KENMARE RESOURCES PLC

2020 AGM Presentation

13 May 2020

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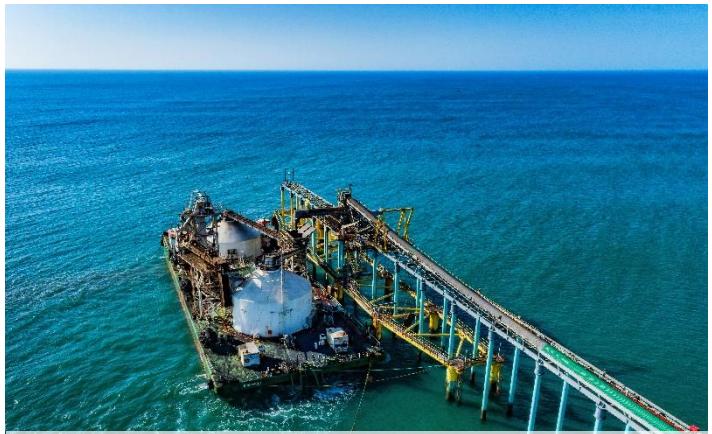
Overview: Kenmare Resources

World's largest traded ilmenite supplier

Wet Concentrator Plant (WCP) A



Moma's jetty and one of two transhipment vessels

4th largest producer of TiO_2 feedstocks

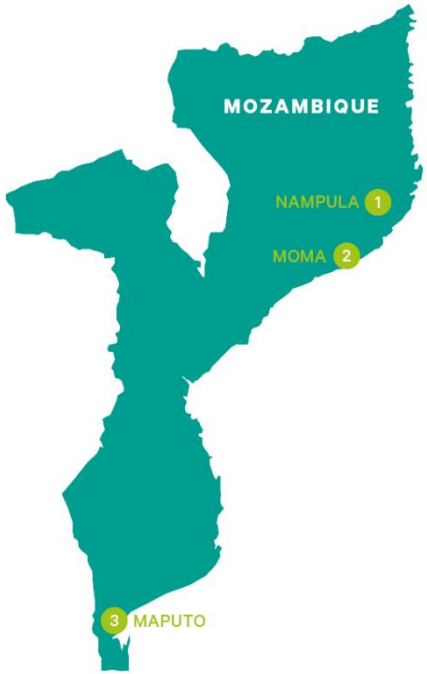
- Currently representing 7% of global supply
- Growing to 10% of global supply following WCP B move

Moma Titanium Minerals Mine

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

Significant capital investment

- Capital expenditure of >US$1.3 billion



Mineral sands are essential to modern life

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

Two core product streams of minerals sands

Titanium feedstocks (ilmenite and rutile)

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

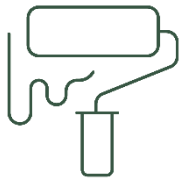
Zircon

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

Supply/demand balance likely to be maintained

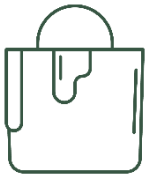
- Pigment is a 'quality of life' product - consumption grows as income levels increase
- Demand for pigment tends to be driven by GDP growth
- Slower GDP growth due to COVID-19 uncertainty may impact demand for products
- However this is likely to be balanced by reduced new production coming onstream

Examples of end products


Paints and coatings

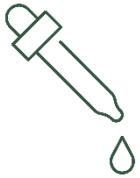
Plastics and rubber

Paper


Glazes and enamels

Foods

Fabrics and textiles


Inks

Pharmaceuticals

Cosmetics

Medium and long-term outlook for all products remains strong

COVID-19: Employees and host communities

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

No known cases at the Mine or in the communities

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

Supporting our host communities

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

Social distancing implemented on site

Community sewing projects making masks

Sanitation kits donated to health facilities

COVID-19: Operations and markets

Production and shipments continue at the Moma Mine

Higher production expected in Q2 but outlook remains unclear

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

WCP B move timeline may be impacted

Ilmenite market remained strong in Q1 2020

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

Focused on keeping our operations running safely

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

Focused on keeping Moma running safely

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2019 review

A strengthened focus on sustainability

Board-level Sustainability Committee established in October 2019

Health & safety

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

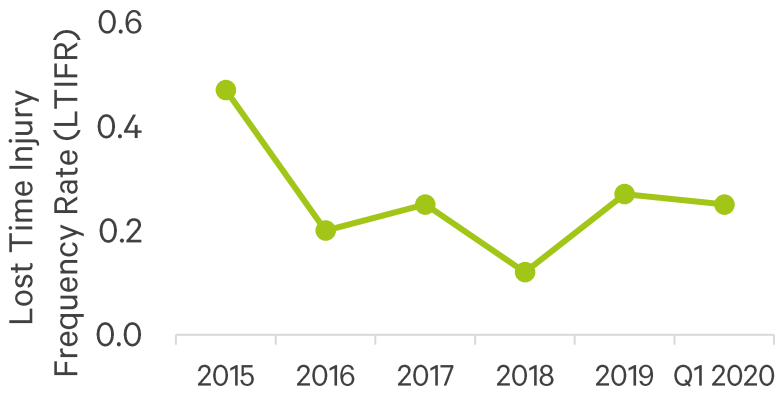
Environment

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

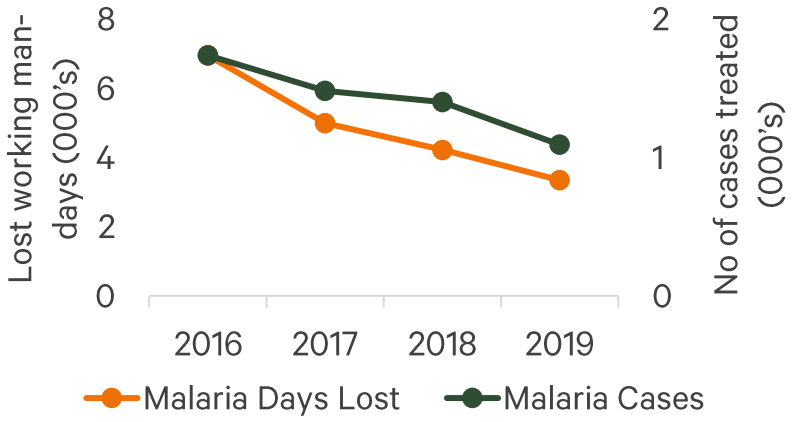
People

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

Continuous commitment to safety



30% reduction in malaria cases in 2019



KMAD: 2019 Highlights

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

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

New ambulance provided to community health centre

Construction of a primary school in Cabula village

Second phase of technical school for vocational development constructed

Renovations and repair work funded at community health centre

Mozambican NGO engaged to improve primary education in the district

Robust operational and financial performance

Performance maintained as growth projects advanced

Operations

Ilmenite production

892,900t

-7%

FY 2018: 958,500t

Total shipments

1,029,300t

-4%

FY 2018: 1,074,400t

Financials

Revenue

US$270.9m

+3%

2018: US$262.2m

Sales price (FOB)[1,2]

US$248/t

+8%

2018: US$229/t

Total cash costs[3]

US$158/t

+9%

2018: US$145/t

EBITDA

US$92.6m

-1%

2018: US$93.3m

Profit after tax

US$44.8m

-12%

2018: US$50.9m

FY dividend per share[4]

USc8.18

-

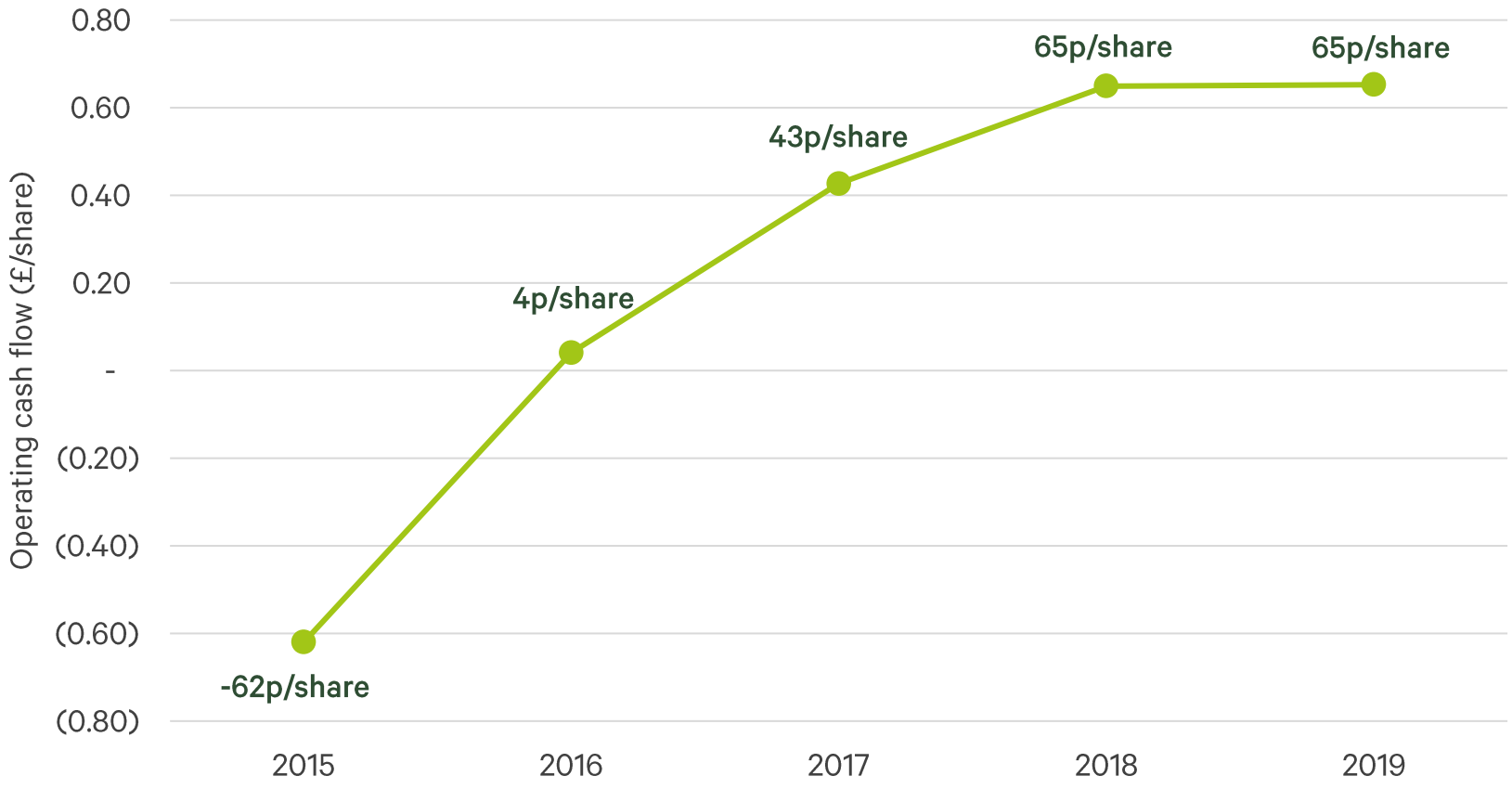
2018: -

Full year 2019 dividend declared of USc8.18 per share

1. Weighted average sales price per tonne of product sold 2. Free on Board 3. Total cash cost per tonne of finished product 4. Interim dividend USc2.66/share paid plus final dividend USc5.52/share proposed, subject to shareholder approval

Sustained robust cash flow from operations

Operating cash flow per share



Increased operating cash flow generation expected following WCP B move

Dividend policy in action

Balancing final dividend expected to be paid in May 2020

Dividend policy delivery

- Dividend policy is to pay a minimum of 20% of profit after tax, giving a total full year 2019 dividend distribution of US$9.0m
- Maiden interim dividend paid in October 2019
- Final dividend of US$6.1m will be a balancing payment to meet the dividend policy, post-2020 AGM

Subject to:

- Market conditions, debt and capital requirements
- Higher cash balances likely to be maintained until capital development projects completed

Expected higher shareholder returns

- Dividends expected to increase following completion of development projects
- May come in form of special dividend or share buy-backs

2019 profit after tax

US$44.8m

Total dividend distribution

US$9.0m

Final dividend per share (post-2020 AGM)

USc5.52

Full year 2019 dividend

USc8.18

Dividend Timetable 2019-20

Event	Date
Interim Dividend Payment Date	25 October 2019
Ex-Dividend Date	16 April 2020
Record Date	17 April 2020
AGM date for shareholder approval	13 May 2020
Payment Date	19 May 2020

1. 2019 interim dividend is calculated as 20% of 2019 profit after tax (US$21.9m) multiplied by one-third and annualised (US$21.9m x 20% x 1/3 x 2)

Strong financial position

Financially well resourced to pay dividend and complete WCP B move

New debt facilities – enhanced flexibility

Term Loan[1]	Revolving credit facility
US$110m	US$40m

Remaining debt facilities were drawn to provide enhanced flexibility during COVID-19 uncertainty.

Significant liquidity

Cash at 31 March 2020	Debt at 31 March 2020[2]
US$102.4m	US$111.4m

Kenmare is well resourced financially to pay its dividend and complete the WCP B. The drawn RCF is not reflected in the March balances.

1. Total Term Loan Facility was US$110m. Initial US$67.3m was drawn in December 2019 to repay in full project loans and certain transaction costs.
2. Term Loan is included in March balances as it was drawn in March 2020. RCF is not included in March balances as it was drawn in April 2020.

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Development projects update

Targeting 1.2 Mtpa ilmenite production

First two of three development projects largely complete

2018

WCP B upgrade

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

Cost: <US$10m

2019

WCP C development

WCP C is targeting nameplate capacity in Q2 2020

Cost: US$45m

WCP C update

- WCP C is mining a high grade area of the Namalope ore zone that is inaccessible to the larger WCPs
- Located close to the MSP – minimises operating costs by leveraging existing fixed cost base and infrastructure
- WCP C development has compelling economics[1] – $NPV_{10\%}$ of US$96m and IRR of 48%
- Targeting throughput at nameplate capacity of 500 tph in Q2 2020
- Expected to make a proportionately greater contribution to production for the remainder of the year compared to Q1 2020

1. Using flat product prices over WCP C's 20 year life of mine of US$200/t ilmenite and US$1,300/t zircon. Project economics reflect incremental revenues and costs, and returns are supported by use of existing infrastructure

WCP B move: Timeline may be impacted

Relocation scheduled for Q3 2020

2020

WCP B move

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

Cost: US$106m

WCP B move update

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

Infrastructure construction at Pilivili

Construction of road on schedule

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Outlook for 2020 and beyond

Q1 2020 market update

Offtake agreements secured for majority of Kenmare's 2020 ilmenite production

Ilmenite

- Ilmenite market remained strong in Q1 2020, continuing momentum of 2019
- Q1 2020 was the fourth consecutive quarter of higher average prices received
- Kenmare has secured offtake agreements for the majority of its ilmenite production in 2020
- However there is evidence of near-term disruption in both the supply and demand of titanium feedstocks

Ilmenite

Zircon

- Slower market conditions continued in Q1 2020, with a challenging short-term outlook
- Moderate softening experienced since COVID-19 outbreak

Zircon

Impact of COVID-19 to date

- Impact of COVID-19 remains unclear, but downstream industries could be heavily impacted (e.g. automobiles, construction)
- Medium and long-term fundamentals for all of Kenmare's products remain strong due to emerging supply constraints

Kenmare: Investment case

Kenmare's three strategic pillars

GROWTH

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

35%

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

MARGIN EXPANSION

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

>36%

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

SHAREHOLDER RETURNS

Dividend policy of a minimum 20% profit after tax

>20%

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

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