consider Company and individual performance over the three-year vesting period. This provides the Committee with the ability to take a holistic view of the Company's performance to ensure that the vesting level is appropriate.

The following four core elements will be considered as part of the underpin assessment, although the Committee may consider other factors in addition to these:

- operational performance outcomes under the annual bonus scorecard over the three-year period;
- share price performance since grant;
- environmental, social and governance performance; and
- major strategic or project decisions and return on investment.

The Committee does not intend to set fixed, quantitative underpins in respect of these factors. Instead, in completing its assessment, the Committee may consider the following questions:

- Has operational performance been below threshold in any year during the vesting period? If so, has this been offset by performance in a prior or subsequent year?
- Has there been a material decline in the share price or failure to meet shareholder expectations for growth?
- Have there been any adverse environmental, social or governance issues arising during the vesting period, or any significant health and safety incidents?
- For major projects which have commenced during the vesting period, what progress has been made? For major projects that have been completed during the vesting period, what were the outcomes against original expectations and how do these translate to returns to shareholders?

In making an adjustment to vesting levels, the Committee will also consider the extent to which the matter has already been reflected in the annual bonus scheme outcomes. Furthermore, the Committee will consider these factors in both an individual and collective context, meaning that there may be different vesting levels for each participant.

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 2019 AGM.

Item	Votes for	%	Votes against	%	Votes withheld
Advisory vote on 2018 DRR (2019 AGM)	74,846,109	94.75	4,149,435	5.25	43,073
Advisory vote on Directors' Remuneration Policy (2017 AGM)	77,522,058	92.08	6,667,479	7.92	4,324

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

GRAHAM MARTIN

Chairman of the Remuneration Committee

27 March 2020

Directors’ remuneration policy report

Our approach to Directors’ remuneration

The Directors' remuneration policy, as set out below, will be put to a shareholder vote at the 2020 Annual General Meeting and will apply for the period of three years from the date of approval.

CORPORATE GOVERNANCE

Shareholder vote

The policy complies with the European Union (Shareholders’ Rights) Regulations 2020 and, on a voluntary basis, with the regulations set out in the UK’s Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (together “the Regulations”). This policy will be put to an advisory vote of shareholders at the 2020 Annual General Meeting and is intended to apply for three years from this date.

Principles

Kenmare’s remuneration policy is designed to support the business strategy, long-term interests and sustainability by providing levels of remuneration that attract, motivate and retain Executive Directors of the highest calibre who can contribute their experience to the Group’s operations. 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 “Code”).

The Remuneration Committee seeks to ensure:

- that Executive Directors are rewarded in a fair and balanced way for their individual and team contribution to the Group’s performance;
- that Executive Directors 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 Executive Directors; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages, with a focus on simplicity, transparency and the promotion of long-term alignment with shareholders.

Key changes to the Executive Directors' remuneration policy from the previous policy

The table below sets out the proposed changes from the previous policy and the rationale for these changes.

Component	Changes to policy	Reasons for change
Base salary	When determining base salary levels, the Committee will also give consideration to the reward, incentives and conditions available to the Group's workforce, in addition to the factors set out in the previous policy.	This additional consideration is aligned with the revised requirements in the Code.
Annual bonus	Increase in deferral such that any annual bonus in excess of 50% of base salary will be granted in the form of restricted shares under the rules of the KRSP which will vest three years from grant (previously any annual bonus in excess of 75% of base salary).	Increases the focus on long-term performance and further aligns the interests of the Executive Directors with our shareholders.
Share awards under the Kenmare Restricted Share Plan ("KRSP")	Increased maximum award level in any year from 75% to 100% of base salary. Introduction of a discretionary performance underpin assessment which will be made after three years. Adjusted vesting schedule such that awards will vest, subject to continued employment and assessment of the underpin, after three years and be subject to a further two year holding period.	The increase in maximum opportunity increases the focus on long-term performance and further aligns the interests of the Executive Directors with our shareholders. The increase also provides the Remuneration Committee with more scope to distinguish between Executive Directors and reflect the difference in their respective levels of responsibility. The Committee will continue to consider business and individual performance (including significant movements in the share price over both the short and long-term) when determining grant levels within this increased limit. The introduction of the underpin ensures that the Committee has the ability to reduce vesting outcomes if Group or individual performance doesn't warrant full vesting of the award. The Committee will provide a full disclosure of its assessment retrospectively. Adjustment to vesting schedule brings the total vesting and holding period of KRSP awards to 5 years, in line with the revised requirements of the Code.
Shareholding requirement	Introduction of a post-cessation shareholding requirement equal to 100% of the in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. Unvested shares which are not subject to performance or underpin conditions will count towards the shareholding requirement on a net of tax basis. The post-cessation shareholding requirement will apply to awards granted after the 2020 AGM. This will not apply to shares purchased voluntarily from an Executive Director's own funds.	Extends the period of alignment of Executive Directors with shareholder interests even after their departure from the Company, in line with the revised requirements of the Code.
Malus and clawback	In addition to previous Policy scenarios, malus and clawback provisions can be applied where there has been: • action or conduct which the Board considers amounts to employee misbehaviour; or • events or behaviour which lead to: – censure by a regulatory authority; – a significant detrimental impact on the reputation of the Group; or – corporate failure.	Additional scenarios for the application of malus and clawback are in line with market best practice.

Remuneration policy for 2020 onwards

The policy complies with the European Union (Shareholders' Rights) Regulations 2020 and, on a voluntary basis, with the regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (together "the Regulations")." In accordance with the European Union (Shareholders' Rights) Regulations 2020, the vote on the policy at the Company's forthcoming AGM will be advisory only, and not binding, but if the policy is not approved by that advisory vote, the Company will prepare a revised remuneration policy and hold an advisory vote in respect of that revised policy at the following general meeting.

The main components of the remuneration policy and how they are linked to and support the Group's business strategy are summarised in the table below. The policy covers all remuneration payments to Directors, and includes no provisions for derogations.

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 payout 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.	Reviewed annually with increases generally effective from 1 January. When determining levels, consideration is given to: • Group performance; • the performance of the Executive Director over the previous 12 months; • the salary review budget for all employees for the coming year; • retention risk and the ability to replace higher value skills if needed in the market; • benchmarking data of other UK and Irish listed companies of similar market capitalisation and practice in the global mining sector; • inflation; and • the rewards, incentives and conditions available to the Group's workforce.	Base salary reviews 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 Group increases. The only exceptions to this rule are where: • there is a significant movement in the benchmarking 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.
Benefits	Provides market competitive benefits to support Executive Directors in carrying out their duties.	Benefits include holiday and sick pay, family health insurance, permanent health insurance, life assurance and an annual health check. The Managing Director has a company car. The Group also reimburses the Executive Directors in respect of all expenses reasonably incurred by them in the proper performance of their duties. 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.	Set at a level appropriate to the individual's role and circumstances. 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.	None.

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 payout and time period (where applicable)
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 group personal pension plan or their private pension arrangements, or alternatively a salary supplement in lieu of such a contribution.	The maximum pension contribution for Executive Directors is 10% of salary.	None.
Annual bonus	To ensure a market competitive package and to incentivise Executive Directors to achieve the Group's business objectives.	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 50% of base salary. Where the annual bonus achieved exceeds 50% of base salary, Executive Directors will be granted restricted shares under the KRSP in respect of the excess outcome above this level, which will vest three years from grant. 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 shares under the KRSP of equivalent value. Such restricted shares would not be subject to forfeiture but would be subject to a minimum retention period. Clawback will apply to cash annual bonus awards for two years from the date of payment. Annual bonus awards made in the form of restricted shares will be subject to malus during the vesting period. Clawback will apply to these for two years post-vesting.	The maximum annual opportunity is 100% of base salary.	Performance is measured over the financial year. 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 will be weighted towards financial and operational metrics. The targets and actual levels of performance will be disclosed retrospectively within the implementation section of the Company's Directors' Remuneration Report. 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.

Directors' remuneration policy report continued

CORPORATE GOVERNANCE

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 payout 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.	Annual awards of shares will be made under the Kenmare Restricted Share Plan. The awards will vest on the third anniversary of grant subject to continued employment and the Remuneration Committee's assessment against a discretionary underpin. Vested shares are then subject to a further two-year holding period. Participants may sell sufficient shares at the point of vesting to cover their tax liabilities. Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting. Awards made under the KRSP may carry an entitlement to dividend equivalents in respect of dividends paid between grant and vesting.	The maximum award level in any year is 100% of base salary.	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 Group's performance and that of the individual Executive Director at the time of making of the award. 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 the open offer price for the 2016 capital raise (£2.32). Vesting of the award will be subject to a performance underpin based on a number of corporate indicators. The Committee will consider whether performance against such indicators has been adequately adjusted for under the annual bonus outcome when considering their use of discretion. The underpin has no predetermined targets and will be assessed retrospectively based on performance over the three year vesting period. The Committee will provide a full disclosure of their assessment within the Directors' remuneration report.

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 payout and time period (where applicable)
Shareholding requirement	To strengthen the alignment between the interests of Executive Directors and those of shareholders.	Executive Directors' shareholding measured after the five-year period from the 2017 AGM (or date of appointment if later).	Shareholding requirement during employment of 250% of salary. Post-cessation shareholding requirement of 100% of the in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. Unvested shares which are not subject to performance or underpin conditions will count towards the shareholding requirement on a net of tax basis. The post-cessation shareholding requirement will apply to awards granted after the 2020 AGM. This will not apply to shares purchased voluntarily from an Executive Director's own funds.	N/A
Non-Executive Director fees	To provide a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience and ability to make a significant contribution to the Group's activities.	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.	None.

Notes to the future policy table

Performance measures and targets

The Remuneration Committee will select performance conditions for the Annual Bonus which reflect the Group's overall strategy and are the key metrics used by the Executive Directors to oversee the operation of the business. They will be determined annually. They typically include both production, financial and non-financial performance criteria. In the past, they have, for example, related to areas such as mineral production targets, EBITDA, production costs, community safety, environmental compliance and health and safety (both workforce and community related). The performance criteria for 2019 are described on pages 92 and 93 and those for 2018 are described on pages 72 and 73 of the 2018 Annual Report. The Remuneration Committee is of the opinion that the performance targets for the Annual Bonus are commercially sensitive in respect of the Group and that it would be detrimental to the interests of the Group to disclose them 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.

The Committee believes that the KRSP will continue to provide an opportunity for the Executive Directors to build meaningful shareholdings in the Company and therefore further align the longer-term experience of shareholders and management. The introduction of a performance underpin ensures that the Committee has the ability to reduce vesting outcomes if Group or individual performance does not warrant full vesting of the award. The underpin will not be assessed based on predetermined targets; it will be a discretionary retrospective assessment and the Committee will provide a full disclosure of its assessment. The Remuneration Committee intends to use a broad range of corporate indicators which are intended to reflect overall performance of the Group during the vesting period.

Directors' remuneration policy report continued

Approach to recruitment remuneration

Components	Policy
General	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 using the same principles as for the existing Executive Directors.
Base salary and benefits	The base salary will be set taking into account the responsibilities of the individual and the salaries paid to similar roles in comparable companies and countries as per our base salary policy. The Executive Director will be eligible to receive benefits in line with Kenmare's benefits policy as set out in the remuneration table.
Pension	The Executive Director will be eligible to receive pension benefits equal in value up to 10% of salary in line with our pension policy.
Annual bonus	Up to 100% of base salary in line with our policy.
Kenmare Restricted Share Plan	Up to 100% of base salary in line with our policy.
Sign on payments/ recruitment awards	Payments to an Executive Director may be made on a case-by-case basis and where considered by the Remuneration Committee to be necessary. Newly recruited Executive Directors will be entitled to a pro-rata annual bonus and an award of restricted shares of up to maximum of 150% of salary under the KRSP in their first year of employment (i.e. 50% more than the standard annual KRSP award). Awards above 100% of salary under the KRSP may have performance conditions attached.
Share buy outs/ replacement awards	Awards may be granted to replace those forfeited by the Executive Director on taking up the appointment where considered by the Remuneration Committee to be appropriate. The Committee will seek to structure any replacement awards such that they are no more generous in terms of quantum or vesting period than the awards due to be forfeited. In determining quantum and structure of these commitments, the Committee will seek to replicate the value and, as far as practicable, the timing and performance requirements of remuneration foregone.
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from his or her normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences/housing allowance/schooling.

Service contracts

The Company's policy is that Executive Directors should have a notice period of no more than 12 months. Other than in the case of termination by an Executive Director on change of control, the notice periods are 12 months' notice from the Company and three months' notice from the Executive Director.

As a listed company, all of the Executive Directors and Non-Executive Directors are subject to annual re-election at the AGM. The Executive Directors' service contracts have no fixed duration save for a retirement age of 65.

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

The Company 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 12 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. Mr. T. McCluskey does not serve as a Non-Executive Director elsewhere.

Policy on payment for loss of office

Components	Policy
General	When determining any loss-of-office 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 the terms of the individual's service agreement.
Good leaver	In general, good leaver treatment will apply in the case of death, retirement, ill-health, disability or for any other reason determined by the Remuneration Committee. The current Executive Directors will also be treated as good leavers where they terminate their employment provided no gross misconduct or gross negligence has occurred and the Executive Director does not take up employment with a competitor within three months of termination.
Base salary, benefits and pension	In the event of termination, the Executive Director will be entitled to receive compensation equivalent to salary, benefits and company pension contribution they would have received if still in employment for the balance of the applicable notice period. Where appropriate, the Company may continue to provide benefits for a period post-termination.
Annual bonus	Good leavers If the participant is deemed to be a good leaver, then the Annual Bonus will be pro-rated for time and performance. The Remuneration Committee will have the discretion to either: • assess performance and make a payment at the time of cessation of employment; or • assess performance and make a payment at the end of the relevant financial year in line with the operation of the annual bonus for other participants. Bad leavers For a bad leaver all annual bonus entitlements will lapse.
Deferred annual bonus	Deferred annual bonuses will normally vest in full in line with the original vesting schedule other than in cases of gross misconduct or negligence where deferred bonus awards will lapse.
Kenmare Restricted Share Plan	Good leavers For good leavers, unvested restricted share awards under the KRSP will usually vest at the original dates subject to the performance underpin, but the number of shares will be reduced pro-rata to reflect the proportion of the vesting period elapsed. The post-vesting holding period will continue to apply. The Remuneration Committee will have the discretion to allow shares to vest immediately (e.g. in case of death) but still pro-rated for time elapsed. Bad leavers For a bad leaver all unvested restricted shares will lapse.
Shareholding requirement	All leavers are required to maintain a post-cessation shareholding equal to 100% of in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. This requirement applies to awards granted after the 2020 AGM.

Policy on payment for change of control

Components	Policy
General	When determining any change of control payment the Committee will protect the Company's interests and reflect the circumstances at the time.
Base salary, benefits and pension	In the event of termination of employment by the Company following a change of control, the Executive Director will be entitled to receive compensation equivalent to salary, benefits and company pension contribution they would have received if still in employment during the relevant notice period. In the event of termination by the Executive Director within two months of a change of control, the Executive Director will be entitled to receive an amount equal to 12 months' salary, cash equivalent of benefits and pension contributions, subject to such amount being reduced by the equivalent amounts paid 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.
Annual bonus	The payment of the annual cash bonus following a change of control will be based on achievement against the annual performance metrics as assessed by the Remuneration Committee up to the point of change of control. The Remuneration Committee will have the discretion to pro-rate for the proportion of the year elapsed.
Deferred annual bonus	All unvested deferred annual bonuses will vest immediately unless the Remuneration Committee agrees they should be rolled over into equivalent awards of the acquirer.
Kenmare Restricted Share Plan	All unvested restricted share awards under the KRSP will vest immediately subject to the Remuneration Committee's assessment of the performance underpin at that point, unless the Remuneration Committee agrees they should be rolled over into equivalent awards of the acquirer. The number of shares vesting will usually be prorated to reflect the proportion of the service period elapsed, but the Remuneration Committee will have the discretion not to apply this pro-rating.

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.

Other 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 Group 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;
- Deciding to what extent if any the performance underpin should apply to the vesting of an applicable KRSP 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 subsequent Directors' remuneration report.

Consideration of employment conditions elsewhere in the Group

The Committee does not directly consult with employees when formulating Executive Director pay policy, nor does it apply strict numerical pay ratios. However, the Committee does take into consideration information on pay arrangements for the wider employee population when determining the pay of Executive Directors. This includes consideration of the salary increases awarded across the Group when determining salary increases for the Executive Directors each year.

The Group aims to provide a remuneration package for employees that is market competitive and follows the same core structure as for the Executive Directors, including cascade of the KRSP where appropriate, participation in an annual bonus scheme and pension provision.

Consideration of employment conditions outside the Group

The Committee reviews the remuneration of the Executive Directors in light of the remuneration of the executive directors of other appropriate quoted companies and in the course of 2019 considered benchmarking reports prepared by PwC in relation to the same.

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 and the results of recent votes on the Remuneration report, is then considered as part of the Company's review of policy.

In October 2019, the Remuneration Committee received a presentation from PwC with an update on current remuneration matters with particular focus on the recent changes in the UK Corporate Governance Code and the various issues likely to affect the design of our proposals for a new three-year Directors' remuneration policy.

In formulating the policy for 2020, 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 remuneration structure. Feedback from our major shareholders suggests that they are supportive of the general structure of our existing policy and how this is implemented, but would welcome the inclusion of some best practice features such as extended vesting and holding periods and post-cessation shareholding requirements (both of which have been incorporated into the proposed policy). In order to avoid any conflict of interest, no Executive Director is present when his or her own remuneration is being discussed.

Other considerations in developing the policy

In developing the new policy the Remuneration Committee has considered the following factors set out in the Code:

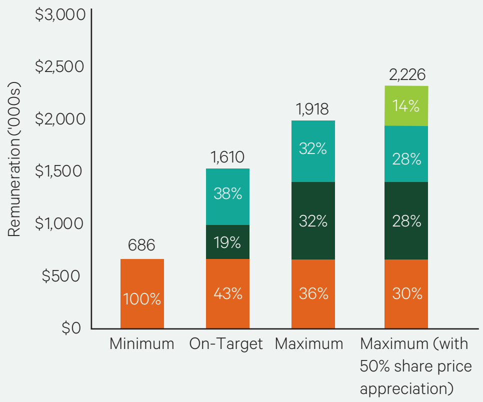
- **Clarity and simplicity** – We believe that the remuneration package for our Executive Directors is clear and transparent, in particular the KRSP is a simple structure which cascades where appropriate down the organisation. We have simplified the operation of the KRSP under the new policy by adjusting the vesting schedule so that all awards vest after three years subject to a further two year employment period. Consultation with shareholders and their previous approval of the KRSP indicates that they are supportive of our remuneration structure.
- **Risk** – The Remuneration Committee has a number of tools at its disposal to ensure that reputational and other risks are identified and mitigated. These include malus and clawback provisions on both the annual bonus and the KRSP (which have been extended in the new policy to cover a wider range of scenarios), the use of a minimum share price when determining KRSP awards and the introduction of a discretionary underpin on the vesting of KRSP awards. Furthermore, the Remuneration Committee has the discretion to amend the formulaic outcome of the annual bonus if the Committee believes this does not reflect the true underlying performance of the Group or the experience of shareholders.
- **Predictability and proportionality** – We illustrate the range of potential remuneration outcomes under the policy on page 108, including a 50% share price appreciation scenario. This enables shareholders to assess the impact of performance outcomes and share price appreciation on the value of remuneration for individual Directors.
- **Alignment to culture** – The introduction of a discretionary underpin assessment ensures that the vesting level of KRSP awards takes into account the overall business performance, including non-financial factors such as environmental, social and governance considerations.

Illustrations of application of remuneration policy

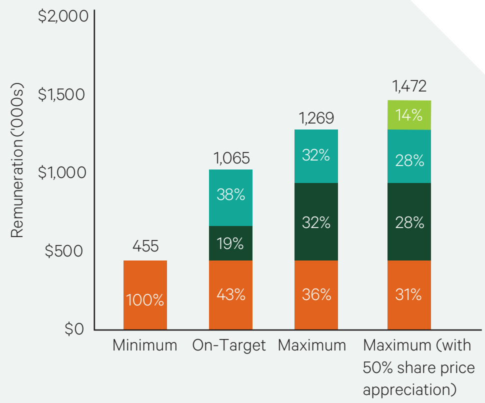
The total remuneration opportunity in 2020 for each of the Executive Directors is shown below under four different performance scenarios: (i) Minimum; (ii) On-target; (iii) Maximum; and (iv) Maximum (with 50% share price appreciation). The elements of remuneration have been based on the proposed remuneration policy for 2020 as set on pages 100 to 103 and have been categorised into three components: (i) Salary, Benefits and Pension; (ii) Bonus; and (iii) Share awards under the KRSP, with the assumptions set out below:

Element	Minimum	On-Target	Maximum	Maximum (with 50% share price appreciation)
Salary, benefits and pension	Included	Included	Included	Included
Annual bonus	No variable payable	50% of the maximum opportunity	100% of the maximum opportunity	100% of the maximum opportunity
Share awards under the KRSP	No award	100% of the maximum opportunity	100% of the maximum opportunity	100% of the maximum opportunity

Managing Director



Financial Director



Salary, Benefits and Pension | Bonus | KRSP | Share price appreciation

Non-Executive Directors' remuneration

Non-Executive Directors' contracts may be terminated by either party giving to the other one month's prior written notice. The Non-Executive Directors are remunerated entirely through fees. 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.

GROUP FINANCIAL STATEMENTS

Directors' report

The Directors present their report and the audited financial statements for the financial year ended 31 December 2019.

Non-financial reporting statement

In compliance with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulation 2017, the table below sets out the relevant sections in this annual report to understand the Group's approach to these non-financial matters.

Reporting Requirements	Page Reference	Our Policies	Risk Assessment
Environmental matters	Page 62 to 64	Environmental	Environmental risk is included in the risk entitled "Health, Safety and Environment (HSE") described in the "Principal risks and uncertainties" section on page 50.
Social and employee matters	Page 59 Pages 57 to 59 Page 56	Diversity Health and safety Whistleblowing Conflicts of interest Employment Community engagement and investment	Health and safety risk is included in the risk entitled "Health, Safety and Environment (HSE") described in the "Principal risks and uncertainties" section on page 50. Otherwise, although the risks associated with social and employee matters are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Human rights	Page 57	Human rights Freedom of association	Although the risks associated with human rights abuses are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Anti-bribery and corruption	Page 56 Page 56	Anti-bribery Business ethics	Although the risks associated with bribery and corruption are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Description of business model	Pages 16 and 17		
Non-Financial key performance indicators	Included in KPIs on pages 18 to 21 and Sustainability Committee report on pages 52 to 65		

Principal activities

The principal activity of Kenmare Resources plc and its subsidiary undertakings is the operation and further development of the Moma Titanium Minerals Mine in Mozambique.

Strategic report

The strategic report, including a financial and risk review and a review of the likely future developments of the Group, set out on pages 2 to 70, forms part of the Directors' Report and is incorporated by reference.

Key performance indicators

The Group's key performance indicators are detailed on pages 18 to 21 and a glossary of alternative performance measures is detailed on pages 161 and 162. These are hereby incorporated by reference.

Statement of results

During 2019, the Group sold 1,029,300 tonnes (2018: 1,074,400 tonnes) of ilmenite, zircon, rutile and concentrates to customers at a sales value of US$270.9 million (2018: US$262.2 million). Cost of sales for the financial year was US$178.4 million (2018: US$168.3 million), resulting in a gross profit of US$92.5 million (2018: US$93.9 million).

Other operating costs totalling US$33.3 million (2018: US$31.0 million), comprised distribution costs for the financial year of US$9.4 million (2018: US$9.5 million), freight and demurrage costs of US$17.6 million (2018: US$16.9 million) and administration costs of US$6.3 million (2018: US$4.7 million).

Finance income of US$1.5 million (2018: US$0.9 million), consisting of deposit interest, was received, with improved deposit rates being achieved in 2019 and applied to higher cash balances.

Loan interest and finance fees amounted to US$8.9 million (2018: US$7.8 million) during the financial year.

A foreign exchange loss for the financial year of US$1.9 million (2018: gain US$0.05 million) as a result of losses on the retranslation of the non-US Dollar-denominated cash and bank deposits and trade payables and accruals. The resultant profit before tax for the financial year was US$50.0 million (2018: US$56.1 million).

During the year the KMML Mozambique Branch had taxable profits of US$15.9 million (2018: US$14.6 million) resulting in an income tax expense of US$5.6 million (2018: US$5.2 million) being recognised. Kenmare Resources plc had taxable profits of US$20.2 million (2018: US$ nil) which were offset against prior year tax losses. At the reporting date, the parent Company has unused tax losses of US$3.8 million (2018: US$23.9 million) resulting in the recognition of a deferred tax asset of US$0.5 million at 31 December 2019 (2018: US$ nil). In aggregate this resulted in a tax expense for the financial year of US$5.2 million (2018: US$5.2 million), resulting in a profit after tax for the financial year of US$44.8 million (2018: US$50.9 million).

Additions to property, plant and equipment amounted to US$68.5 million (2018: US$40.1 million). There was an increase in the mine closure provision of US$5.5 million (2018: US$2.8 million) during the year, principally as result of a change in the estimated mine closure cost to include the WCP C plant and a change in the discount rate from 3.2% to 2.6%.

On transition to IFRS 16 Leases effective 1 January 2019, the Group recognised additional right-of-use assets presented in property, plant and equipment and lease liabilities of US$5.0 million for a head office lease and electricity generator leases. The Maputo office lease was entered into in February 2019 and the Group recognised an additional right-of-use asset presented in property, plant and equipment and lease liability of US$0.4 million. The Group discounted lease payments at appropriate incremental borrowing rates. The weighted average rate applied is 7%. Depreciation and amortisation increased to US$33.4 million (2018: US$30.4 million) during the financial year.

On 5 December 2018, shareholders approved a resolution to reduce the capital of Kenmare Resources plc in order to eliminate historic losses. On 1 February 2019, the High Court of Ireland confirmed this resolution. The reduction of capital and elimination of losses took effect on 5 February 2019 which resulted in share premium being reduced by US$185.3 million and retained earnings being increased by US$185.3 million.

The Group paid an interim dividend of US$3.0 million in October 2019.

On 11 December 2019 the Group entered into new debt facilities with Absa Bank Limited (acting through its Corporate and Investment Banking Division) ("Absa"), The Emerging Africa Infrastructure Fund (a part of the Private Infrastructure Development Group ("PIDG")) ("EAIF"), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) ("Nedbank"), Rand Merchant Bank and Standard Bank Group ("Standard Bank") (collectively the "Lenders") . The new debt facilities comprise a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility. The facility was used in part to repay in full the existing Senior and Subordinated Project Loans, of which US$64 million was outstanding, and for working capital purposes. The new debt facilities also provide for a future Mine Closure Guarantee Facility of up to US$40 million, sharing in security.

The Group had total debt of US$60.9 million as at 31 December 2019 (2018: US$83.5 million). During 2019, loan interest payments amounted to US$5.7 million (2018: US$6.2 million).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 2 to 70. The financial position of the Group, its cash flows and liquidity position are described in the Finance Review on pages 41 to 45. Note 28 to the financial statements includes the Group's policy for managing its capital.

Based on the Group's cash flow forecast (the "Group Forecast"), the Directors have a reasonable expectation that the Group has adequate resources for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Viability statement

The Directors have assessed the prospects of the business and have a reasonable expectation that the Group can meet its liabilities as they fall due over the three-year period 2020 to 2022. The Directors concluded that three years is an appropriate period for the assessment as they have reasonable clarity over the cash flow forecast assumptions over this period. The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

The Group Forecast has been prepared by management with best estimates of production, pricing and cost assumptions over the period.

Key assumptions upon which the Group Forecast is based include a mine plan covering production using the Namalope, Nataka, Pilivili and Mualadi reserves and resources as set out in the mineral reserves and resources table on page 40. Specific resource material is included only where there is a high degree of confidence in its economic extraction. Production levels for the purpose of the forecast are approximately 1.1 million tonnes per annum of ilmenite plus co-products, zircon, concentrates and rutile, over the next three years. Assumptions for product sales prices are based on contract prices as stipulated in marketing agreements with customers or, where contract prices are based on market prices or production is not presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations. Operating costs are based on approved budget costs for 2020, taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Capital costs are based on the capital plans and include escalation at 2% per annum.

Sensitivity analysis is applied to the assumptions above to test the robustness of the cash flow forecasts for changes in market prices, shipments and operating and capital cost assumptions. Changes in these assumptions affect the level of sales and profitability of the Group and the amount of capital required to deliver the projected production levels. As a result of this assessment, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the aforementioned three-year period.

The Group also recognises the uncertainty surrounding potential global impacts from the COVID-19 virus. To date the Group has experienced no adverse material impact on its operations. The Group will closely monitor impacts on its operations and develop appropriate response plans. The Group has also performed a range of scenario analysis which supports the viability statement.

Directors

The Directors who held office during 2019 were as follows:

S. McTiernan (Chairman)	Non-Executive		*	+	
P. Bacchus	Non-Executive	Δ		+	
M. Carvill	Executive				
E. Dorward-King	Non-Executive				#
C. Fonseca	Non-Executive				#
E. Headon	Non-Executive	Δ			#
T. Keating	Non-Executive				#
G. Martin	Non-Executive		*	+	#
T. McCluskey	Executive				
G. Smith	Non-Executive	Δ	*	+	

Δ Member of the Audit and Risk Committee, chaired by Mr. G. Smith
+ Member of the Remuneration Committee, chaired by Mr. G. Martin
* Member of the Nomination Committee, chaired by Mr. S. McTiernan
# Member of the Sustainability Committee, chaired by Ms. E. Headon

The Sustainability Committee was established in October 2019. Ms. E. Headon was appointed Chair of the Sustainability Committee at that time and simultaneously stood down from her roles on the Nomination Committee and the Remuneration Committee.

In November 2019, Dr. E. Dorward-King was appointed to the Board as a Non-Executive Director and was appointed as a member of the Sustainability Committee.

Directors' and Secretary's shareholdings, share options and share awards

The interests of the Directors and Secretary of the Company, their spouses and minor children in the ordinary share capital of the Company, and details of the share options and share awards granted in accordance with the rules of the share option scheme, the Kenmare Incentive Plan (KIP) and the Kenmare Restricted Share Plan (KRSP), are detailed in the Directors' remuneration report on pages 88 to 108.

Share option and share award schemes

It was the policy of the Company to award share options to certain employees and consultants. In the past share options were awarded to Executive Directors but this practice ceased with the introduction of the KIP in 2014. In 2017, the KIP was replaced by the KRSP together with an annual bonus scheme.

At 31 December 2019, there were options in issue that had been granted under the share option scheme dated 15 May 1987 to persons to subscribe for a total of 40,000 shares, exercisable at an average price of US$63 per share.

At 31 December 2019, 471,855 performance-based shares and 157,285 deferred shares, the vesting of which is subject to continued employment, have been awarded under the KIP. The performance-based shares have not met performance conditions and will not vest.

At 31 December 2019, 1,515,951 shares have been awarded under the KRSP. During 2019, 10,260 shares vested and were cash-settled.

Share capital

Ordinary shares of €0.001 rank equally in all respects and carry no special rights. They carry voting and dividend rights. There are no restrictions on the transfer of the Company's shares or voting rights.

On 26 July 2016, deferred shares of €0.059995 each were created as part of the capital restructuring. The deferred shares have no voting rights or dividend rights and, in effect, no rights on a return of capital. The deferred shares may be acquired by the Company for no consideration and cancelled.

The Company did not hold, purchase, sell or cancel any of its own shares (ordinary shares or deferred shares) during the year.

Authority to allot

The Directors have been given the authority by shareholders to allot shares up to an aggregate nominal amount equal to €36,534.

Takeover directive

In the event of a change in control, directly or indirectly, of the Company, the Project Companies or any other subsidiary which is a borrower under the new debt facilities, such facilities will be cancelled and all outstanding amounts together with accrued interest shall become immediately due and payable. The share-payment schemes all contain change of control provisions that provide for accelerated crystallisation of awards and vesting of shares (including by way of exercise of nil-paid options) in the event of a change of control of the Company.

Other than as described in the Directors' remuneration report on pages 88 to 108, there are no agreements between the Company and its Directors or employees providing for predetermined compensation for loss of office or employment that would occur in the event of a bid for the Company, save that certain Executives, not being Directors, have service contracts that either provide for extended notice periods or fixed payments on termination following a change in control of the Company.

Corporate governance report

For the purpose of Section 1373 of the Companies Act 2014, the following disclosures form part of the corporate governance report in respect of the financial year to which this report relates.

The annual corporate governance report on pages 74 to 79, and the section headed "Diversity and Inclusion" on page 81 of the Nomination Committee report are incorporated by reference.

Substantial interests

As at 24 March 2020, the Company has been notified of the following shareholdings in excess of 3% of the issued ordinary shares of the Company:

	No. of ordinary shares	% of issued share capital
African Acquisition Sarl	**31,928,480**	**29.1**
Prudential plc	**21,849,170**	**19.9**
Premier Miton Group plc	**8,210,726**	**7.5**
FIL Limited	**6,613,456**	**6.0**
European Investment Bank	**6,555,119**	**6.0**

Powers of the Directors

Under the Articles of Association of the Company, the business of the Company is to be managed by the Directors who may exercise all the powers of the Company subject to the provisions of the Companies Acts, the Memorandum of Association of the Company and the Articles of Association of the Company and to any directions given by resolution of a General Meeting not being inconsistent with the Companies Acts and the Articles of Association. The Articles of Association further provide that the Directors may make such arrangement as may be thought fit for the management of the Company's affairs including the appointment of such attorneys as they may think fit with such powers, authorities and discretions (not to exceed those vested in or exercisable by the Directors under the Articles of Association) and for such period and subject to such conditions as they may think fit.

Appointment and removal of Directors

The Articles of Association empower the Board to appoint Directors but also require Directors to retire and submit themselves for re-election at the first Annual General Meeting following their appointment. Under the Articles of Association, a third of the Board must retire annually but may offer themselves for re-election. However, in accordance with the provisions contained in the UK Corporate Governance Code, the Board has decided that all Directors should retire annually at the Annual General Meeting and offer themselves for re-election.

Directors are appointed and removed by the shareholders in a General Meeting of the Company and may be co-opted by the Board.

Memorandum of association and articles of association

The Company's Memorandum of Association and Articles of Association set out the objects and powers of the Company and may be amended by shareholders at a General Meeting of the Company by special resolution (requiring the resolution to be passed by 75% of the eligible votes).

General meetings and shareholders' rights

Under the Articles of Association, the power to manage the business of the Company is generally delegated to the Directors. However, the shareholders retain the power to pass resolutions at a General Meeting of the Company which may give directions, not being inconsistent with the Companies Act and the Articles of Association, to the Directors as to the management of the Company.

The Company must hold a General Meeting each year as its Annual General Meeting, in addition to any other meetings in that year. The Annual General Meeting will be held at such time and place as the Directors determine. All General Meetings, other than Annual General Meetings, are called Extraordinary General Meetings. The Directors may at any time call an Extraordinary General Meeting. Extraordinary General Meetings shall also be convened by the Directors on the requisition of members holding, at the date of the requisition, not less than 5% of the paid-up capital carrying the right to vote at General Meetings.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote at such meeting constitutes a quorum.

The shareholders have the right to receive notice of a General Meeting. In the case of an Annual General Meeting or of a meeting for the passing of a special resolution, twenty-one clear days' notice at the least, and in any other case fourteen clear days' notice at the least, needs to be given in writing in the manner provided for in the Articles to all the members (other than those who, under the provisions of the Articles or the conditions of issue of the shares held by them, are not entitled to receive the notice) and to the auditor.

The shareholders also have the right to attend, speak, vote and ask questions at General Meetings. In accordance with Irish company law, the Company specifies record dates for General Meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice of a General Meeting. Shareholders may exercise their right to vote on some or all of their shares by appointing a proxy or proxies, by electronic means or in writing. The requirements for the receipt of valid proxy forms are set out in the notes to the notice convening the meeting. A shareholder, or a group of shareholders, holding at least 3% of the issued share capital of the Company has the right to put an item on the agenda of the Annual General Meeting or to table a draft resolution for inclusion in the agenda of a General Meeting, subject to certain timing requirements presented by the Companies Act and any contrary provision of Irish company law.

All business that is transacted at an Extraordinary General Meeting is deemed special. All business that is transacted at an Annual General Meeting is also deemed special, with the exception of declaring a dividend, considering the accounts, statements of financial position and reports of the Directors and auditor, electing Directors in the place of those retiring, re-appointing retiring auditor and fixing the remuneration of the auditor.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has one vote regardless of the number of shares they hold. On a poll, every member who is present in person or by proxy has one vote for each share they hold. A poll may be demanded by the Chairman of the meeting or by at least three members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to and not less than one-tenth of the total sum paid up on all shares conferring that right.

Deadlines for exercising voting rights

Voting rights at General Meetings of the Company are exercised when the Chairman puts the resolution at issue to a vote of the meeting. Where a person is appointed to vote for a shareholder as proxy, the instrument of appointment must be received by the Company not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting at which the appointed proxy proposes to vote, or, in the case of a poll, not less than forty-eight hours before the time appointed for taking the poll.

Accounting records

The Directors have employed appropriately qualified accounting personnel and have maintained appropriate accounting systems to ensure that proper accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014. The books of account are kept at the Company's office at 4th Floor, Styne House, Hatch Street Upper, Dublin 2, Ireland.

Audit & Risk Committee

The Board of the Company has established an Audit & Risk Committee. See pages 84 to 87 for the Audit and Risk Committee Report for the financial year under review.

Auditors

KPMG, Chartered Accountants were appointed during the year and in accordance with Section 383(2), of the Companies Act 2014 will continue in office. The financial statements on pages 112 to 159 have been audited by KPMG.

Disclosure of information to statutory auditor

In accordance with the provisions of Section 330 of the Companies Act 2014, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2014) of which the statutory auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to ensure that the statutory auditors are aware of such information.

Statutory compliance statement

The Directors acknowledge that they are responsible for securing the Company's compliance with the Company's "relevant obligations" within the meaning of Section 225 of the Companies Act 2014 (described below as "Relevant Obligations").

The Directors confirm that they have:

a) drawn up a compliance policy statement setting out the Company's policies (that are, in the opinion of the Directors, appropriate to the Company) in respect of the Company's compliance with its Relevant Obligations;

b) put in place appropriate arrangements or structures that, in the opinion of the Directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and

c) during the financial year to which this report relates, conducted a review of the arrangements or structures that the Directors have put in place to ensure material compliance with the Company's Relevant Obligations.

Dividends

In October 2018, the Company announced a dividend policy as part of its strategy to create and deliver shareholder value. The dividend policy is to return a minimum of 20% of annual profit after tax to shareholders, subject to prevailing product market conditions. An interim dividend of USc2.66 (2018: nil) per share was paid in October 2019. The Board is recommending a final dividend of USc5.52 per share. This would give a total dividend in respect of 2019 of USc8.18 per share (2018: nil). Basic earnings per share in 2019 were US$0.41 (2018: US$0.46). It is proposed to pay the final dividend on 19 May 2020 to shareholders registered at the close of business on 17 April 2020.

Events since the financial year end

Details of events since the financial year end are set out in Note 34 to the consolidated financial statements.

The global impact of the COVID-19 virus is a non-adjusting event after the financial year end. To date, the Group has experienced no adverse material impact on its operations as a result of the COVID-19 virus. Further information has been provided in the Strategic Report.

Notice of Annual General Meeting and special business

Notice of the Annual General Meeting, together with details of special business to be considered at the meeting, is set out in a separate circular to be sent to shareholders and will also be available on the Group's website, **www.kenmareresources.com**.

Other disclosures

Risk exposure

The exposure of the Group to price and credit risk is detailed in the notes to the consolidated financial statements, Trade and other receivables (Note 16), Cash and cash equivalents (Note 17), and Bank loans (Note 22). The exposure of the Group to liquidity risk and cash flow risk is detailed in the Capital and liquidity management (Note 28) note.

Branches

The Company established and maintains a branch in the United Kingdom. This branch was registered with the UK Companies House with registration number FC031738.

Subsidiary undertakings

The subsidiary undertakings of the Company at 31 December 2019 are outlined in Note 4 to the Company financial statements. Each of the subsidiary undertakings KMML, KMPL and Mozambique Minerals Limited operates branches in Mozambique.

UK Listing Rule 9.8.4

No information is required to be disclosed in respect of Listing Rules 9.8.4 (1), (2), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13) and (14).

Political donations

There were no political donations that require disclosure under the Electoral Act 1997 (as amended).

Secondary listing

Kenmare Resources plc has a secondary listing on Euronext Dublin. For this reason, the Company is not subject to the same ongoing listing requirements as those which would apply to an Irish company with a primary listing on Euronext Dublin, including the requirement that certain transactions require the approval of shareholders. For further information, shareholders should consult their own financial adviser.

Kenmare Resources plc has a premium listing on the Main Market of the London Stock Exchange. The Company is subject to the Listing Rules of the UK Listing Authority and the Listing Rules of Euronext Dublin.

On behalf of the Board:

M. CARVILL
Director
27 March 2020

T. MCCLUSKEY
Director
27 March 2020

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The Directors have elected to prepare the Parent Company financial statements in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014.

Under company law the Directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group's profit or loss for that year. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement as required by the transparency directive and UK corporate governance code:

Each of the Directors, whose names and functions are listed on pages 72 and 73 of this annual report, confirm that, to the best of each person's knowledge and belief:

- The Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014, give a true and fair view of the assets, liabilities, and financial position of the Group and Parent Company at 31 December 2019 and of the profit of the Group for the year then ended;
- The Directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risk and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Parent Company's position and performance, business model and strategy.

On behalf of the Board:

M. CARVILL
Director
27 March 2020

T. MCCLUSKEY
Director
27 March 2020

Independent auditor's report

To the members of Kenmare Resources plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kenmare Resources plc ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 December 2019 as set out on pages 112 to 159, which comprise the Consolidated and Company Statements of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and related notes, including the summary of significant accounting policies set out in Note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.
In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the shareholders on 14 May 2019. The period of total uninterrupted engagement is the year ended 31 December 2019. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as set out below:

Group key audit matters

Impairment of property plant and equipment – account balance $852.0 million (2018 – $806.0 million)	
Refer to page 130 (accounting policy) and pages 139 and 140 (financial disclosures)	
The key audit matter	The Directors have developed an impairment assessment model which they use to determine if the net present value of future cash flows will be sufficient to recover the Group's carrying value of Property, Plant & Equipment ('PP&E') principally the Group's mine in Mozambique. Key assumptions used in the model include the useful life of the mine, future sales prices, costs of production and sustaining capital expenditure and the discount rate, including the country risk premium. There is a risk that incorrect inputs or inappropriate assumptions could be included in the impairment model leading to an impairment charge not being correctly identified and recognised in the Group financial statements.
How the matter was addressed in our audit	Our audit procedures in this area included: • We evaluated the process used by management to calculate the recoverable amount of PP&E, in particular understanding the assumptions made, including any changes in the model from prior periods. • We assessed the key assumptions used by management for reasonableness including the useful life of the mine, future sales prices, costs of production, sustaining capital expenditure and the discount rate applied (including applicable country risk premium). • We employed an internal KPMG valuation specialist in assessing the reasonableness of the Group's key assumptions underpinning the impairment model. We focused in particular on the judgemental nature of the country risk premium used in determining discount rates. • We compared key inputs to external industry specific and general economic data sources. We performed sensitivity analysis by changing key assumptions, considered the results and the likelihood of such changes arising and their impact on the carrying value of the assets. • We considered any difference between the market capitalisation of the Group and its consolidated net asset position and its impact, if any, on the carrying value of PP&E. • We assessed the appropriateness of the disclosures set out in the financial statements with respect to their compliance with IAS 36. We found that management's judgements were appropriate and supported by reasonable assumptions. We found the disclosures to be adequate.

Revenue recognition – account balance $270.9 million (2018 – $262.2 million)	
Refer to page 128 (accounting policy) and pages 134 and 135 (financial disclosures)	
The key audit matter	The Group sells products under a variety of contractual terms. Revenue is recognised when the control is transferred to customers which is generally when mineral products have been delivered in line with the terms of the individual customer contracts. There is a risk that revenue has not been reported in the consolidated financial statements in line with IFRS 15 and related contractual terms. This area has been identified as a potential key audit matter because an element of judgement is required in determining the timing of revenue recognition.
How the matter was addressed in our audit	Our audit procedures in this area included: • We considered the Group's process for recording revenue in the context of the five step model set out in IFRS 15. • We tested the design, implementation and operating effectiveness of controls over the revenue recognition process. • We assessed whether sales transactions on both sides of the year end date as well as credit notes issued after year end were recognised in the correct period. • We examined significant new contractual arrangements entered into and inquired whether terms have changed with any significant customer, where there could be an impact on the timing of revenue recognition. • We considered the adequacy of the Group's disclosures in respect of revenue. We found the process for recognising revenue was appropriate. We found the disclosures in respect of revenue to be appropriate.

Company key audit matter

Investment in subsidiaries – account balance $798.2 million (2018 - $268.5 million)	
Refer to page 155 (accounting policy) and page 157 (financial disclosures)	
The key audit matter	The investment in subsidiary undertakings is carried by the Company at cost less impairment. There is a risk in respect of the carrying value of these investments if future cash flows and performance of these subsidiaries is not sufficient to support the Company's investment. This area has been identified as a key audit matter because due to the significance of the balance to the Company and the inherent uncertainty involved in forecasting and discounting future cash flows.
How the matter was addressed in our audit	Our audit procedures in this area included: • We obtained and documented the process surrounding for impairment considerations and tested the design and implementation of the relevant controls therein. • We considered of management's assessment of impairment indicators. • We compared the carrying value of investments to the net assets of the subsidiary financial statements. • We considered the audit work performed in respect of the subsidiaries, including the valuation of Property, Plant & Equipment. We found management's assessment of the carrying value of the investment in subsidiary undertakings to be appropriate.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at $8,700,000, determined with reference to a benchmark of net assets (of which it represents 1.0%). Materiality for the Company financial statements as a whole was set at $5,800,000, determined with reference to a benchmark of net assets of which it represents 1%. We concluded that net assets was the appropriate benchmark as it best reflects the operations of the Group and Company.

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding $0.5m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group's principal activity, its mining operation in Mozambique, is carried out through two components. These components were subject to full scope audits for Group audit purposes, using materiality levels ranging from $4.8 million to $6.4 million. The Group team instructed our component auditor in Mozambique as to the significant areas to be addressed, including the relevant risks detailed above, and the information to be reported.

Taken together, the Company and the mine components accounted for 100% of Group revenue and 98% of Group net assets.

We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules of Euronext Dublin and the UK Listing Authority set out on page 113 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

Other information

The Directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' report and the non-financial statement included on the company's website at **www.kenmareresources.com** and the Strategic Report and Corporate Governance sections of the Annual Report, as well as the Directors' report, Directors' responsibility statement, Shareholder profile, Glossary- alternative performance measures, Glossary- terms and General information.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information we report that, in those parts of the Directors' report specified for our consideration:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the Directors' confirmation in the Directors' report on page 113 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the Directors' explanation in the Viability Statement in the Directors' report of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- Fair, balanced and understandable: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Report of the Audit Committee: if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; and
- Statement of compliance with UK Corporate Governance Code: if the Directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules of Euronext Dublin and the UK Listing Authority for our review.

We have nothing to report in these respects.

In addition, as required by the Companies Act 2014, we report, in relation to information provided in the Corporate Governance report on pages 74 to 79, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006, and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Corporate Governance report contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance report.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2019 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (Amendment) Regulations 2018.

The Listing Rules of Euronext Dublin and the UK Listing Authority require us to review:

- the Directors' statement, set out on page 113, in relation to going concern and longer-term viability;
- the part of the Corporate Governance report on page 74 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 117, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as it may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at **https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf**

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

DAVID MEAGHER
for and on behalf of

KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
Saint Stephen's Green
Dublin 2

27 March 2020

Consolidated statement of financial position

As at 31 December 2019

	Notes	2019 US$'000	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	13	**852,035**	806,011
Deferred tax asset	14	**469**	–
		852,504	806,011
Current assets			
Inventories	15	**51,846**	53,872
Trade and other receivables	16	**41,177**	22,445
Cash and cash equivalents	17	**81,177**	97,030
		174,200	173,347
Total assets		**1,026,704**	979,358
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	18	**215,046**	215,046
Share premium	19	**545,729**	730,897
Other reserves	20	**37,202**	35,671
Retained earnings	21	**93,851**	(133,179)
Total equity		**891,828**	848,435
Liabilities			
Non-current liabilities			
Bank loans	22	**60,736**	61,905
Lease liabilities	23	**3,091**	–
Provisions	24	**28,351**	22,359
		92,178	84,264
Current liabilities			
Bank loans	22	**167**	21,558
Lease liabilities	23	**1,363**	–
Other financial liabilities	25	**–**	1
Trade and other payables	26	**36,044**	22,592
Tax liabilities		**4,381**	1,071
Provisions	24	**743**	1,437
		42,698	46,659
Total liabilities		**134,876**	130,923
Total equity and liabilities		**1,026,704**	979,358

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. CARVILL
Director
27 March 2020

T. MCCLUSKEY
Director
27 March 2020

Consolidated statement of comprehensive income

For the financial year ended 31 December 2019

	Notes	**2019 US$'000**	2018 US$'000
Revenue	2	**270,944**	262,199
Cost of sales	4	**(178,432)**	(168,251)
Gross profit		**92,512**	93,948
Other operating costs	5	**(33,289)**	(31,012)
Operating profit		**59,223**	62,936
Finance income	8	**1,536**	871
Finance costs	9	**(8,920)**	(7,751)
Foreign exchange (loss)/gain		**(1,884)**	48
Profit before tax		**49,955**	56,104
Income tax expense	10	**(5,152)**	(5,230)
Profit for the financial year and total comprehensive income for the financial year		**44,803**	50,874
Attributable to equity holders		**44,803**	50,874

		US$ per share	US$ per share
Profit per share: Basic	11	**0.41**	0.46
Profit per share: Diluted	11	**0.40**	0.46

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

For the financial year ended 31 December 2019

	Called-Up Share Capital US$'000	Share Premium US$'000	Retained Earnings US$'000	Undenominated Capital US$'000	Share-Based Payment Reserve US$'000	Total US$'000
Balance at 1 January 2018	215,046	730,897	(184,053)	11,336	22,915	796,141
Profit for the financial year	–	–	50,874	–	–	50,874
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,420	1,420
Balance at 1 January 2019	215,046	730,897	(133,179)	11,336	24,335	848,435
Capital reduction (Note 19)	–	(185,253)	185,253	–	–	–
Profit for the financial year	–	–	44,803	–	–	44,803
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,787	1,787
Shares issued	–	85	–	–	(256)	(171)
Dividends	–	–	(3,026)	–	–	(3,026)
Balance at 31 December	215,046	545,729	93,851	11,336	25,866	891,828

Retained earnings

Retained earnings comprise the expenses on the issue of equity in July 2016 and accumulated profit and losses in the current and prior financial years.

Undenominated capital

Capital Conversion Reserve Fund

The Capital Conversion Reserve Fund totalling US$0.8 million arose from the renominalisation of the Company's share capital from Irish Punts to Euros.

Capital Redemption Reserve Fund

The Capital Redemption Reserve Fund totalling US$10.6 million arose from the issue and subsequent redemption of deferred shares. The deferred shares of €0.25 were created in 1991 by subdividing each existing ordinary share of IR25 pence into one deferred share of IR20 pence and one new ordinary share of IR5 pence. The deferred shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased or could execute a transfer of such shares without making any payment to the holders.

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 deferred shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such deferred shares.

Share-based payment reserve

The share-based payment reserve arises on the grant of share options and shares to certain Directors, employees and consultants under the share -based payment schemes.

Consolidated statement of cash flows

For the financial year ended 31 December 2019

	Notes	2019 US$'000	2018 US$'000
Operating activities			
Profit for the financial year after tax		**44,803**	50,874
Adjustment for:			
Foreign exchange movement		**1,884**	(48)
Share-based payments		**1,616**	1,420
Finance income	8	**(1,536)**	(871)
Finance costs	9	**8,920**	7,751
Income tax expense		**5,152**	5,230
Depreciation	13	**33,381**	30,442
Decrease in other financial liabilities	25	**(1)**	(7)
(Decrease)/increase in provisions	24	**(654)**	210
Decrease/(increase) in inventories	15	**2,027**	(1,166)
(Increase)/decrease in trade and other receivables	16	**(20,228)**	1,558
Increase/(decrease) in trade and other payables	26	**7,873**	(3,080)
Income tax paid		**(2,310)**	–
Interest received	8	**1,536**	871
Interest paid		**(6,094)**	(6,227)
Net cash from operating activities		**76,369**	86,957
Investing activities			
Additions to property, plant and equipment	13	**(64,750)**	(39,761)
Net cash used in investing activities		**(64,750)**	(39,761)
Financing activities			
Dividends paid		**(3,026)**	–
Repayment of debt	22	**(84,168)**	(19,048)
Drawdown of debt	22	**67,258**	–
Debt transaction fees paid	22	**(6,522)**	–
Payment of lease liabilities	23	**(967)**	–
Net cash used in financing activities		**(27,425)**	(19,048)
Net (decrease)/increase in cash and cash equivalents		**(15,806)**	28,148
Cash and cash equivalents at the beginning of the financial year		**97,030**	68,774
Effect of exchange rate changes on cash and cash equivalents		**(47)**	108
Cash and cash equivalents at the end of the financial year	17	**81,177**	97,030

Notes to the consolidated financial statements

For the financial year ended 31 December 2019

FINANCIAL STATEMENTS

1. Statement of accounting policies

Kenmare Resources plc (the "Company") is domiciled in the Republic of Ireland. The Company's registered address is Styne House, Hatch Street Upper, Dublin 2. These consolidated financial statements comprise the Company and its subsidiary undertakings (the "Group").

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

Adoption of new and revised standards

Standards adopted in the current financial year

The following new and revised standards and interpretations, all of which are effective for accounting periods beginning on or after 1 January 2019, have been adopted in the current financial year.

- Amendments to IAS 28 Sale of Long Term Interest in Associates and Joint Ventures.
- IFRS 16 Leases.
- IFRIC 23 Uncertainty over Income Tax Treatments.
- Annual Improvements to IFRS Standards 2015-2017 Cycle.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.
- Amendments to IFRS 9 Prepayment Features with Negative Compensation.

Changes in accounting policies

The most significant change in accounting policy arises from the adoption of IFRS 16 Leases, and this is described in detail below.

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments which is effective for accounting periods beginning on or after 1 January 2019. The interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The adoption of this interpretation has not had a material impact on the financial statements of the Group.

The other new standards effective from 1 January 2019, as listed above, do not have a material effect on the Group's financial statements.

IFRS 16 Leases

IFRS 16 Leases introduced a single, accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments on the statement of financial position.

The Group has applied IFRS 16 using the modified retrospective approach, under which the liability is recognised as the present value of the outstanding rentals at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated, i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was, or contained, a lease under IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. The Group now assesses whether a contract is, or contains, a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

As a lessee - transition

The Group leases its head office at Styne House, Dublin, its Mozambique country office in Maputo and electricity generators at the Mine. As a lessee, the Group previously classified each of their leases as operating leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for these leases – i.e. these leases are on-balance sheet.

On transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at amounts equal to the lease liability.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using an appropriate discount rate based on the Group's incremental borrowing rate at 1 January 2019. The weighted average rate applied was 7%. This rate has been determined by taking into account the Group borrowing rate, term of the lease, currency, security and other factors. The Group presents right-of-use assets in "property, plant and equipment", which is the same line item as it presents underlying assets of the same nature that it owns. The carrying amount of right-of-use assets as at 31 December 2019 is US$4.3 million.

1. Statement of accounting policies continued

Impacts on transition and for the period

Impact on transition	1 January 2019 US$'000
Right-of-use asset presented in property, plant and equipment	**5,043**
Lease liabilities	**5,043**

The Maputo office lease was entered into in February 2019 and the Group recognised an additional right-of-use asset presented in property, plant and equipment and a lease liability of US$0.4 million. Also, in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of an operating lease expense. During the year ended 31 December 2019, the Group recognised US$1.1 million of depreciation charges and US$0.4 million of interest costs in respect of leases. During the year the Group paid lease principal of US$1.0 million and lease interest of US$0.4 million.

Reconciliation of operating lease commitments to lease liability	1 January 2019 US$'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	**6,257**
The effect of discounting using the incremental borrowing rate at 1 January 2019	**(1,214)**
Lease liabilities recognised at 1 January 2019	**5,043**

Standards to be adopted in future accounting periods

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective. The Group will apply the relevant standards from their effective dates. The standards are mandatory for future accounting periods but are not yet effective and have not been early-adopted by the Group.

- IFRS 17 Insurance Contracts (effective for accounting periods on or after 1 January 2021 not yet endorsed).
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for accounting periods on or after 1 January 2020).
- Amendment to IFRS 3 Business Combinations (effective for accounting periods on or after 1 January 2020).
- Amendments to IAS 1 and IAS 8 Definition of Material (effective for accounting periods on or after 1 January 2020).
- Amendments to IFRS 9, IAS 39 and IFRS: Interest Rate Benchmark Reform (effective for accounting periods on or after 1 January 2020).

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and therefore the Group financial statements comply with Article 4 of the IAS Regulation. The financial statements have also been prepared in accordance with the Companies Act 2014.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have or will have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of accounting

The financial statements are presented in US Dollars under the historical cost convention except for certain trade receivables, share-based payments and warrants which are recorded at fair value.

1. Statement of accounting policies continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each financial year. Control is achieved where the Company: has the power over the investee; is exposed, or has the right, to variable return from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

The results of subsidiaries acquired or disposed of during the financial year are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, less liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, or when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Determination of ore reserve estimates

The Group estimates its ore reserves and mineral resources based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the "JORC Code"). Ore reserves and mineral resources determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine and for forecasting the timing of the payment of close-down costs, restoration costs and clean-up costs. In assessing the life of a mine for accounting purposes, mineral resources are taken into account only where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating ore reserves and mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of final products, production costs or recovery rates may change the economic status of ore reserves and mineral resources and may ultimately result in the reserves being restated.

Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for mineral products provided in the normal course of business, net of discounts and related sales taxes. Sales of mineral products are recognised when mineral products have been delivered. The risk of loss or damage to the mineral products passes from the Group to the customers on delivery. Typically, delivery takes place when the product is loaded on the ocean-going vessel chartered by either the customer or the Group, with most sales being made on either a "free on board" (FOB), "cost, insurance and freight" (CIF) or a "cost and freight" (CFR) basis. For FOB sales the customer is responsible for the cost of shipping and handling. For CIF and CFR sales amounts billed to customers in respect of shipping and handling are classed as sales revenue where the Group is responsible for shipping and handling. All shipping and handling costs incurred by the Group are recognised as operating costs. If the Group is acting solely as an agent for a customer in respect of shipping and handling, amounts billed to customers for shipping and handling are offset against the relevant costs.

The Group has a mixture of long-term contracts and spot contracts with customers for the sale of mineral products ilmenite, zircon, concentrates and rutile. The contracts stipulate price and/or quantity commitments. The long-term contracts range for periods from one to three years. The spot contracts are in respect of one-off sales. The performance obligations in relation to the sale of mineral products are similar under all the contracts and stipulate that the Group deliver the specified product to the customer. Delivery takes place when the product is loaded on the ocean-going vessel chartered by either the customer or the Group at the off-shore loading point of the mine. Control of the mineral products passes from the Group to the customer on delivery. Sale of mineral products are recognised when the products are delivered.

Finance income

Finance income represents deposit interest earned and the decrease in the fair value of warrants as noted under the heading "Financial liabilities and equity". Deposit interest is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (being the present value of the lease liabilities), and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the Group's incremental borrowing rate. The Group has applied judgement to determine the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

1. Statement of accounting policies continued

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Leases accounting policy from 2018

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

Finance leases

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

Operating leases

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

Retirement benefit costs

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

Foreign currency

The individual financial statements of each Group entity are prepared in its functional currency, which in each case is US Dollars. The presentation currency for the consolidated financial statements is also US Dollars.

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Statement of Comprehensive Income for the financial year.

Borrowing costs

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax payable is based on the best estimate of the tax amount expected to be paid and reflects uncertainty related to income taxes, if any. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against deductible temporary differences which can be utilised.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiary undertakings, if the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is released and reflects uncertainty related to income taxes, if any. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

1. Statement of accounting policies continued

Operating profit/loss

Operating profit or loss is stated after charging all costs arising from continuing operations, other than those permitted to be capitalised, but before finance income, finance costs, foreign exchange gain or loss and taxation.

Property, plant and equipment

The cost of property, plant and equipment comprises any costs directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the estimated closure costs associated with the asset.

Construction in progress expenditures for the construction and commissioning of property, plant and equipment are deferred until the facilities are operational, at which point the costs are transferred to property, plant and equipment and depreciated at the applicable rates.

Property, plant and equipment are depreciated over their useful life on a straight-line basis, or over the remaining life of the Mine if shorter, or on a units of production basis. The major categories of property, plant and equipment are depreciated as follows:

Plant and equipment	Units of production basis
Right-of-use asset	Lease term

Other assets

Buildings and airstrip	Twenty years
Mobile equipment	Three to five years
Fixtures and equipment	Three to ten years

Units of production depreciation is calculated using the quantity of heavy mineral concentrate extracted from the Mine for processing in the period as a percentage of the total quantity of heavy mineral concentrate planned to be extracted in current and future periods based on the mining reserve. The mining reserve is updated on an annual basis for results of drilling programmes carried out, mining activity during the year, and other relevant considerations. The unit of production depreciation rate is adjusted as a result of this update and applied prospectively.

Capital spares consist of critical plant spares with estimated useful lives greater than one year and are included in property, plant and equipment. Capital spares are stated at cost less accumulated depreciation.

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

Development expenditure

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

Development expenditure is depreciated on a unit of production basis over its useful life, or the remaining life of the Mine, if shorter.

Exploration and evaluation expenditure

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

Impairment of non-current assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised as income immediately.

1. Statement of accounting policies continued

Inventories

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

Consumable spares are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises the purchase price and related costs incurred in bringing the inventories to their present location and condition.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The financial assets of the Group consist of cash and cash equivalents and trade receivables.

Classification of financial assets

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are initially measured at fair value and are subsequently measured at amortised cost. They are held by the Group to collect deposit interest and to meet the liquidity requirements of the Group.

The Group has trade finance facilities with Absa Bank and Barclays Bank and may elect to receive early payment in respect of invoices issued to certain customers by factoring the receivable in the case of the facility with Absa Bank, or by confirming and discounting a letter of credit issued by the customer's bank in the case of the facility with Barclays Bank. These facilities assist the Group in managing its liquidity for funding of operations. Trade receivables which are not factored are initially measured at fair value and subsequently measured at amortised cost as they are held by the Group in order to collect receipts under the credit terms of the sales contracts i.e. solely payment of principal and interest (SPPI). Trade receivables which are factored or letters of credit which are always confirmed and discounted are initially measured at fair value and subsequently measured at fair value through profit or loss ("FVTPL"). For trade receivables or letters or credit where it is not known at initial recognition if they will be factored or confirmed and discounted as the case may be are classified as fair value through other comprehensive income ("FVOCI"). This is because their cash flows are generated through a combination of collection and sales (by factoring or confirming and discounting letters of credit).

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest income is recognised in profit or loss and is included in the "finance income" line item.

Equity instruments

The Group does not hold any equity financial assets.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the "foreign exchange gains and losses" line. All trade receivables are denominated in US Dollars and so there are no foreign exchange gains or losses to be determined at the end of the reporting periods.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable. The expected credit losses are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast conditions at the reporting date. Sales to certain customers are undertaken on a letter of credit basis thereby reducing the credit risk of these customers.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings.

1. Statement of accounting policies continued

Financial liabilities and equity

The financial liabilities of the Group consist of bank borrowings, leases, trade payables and the warrants. The equity of the Group consists of share capital issued by the Company.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The only equity instrument of the Company are ordinary and deferred shares.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The financial liabilities of the Group consist of bank borrowings, leases, and trade payables which are measured at fair value and subsequently at amortised cost using the effective interest method.

The Company has issued warrants, which are not listed or admitted to trading and which have limited transferability rights. They have an exercise price, denominated in a currency not being the Group's functional currency, of Stg£22.00, and an exercise period of seven years commencing 16 November 2014. The warrants are measured at FVTPL. The warrants are remeasured at each reporting date and the increase or decrease in the fair value is recognised in the profit and loss in the finance cost line or finance income line.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss in the "foreign exchange gains and losses" line for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with an existing lender one debt instrument for another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments

The Group has not entered into any derivative financial instruments during the financial year.

1. Statement of accounting policies continued

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Mine closure provision

The Mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site, but excluding reclamation of areas disturbed by mining activities, which is covered under the Mine rehabilitation provision. A corresponding amount equal to the provision is recognised as part of property, plant and equipment and depreciated over its estimated useful life. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The Mine closure provision is determined as the net present value of such estimated costs discounted at a risk-free rate. The Group uses rates as provided by the US Treasury extrapolated to the duration of the Mine life. This is deemed the best estimate to reflect the current market assessment of the time value of money on a risk-free basis. Risks specific to the liability are included in the cost estimate. Changes in the expected costs or estimated timing or costs recorded by an adjustment to the provision and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the Mine closure provision is recognised as a finance cost and capitalised as appropriate.

Mine rehabilitation provision

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

Share-based payments

The Group makes share-based payment awards to certain employees and consultants.

Share options

The last award under the share option scheme was in 2014. Share options are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a Black-Scholes pricing model.

Kenmare Incentive Plan (KIP)

Awards under the KIP have a cash element and a share element. Both the cash element and the share element are based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element will be paid shortly after the end of the relevant year. The share element will vest, subject to certain vesting conditions, after a further three years with part of the shares subject to a further two-year holding period. The value of the shares is measured as fair value at the date of grant, based on the Group's estimate of the shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions. The fair value at the grant date is expensed on a straight-line basis over the vesting period. Fair value is measured using a Monte Carlo pricing model.

Kenmare Restricted Share Plan (KRSP)

Awards under the KRSP vest, subject to continued employment, either on the third anniversary of award, or, in the case of Executive Directors and certain employees, on each of the third, fourth and fifth anniversaries of award. The share price used to determine the award levels will normally be the share price shortly before the date of grant.

Where a share-based payment is directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, its fair value is added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Segmental reporting

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. The principal categories for disaggregating revenue are by product type and by country of the customer's location. The product types are ilmenite, zircon, rutile and concentrates. Concentrates includes secondary zircon and mineral sands concentrates.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

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

Leases

The lease liability is initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate. The Group has applied judgement to determine the discount rate.

1. Statement of accounting policies continued

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Property, plant and equipment

The recovery of property, plant and equipment is dependent upon the successful operation of the Mine. The realisation of cash flow forecast assumptions would result in the recovery of such amounts. During the financial year the Group carried out an impairment review of property, plant and equipment. In performing the impairment review a significant level of judgement is required in determining the key assumptions which have a significant impact on the impairment model. The assumptions are set out in Note 13. As a result of the review no impairment provision is required in the financial year.

Key sources of estimation uncertainty

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

Provisions

The Mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site, but excluding reclamation of areas disturbed by mining activities, which is covered under the Mine rehabilitation provision. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The Mine closure provision is estimated based on the net present value at the risk-free rate of estimated future Mine closure costs. Mine closure costs are a normal consequence of mining, and the majority of such costs are incurred at the end of the life of mine.

The Mine rehabilitation provision represents the Directors' best estimate of the Group's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised in each period based on the area disturbed in the period and an estimated cost of rehabilitation per hectare which is reviewed regularly against actual rehabilitation cost per hectare. Actual rehabilitation expenditure is incurred approximately twelve months after the area has been disturbed.

Units of production depreciation and amortisation

Units of production depreciation is calculated using the quantity of heavy mineral concentrates extracted from the Mine for processing in the period as a percentage of the total quantity of heavy mineral concentrates planned to be extracted in current and future periods based on the mining reserve.

The Group estimates its ore reserves and mineral resources based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (the "JORC Code"). There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of final products, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being restated.

2. Revenue

	2019 US$'000	2018 US$'000
Sale of mineral products	**270,944**	262,199

During the financial year, the Group sold 1,029,300 tonnes (2018: 1,074,400 tonnes) of finished products ilmenite, rutile, zircon and concentrates to customers at a sales value of US$270.9 million (2018: US$262.2 million). The principal categories for disaggregating revenue are by product type and by country of the customer's location. The product types are ilmenite, zircon, rutile and concentrates. Concentrates includes secondary zircon and mineral sands concentrates.

Revenue from major products

	2019 US$'000	2018 US$'000
Ilmenite	**182,980**	181,776
Zircon	**60,545**	59,772
Concentrates	**19,372**	15,613
Rutile	**8,047**	5,038
Total	**270,944**	262,199

Geographical information

	2019 US$'000	2018 US$'000
Revenue from external customers		
China	**127,333**	103,196
USA	**27,500**	27,760
Italy	**31,177**	22,871
Rest of the world	**84,934**	108,372
Total	**270,944**	262,199

2. Revenue continued

The Group's revenue from external customers is generated by the Moma Titanium Minerals Mine, the non-current assets of which are US$847.5 million (2018: US$802.2 million).

Information about major customers

	2019 US$'000	2018 US$'000
Revenue from external customers		
Largest customer	**36,522**	37,625
Second largest customer	**29,564**	29,814
Third largest customer	**29,316**	28,474
Fourth largest customer	**29,235**	25,079
Total	**124,637**	120,992

All revenues are generated by the Moma Titanium Minerals Mine.

3. Segment reporting

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segment is reported below.

Segment revenues and results

	2019 US$'000	2018 US$'000
Moma Titanium Minerals Mine		
Revenue	**270,944**	262,199
Cost of sales	**(178,432)**	(168,251)
Gross profit	**92,512**	93,948
Other operating costs	**(28,260)**	(26,960)
Segment operating profit	**64,252**	66,988
Other corporate operating costs	**(5,029)**	(4,052)
Group operating profit	**59,223**	62,936
Finance income	**1,536**	871
Finance expenses	**(8,920)**	(7,751)
Foreign exchange (loss)/gain	**(1,884)**	48
Profit before tax	**49,955**	56,104
Income tax expense	**(5,152)**	(5,230)
Profit for the financial year	**44,803**	50,874
Segment assets		
Moma Titanium Minerals Mine assets	**976,077**	922,652
Corporate assets	**50,627**	56,706
Total assets	**1,026,704**	979,358
Segment liabilities		
Moma Titanium Minerals Mine liabilities	**129,808**	125,656
Corporate liabilities	**5,068**	5,267
Total liabilities	**134,876**	130,923
Other segment information		
Depreciation and amortisation		
Moma Titanium Minerals Mine	**33,045**	30,307
Corporate	**336**	135
Total	**33,381**	30,442
Additions to non-current assets		
Moma Titanium Minerals Mine	**72,191**	39,606
Corporate	**1,722**	445
Total	**73,913**	40,051

Corporate assets consist of the Company's and other subsidiary undertakings property, plant and equipment including right-of-use assets, cash and cash equivalents and prepayments at the reporting date. Corporate liabilities consist of trade and other payables at the reporting date.

The additions to non-currents assets included US$5.4 million (2018: US$ nil) relating to right of use assets as detailed in Note 13.

Notes to the consolidated financial statements

For the financial year ended 31 December 2019

4. Cost of sales

	2019 US$'000	2018 US$'000
Opening stock of mineral products	**31,037**	30,882
Production costs	**145,058**	141,997
Depreciation	**28,830**	26,409
Closing stock of mineral products	**(26,493)**	(31,037)
Total	**178,432**	168,251

Mineral products consist of finished products and heavy mineral concentrate as detailed in Note 15. Mineral stock drawdown in the year was US$4.5 million (2018: US$0.1 million increase).

5. Other operating costs

	2019 US$'000	2018 US$'000
Distribution costs	**9,398**	9,458
Freight and demurrage costs	**17,603**	16,873
Administration costs	**6,288**	4,681
Total	**33,289**	31,012

Distribution costs of US$9.4 million (2018: US$9.5 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of US$4.1 million (2018: US$3.9 million). Freight costs of US$15.3 million (2018: US$16.3 million) arise from sales to customers on a CIF or CFR basis. Demurrage costs were US$2.3 million (2018: US$0.6 million) during the financial year. Administration costs of US$6.3 million (2018: US$4.7 million) are the Group administration costs and include depreciation of US$0.3 million (2018: US$0.1 million) and a share-based payment expense of US$1.8 million (2018: US$1.4 million).

6. Profit for the financial year

The profit for the financial year has been arrived at after charging/(crediting) items detailed below.

	2019 US$'000	2018 US$'000
Staff costs	**41,994**	43,381
Repairs and maintenance	**37,150**	32,296
Power and fuel	**29,318**	29,315
Other operating costs	**65,334**	63,984
Decrease/(increase) in value of mineral products inventory	**4,544**	(155)
Depreciation and amortisation of property, plant and equipment	**33,381**	30,442
Finance income	**(1,536)**	(871)
Finance costs	**8,920**	7,751
Foreign exchange loss/(gain)	**1,884**	(48)
Total	**220,989**	206,095

7. Auditors' remuneration

The analysis of the auditors' remuneration is as follows:

	2019 US$'000	2018 US$'000
Audit fees		
Audit of the Company's financial statements	**15**	15
Audit of the Company's subsidiary undertakings	**140**	56
Total audit fee	**155**	71
Non-audit fees		
Audit related assurance services	**61**	16
Taxation compliance services	**10**	6
Other non-audit services	**10**	3
Total non-audit fees	**81**	25
Total fees	**236**	96

The Company's auditor in 2018 was Deloitte Ireland LLP. The total fee payable to them in 2018 was US$96,000. The Project Companies' auditor in 2018 was KPMG Maputo. The total fee paid to them in 2018 was US$150,000. KPMG Dublin was appointed auditor to the Group in 2019. The total fee paid to KPMG in 2019 was US$236,000.

8. Finance income

	2019 US$'000	2018 US$'000
Interest on bank deposits	**1,536**	864
Change in fair value of warrants	**–**	7
Total	**1,536**	871

9. Finance costs

	2019 US$'000	2018 US$'000
Interest on bank borrowings	**5,031**	5,871
Fees on debt redemption	**1,555**	–
Interest on lease liabilities	**378**	–
Factoring fees	**1,496**	1,409
Unwinding of discount on mine closure provision	**460**	471
Total	**8,920**	7,751

All interest has been expensed in the financial year.

10. Income tax expense

	2019 US$'000	2018 US$'000
Corporation tax	**5,621**	1,070
Deferred tax	**(469)**	4,160
Total	**5,152**	5,230
Reconciliation of effective tax rate		
Profit before tax	**49,955**	56,104
Profit before tax multiplied by the applicable tax rate (12.5%)	**6,244**	7,013
Differences in effective tax rates on overseas earnings	**(623)**	(1,783)
Recognition of deferred tax asset	**(469)**	–
Total	**5,152**	5,230

During the year the KMML Mozambique Branch had taxable profits of US$15.9 million (2018: US$14.6 million) resulting in an income tax expense of US$5.6 million (2018: US$5.2 million) being recognised. The income tax rate applicable to taxable profits of KMML Mozambique Branch is 35% (2018: 35%).

KMML Mozambique Branch has elected, and the fiscal regime applicable to mining allows for, the option to deduct, as an allowable deduction, depreciation of exploration and development expense and capital expenditure over the life of mine. Tax losses may be carried forward for three years.

During the year the Kenmare Resources plc had taxable profits of US$20.2 million (2018: US$ nil) which were offset against tax losses. At the reporting date, the Company has unused tax losses of US$3.8 million (2018: US$24.0 million) resulting in the recognition of a deferred tax asset of US$0.5 million (2018: US$ nil) at 31 December 2019.

Notes to the consolidated financial statements

For the financial year ended 31 December 2019

11. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2019 US$'000	2018 US$'000
Profit for the financial year attributable to equity holders of the Company	**44,803**	50,874

	2019 Number of shares	2018 Number of shares
Average number of issued ordinary shares	**109,601,551**	109,601,551
Weighted number of shares issued during the financial year	**18,541**	–
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	**109,620,092**	109,601,551
Effect of dilutive potential ordinary shares:		
Share awards	**1,554,807**	1,028,523
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**111,174,809**	110,630,074

	US$ per share	US$ per share
Earnings per share: basic	**0.41**	0.46
Earnings per share: diluted	**0.40**	0.46

12. Employee numbers and benefits

The average number of persons employed by the Group (including Executive Directors) in 2019 was 1,497 (2018: 1,420) and is analysed below:

	2019 Number	2018 Number
Management and administration	**241**	301
Operations	**1,256**	1,119
	1,497	1,420

The aggregate payroll costs incurred in respect of these employees comprised:

	2019 US$'000	2018 US$'000
Wages and salaries	**37,261**	39,277
Share-based payments	**1,799**	1,420
Social insurance costs	**2,237**	2,160
Retirement benefit costs	**697**	524
	41,994	43,381

All costs disclosed above were expensed in the Statement of Comprehensive Income in the current and prior financial years.

Included in wages and salaries are payroll taxes of US$8.6 million (2018: US$7.4 million) payable to the Government of Mozambique, US$2.5 million (2018: US$2.6 million) payable to Irish Revenue and US$0.2 million (2018: US$0.2 million) payable to Her Majesty's Revenue & Customs of the UK.

Included in the social insurance costs is US$1.5 million (2018: US$1.5 million) payable to the Government of Mozambique, US$0.6 million (2018: US$0.6 million) payable to Irish Revenue, and US$0.1 million (2018: US$0.1 million) payable to Her Majesty's Revenue & Customs of the UK.

Included in the payroll cost above are Executive and Non-Executive Director emoluments (inclusive of share-based payments) of US$3.3 million (2018: US$3.5 million).

13. Property, plant and equipment

Group

	Plant & Equipment US$'000	Development Expenditure US$'000	Construction In Progress US$'000	Other Assets US$'000	Total US$'000
Cost					
At 1 January 2018	780,171	250,326	30,245	54,621	1,115,363
Transfer to/(from) construction in progress	13,690	–	(28,034)	14,344	–
Additions during the financial year	179	–	39,427	445	40,051
Disposals	(941)	–	–	(5,959)	(6,900)
Adjustment to mine closure cost	2,772	–	–	–	2,772
At 31 December 2018	795,871	250,326	41,638	63,451	1,151,286
Adjustment on initial application of IFRS 16 Leases	3,321	–	–	1,722	5,043
At 1 January 2019	799,192	250,326	41,638	65,173	1,156,329
Transfer to/(from) construction in progress	12,158	–	(20,779)	8,621	–
Additions during the financial year	829	–	67,311	344	68,484
Additions of right-of-use asset under lease	–	–	–	386	386
Disposals	(92)	–	–	(5,167)	(5,259)
Adjustment to mine closure cost	5,492	–	–	–	5,492
At 31 December 2019	817,579	250,326	88,170	69,357	1,225,432
Accumulated Depreciation					
At 1 January 2018	165,899	121,023	–	34,811	321,733
Charge for the financial year	22,041	5,500	–	2,901	30,442
Disposals	(941)	–	–	(5,959)	(6,900)
At 1 January 2019	186,999	126,523	–	31,753	345,275
Charge for the financial year	22,429	4,103	–	6,849	33,381
Disposals	(92)	–	–	(5,167)	(5,259)
At 31 December 2019	209,336	130,626	–	33,435	373,397
Carrying Amount					
At 31 December 2019	608,243	119,700	88,170	35,922	852,035
At 31 December 2018	608,872	123,803	41,638	31,698	806,011

13. Property, plant and equipment continued

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment may be impaired. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators for impairment. As at 31 December 2019, the market capitalisation of the Group was below the book value of net assets which is considered an indicator of impairment of assets.

The Group carried out an impairment review of property, plant and equipment as at 31 December 2019. The cash-generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine. The basis on which the Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is from a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax, pre-finance cash flows discounted at 11.5%.

Key assumptions include the following:

- The discount rate is based on the Group's weighted average cost of capital. This rate is a best estimate of the current market assessment of the time value of money and the risks specific to the Mine, taking into consideration country risk, currency risk and price risk. The factors making up the cost of equity, cost of debt and capital structure have changed from the prior year review resulting in a discount rate of 11.5% (2018: 12%). The Group does not consider it appropriate to apply the full current country risk premium for Mozambique to the calculation of the Group's weighted average cost of capital as it believes the specific circumstances which have resulted in the risk premium increase over the past number of years are not appropriate to the specific circumstances of the Moma Mine. Hence, country risk premium applicable to the calculation of the cost of equity has been adjusted accordingly.

  Using a discount rate of 11.5%, the recoverable amount is greater than the carrying amount by US$139.0 million (2018: US$201.3 million). The discount rate is a significant factor in determining the recoverable amount. A 2.0% increase in the discount rate to 13.5% reduces the recoverable amount by US$139.0 million. The reduction in the recoverable amount from the prior year is a result of reduced life of mine cash flows due to the factors detailed below net of the reduction in the discount rate from 12% to 11.5%.
- A mine plan based on the Namalope, Nataka, Pilivili and Mualadi proved and probable reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine life assumption of 40 years has not changed from the prior year review.
- Average annual production is approximately 1.1 million tonnes (2018: 1.1 million tonnes) of ilmenite and co-products zircon, rutile and concentrates over the life of the mine. This mine plan does not include investment in additional mining capacity. Certain minimum stocks of final and intermediate products are assumed to be maintained at period ends. The average annual production of final products has increased slightly from the prior year due to an update of the production forecast.
- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not currently contracted, prices are forecast by the Group taking into account independent titanium mineral sands expertise provided by TiPMC Solutions and management expectations including general inflation of 2% per annum. Forecast prices provided by TiPMC Solutions have been reviewed and found to be consistent by the Group with other external sources of information. Average forecast product sales prices have decreased slightly over the life of mine from the prior year end review as a result of revised forecast pricing. A 5% reduction in average sales prices over the life of mine reduces the recoverable amount by US$139.0 million.
- Operating costs are based on approved budget costs for 2020 taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Average forecast operating costs have increased from the prior year end review as a result of increased operating costs in 2019, which formed the basis for the 2020 budget and life of mine forecast thereafter. A 9% increase in operating costs over the life of mine reduces the recoverable amount by US$139.0 million.
- Capital costs are based on a life of mine capital plan including inflation at 2% per annum from 2020. Average forecast capital costs have increased from the prior year end review based on updated sustaining and development capital plans required to maintain the existing plant over the life of mine. The forecast takes into account reasonable cost increases and therefore a sensitivity to this assumption which would give rise to a reduction in the recoverable amount has not been applied.

As a result of the review no impairment provision was recognised in the current financial year. No impairment was recognised in the prior financial year. Given the recent past volatility, sensitivities of the forecast to the discount rate, pricing and to a lesser extent operating costs, the impairment loss of US$64.8 million which was recognised in the Consolidated Statement of Comprehensive Income in 2014 is not reversed.

An adjustment to the mine closure cost of US$5.5 million (2018: US$2.8 million) was made during the year as a result of a change in the estimated closure cost to take into account the construction of WCP C and a reduction in the related discount rate.

14. Deferred tax asset

	2019 US$'000	2018 US$'000
Deferred tax asset	**469**	–

At the reporting date, Kenmare Resources plc had estimated unutilised tax losses of US$3.8 million (2018: US$ nil) available for offset against future profits. A deferred tax asset of US$0.5 million has been recognised in respect of these losses.

15. Inventories

	2019 US$'000	2018 US$'000
Mineral products	**26,493**	31,037
Consumable spares	**25,353**	22,835
	51,846	53,872

At 31 December 2019, total final product stocks were 159,000 tonnes (2018: 200,000 tonnes). Closing stock of heavy mineral concentrate was 7,000 tonnes (2018: 19,600 tonnes).

Net realisable value is determined with reference to forecast prices of finished products expected to be achieved. There is no guarantee that these prices will be achieved in the future, particularly in weak product markets. During the financial year there was a write-down of US$ nil (2018: US$0.3 million) to mineral products to value them at net realisable value.

16. Trade and other receivables

	2019 US$'000	2018 US$'000
Trade receivables	**32,245**	17,430
Other receivables	**682**	720
Prepayments	**8,250**	4,295
	41,177	22,445

Credit risk

The carrying amount of the trade and other receivables represents the maximum credit exposure. Before entering into sales contracts with new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly during the year. Of the trade receivables balance at the end of the financial year, US$16.9 million (2018: US$11.0 million) is due from the Group's three largest customers. The external credit scoring system used by the Group gives each of these customers the highest score in their financial strength credit index and their risk indictor represents a minimum risk of business failure. Trade receivables of US$21.6 million (2018: US$12.8 million) at the year end had Moody's credit ratings where available ranging from Ba3 to A1.

The Group has a trade finance facility with Absa Bank for three of the Group's largest customers. In accordance with this facility the bank purchases 80% of the receivable without recourse and so the bank takes on the credit risk. The facility is US$30 million with limits on the maximum amount that can be factored for each of the customers named in the facility. At the year-end, trade receivables amounting to US$5.1 million (2018: US$2.6 million) may be factored under this facility.

The Group has a trade facility with Barclays Bank for customers which it sells to under letter of credit terms. Under this facility, Barclays Bank confirms the letter of credit from the issuing bank and therefore takes the credit risk that the issuing bank will not pay. Barclays Bank also discounts these letters of credit thereby providing early payment of receivables to the Group. There is no limit under the Barclays Bank facility. At the year end, trade receivables amounting to US$10.8 million (2018: US$ nil) may be discounted under this facility.

All trade receivables are current (i.e. not overdue). There has been no impairment in trade receivables during the financial year. An expected credit loss of US$0.2 million (2018: US$0.001 million) has been recognised in the financial year.

Currency risk

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

	2019 US$'000	2018 US$'000
US Dollar	**38,003**	19,990
Australian Dollar	**1,322**	94
South African Rand	**969**	1,112
Euro	**375**	741
Sterling	**258**	224
Mozambique Metical	**250**	284
	41,177	22,445

Fluctuations in the currencies noted above will impact on the Group's financial results.

17. Cash and cash equivalents

	2019 US$'000	2018 US$'000
Parent and other subsidiary Accounts	**47,352**	55,101
Project Companies' Accounts	**33,825**	41,929
	81,177	97,030

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment.

Interest rate risk

Cash at bank earns interest at variable rates based on daily bank deposit rates, which may be zero. Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates. The interest rate profile of the Group's cash balances at the financial year end was as follows:

	2019 US$'000	2018 US$'000
Cash and cash equivalents at variable interest rate	**77,734**	70,789
Cash at bank on which no interest is received	**3,443**	26,241
	81,177	97,030

Currency risk

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

	2019 US$'000	2018 US$'000
US Dollar	**77,777**	94,556
South African Rand	**2,056**	1,956
Mozambican Metical	**1,062**	307
Euro	**121**	109
Sterling	**101**	51
Renminbi	**41**	33
Australian Dollars	**19**	18
	81,177	97,030

Fluctuations in the currencies noted above will impact on the Group's financial results.

Credit risk

The credit risk on cash and cash equivalents is limited because funds available to the Group are deposited with banks with high credit ratings assigned by international credit rating agencies. For deposits in excess of US$50 million the Group requires that the institution has an A (S&P)/A2 (Moody's) long-term rating. For deposits in excess of US$20 million or South African Rand-denominated deposits, the Group requires that the institution has a BBB+ (S&P)/Baa1 (Moody's) long-term rating. US$50.9 million of the bank deposits are with Barclays Bank PLC, which has a long-term credit rating of A Stable (S&P)/A-1 Stable (Moody's). US$26.8 million of the bank deposits are with HSBC Bank plc which has a long-term credit rating of AA- Negative (S&P)/Aa3 Negative (Moody's).

18. Called-up share capital

	2019 €'000	2018 €'000
Authorised share capital		
181,000,000 ordinary shares of €0.001 each	**181**	181
4,000,000,000 deferred shares of €0.059995 each	**239,980**	239,980
	240,161	240,161

	2019 US$'000	2018 US$'000
Allotted, called up and fully paid		
Opening balance		
109,601,551 ordinary shares of €0.001 each	**120**	120
2,781,905,503 deferred shares of €0.059995 each	**214,926**	214,926
Total called-up share capital	**215,046**	215,046
Issued during the year		
55,929 ordinary shares of €0.001 each	**–**	–
Closing balance		
109,657,480 (2018: 109,601,551) ordinary shares of €0.001 each	**120**	120
2,781,905,503 deferred shares of €0.059995 each	**214,926**	214,926
Total called-up share capital	**215,046**	215,046

55,929 ordinary shares were issued during the year as detailed in Note 31.

19. Share premium

	2019 US$'000	2018 US$'000
Opening balance	**730,897**	730,897
Capital reduction	**(185,253)**	–
Shares issued during the year	**85**	–
Closing balance	**545,729**	730,897

On 5 December 2018, shareholders approved a resolution to reduce the capital of the Company in order to eliminate historic losses. On 1 February 2019, the High Court of Ireland confirmed this resolution. The reduction of capital and elimination of losses took effect on 5 February 2019 which resulted in share premium being reduced by US$185.3 million and retained earnings being increased by US$185.3 million.

Additions to share premium of US$0.085 million (2018: US$ nil) relates to shares issued during the year as detailed in Note 31.

20. Share-based payment reserve

	Share-Based Payment Reserve US$'000
Balance at 1 January 2018	22,915
Recognition of share-based payments	1,420
Balance at 1 January 2019	24,335
Recognition of share-based payments	1,787
Shares issued during the year	(256)
Balance at 31 December 2019	25,866

The share-based payment reserve arises on the grant of share options and shares under the Group share-based payment schemes as detailed in Note 31.

21. Retained earnings

	2019 US$'000	2018 US$'000
Balance at 1 January	**(133,179)**	(184,053)
Capital reduction (Note 19)	**185,253**	–
Profit for the financial year attributable to equity holders of the parent	**44,803**	50,874
Dividends paid	**(3,026)**	–
	93,851	(133,179)

In October 2019, the Group paid an interim dividend of USc2.66 per ordinary share, totalling US$3.0 million.

22. Bank loans

	2019 US$'000	2018 US$'000
Borrowings	**60,903**	83,463
The borrowings are repayable as follows:		
Less than one year	**167**	21,558
Between two and five years	**57,651**	61,905
More than five years	**9,608**	–
	67,426	83,463
Future finance charges	**(6,523)**	–
Amount due for settlement	**60,903**	83,463

Borrowings

On 11 December 2019, the Group entered into debt facilities with Absa Bank Limited (acting through its Corporate and Investment Banking Division) ("Absa"), The Emerging Africa Infrastructure Fund (part of the Private Infrastructure Development Group) ("EAIF"), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) ("Nedbank"), Rand Merchant Bank and Standard Bank Group ("Standard Bank"). Rothschild & Co. acted as financial adviser to the Group on the transaction.

The debt facilities comprise a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility. The debt facilities accommodate a future Mine Closure Guarantee Facility of up to US$40 million. The total debt facility over which security is in place is up to US$190 million. The transaction costs for arrangement of the new debt facilities amounted to US$6.5 million.

The Term Loan Facility has a final maturity date of 11 March 2025. Interest is at LIBOR plus 5.40% per annum. Repayment is in seven equal semi-annual instalments, beginning 11 March 2022.

The Revolving Credit Facility has a final maturity date of 11 December 2022 extendable by up to 24 months at the lenders' discretion. Interest is at LIBOR plus 5.00% per annum.

In addition, the facilities accommodate the later inclusion of a Mine Closure Guarantee Facility of up to US$40 million (increasing from US$3 million to a maximum of US$40 million over five years), which will share the security package with the Term Loan Facility and Revolving Credit Facility on a pro rata and *pari passu* basis. The security package consists of a pledge of the shares of Kenmare Moma Processing (Mauritius) Limited and Kenmare Moma Mining (Mauritius) Limited, a pledge of intercompany loans, a security interest in Group bank accounts located outside of Mozambique and China, and conditional assignments of certain contractual rights of the borrowers.

At 31 December 2019 total debt of US$60.9 million was recognised by the Group, being the drawdown of US$67.3 million before transaction costs of US$6.5 million plus interest amortised of US$0.1 million.

US$63.5 million of the drawdown was used to repay previous debt principal and interest as at 18 December 2019.

Reconciliation of movements of debt to cashflows arising from financing activities	2019 US$'000	2018 US$'000
Balance at 1 January	**83,463**	102,867
Cash movements		
Loan interest paid	**(5,716)**	(6,227)
Principal paid	**(82,613)**	(19,048)
Loan drawn down	**67,258**	–
Transaction costs	**(6,522)**	–
Non-cash movements		
Loan interest accrued	**5,033**	5,871
Balance at 31 December	**60,903**	83,463

Included in the consolidated statement of cash flows repayment of debt of US$84.2 million is US$1.6 million of fees on previous debt redemption.

22. Bank loans continued

Covenants

The key financial covenants as at 31 December 2019 are detailed below:

	As at 31 December 2019	Covenant
Interest Coverage Ratio	**12.50:1**	4.00:1
Net Debt to EBITDA	**-0.15:1**	2.00:1
Debt Service Coverage Ratio	**N/A**	1.20:1
Liquidity	**US$121,000,000**	US$15,000,000

Net Debt is defined as total financial indebtedness excluding leases less consolidated cash and cash equivalents.

The Debt Service Coverage Ratio is the ratio of cash and cash equivalents at the beginning of a report period plus available facilities plus cash generated in the period to debt repayments in the period. As no debt under the new facilities were repaid in the period this covenant ratio was not applicable at the year end.

Liquidity is defined as consolidated cash and cash equivalents plus undrawn amounts of the Revolving Credit Facility.

Reserve Tail Covenant

As at 31 December and 30 June or any other date as at which the Group updates its Reserves Report, the Reserve Tail Ratio must exceed 30%.

Borrowings interest, currency and liquidity risk

The loan facilities are arranged at variable rates and expose the Group to cash flow interest rate risk. Variable rates are based on six-month LIBOR. The borrowing rate at financial year end was 7.3% (2018: 7.3%). The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2019 US$'000	2018 US$'000
Variable rate debt	**60,903**	83,463

The fair value of the Group's borrowings of US$60.9 million (2018: US$83.2 million) has been calculated by discounting the expected future cash flows at a market rate of 7.3% (2018: 6.0%).

Under the assumption that all other variables remain constant, a 1% change in the six-month LIBOR rate results in a US$0.7 million (2018: US$0.9 million) change in finance costs for the financial year.

The currency profile of loans at the financial year end is as follows:

	2019 US$'000	2018 US$'000
US Dollars	**60,903**	83,463

The above sensitivity analyses are estimates of the impact of market risks assuming the specified change occurs. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest rates to vary from the assumptions made above and therefore should not be considered a projection of likely future events.

23. Lease liabilities

	2019 US$'000	2018 US$'000
Less than one year	**1,363**	–
Between two and five years	**3,259**	–
More than five years	**785**	–
	5,407	–
Future finance charge	**(953)**	–
Total	**4,454**	–

On 1 January 2019 the Group recognised lease liabilities of US$5.0 million in respect of right-of-use assets being its head office at Styne House, Dublin and the electricity generators at the Mine. The Styne House lease has a term of ten years commencing August 2017 and rental payments are fixed for five years. This lease obligation is denominated in Euros.

The lease for the electricity generators was renewed in November 2017 for a five-year period and rental payments are fixed for the five years. This lease obligation is denominated in US Dollars.

In February 2019 the Group entered into a lease of US$0.4 million for its Mozambican country office in Maputo. The lease has a seven-year term commencing February 2019 and rental payments are fixed for seven years. This lease obligation is denominated in US Dollars. The Group has discounted lease payments using its incremental borrowing rates. The weighted average rate applied is 7%.

23. Lease liabilities continued

The currency profile of the leases at the period end was as follows:

	2019 US$'000	2018 US$'000
US Dollars	**2,880**	–
Euro	**1,574**	–
	4,454	–

24. Provisions

	2019 US$'000	2018 US$'000
Mine closure provision	**25,815**	19,863
Mine rehabilitation provision	**3,279**	2,776
Legal provision	**–**	1,157
	29,094	23,796
Current	**743**	1,437
Non-current	**28,351**	22,359
	29,094	23,796

	Mine Closure Provision US$'000	Mine Rehabilitation Provision US$'000	Legal Provision US$'000	Total US$'000
At 1 January 2018	16,620	2,278	1,444	20,342
Additional provision in the financial year	2,772	1,234	–	4,006
Provision utilised in the financial year	–	(736)	(287)	(1,023)
Unwinding of the discount	471	–	–	471
At 1 January 2019	19,863	2,776	1,157	23,796
Additional provision in the financial year	5,492	933	–	6,425
Provision utilised in the financial year	–	(430)	–	(430)
Provision released in the financial year	–	–	(1,157)	(1,157)
Unwinding of the discount	460	–	–	460
At 31 December 2019	25,815	3,279	–	29,094

The Mine closure provision represents the Directors' best estimate of the Project Companies liability for close-down, dismantling and restoration of the mining and processing site. A corresponding amount equal to the provision is recognised as part of property, plant and equipment. The costs are estimated on the basis of a formal closure plan, are subject to regular review and are estimated based on the net present value of estimated future cost. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the Mine. The unwinding of the discount is recognised as a finance cost and US$0.5 million (2018: US$0.5 million) has been recognised in the statement of comprehensive income for the financial year.

The main assumptions used in the calculation of the estimated future costs include:

- a discount rate of 2.6% (2018: 3.2%);
- an inflation rate of 2% (2018: 2%);
- an estimated life of mine of 40 years (2018: 40 years). It is assumed that the land licences will be extended on expiry in 2058; and
- an estimated closure cost of US$30.2 million (2018: US$28.8 million) and an estimated post-closure monitoring provision of US$3.9 million (2018: US$3.9 million).

The life of mine plan is based on the Namalope, Nataka, Pilivili and Mualadi reserves and resources as set out in the Reserve and Resources table. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine closure provision has been increased by US$5.5 million to reflect the change in the estimated closure cost for inclusion of the WCP C plant and a change in the discount rate from 3.2% to 2.6%.

The discount rate is a significant factor in determining the Mine closure provision. The Group uses US Treasury rates. Thirty-year US Treasury yields are the longest period for which yields are quoted. A forty-year rate to align with the estimated life of mine has been calculated by taking the average of the increase in yield from ten to twenty years and the increase in yield from twenty to thirty years and adding this average to the thirty-year treasury rate to arrive at an estimated extrapolated rate for forty years. This discount rate is deemed to provide the best estimate of the current market assessment of risk-free time value of the money. Risks specific to the liability are included in the cost estimate. A 1% increase in the estimated discount rate results in the Mine closure provision decreasing to US$17.2 million. A 1% decrease in the estimated discount rate results in the Mine closure provision increasing to US$39.0 million.

The Mine rehabilitation provision represents the Directors' best estimate of the Company's liability for rehabilitating areas disturbed by mining activities. Rehabilitation costs are recognised based on the area disturbed and estimated cost of rehabilitation per hectare which is reviewed regularly against actual rehabilitation cost per hectare. Actual rehabilitation expenditure is incurred approximately twelve months after the area has been

24. Provisions continued

disturbed. During the financial year there was a release of US$0.4 million (2018: US$0.7 million) to reflect the actual mine rehabilitation costs incurred, and an addition to the provision of US$0.9 million (2018: US$1.2 million) for areas newly disturbed.

The legal provision related to the costs associated with a defamation case and further litigation brought by a former Director against the Company. On 17 November 2010, a High Court jury delivered a verdict of damages of €10 million in a defamation case taken by a former Company Director. On 28 February 2019 the Court of Appeal ruled that the High Court of Ireland jury award of damages made in favour of a former Director in November 2010 be substantially reduced from €10 million to €0.25 million. On 29 July 2019 the Supreme Court determined that the former Director should be denied leave to appeal the Court of Appeal's judgment to the Supreme court, and on that basis the Court of Appeal's ruling stands. The provision has been released as the Directors' estimate that these costs will not now be incurred.

25. Other financial liabilities

	2019 US$'000	2018 US$'000
Warrants – equity	**–**	1
Warrants – corporate facility	**–**	–
	–	1

On 16 November 2019, 50,060,000 warrants over ordinary shares issues on 16 October 2013 expired without being exercised.

On 1 September 2014, the Group issued warrants over ordinary shares at an exercise price of Stg11.00 pence to a then lender. The warrants are exercisable for a period of seven years.

As a result of a subsequent share division and consolidation, these warrants were adjusted in line with the relevant terms of the related warrant instrument to 36,289 warrants and an exercise price of Stg£22.00. The adjustment did not result in an alteration to any other terms of the warrants including, in particular, the subscription period.

A financial liability of US$ nil million (2018: US$0.001 million) based on the fair value of the warrants at the reporting date has been recorded as the cost of issuing the warrants with the reduction in value of US$0.0007 million (2018: US$0.007 million) included in finance income in the statement of comprehensive income.

26. Trade and other payables

	2019 US$'000	2018 US$'000
Trade payables	**16,030**	9,822
Accruals	**20,014**	12,770
	36,044	22,592

Included in accruals at the financial year end is an amount of US$1.0 million (2018: US$0.7 million) for payroll and social insurance taxes.

Liquidity risk

The amounts included in trade and other payables are due within one year. The average credit period on the purchase of goods and services is thirty days from the date of the invoice except for invoices which are being held as a result of disputes. The Group has financial risk management policies in place to ensure that all payables are paid within the relevant credit periods.

Currency risk

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

	2019 US$'000	2018 US$'000
US Dollar	**25,116**	13,547
Mozambican Metical	**4,604**	3,847
South African Rand	**2,959**	1,493
Euro	**1,540**	1,987
Australian Dollar	**1,468**	1,451
Sterling	**357**	267
	36,044	22,592

Fluctuations in the currencies noted above will impact on the Group's financial results.

27 . Financial Instruments

	2019			2018		
	Carrying amount US$'000	**Fair value US$'000**		Carrying amount US$'000	Fair value US$'000	
Financial assets measured at fair value						
Trade receivables	18,585	18,585	Level 2	2,046	2,046	Level 2
Financial assets not measured at fair value						
Trade receivables	13,660	13,660	Level 2	15,384	15,384	Level 2
Cash and cash equivalents	81,177	81,177	Level 2	97,303	97,030	Level 2
	113,422	113,422		114,733	114,733	
Financial liabilities measured at fair value						
Warrants	-	-		1	1	Level 2
Financial liabilities not measured at fair value						
Bank loans	60,903	60,903	Level 2	83,463	83,200	Level 2
Leases liabilities	4,454	4,454	Level 2	-	-	-
	65,357	65,357		83,463	83,200	

The carrying amounts and fair values of financial assets and financial liabilities including their levels in fair value hierarchy are detailed above. The table does not include fair value information for prepayments, trade payables and accruals as these are not measured at fair value as the carrying amount is a reasonable approximation of their fair value. Trade receivables measured at fair value are receivables which the Group may elect to receive early payment though its trade finance facilities with Absa Bank and Barclays Bank. Trade receivables not measured at fair value are receivables whose payment is received under the sale contract credit terms.

The valuation techniques used in measuring Level 2 fair values are discounted cashflows which considers the expected receipts or payments discounted using adjusted market discount rates or where these rates are not available estimated discount rates.

28. Capital and liquidity management

The Group's capital management objective is to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The principal activity of the Group is the operation of the Mine. The Group therefore manages its capital to ensure existing operations are adequately funded and, based on planned mine production levels, that the Mine will continue to achieve positive cash flows allowing returns to shareholders.

At 31 December 2019, the Group had total debt facilities in place of US$150 million (2018: US$83.5 million), details of which are set out in Note 22.

The Board periodically reviews the capital structure of the Group, including the cost of capital and the risks associated with each class of capital. The Group manages and, if necessary, adjusts its capital structure taking account of the underlying economic conditions. Any material adjustments to the Group's capital structure in terms of the relative proportions of debt and equity are approved by the Board. The Group is not subject to any externally imposed capital requirements.

The definition of capital/capital structure of the Group consists of debt (which includes bank borrowings as disclosed in Note 22 and leases as disclosed in Note 23) and equity attributable to equity holders of the Company, comprising issued capital, reserves, retained profits and other reserves as disclosed in Notes 18 to 21.

The Group's policy with respect to liquidity and cash flow risk is to ensure continuity of funding through continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and current liabilities where possible.

29. Capital commitments

	2019 US$'000	2018 US$'000
Contracts for future expenditure authorised by the Board:		
Capital authorised and contracted	**58,542**	17,785
Capital authorised and not contracted	**58,331**	50,788

Capital authorised and contracted represents the amount authorised and contracted at 31 December of the relevant financial year to be spent on mine operations-related approved capital projects.

Capital authorised not contracted represents the amount not contracted but authorised at 31 December of the relevant financial year to be spent on mine operations-related approved capital projects.

30. Retirement benefit plans

The Company contributes to individual pension schemes on behalf of certain employees. Contributions to the schemes are charged in the period in which they are payable to the scheme.

	2019 US$'000	2018 US$'000
Contributions	**697**	524

31. Share-based payments

The Group has various share-based payment schemes for employees and consultants.

Share option scheme

The last award under the share option scheme was in 2014. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The options generally vest over a three-year period in equal annual amounts, or, if performance related, in the year the performance criteria are met. If options remain unexercised after a period of seven years from the date of grant, the options expire. Option expiry periods may be extended at the discretion of the Board of Directors.

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

	2019		2018	
	Number of share options	**Weighted average exercise price US$**	Number of share options	Weighted average exercise price US$
Outstanding at the beginning of the financial year	**75,833**	**85.65**	92,490	95.54
Expired/lapsed during the financial year	**(35,833)**	**103.16**	(16,657)	123.96
Outstanding at the end of the financial year	**40,000**	**62.71**	75,833	85.65
Exercisable at the end of the financial year	**40,000**		75,833	

The options outstanding at the end of the financial year have exercise prices which range from US$29.33 to US$86.72 and a weighted average remaining contractual life of 0.7 years (2018: 1.2 years).

During the financial year the Group recognised a share-based payment in respect of the share option scheme of US$ nil (2018: US$ nil).

Kenmare Incentive Plan (KIP)

From 2014 to 2017 the Company operated an incentive plan under which annual awards had a cash element and a separate share element. Both the cash element and the share element were based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element was paid shortly after the end of the relevant year. The share element vests after a further three years with part of the shares subject to a further two-year holding period. The share element is subject to performance vesting conditions. The value of the shares is measured at fair value at the date of grant based on the management's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The fair value determined at the grant date is expensed on a straight-line basis over the remaining estimated vesting period. In 2017 the KIP ceased and was replaced by the Kenmare Restricted Share Plan (KRSP).

	Number of shares 2019	Number of shares 2018
Outstanding at the beginning of the financial year	**757,147**	757,147
Exercised during the financial year	**(105,893)**	–
Expired during the financial year	**(22,114)**	–
Outstanding at the end of the financial year	**629,140**	757,147
Exercisable at the end of the financial year	**–**	–

During the financial year, the Group recognised a share-based payment expense of US$0.5 million (2018: US$0.4 million) as a result of the KIP awards. In July 2019, 105,893 shares vested under the 2014 and 2015 KIP award. Instead of receiving 49,964 shares the individuals opted to have these shares pay the tax liability of the award (US$0.171 million). As a result, 55,929 shares at a value of US$0.085 million were issued as detailed in Note 18.

Kenmare Restricted Share Plan (KRSP)

In 2017 the Company introduced an incentive plan under which annual awards have a cash element and a separate long-term share award. Share awards under the KRSP vest, subject to continued employment, either on the third anniversary, or, in the case of Executive Directors and certain other employees, on each of the third, fourth and fifth anniversaries of award. The value of the shares granted is measured at fair value at the date of grant based on the Company's share price. The fair value determined at the grant date is expensed on a straight-line basis over the remaining estimated vesting period.

	Number of shares 2019	Number of shares 2018
Outstanding at the beginning of the financial year	**967,815**	445,154
Issued during the financial year	**558,396**	522,661
Exercised during the financial year	**(10,260)**	–
Outstanding at the end of the financial year	**1,515,951**	967,815
Exercisable at the end of the financial year	**–**	–

In 2019, 558,396 shares were granted to employees under the 2019 KRSP award. The estimated fair value of the shares awarded is US$1.6 million. In 2018, 522,661 shares were granted to employees under the 2018 KRSP award. The estimated fair value of the shares awarded is US$1.5 million.

During the financial year, the Group recognised a share-based payment expense of US$1.3 million (2018: US$1.0 million) as a result of the KRSP awards.

32. Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2019 US$'000	2018 US$'000
Short-term employee benefits	**2,229**	2,611
Post-employment benefits	**103**	116
Share-based payments	**775**	1,058
Total benefits	**3,107**	3,785

Further information about the remuneration of individual Directors is provided in the Directors' remuneration report on pages 88 to 108 and is deemed to be incorporated in this note to the financial statements

33. Kenmare Resources plc

Kenmare Resources Public Company Limited is a public limited company. The place of registration is Ireland and the registered office address is Styne House, Hatch Street Upper, Dublin 2. The registered number is 37550.

34. Events after the statement of financial position date

COVID-19

The global impact of the COVID-19 virus is a non-adjusting event after the financial year end. To date, the Group has experienced no adverse material impact on its operations as a result of the COVID-19 virus. Further information has been provided in the Strategic Report.

Deferred shares

On 10 March 2020, the Company acquired and cancelled the issued deferred shares. Cancellation of the unissued deferred shares will be subject to shareholder approval at the AGM.

Proposed dividend

On 19 March 2020, the Board proposed a final dividend of USc5.52 per share. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect this dividend.

35. Approval of financial statements

The financial statements were approved by the Board on 27 March 2020.

COMPANY FINANCIAL STATEMENTS

Parent company statement of financial position

As at 31 December 2019

	Notes	2019 US$'000	2018 US$'000
Assets			
Non-current assets			
Property, plant and equipment	2	**2,316**	912
Deferred tax asset	3	**469**	–
Investments in subsidiary undertakings	4	**798,293**	268,520
Amounts due from subsidiary undertakings	5	**–**	494,640
		801,078	764,072
Current assets			
Amounts due from subsidiary undertakings	5	**23,781**	451
Prepayments		**335**	527
Cash and cash equivalents		**20,482**	32,671
		44,598	33,649
Total assets		**845,676**	797,721
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	6	**215,046**	215,046
Share premium	6	**545,729**	730,897
Other reserves	6	**37,202**	35,671
Retained earnings	6	**13,355**	(187,588)
Total equity		**811,332**	794,026
Non-current liabilities			
Lease liabilities	7	**1,300**	–
Amount due to subsidiary undertakings	8	**30,907**	–
		32,207	–
Current liabilities			
Provision	9	**–**	1,157
Other financial liability	9	**–**	1
Lease liabilities	7	**274**	–
Trade and other payables	10	**1,863**	2,537
		2,137	3,695
Total liabilities		**34,344**	3,695
Total equity and liabilities		**845,676**	797,721

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. CARVILL
Director
27 March 2020

T. MCCLUSKEY
Director
27 March 2020

FINANCIAL STATEMENTS

Parent company statement of changes in equity

For the financial year ended 31 December 2019

	Called-Up Share Capital US$'000	Share Premium US$'000	Retained Earnings US$'000	Undenominated Capital US$'000	Share-Based Payment Reserve US$'000	Total US$'000
Balance at 1 January 2018	215,046	730,897	(184,053)	11,336	22,915	796,141
Loss for the financial year	–	–	(3,535)	–	–	(3,535)
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,420	1,420
Balance at 1 January 2019	215,046	730,897	(187,588)	11,336	24,335	794,026
Capital reduction	–	(185,253)	185,253	–	–	–
Profit for the financial year	–	–	18,716	–	–	18,716
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,787	1,787
Shares issued	–	85	–	–	(256)	(171)
Dividends	–	–	(3,026)	–	–	(3,026)
Balance at 31 December	215,046	545,729	13,355	11,336	25,866	811,332

Retained earnings

Retained earnings comprise the expenses on the issue of equity in July 2016 and accumulated profit and losses in the current and prior financial years.

Undenominated capital

Capital Conversion Reserve Fund

The Capital Conversion Reserve Fund totalling US$0.8 million arose from the renominalisation of the Company's share capital from Irish Punts to Euros.

Capital Redemption Reserve Fund

The Capital Redemption Reserve Fund totalling US$10.6 million arose from the issue and subsequent redemption of deferred shares. The deferred shares of €0.25 were created in 1991 by subdividing each existing ordinary share of IR25 pence into one deferred share of IR20 pence and one new ordinary share of IR5 pence. The deferred shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares at a price not exceeding €0.01 per share for all the deferred shares so purchased or could execute a transfer of such shares without making any payment to the holders.

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 deferred shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such deferred shares.

Share-based payments reserve

The share-based payments reserve arises on the grant of share options and shares to certain Directors, employees and consultants under the share-based payment schemes.

Parent company statement of cash flows

For the financial year ended 31 December 2019

	Notes	2019 US$'000	2018 US$'000
Operating activities			
Profit/(loss) for the financial year after tax		**18,716**	(3,535)
Adjustment for:			
Foreign exchange movement		**74**	24
Share-based payments		**1,616**	1,420
Finance income		**(552)**	(440)
Income tax credit		**(469)**	–
Finance costs	7	**121**	–
Depreciation	2	**336**	135
Decrease in other financial liabilities	9	**(1)**	(7)
Decrease in provisions	9	**(1,157)**	(287)
Decrease/(increase) in receivables		**192**	(349)
(Increase)/decrease in trade and other payables	10	**(674)**	709
Increase in amounts due from subsidiary undertakings	5	**(27,556)**	(8,177)
Interest received		**552**	440
Interest paid		**(121)**	–
Net cash used in operating activities		**(8,923)**	(10,067)
Investing activities			
Additions to property, plant and equipment	2	**(18)**	(446)
Net cash used in investing activities		**(18)**	(446)
Financing activities			
Dividends paid	11	**(3,026)**	–
Payment of obligations under leases	7	**(148)**	–
Net cash used in financing activities		**(3,174)**	–
Net decrease in cash and cash equivalents		**(12,115)**	(10,513)
Cash and cash equivalents at beginning of the financial year		**32,671**	43,208
Effect of exchange rate changes on cash and cash equivalents		**(74)**	(24)
Cash and cash equivalents at the end of the financial year		**20,482**	32,671

Notes to the parent company financial statements

For the financial year ended 31 December 2019

1. Statement of accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2014. The separate financial statements have been prepared in accordance with IFRSs as applied in accordance with the Companies Act 2014.

In accordance with Section 304(2) of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Statement of Comprehensive Income to the Annual General Meeting and from filing it with the Companies Registration Office. The Company's profit for the financial year determined in accordance with IFRSs is US$18.7 million (2018: loss US$3.5 million). The profit is due to marketing and management services income net of administration and other costs.

The principal accounting policies adopted are the same as those set out for the Group financial statements except as noted below.

Changes in accounting policies

In the current year the Company has adopted IFRS 16 Leases, which is described below.

The Company has adopted IFRIC 23 Uncertainty over Income Tax Treatments which is effective for accounting periods beginning on or after 1 January 2019. The interpretation is applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The adoption of this interpretation has not had a material impact on the financial statements of the Company.

A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company's financial statements.

IFRS 16 Leases

The Company has initially adopted IFRS 16 Leases from 1 January 2019.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using an appropriate discount rate based on the Company's incremental borrowing rate at 1 January 2019. The weighted average rate applied was 7%. This rate has been determined by taking into account the Company borrowing rate, term of the lease, currency, security and other factors.

Impacts on transition and for the period

Impact on transition	1 January 2019 US$'000
Right-of-use asset presented in property, plant and equipment	1,722
Lease liabilities	1,722

Also, in relation to those leases under IFRS 16, the Company has recognised depreciation and interest costs, instead of an operating lease expense. During the year ended 31 December 2019, the Group recognised US$0.2 million of depreciation charges and US$0.1 million of interest costs in respect of this lease. During the year the Company paid lease principal of US$0.1 million and lease interest of US$0.1 million.

Reconciliation of operating lease commitments to lease liability	1 January 2019 US$'000
Operating lease commitments at 31 December 2018 as disclosed in the Company's financial statements	2,624
The effect of discounting using the incremental borrowing rate at 1 January 2019	(902)
Lease liabilities recognised at 1 January 2019	1,722

Investments in subsidiary undertakings

Investments in subsidiary undertakings are accounted for under IAS 27 Separate Financial Statements as these are equity investments in subsidiary undertakings in the Company and equity instruments in the subsidiary undertakings. They are recognised at cost less impairment.

Amounts due from and to subsidiary undertakings

Amounts due from subsidiary undertakings are amounts due to the Company from its subsidiary undertakings KMML and KMPL.

Amounts due to subsidiary undertakings are repayable on demand after one year.

The Company recognises a loss allowance for expected credit losses on intercompany receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the intercompany loan. The expected credit losses are estimated based on the ability of the subsidiary undertaking to fulfil its obligations.

The Company writes off an intercompany receivable when there is information indicating that the subsidiary undertaking is in severe financial difficulty and there is no realistic prospect of recovery.

As at 31 December 2019, the management reviewed and assessed the amounts due from subsidiary undertakings for impairment using reasonable and supportable information. The recovery of amounts due from subsidiary undertakings is dependent on the realisation of cash flow assumptions as set out in Note 13 of the consolidated financial statements. The loss allowance identified from this review is immaterial.

The Company is party to guarantees on Group borrowings. These guarantees require the Company to make specified payments to reimburse the Lenders for a loss it incurs if the Group subsidiary undertakings fail to make payments when due in accordance with the terms of the debt.

Notes to the parent company financial statements
For the financial year ended 31 December 2019

1. Statement of accounting policies continued

Share-based payments

Share-based awards granted to employees of subsidiary undertakings of the Company are recognised as an expense in the Statement of Comprehensive Income of the subsidiary undertaking and as a capital contribution in its Statement of Financial Position.

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Investments in and amounts due from subsidiary undertakings

The recovery of investments in and amounts due from subsidiary undertakings is dependent upon the successful operation of the Mine. The realisation of cash flow forecast assumptions as set out in Note 13 to the consolidated financial statements would result in the recovery of such amounts.

2. Property, plant and equipment

	Total US$'000
Cost	
At 1 January 2018	726
Additions during the financial year	445
Disposals	(124)
At 31 December 2018	1,047
Adjustment on inital application of IFRS 16 Leases	1,722
At 1 January 2019	2,769
Additions	18
At 31 December 2019	2,787
Accumulated Depreciation	
At 1 January 2018	124
Charge for the financial year	135
Disposals	(124)
At 1 January 2019	135
Charge for the financial year	336
At 31 December 2019	471
Carrying Amount	
At 31 December 2019	2,316
At 31 December 2018	912

Assets of the Company consist principally of the improvements to a leasehold property.

On initial application of IFRS 16 Leases the Company recognised US$1.7 million of right-of-use assets in relation to the lease of its head office and US$1.7 million of lease liabilities as detailed in Note 7. During the year ended 31 December 2019, the Company recognised US$0.2 million of depreciation in relation to right-of-use assets.

3. Deferred tax asset

Relevant disclosures on the Company's deferred tax asset are provided in Note 14 to the consolidated financial statements.

4. Investments in subsidiary undertakings

	2019 US$'000	2018 US$'000
Opening balance	**268,520**	372,872
Investments during the year	**529,773**	–
Disposal of Kenmare Resources (Jersey) Limited	**–**	(104,352)
Closing balance	**798,293**	268,520

The investment balance of US$798.3 million (2018: US$268.5 million) comprises an investment in the Project Companies of US$792.5 million, initial investments of less than US$500 in the other subsidiary undertakings of the Group and share-based payments of US5.8 million (2018: US$5.8 million) relating to staff of subsidiary undertakings.

On 20 December 2019 the Company entered into a Novation and Subscription Deed with KMML, KMPL, Congolone Heavy Minerals Limited and Kenmare C.I. Limited. Under this Deed, Congolone Heavy Minerals Limited transferred by way of novation to the Company all of its rights and obligations under the loan agreements it had with the Project Companies (on a joint and several basis) and the Project Companies as debtors agreed to such transfer by way of novation. This had the effect of transferring debt totalling US$626.8 million previously owed to Congolone Heavy Minerals Limited to the Company.

KMPL subsequently issued to the Company 374,513,151 fully paid ordinary share of no par value for consideration of the US$374.5 million debt owed to the Company. KMML subsequently issued to the Company 296,589,543 fully paid ordinary share of no par value for consideration of the US$296.6 million debt owed to the Company. The investment was recognised at US$529.8 million by the Company.

The subsidiary undertakings of the Company as at 31 December 2019 are as follows:

	Place of incorporation	Place of operation	Percentage Ownership
Kenmare Minerals Company Limited	Republic of Ireland	Republic of Ireland	100%
Kenmare C.I. Limited	Jersey	Jersey	100%
Congolone Heavy Minerals Limited	Jersey	Mozambique	100%
Kenmare Moma Mining (Mauritius) Limited	Mauritius	Mozambique	100%
Kenmare Moma Processing (Mauritius)	Mauritius	Mozambique	100%
Mozambique Minerals Limited	Jersey	Mozambique	100%

Each of the subsidiary undertakings has issued ordinary shares only. The activities of the above subsidiary undertakings are mining, mineral exploration, management and development.

The registered office of the Republic of Ireland company is Styne House, Hatch Street Upper, Dublin 2, D02 DY27. The registered office of the Jersey companies is Zedra Trust Company (Jersey) Limited, 50 La Colomberie, St. Helier, Jersey. The registered office of the Mauritius companies is 10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.

The Company carried out an impairment review of investments in subsidiary undertakings. The recoverability of the investments is dependent on the realisation of cash flow forecast assumptions as set out in Note 13 of the consolidated financial statements. As a result of the review no impairment provision was recognised in the current financial year.

Notes to the parent company financial statements

For the financial year ended 31 December 2019

5. Amounts due from subsidiary undertakings

	2019 US$'000	2018 US$'000
Non-current	–	494,640
Current	23,781	451
Closing balance	23,781	495,091

As detailed in Note 3 on 20 December 2019 the Company entered into a Novation and Subscription Deed.

Under this Deed the inter-company loan obligations of Project Companies owed to Congolone Heavy Minerals Limited (US$626.8 million) were novated in favour of Kenmare Resources plc in consideration of the extinction of an inter-company loan obligation owed by Congolone Heavy Minerals Limited to Kenmare Resources plc (US$35.3 million) and an inter-company loan obligation from Kenmare Resources plc to Congolone Heavy Minerals Limited (US$591.5 million).

Additional inter-company loan obligations of the Project Companies to Kenmare Resources plc (including those novated pursuant to the Deed) were extinguished in consideration of the issuance to Kenmare Resources plc of 296,589,543 shares by KMML and 374,513,151 shares by KMPL.

Additional inter-company loan obligations owed by Kenmare C.I. Limited to Kenmare Resources plc (US$554.9 million) were netted off against the inter-company loan obligations novated and therefore owed by Kenmare Resources plc to Kenmare C.I. Limited, leaving a residual inter-company loan obligation owed by Kenmare Resources plc to Kenmare C.I. Limited (US$36.6 million).

Under the terms of a management services agreement with the Company, management services costing US$7.1 million (2018: US$9.0 million) were provided during the financial year to the Project Companies.

In January 2019, the Company and KMPL entered into a marketing service agreement. Under the terms of the marketing services agreement with the Company, marketing services costing US$21.0 million (2018: US$ nil) were provided during the financial year to KMPL.

The carrying amount due from subsidiary undertakings represents the maximum credit exposure. Amounts due from subsidiary undertakings are current (i.e. not overdue). The expected credit losses provided against amounts due from subsidiary undertakings was immaterial in 2019 and 2018. In assessing the expected credit loss, the recovery of amounts due from subsidiary undertakings is dependent on the successful operation of the Moma Titanium Minerals Mine. The realisation of cash flow forecast assumptions as set out in Note 13 of the consolidated financial statements would result in the recovery of such amounts.

6. Share capital, share premium and other reserves

Relevant disclosures on the Company's share capital, share premium and other reserves are given in Notes 18, 19 and 20 to the consolidated financial statements.

7. Lease liabilities

	2019 US$'000	2018 US$'000
Less than one year	274	–
Between two and five years	1,095	–
More than five years	707	–
	2,076	–
Future finance charges	(502)	–
Total	1,574	–

On 1 January 2019 the Company recognised leases of US$1.7 million for its head office at Styne House, Dublin. The Styne House lease has a term of ten years commencing August 2017 and rental payments are fixed for five years. This lease obligation is denominated in Euros.

The Company has discounted lease payments using its incremental borrowing rates. The weighted average rate applied is 7%.

8. Amounts due to subsidiary undertakings

	2019 US$'000	2018 US$'000
Opening balance	–	–
Inter-group debt restructuring	36,636	–
Inter-group funding during the year	(5,729)	–
Closing balance	30,907	–

The amounts due from Kenmare C.I. Limited are a result of the Novation and Subscription Deed as detailed in Note 4, the receipt by Kenmare C.I. Limited of management services fee on behalf of Kenmare Resources plc and other funding during the year. The amounts due are interest free and unsecured.

9. Provision and other financial liability

Relevant disclosures on the provision and warrants are given in Note 24 and Note 25 to the consolidated financial statements.

10. Trade and other payables

	2019 US$'000	2018 US$'000
Trade payables	63	143
Accruals	1,800	2,394
	1,863	2,537

11. Dividends

The dividends paid in respect of ordinary share capital were as follows:

	2019 US$'000	2018 US$'000
Interim dividend paid USc2.66 per Ordinary Share	3,026	–

An interim dividend for 2019 of USc2.66 per share was paid on 25 October 2019.

On 19 March 2020, the Board proposed a final dividend of USc5.52 per share. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These individual financial statements do not reflect this dividend.

12. Financial instruments and risk management

The carrying value of the Company's other financial assets and liabilities are a reasonable approximation of their fair value.

Relevant disclosures on the Group's financial instruments and risk management policies are given in the notes to the consolidated financial statements.

13. Company related party transactions

Under IAS 24 Related Party Disclosures, the Company has related party relationships with Directors of the Company and with its subsidiary undertakings as detailed in Note 32 to the consolidated financial statements.

Remuneration of key management

Key management is defined as the Directors of the Company. The compensation of key management personnel is set out in the Directors' remuneration report on pages 88 to 108 and Note 32 to the consolidated financial statements.

Transactions with related parties

Under the terms of a management services agreement with the Company, management services costing US$7.1 million (2018: US$9.0 million) were provided during the financial year to the Project Companies.

In January 2019, the Company and KMPL entered into a marketing service agreement. Under the terms of the marketing services agreement with the Company, marketing services costing US$21.0 million (2018: US$ nil) were provided during the financial year to KMPL.

14. Events after the statement of financial position

COVID-19

The global impact of the COVID-19 virus is a non-adjusting event after the financial year end. To date, the Company has experienced no adverse material impact on its operations as a result of the COVID-19 virus. Further information has been provided in the Strategic Report.

Deferred shares

On 10 March 2020, the Company acquired and cancelled the issued deferred shares. Cancellation of the unissued deferred shares will be subject to shareholder approval at the AGM.

Proposed dividend

On 19 March 2020, the Board proposed a final dividend of USc5.52 per share. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect this dividend.

15. Approval of financial statements

The financial statements were approved by the Board on 27 March 2020.

Shareholder profile

Based on the register as at 23 March 2020

Size of holdings

	No. of shareholders	No. of shares held
1–1,000	4,534	329,580
1,001–5,000	187	452,374
5,001–25,000	120	1,470,026
25,001–100,000	60	3,098,901
100,001–250,000	28	4,236,440
250,001–500,000	15	5,122,553
500,001–750,000	10	6,008,141
Over 750,000	21	88,939,465
Total	**4,975**	**109,657,480**

Geographic distribution of holdings

	No. of shareholders	No. of shares held
Republic of Ireland	1,914	4,918,621
Northern Ireland and Great Britain	2,943	72,783,972
Other	118	31,954,887
Total	**4,975**	**109,657,480**

Glossary – alternative performance measures

Glossary - Alternative Performance Measures

Certain financial measures set out in the Annual Report to 31 December 2019 are not defined under International Financial Reporting Standards (IFRSs), but represent additional measures used by the Board to assess performance and for reporting both internally and to shareholders and other external users. Presentation of these Alternative Performance Measures (APMs) provides useful supplemental information which, when viewed in conjunction with the Group's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group.

These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRSs.

Descriptions of the APMs included in this report, as well as their relevance for the Group, are disclosed below.

APM	Description	Relevance
Revenue (FOB)	Revenue excluding freight	Eliminates the effects of freight to provide the product price
EBITDA	Operating profit/loss before depreciation and amortisation	Eliminates the effects of financing, tax and depreciation to allow assessment of the earnings and performance of the Group
EBITDA margin	Percentage of EBITDA to Revenue (FOB)	Provides a group margin for the earnings and performance of the Group
Capital costs	Additions to property, plant and equipment in the period	Provides the amount spent by the Company on additions to property, plant and equipment in the period
Cash operating cost per tonne of finished product produced	Total costs less freight and other non-cash costs, including inventory movements, divided by final product production (tonnes)	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of product produced over time
Cash operating cost per tonne of ilmenite net of co-products	Cash operating costs less FOB revenue of zircon, rutile and mineral sands concentrates, divided by ilmenite production (tonnes)	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational performance by providing a comparable cash cost per tonne of ilmenite produced over time
Net cash/debt	Bank loans before transaction costs, loan amendment fees and expenses net of cash and cash equivalents	Measures the amount the Group would have to raise through refinancing, asset sale or equity issue if its debt were to fall due immediately, and aids in developing an understanding of the leveraging of the Group
Mining – HMC produced	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile, concentrates and other heavy minerals and silica	Provides a measure of heavy mineral concentrate extracted from the Mine
Processing – finished products produced	Finished products produced by the mineral separation process	Provides a measure of finished products produced from the processing plants
Marketing – finished products shipped	Finished products shipped to customers during the period	Provides a measure of finished products shipped to customers
LTIFR	Lost time injury frequency rate	Measures the number of injuries causing lost time per 200,000 man hours worked on site
AI	All injuries	Provides the number of injuries at the Mine in the year

Glossary – alternative performance measures

Revenue

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	**US$m**
Revenue	142.6	141.5	208.3	262.2	**270.9**
Freight	(3.7)	(5.3)	(5.4)	(16.3)	**(15.4)**
Revenue (FOB)	138.9	136.2	202.9	245.9	**255.5**

EBITDA

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	**US$m**
Operating profit/(loss)	(47.3)	(25.4)	28.5	62.9	**59.2**
Depreciation and amortisation	35.8	30.6	32.0	30.4	**33.4**
EBITDA	(11.5)	5.2	60.5	93.3	**92.6**

EBITDA margin

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	**US$m**
EBITDA	(11.5)	5.2	60.5	93.3	**92.6**
Revenue (FOB)	138.9	136.2	202.9	245.9	**255.5**
EBITDA margin (%)	-8	4	30	38	**36**

Cash operating cost per tonne of finished product

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	**US$m**
Cost of sales	168.1	144.0	156.6	168.3	**178.4**
Other operating costs	21.8	22.8	23.2	31.0	**33.3**
Total operating costs	189.9	166.8	179.8	199.3	**211.7**
Freight charges	(3.7)	(5.4)	(5.5)	(16.3)	**(15.4)**
Total operating costs less freight	186.2	161.4	174.3	183.0	**196.3**
Non-cash costs					
Depreciation and amortisation	(35.8)	(30.6)	(32.0)	(30.4)	**(33.4)**
Share-based payments	0.7	(0.4)	(1.0)	(1.4)	**(1.8)**
Mineral product inventory movements	(14.7)	3.0	0.3	0.1	**(4.5)**
Total cash operating costs	136.4	133.4	141.6	151.3	**156.6**
Final product production tonnes	821,300	979,300	1,081,300	1,043,300	**988,300**
Cash operating cost per tonne of finished product	US$166	US$136	US$131	US$145	**US$158**

Cash operating cost per tonne of ilmenite

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	**US$m**
Total cash operating costs	136.4	133.4	141.6	151.3	**156.6**
Less FOB revenue from co-products zircon, rutile and mineral sands concentrate	(39.2)	(36.6)	(50.4)	(75.1)	**(84.5)**
Total cash costs less co-product revenue	97.2	96.8	91.2	76.2	**72.1**
Ilmenite product production tonnes	763,500	903,300	998,200	958,500	**892,900**
Cash operating cost per tonne of ilmenite	US$127	US$107	US$91	US$79	**US$81**

Net cash/debt

	2015	2016	2017	2018	2019
	US$m	US$m	US$m	US$m	**US$m**
Bank debt	(341.9)	(102.6)	(102.9)	(83.5)	**(60.9)**
Loan amendment fees and expenses	(25.9)	–	–	–	**–**
Transaction costs	–	–	–	–	**(6.6)**
Gross debt	(367.8)	(102.6)	(102.9)	(83.5)	**(67.5)**
Cash and cash equivalents	14.4	57.8	68.8	97.0	**81.2**
Net cash/(debt)	(353.4)	(44.8)	(34.1)	13.5	**13.7**

Glossary – terms

Term	Description
CIF	The seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the cost and freight necessary to bring goods to named port of destination. Risk of loss and damage are the same as CFR. Seller also has to procure marine insurance against buyer's risk of loss/damage during the carriage. Seller must clear the goods for export. This term can only be used for sea transport.
CFR	This term means the seller delivers when the goods pass the ship's rail in port of shipment. Seller must pay the costs and freight necessary to bring the goods to the named port of destination, but the risks of loss or damage, as well as any additional costs due to events occurring after the time of delivery, are transferred from seller to buyer. Seller must clear goods for export. This term can only be used for sea transport.
the Company	Kenmare Resources plc
DFS	Definitive feasibility studies are the most detailed and will determine definitively whether to proceed with the project. A definitive feasibility study will be the basis for capital appropriation, and will provide the budget figures for the project. Detailed feasibility studies require a significant amount of formal engineering work and are accurate to within approximately 10-15%.
EdM	Electricidade de Moçambique
EPCM	Engineering, Procurement and Construction Management
FOB	This term means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means the buyer has to bear all costs and risks to the goods from that point. The seller must clear the goods for export. This term can only be used for sea transport.
Group or Kenmare	Kenmare Resources plc and its subsidiary undertakings
HMC	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile and other heavy minerals and silica.
KMML Mozambique Branch	Mozambique branch of Kenmare Moma Mining (Mauritius) Limited (KMML)
KMPL Mozambique Branch	Mozambique branch of Kenmare Moma Processing (Mauritius) Limited (KMPL)
Lenders	Absa Bank Limited (acting through its Corporate and Investment Banking Division) ("Absa"), The Emerging Africa Infrastructure Fund (part of the Private Infrastructure Development Group ("PIDG")) ("EAIF"), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) ("Nedbank"), Rand Merchant Bank and Standard Bank Group ("Standard Bank").
Moma, Moma Mine or the Mine	The Moma Titanium Minerals Mine consisting of a heavy mineral sands, processing facilities and associated infrastructure, which mine is located in the north east coast of Mozambique under licence to the Project Companies.
Mine Closure Guarantee Facility	US$40 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
MITADER	Ministério de Terra, Ambiente e Desenvolvimento Rural or Ministry of Land, Environment and Rural Development.
MSP	Mineral Separation Plant
Mtpa	Million tonnes per annum
PFS	A feasibility study is an evaluation of a proposed mining project to determine whether the mineral resource can be mined economically. Pre-feasibility study is used to determine whether to proceed with a detailed feasibility study and to determine areas within the project that require more attention. Pre-feasibility studies are done by factoring known unit costs and by estimating gross dimensions or quantities once conceptual or preliminary engineering and mine design has been completed. Pre-feasibility studies have an accuracy within approximately 20-30%.
PM	Atmospheric particulate matter – also known as particulate matter (PM) or particulates – are microscopic solid or liquid matter suspended in the Earth's atmosphere.
Project Companies	Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, wholly owned subsidiary undertakings of Kenmare Resources plc, who are incorporated in Mauritius.
Project Lenders	ABSA (a South African Commercial bank), African Development Bank ("AfDB"), European Investment Bank ("EIB"), FMO (a Dutch development finance institution), KfW (a German development finance institution) and Emerging Africa Infrastructure Fund Limited ("EAIF").
Projecto Oitenta	A utilisation improvement programme aimed at increasing operating times throughout the mine and processing plants to 80%.
Revolving Credit Facility	US$40 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
Senior and Subordinated Project Loans	Debt facility dated 18 June 2004 and subsequent amendments between the Project Lenders and KMML Mozambique Branch and KMPL Mozambique Branch which was repaid in full on 18 December 2019.
SGRF	The State General Reserve Fund of the Sultanate of Oman
TSR	Total Shareholder Return is Kenmare Resources plc share price at the end of a reporting period adjusted for dividends paid in the period compared to share price at the beginning of the reporting period.
Term Loan Facility	US$110 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
THM	Total heavy minerals in the ore of which ilmenite (typically 82%), rutile (typically 2.0%) and zircon (typically 5.5%) total approximately 90%.
WCP	Wet Concentrator Plant
WCP A	The original WCP which started production in 2007
WCP B	The second WCP which started production in 2013
WCP C	The third WCP being built and commissioned in 2019 and 2020
WHIMS	Wet High Intensity Magnetic Separation Plant

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