KENMARE
RESOURCES PLC

RESPONSIBLY MEETING GLOBAL DEMAND FOR QUALITY-OF-LIFE MINERALS

ANNUAL REPORT AND ACCOUNTS 2020

WELCOME TO THE 2020 ANNUAL REPORT

Kenmare Resources plc is an established mining company that operates the Moma Titanium Minerals Mine, located on the north east coast of Mozambique.

Who we are

Kenmare Resources is the world's largest producer of mineral sands products, key raw materials ultimately consumed in everyday "quality-of-life" items such as paints, plastics and ceramic tiles. Listed on the London Stock Exchange and Euronext Dublin, Kenmare has been in production for 13 years and has a long-term commitment to being a responsible corporate citizen.

What we do

Kenmare's production in 2020 accounted for ~5% of global titanium feedstocks, supplying customers operating in more than 15 countries. Between 2018 and 2020 the Group invested in three growth projects to increase production of ilmenite, Kenmare's primary product, to 1.2 million tonnes per annum on a sustainable basis. At this expanded rate, Kenmare will produce ~7% of global supply and has sufficient resource to last >100 years.

How we do it

We mine titanium-rich sands mainly using dredges, which float in artificial ponds, removing just 3-5% of ore mined. We then progressively rehabilitate the land, before it is handed back to local farmers. We are proud of our low environmental impact; over 90% of our power requirements are generated by renewable hydroelectricity sources and we do not use any chemicals in our mining or processing. Once they are separated, we transport our final products to customers vessels from our dedicated port facility.

For more information visit:
www.kenmareresources.com

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KENMARE RESOURCES PLC

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Financial highlights

Revenue (down 10%)

US$243.7M

EBITDA (down 17%)

US$76.7M

Profit after tax (down 63%)

US$16.7M

Dividend per share (up 22%)

USc10.00

Lost time injury frequency rate

0.25 PER 200K HOURS WORKED

Excavated ore (down 7%)

34.3 M TONNES

Total finished products produced (down 15%)

840,500 TONNES

Total finished products shipped (down 17%)

853,100 TONNES

Contents

OUR MARKETS

The raw materials we produce are used in the production of everyday "quality-of-life" items such as paints, paper, plastics and ceramic tiles as well as titanium metal, a light strong metal.

TITANIUM (Ti)

The titanium feedstocks rutile & ilmenite are predominantly used for the manufacture of titanium dioxide (TiO_2) pigment, with smaller quantities used to produce titanium metal and welding electrode fluxes.

Titanium feedstock production is a ~US$4.5 billion per annum industry and the TiO_2 pigment industry has annual revenues of over ~US$15 billion.

Industry revenues

US$4.5BN

in 2020

Kenmare production

756KT

in 2020

Kenmare market share

5%

in 2020

ZIRCONIUM (Zr)

Zircon sand is a primary feedstock to a wide range of consuming industries, of which the ceramics sector is the largest, due to its brilliant whiteness. Zircon is also used in refractory, foundry and chemical applications.

The zircon sand supply sector represents an approximately US$1.7 billion per annum industry with Europe and Asia being the largest markets.

Industry revenues

US$1.7BN

in 2020

Production

43.3KT

in 2020

Kenmare market share

5%

in 2020

RARE EARTH ELEMENTS

Monazite is a mineral containing Rare Earth Elements (REEs), which Kenmare sells as part of a suite of minerals in our concentrates products.

Once separated, the REEs, such as neodymium and praseodymium, are used in a variety of industrial and technological applications, including in the manufacture of wind turbines and electric cars.

The rare earths market is worth approximately US$3 billion a year and expected to see significant growth in the coming years.

Industry revenues

US$3BN

in 2020

Production

35.2KT

in 2020

Kenmare market share

<1%

in 2020

Products containing titanium feedstocks, zircon and rare-earths are found in every room of the home

Who we are

We are focused on maximising value and creating opportunities from the Moma Mine for the benefit of employees, host communities, and customers, as well as our shareholders.

WE ARE

01

>100 YEARS

life of mine

6.4 BILLION TONNES

Mineral Resources

Read more about Aida's story on page 8

02

0.25

Lost Time Injury Frequency Rate per 200k hours worked

97%

of our employees at site are Mozambican

Read more about Joana's story on page 21

03

1ST QUARTILE

aiming to become one of the highest margin producers in our industry

7%

market supply attributable to Kenmare at 1.2 Mtpa ilmenite production rate

Read more about Higino's story on page 43

04

7,100 TONNES

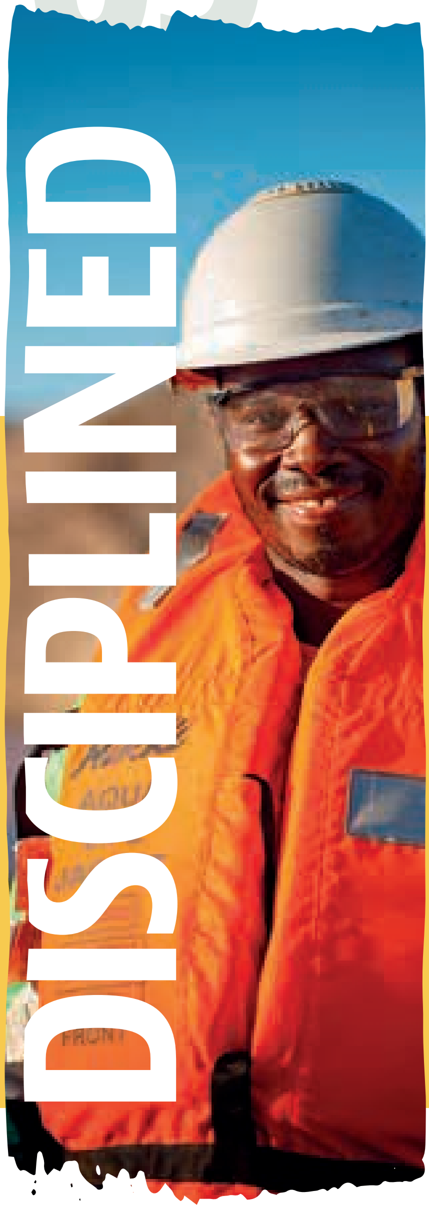
weight of WCP B, our mining plant that we relocated in one piece, by road

23 KM

distance WCP B was relocated to a new high grade ore zone

Read more about Gary's story on page 39

05



US$76.7M

EBITDA

USC10.0/SH

recommended full year 2020 dividend

Read more about Dionisio's story on page 57

FEBRUARY

First production from Wet Concentrator Plant C

The construction of WCP C took place during 2019 and the new mining plant delivered its first HMC production in late February 2020. WCP C was the second of Kenmare's three growth projects with the objective of increasing ilmenite production to 1.2 Mtpa from 2021.

500

tonnes per hour additional mining capacity

USc8.2/SH

up 22% in 2020 to USc10.0/sh

MAY

Payment of first full year dividend

In March 2020 Kenmare declared its full year dividend of USc8.18 per share, comprised of a USc2.66 interim dividend (paid in October 2019) and a final dividend of USc5.52 per share (paid in May 2020). This was in line with our policy to return a minimum of 20% of profit after tax as shareholder returns. Following the completion of the three growth projects, Kenmare expects to pay increased shareholder returns from 2021.

2020 YEAR

JULY

Donation of ventilators to support COVID-19 care

In July 2020 Kenmare donated eight ventilators to the provincial health authorities in Nampula, the nearest city to the Moma Mine, to assist in Mozambique's fight against COVID-19. This increased the number of ventilators available in Nampula from three to 11. Earlier in the year, Kenmare also donated 50 CPAP machines, which are another type of ventilation equipment used to treat people with COVID-19. Hand sanitising kits, digital thermometers and personal protective equipment were also provided to community health centres and to villages close to the mine.

23,000

reusable face masks distributed in Namalope

SEPTEMBER

WCP B move completed safely

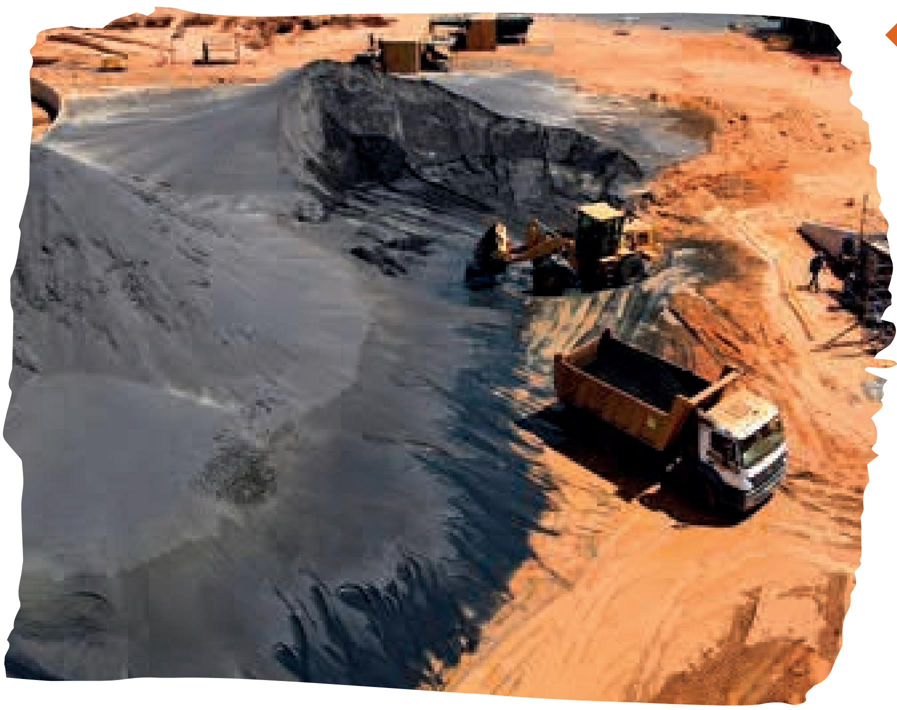
WCP B and its dredge were successfully moved 23km by road from their previous mining area at Namalope to a new high grade ore zone called Pilivili in September 2020. The relocation represented the heaviest piece of mining equipment ever to be moved in Africa and it was particularly unusual due to the combination of the weight of the load and the length of the distance travelled. The WCP B move was the final of Kenmare's three growth projects to deliver 1.2 Mtpa of ilmenite production on a sustainable basis.

WCP B weighed

7,100

tonnes and was moved in one piece

IN REVIEW



OCTOBER

First production from Pilivili

WCP B commenced production in Pilivili in late October 2020. As a result of the higher ore grades mined at Pilivili in November and December, HMC production increased by 45% in Q4, quarter on quarter.

Following the move, Kenmare expects to deliver stronger cash flow generation and a first quartile position on the industry revenue to cost curve.

+45%

increase in ilmenite production guided for 2021

WE ARE UNIQUE

SUPPORTING OUR EMPLOYEES

"I have been at Kenmare since 2007 and have had the opportunity to continue my studies whilst working, obtaining a degree in Chemistry. Kenmare really helps to support the empowerment of women and that is what I like most about the company. In the future, I hope to become a Laboratory Manager."

Aida Adriano,
Laboratory Chemist

STRATEGIC REPORT

A STRONG INVESTMENT CASE

With a 13-year production track record, a commitment to responsible business practice, and a potential mine life of >100 years, Kenmare has a compelling investment case. Our strategy to deliver growth, margin expansion and shareholder returns is underpinned by five key characteristics we believe are vital to realising our full potential for all our stakeholders.

Our five key characteristics

WHO WE ARE

We are unique

The Moma Mine is a tier one asset and one of the largest titanium minerals deposits in the world.

Moma is a low cost, bulk mining operation that mines more than 30 million tonnes every year.

Mineral Resources of 6.4 billion tonnes, are sufficient to support a production rate of 1.2 million tonnes ilmenite a year for more than 100 years.

Read more on page 44

We are responsible

Kenmare is committed to operating in a sustainable and responsible manner. In 2020 we employed 1,485 people at the Mine and 97% of our employees are Mozambican. We are dedicated to increasing female representation in the workforce, up 20% in 2020, and targeting 11.5% by the end of 2021. We are proud of our low environmental impact, with 90% of the Moma Mine's power requirement in 2020 being provided from a renewable hydroelectric source.

Read more on page 66

We are competitive

Kenmare has a market-leading position as the world's largest supplier of ilmenite. We have customers operating in more than 15 countries and believe that our expanded ilmenite production will be comfortably absorbed by strong demand for our products. Titanium feedstock production is a US$4.5bn industry and at 1.2 Mtpa, Kenmare's production will represent 10% of global supply.

Read more on page 48

We are innovative

We believe in the importance of innovation and continual improvement. The relocation of WCP B in September 2020 was an example of this commitment, as the heaviest piece of mining equipment ever moved in Africa. As a result of this successful project, we are now positioned to deliver increased production at a lower cost for the long term, benefiting all stakeholders. We have also been fitting our dredges with state of the art automation systems.

Read more on page 36

We are disciplined

Kenmare has a robust financial position, with net debt of US$64.0 million at the end of 2020, including US$87.2 million of cash. In 2020 we generated US$76.7 million of EBITDA and US$16.7 million of profit after tax. For March 2021, the Board has recommended a 2020 full year dividend of USc10.0 per share.

Read more on page 52

And our focused strategy . . .

Growth

Since 2018, Kenmare has invested ~US$180 million in three growth projects, with the objective of increasing ilmenite production to 1.2 Mtpa on a consistent basis. In 2020, Kenmare successfully completed the third of these projects, the relocation of WCP B to a new high grade ore zone. Production for ilmenite in 2021 is forecast to increase between 45% and 60%.

Margin Expansion

Kenmare is targeting a first quartile position on the industry revenue to cost (or margin) curve.

Ilmenite production is expected to increase between 45-60% in 2021. This will help drive lower unit costs as we benefit from improved economies of scale. This will help to expand our margins and strengthen cash flow generation.

Shareholder Returns

The Board has recommended a 2020 full year dividend of USc10.0 per share.

This represents a 22% increase from 2019, in recognition of 2020 as a transitional year, before higher production volumes.

For 2021, we are targeting a dividend of 25% profit after tax.

...creates a sustainable competitive advantage.

CHAIRMAN'S STATEMENT

STEVEN MCTIERNAN
Chairman

A YEAR OF TRANSITION

It was expected that 2020 would be a crucial year for Kenmare before the onset of the global pandemic, marking the first mining transition away from Namalope, where operations began in 2007.

I am pleased to report that we are now at the end of Kenmare's previously outlined growth programme, putting us on track for sustainably higher production volumes, supporting our strategy to increase shareholder returns.

Dear shareholders,

The global spread of COVID-19 has been rapid, and the impacts have been far reaching. The depth of the disruptions caused to businesses and personal lives globally cannot be overestimated. Protecting our people and our business, whilst supporting our suppliers, customers and communities, has been at the forefront of our minds in formulating our response.

Prices for the commodities we produce have remained strong, despite the significant and materially negative, impact of COVID-19 on global growth. Demand for ilmenite, our primary product, remains robust; buoyed by strong demand for home DIY.

Successful Completion of Production Growth Programme

Over the past three years, Kenmare has made significant investment into three development projects to achieve our targeted production rate of 1.2 million tonnes of ilmenite per annum.

WCP C began producing HMC in late February 2020 but the pandemic had a greater impact on the already complicated move of WCP B. In some instances, this meant we had to take bold and agile steps to mitigate global restrictions for the movement of people and goods, as well as interruptions to the operations of our suppliers.

By Q3 2020, the third and final project in Kenmare's growth programme, the relocation of WCP B to Pilivili, was completed successfully and safely. Ultimately, the move was hugely successful and completed on time. Though the mitigations required resulted in increased costs, anything less would have been at greater cost to the business.

Shareholder Returns

Adhering to our shareholder commitments of sustainable capital returns, I am pleased to report that Kenmare maintained its dividend payments throughout 2020. We have now delivered three consecutive dividends and, subject to shareholder approval, the final dividend for 2020 is due to be paid in May 2021.

We are increasing our 2020 dividend to USc10.0 per share, significantly higher than our minimum policy and up 22% from 2019, bridging to the strong current free cash flow of the business.

Following the completion of the development projects, we are generating stronger free cash flow, providing an opportunity to deliver increased shareholder returns. For 2021 we are targeting a dividend pay out of 25% of profit after tax, up from the previous 20% minimum policy.

WCP B
successfully moved in 2020

1.2MTPA
targeted production range

Sustainability

Kenmare has always valued the importance of taking a sustainable approach to everything that we do. In 2020, the investor community and wider societal expectations have rightly continued to increase for all companies, particularly those operating in the extractive industries..

For the second year running, we were delighted to see our efforts to operate as a responsible corporate citizen were recognised at the Chartered Accountants Ireland Published Accounts Awards, with Kenmare winning the award for Best Social Responsibility Reporting. However, industry best practices continue to advance at a rapid pace and there is always more that we can do.

Following the establishment of a board level Sustainability Committee in October 2019, in 2020 we reviewed all corporate policies, hired a dedicated Head of Sustainability and will be shortly publishing our inaugural Sustainability Report. This report will help to provide all stakeholders with an increased understanding of our approach and strategy to sustainability, whilst also providing an increased level of disclosure for this important area of our business.

In preparation for this sustainability report, we completed a materiality assessment of key topics with a wide range of stakeholders as well as an employee engagement survey. These inputs have helped to guide our first public targets as we continue our journey to deliver value for all stakeholders.

Board Development

We continue to recognise the need for a broad range of skills, experience and diversity to support and challenge management in the execution of Kenmare's strategy.

Elizabeth Headon stepped down from the Board last year and I would like to thank her again for her significant contributions on the Board of Kenmare.

In 2020, we were delighted to welcome Deirdre Somers as a Non-Executive Director. Deirdre is a Chartered Accountant and served as Chief Executive of the Irish Stock Exchange from 2007 to 2018, through a period of transformation culminating in its sale in March 2018 to Euronext NV. Her wide-ranging experience has already been shown to complement the Board.

IIn 2021, Tim Keating stepped down from his role at the OIA (Oman Investment Authority) and has therefore stepped down from the Board. Tim has had a critical impact on the success of Kenmare over the last four and a half years, beginning with his visionary support for the Group following the investment by the OIA in 2016.

> "We are increasing our 2020 dividend to USc10.0 per share, significantly higher than our minimum policy and up 22% from 2019, bridging to the strong current free cash flow of the business."

Sameer Oundhakar has replaced Tim on the Board and is a Senior Manager in the Diversified Private Equity Investments department of OIA, having joined in 2018. He has extensive Private Equity experience across industry sectors and geographies and we look forward to working with him and benefiting from his expertise and diverse experience.

Gabriel Smith has decided not to stand for re-election as a Non-Executive Director at this year's AGM, following eight years of service on the Board. Gabriel's significant industrial and financial experience, and effective stewardship as Chair of the Audit & Risk Committee, has been of huge importance to the progress and success of the Group.

Deirdre Corcoran, Kenmare's Financial Controller and Company Secretary, has also decided to leave the Group following the 2021 AGM. She joined Kenmare in 1999 and has been an integral part of the finance team, playing a considerable role in the development of Kenmare. She has also provided appreciable service to the Board and will be sadly missed by all. Following the AGM, the Company Secretary role will be filled by Chelita Healy, who is a solicitor and has worked in a support role to Deirdre since joining Kenmare in 2019.

Outlook

The global effects of COVID-19 have been unprecedented in our lifetime, affecting the lives of all. There remains a significant degree of uncertainty and while we are hopeful that the roll out of various vaccines will ultimately be successful, it is expected to take time, particularly in emerging markets.

Kenmare is now well positioned to sustainably produce at significantly higher production levels, with ilmenite production expected to grow 45-60% year-on-year in 2021. Moma is one of the largest titanium minerals deposits in the world and we remain on target to become one of the lowest cost producers of ilmenite, supporting increased free cash flow and higher dividends.

Acknowledgements

It is testament to the strong relationships we have endeavoured to build with all stakeholders that Kenmare was able to complete the complex move of WCP B during such a turbulent period. I would like to offer my sincere thanks to all who contributed for their dedication and commitment to the Company, in particular our employees, contractors, and suppliers.

Finally, I would like to express my gratitude to all stakeholders for their commitment and support through an unprecedented year. We expect to deliver record production into a strong product market for 2021, supporting further increased shareholder returns.

Steven McTiernan,
Chairman

USc10/sh
2020 Full Year Dividend

+22%
dividend increase year on year

MANAGING DIRECTOR'S STATEMENT

MICHAEL CARVILL
Managing Director

INCREASING PRODUCTION TO 1.2MTPA

2020 marked the last step of our capital development plans to deliver capacity of 1.2 Mtpa of ilmenite.

Three projects were completed over three years, with the aim of increasing grade and mined volumes to allow operation at sustainably higher production volumes.

For Kenmare, 2020 marked a culmination of our multi-year development projects, with the move of WCP B from Namalope to Pilivili. Despite the significant challenges posed by COVID-19, I am proud of the commitment shown by the team to safely complete the move. This has already begun to deliver significant value for the Company, as we benefited from a year-on-year 57% increase in mined grades in Q4 2020.

Through these turbulent times we remain committed to our dividend policy, paying an interim dividend following our half-yearly results and recommending a Full Year 2020 dividend payment of USc10.0 per share. This is significantly beyond our minimum dividend commitment of 20% of profit after tax and reflects 2020 as a year of transition. We are targeting a dividend based on 25% of profit after tax for 2021, which is expected to benefit from higher production volumes and lower guided unit costs.

Safety

As always at Kenmare, the health, safety and wellbeing of our people and our host communities are our highest priorities. Unfortunately, there was a fatality at the Moma Mine on 31 August 2020, a sad and regrettable event for all of us. A thorough investigation was conducted and the incident was found to be non-work related. However, we have taken all the steps we can to prevent a similar tragedy from ever happening again.

In 2020, we achieved a Lost Time Injury Frequency Rate ("LTIFR") of 0.25 per 200,000 man-hours worked which represents an improvement compared to 2019 (0.27). This is testament to Kenmare's continuing improvements in safety leadership and risk assessment practices. We also retained our five-star NOSA safety accreditation for the fifth consecutive year.

Sustainability

Kenmare's commitment to sustainability is at the heart of all we do. Even before the mine began construction, we formed the Kenmare Moma Development Association ("KMAD") in 2004 to support the development of the local community. However, we are always looking for ways to improve and, in May 2020, following on from the recent establishment of the Sustainability Committee of the Board, we appointed a Head of Sustainability. We also reported to the Carbon Disclosure Programme (CDP) for the first time as we strengthened our sustainability disclosure and for 2020 we are publishing our inaugural Sustainability Report. Kenmare was also named the most transparent extractive company in Mozambique by the Centre for Public Integrity's Extractive Industry Transparency Index.

We are also exploring and implementing initiatives to reduce our CO_2 emissions. The first major project to be approved is the development of a RUPS (Rotary Uninterruptible Power Supply), to reduce the usage of diesel generators whilst providing increased power stability. The project is expected to reduce total mine emissions by ~15%. This is a Net Present Value positive project, using conservative assumptions, that will also provide significant risk mitigation benefits to our business.

We were pleased to provide support to local communities in Nampula province in the fight against COVID-19 with donations of PPE and other essential supplies. This included 50 CPAP oxygen breathing machines and eight ventilators.

Our people are central to the delivery of our strategy. At the end of 2020 we had 1,503 employees and 97% of our employees at the Moma Mine were Mozambican. The workforce at Moma received over 14,700 hours of training during 2020 as we believe in providing continuing development opportunities and that doing so is central to attracting and retaining the best people.

Growth projects

2020 marked the final step in our multi-year growth programme to deliver capacity of 1.2 Mtpa of ilmenite, plus associated by-products. Three projects were completed over three years with the aim of increasing grade and mined volumes to allow operation at sustainably higher product volumes.

The year began with the first production from our third mining pond, WCP C, in late February 2020. The plant has been operating at expected throughput levels and remains on track to be completed within the original budget though acceptance, performance testing and defect remediation discussions continue with the WCP contractor.

Our project team successfully delivered the relocation of WCP B to Pilivili in Q3 2020, despite various global restrictions required in response to COVID-19. It was a project of epic proportions, the WCP alone weighing over 7,100 tonnes, and being wider than a football pitch and higher than a seven-storey building. The 7,100 tonne WCP B move is the world's heaviest and largest mining plant transport to date.

The ramp-up of operations began in Q4 and is continuing well, with production in line with expectations and, as expected, mining ore grades significantly higher than previously mined in Namalope.

These projects have firmly positioned us to deliver on our three strategic pillars in 2021: growth, margin expansion and shareholder returns.

Operational performance

Faced with an array of COVID-19 related uncertainties, Kenmare withdrew and then instated revised production guidance for the year but achieved the midpoint or above of the revised guidance for all products in 2020. Following the move of WCP B, in Q4, production increased by 7% compared to Q4 2019 and by 30% compared to Q3 2020.

Total operating costs came within original guidance but unit costs were negatively impacted by the lower production volumes. From 2021, we expect this trend to reverse as unit costs will benefit from higher production volumes, driving stronger margins and increased free cash flow.

> "The relocation of WCP B to Pilivili was a project of epic proportions.
>
> The 7,100 tonne WCP B move is the world's heaviest and largest mining plant transport to date."

Product market

The titanium feedstocks we produce are principally used to make pigment, essential for imparting whiteness and opacity in the production of paper, paint, plastic and a range of other manufactured goods. Kenmare continues to be the largest global supplier of ilmenite and the fourth largest producer of titanium feedstocks.

Kenmare saw five consecutive quarters of stronger ilmenite prices to the end of Q2 2020. The ilmenite market was expected to soften in H2 2020 due to impacts of COVID-19, but Chinese demand remained strong and end markets recovered more quickly than expected. Prices were marginally softer in Q3 but resumed an upward trend in Q4.

Outlook

I would like to express my thanks to all our stakeholders, particularly those in Mozambique, for their unwavering support in the past year, including our employees, host communities, suppliers, and the Government.

In 2021 we will continue to focus on the three pillars of our strategy: growth, margin expansion and shareholder returns, whilst continuing to develop partnerships with stakeholders and increasing our sustainability efforts.

We believe that the fundamentals of our business have never been stronger. Whilst there is more work to be done to deliver increased production volumes in 2021, we do so with the benefit of a strong balance sheet, healthy product market outlook, good grades, a long life orebody, a fit for purpose set of assets and a great team.

Michael Carvill,
Managing Director

WCP B move facts

7,100 TONNES
weight of the WCP

7 STOREYS
height of the WCP

60 METERS
width of the WCP

23 KM
distance of the move from Namalope to Pilivili

COVID-19 STATEMENT

MICHAEL CARVILL
Managing Director

"The outbreak of COVID-19 whilst executing a large capital programme has been a testing period for all, but through this the commitment of our people has also shined."

BEN BAXTER
Chief Operations Officer

"A massive thank you and congratulations to the whole team that maintained safe and productive operations through 2020, despite the challenges posed by COVID-19."

TONY MCCLUSKEY
Financial Director

"Our strong balance sheet allowed us to move WCP B while maintaining dividend payments to shareholders, despite the challenges posed by COVID-19."

Q How did Kenmare respond to COVID-19?

A We took quick steps to implement strict access controls, hygiene protocols and social distancing measures at the site in March 2020.

We also limited travel to and from site and established testing facilities on site which currently allows us to test all employees once a week.

Q How did Kenmare deliver the WCP B move despite COVID-19?

A We have been incredibly fortunate to have dedicated employees, willing to go the extra mile and strong relationships with our contractors.

I couldn't have asked more from our Owners Team, our EPCM contractor Hatch, and the other contractors. Sacrifices were made by many to deliver WCP B to Pilivili on time.

Q How did COVID-19 impact Kenmare's capital allocation?

A We accelerated the draw on our debt facilities early in the pandemic, due to the uncertainty impact during a period of high capital expenditure.

The measures we undertook to mitigate the impacts of COVID-19, particularly regarding the move of WCP B were essential but not costless. However, given our strong balance sheet we were able to maintain dividend payments.

Q How has Kenmare supported employees and local communities through this period?

A The pandemic required us to respond effectively and quickly to minimise the potential exposure to the workforce and local communities.

Kenmare donated eight ventilators and 50 CPAP (non-invasive ventilation machines) to the regional health authorities and donated reusable masks, medical gloves and aprons, digital thermometers and sanitation kits to local villages.

Q How have operations been affected by COVID-19?

A It is difficult to attribute direct impacts to COVID-19, as we continued to produce and export our products throughout 2020. However, there is no doubt that there have been impacts. We have seen a recent spike in cases, in Mozambique and at site. This has limited the availability of employees, including senior management. The vaccine will be slower to roll out in Africa than in the northern hemisphere and we need to remain vigilant.

Q Does this affect the Company's future strategy?

A We are already seeing the benefits of the higher production, following the successful move of WCP B. It's sensible to remain prudent and retire some of the debt we have drawn, whilst also increasing dividends.

The board is recommending a 22% increase in dividends in respect of 2020, in recognition of this. We are also targeting a dividend pay out ratio of 25% for 2021, higher than our minimum policy.

Read more about the effect of COVID on our financial performance on pages 52 to 57
Read more about the effect of COVID on our operational performance on pages 40 to 43

Our response

Operations

Stringent health protocols, social distancing, regular testing & restricted travel.

Read more about our response to COVID-19 on page 72

Local community

Kenmare donated medical equipment locally and regionally.

Read more about the steps we took to help on page 72

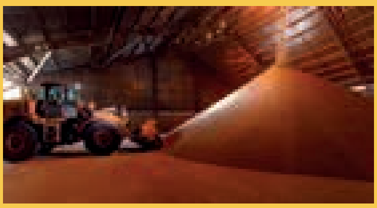
Development projects

COVID-19 created a challenging environment for completion of our capital programmes.

Read more about how we dealt with them on pages 36 to 39

Markets

Despite COVID-19, demand for our products remained strong in 2020.



Read more on pages 48 to 51

KEY PERFORMANCE INDICATORS

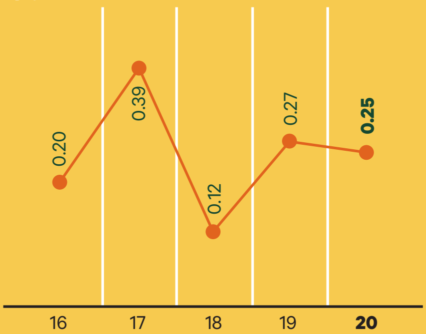
We use various financial and non-financial performance measures to help evaluate the ongoing performance of our business. Linked to our strategic objectives, the following measures are considered by management to be some of the most important in evaluating our overall performance year on year.

Health & Safety

LTIFR:

Lost Time Injury Frequency Rate.

0.25



Relevance

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

Performance

Kenmare's safety performance improved in 2020 to 0.25 per 200,000 hours worked. There were nine lost time injuries recorded during the year compared to seven in 2019 but the number of hours worked increased with the additional development project contractors at the mine.

Outlook

Kenmare is committed to continual improvement and in 2021 we will reinforce our safety culture through improving safety leadership, as well as hazard identification and risk assessment practices.

Link to risk

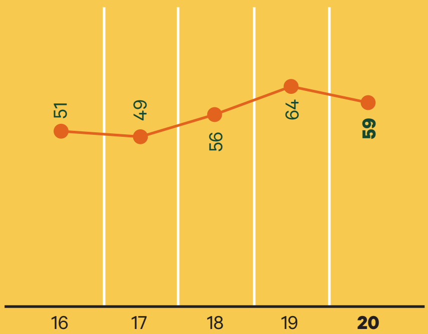
9

Link to strategy

AI:

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

59 CASES



Relevance

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

Performance

Total injuries decreased by 8% in 2020 compared to 2019.

Outlook

Building on an excellent improvement in 2021. Continually improving our safety performance is a key focus area for Kenmare in 2021.

Link to risk

9

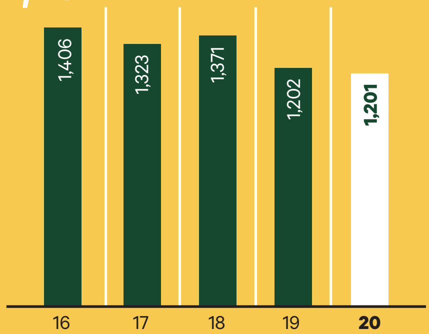
Link to strategy

Production

Mining – HMC produced:

Heavy Mineral Concentrate (HMC) extracted from sand ore, which contains valuable ilmenite, zircon, rutile and monazite.

1,201K TONNES



Relevance

Provides a measure of production from the mine, which is the feedstock of our final products.

Performance

HMC production in 2020 was flat compared to the prior year. 2020 ore grades increased by 9% to 3.90%, compared to 2019 (3.58%). Higher grades were offset by reduced excavated ore volumes due to the two-month interruption to operations at WCP B during relocation. Although ore volumes were down 7% year-on-year, WCP C commenced production in late February 2020, and contributed to both grade mined and tonnes excavated.

Outlook

In 2021 production of HMC is expected to be significantly higher than in 2020, due primarily to WCP B mining higher grade ore in Pilivili. More than 50% of Moma's production is attributable to WCP B following its relocation, as Pilivili is the highest grade ore zone in Moma's portfolio.

Link to risk

3 4 5 7 8 8

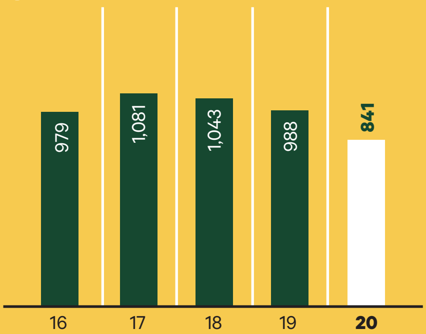
Link to strategy

Risk key: Strategic Operational Financial **Strategy key:** Growth Margin Expansion Shareholder returns

Processing:

Finished products produced by the mineral separation process.

841K TONNES



Relevance

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

Performance

Production of all finished products decreased by 15% compared to 2019. This was due to HMC consumption being 5% lower during the year, lower MSP recoveries and reduced ilmenite content in the HMC during the first nine months of the year. MSP recoveries were negatively impacted by inconsistent HMC availability through the year. As expected, the ilmenite content in the HMC increased as mining commenced in Pilivili.

Outlook

Production of all finished products in 2021 is expected to be higher than in 2020, due primarily to WCP B mining higher grade ore in Pilivili. Ilmenite production in 2021 is expected to be 1.1 million to 1.2 million tonnes, building towards 1.2 million tonnes per annum on a consistent basis.

Link to risk

4 5 6 7 8

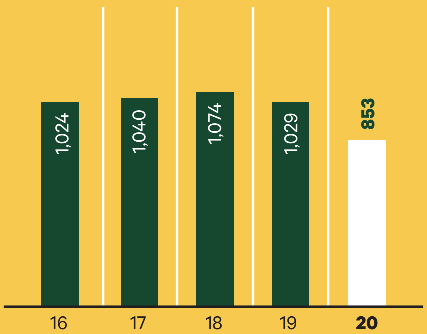
Link to strategy

Marketing

Shipments:

Finished products shipped to customers during the period.

853K TONNES



Relevance

Provides a measure of finished product volumes shipped to customers.

Performance

Shipment volumes in 2020 decreased by 17% compared to 2019 due to adverse weather conditions during a significant portion of the year, reduced availability of the transhipment vessels, which underwent works to increase capacity and reduced production.

Outlook

Shipping volumes are expected to increase significantly in 2021, in-line with increased production volumes and supported by upgrades to the transhipment vessels.

Link to risk

4 12 13 14

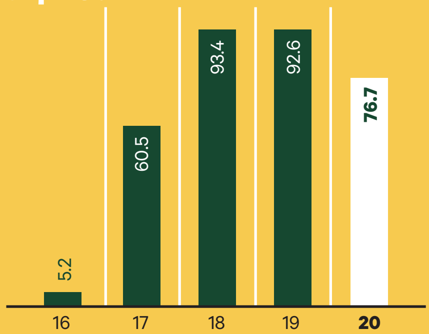
Link to strategy

Financials

EBITDA:

Earnings before interest, tax, depreciation, and amortisation.

US$76.7M



Relevance

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

Performance

EBITDA decreased in 2020, compared to 2019. Shipments of finished products decreased by 17% year-on-year and total cash operating costs increased by 1%, this was partially offset by a 10% increase in average received price per tonne (FOB).

Outlook

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

Link to risk

7 15 16

Link to strategy

KEY PERFORMANCE INDICATORS CONTINUED

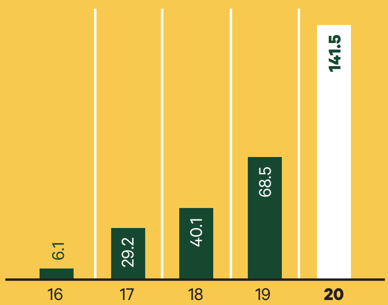
Risk key: Strategic Operational Financial **Strategy key:** Growth Margin Expansion Shareholder returns

Financials continued

Capital costs:

Additions to property, plant and equipment in the period.

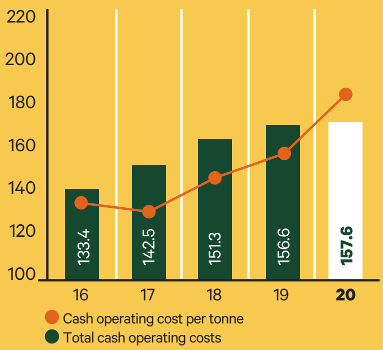
US$141.5M



Cash operating costs:

Total group costs less freight and other non-cash costs, including inventory, excluding movements in provisions. For cash operating costs per tonne this number is divided by the tonnes of finished product produced.

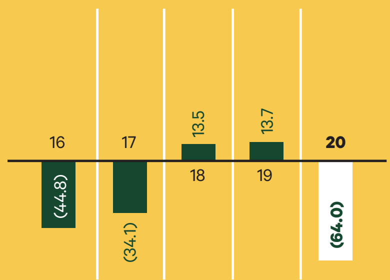
US$158.0M



Net cash/(debt):

Total cash and cash equivalents minus bank loans.

US$(64.0)M



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 2020. Capital costs were incurred for sustaining existing operations, the construction of WCP C and the relocation of WCP B to the high grade Pilivili ore zone.

Outlook

Capital costs are expected to be significantly lower in 2021. Expenditure on development projects and studies is expected to be approximately US$58 million. These costs primarily relate to the remaining costs associated with the relocation of WCP B (US$22 million), mainly carried over from 2020, the RUPS power stability project (US$16 million) and improvement projects to enhance the resilience of existing operations (US$9 million). The balance is attributable to studies and community resettlement costs in preparation for the relocation of WCP A to Nataka in 2025. Sustaining capital costs from 2021 onwards are expected to be approximately US$20 million to US$25 million.

Link to risk

12

Link to strategy

Relevance

Eliminates freights 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 1% in 2020 compared to 2019. The higher costs and lower production volumes resulted in a 19% increase in cash operating costs per tonne.

Outlook

Total cash operating costs are anticipated to increase in 2021 due to increased production and the need to transport WCP B's HMC production from Pilivili, which is a greater distance than the previous mining area of Namalope, to the MSP. However, cash operating costs per tonne are expected to decrease due to higher anticipated production volumes, and further decrease in 2022 as the Company targets a first quartile position on the industry revenue to cost curve.

Link to risk

4 5 6 7 8 15

Link to strategy

Relevance

A measure of the Group's financial leverage.

Performance

During 2020 the balance of the Term Loan of US$42.7 million and the full amount of the Revolving Credit Facility of US$40 million were drawn to provide the Group with enhanced liquidity during the period of uncertainty posed by the COVID-19 pandemic.

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

7 8 12 15 16

Link to strategy

WE ARE RESPONSIBLE

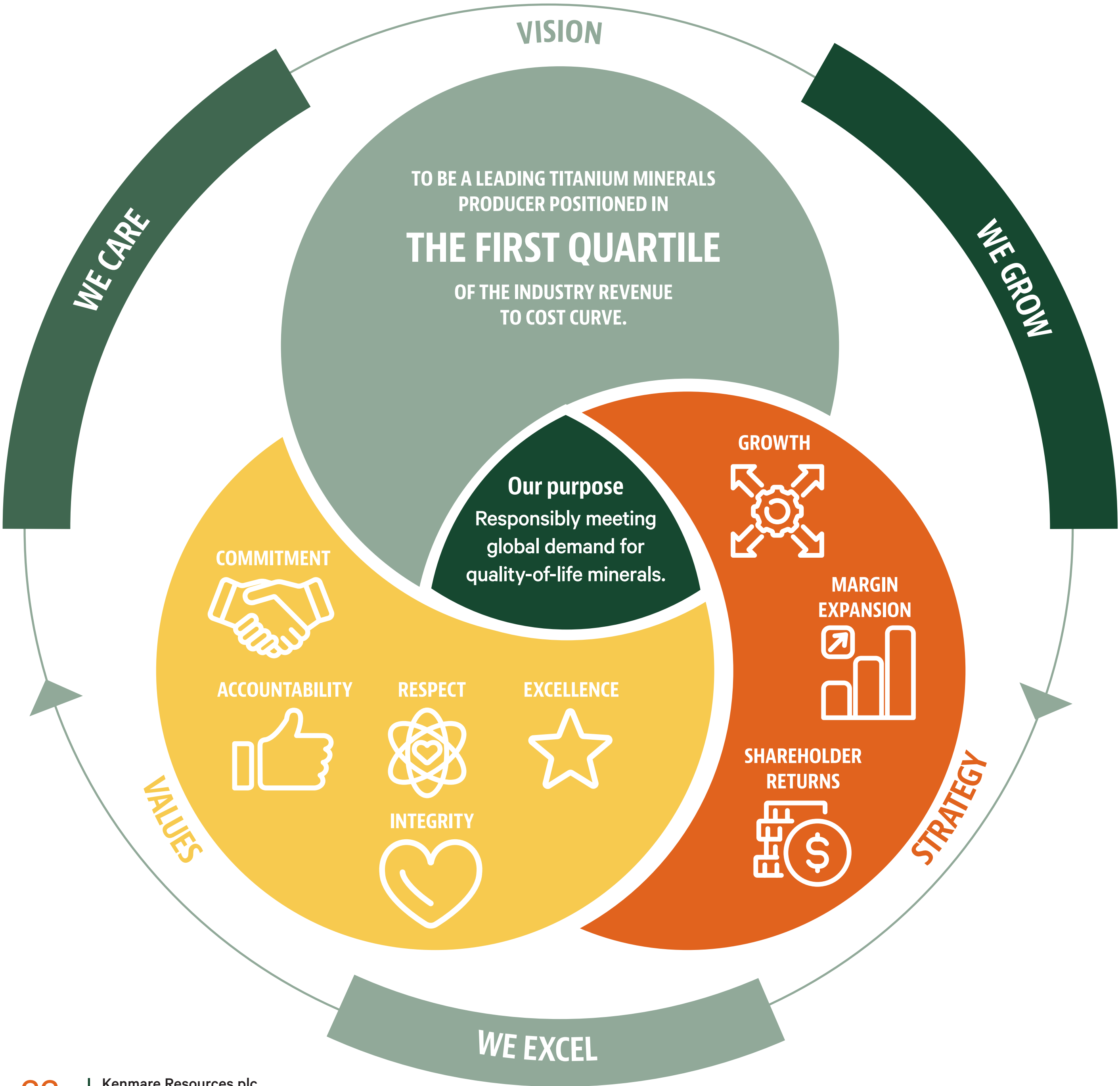
OPERATING WITH INTEGRITY

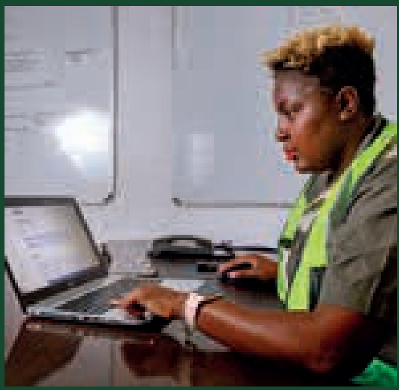
"I've worked in the community relations team at Kenmare for more than 10 years. I feel proud to be part of this organisation that operates with integrity and social responsibility towards its employees and communities. It's been a privilege to see how the lives of the local communities have benefited during my time here. Through my work at Kenmare, I have been able to provide a good home and a quality education for my children."

Joana Abilio,
Community Relations Officer

OUR BUSINESS

We believe our purpose to "Responsibly meet global demand for quality-of-life minerals" is best served through the alignment of our culture, values, and strategy.





CASE STUDY

Employee engagement survey

- In 2020 we completed our first, Group-wide, employee engagement survey
- The survey catered to all levels of employee literacy and was made available in English and Portuguese
- High levels of participation with 92% (1,393 people) of the workforce taking part
- 97% of Kenmare employees rated themselves as engaged or highly engaged in their roles
- Results from the survey will be used to help devise and implement groupwide actions to positively influence organisational culture

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; 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 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 STRATEGY

Our vision is to be a leading titanium minerals 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.

Enablers

Linked to our responsible and integrated approach

We believe our purpose to "Responsibly meet global demand for quality-of-life minerals" is best served through the alignment of our culture, values, and strategy. Strong environmental, social and governance (ESG) management is a fundamental responsibility of business.

Sustainability has always been central to the way we do business at Kenmare; however, there is always more that we can do, and we have been evolving our practices and improved the structure of our sustainability process.

Some of these steps have included:

- The hiring of a dedicated Head of Sustainability in 2020
- The first submission to CDP in 2020
- The completion of Kenmare's first extensive materiality review
- The first publication of public sustainability targets
- And will include:
- The publication of our inaugural Sustainability Report, for 2020, in April 2021.
- The publication of our first Modern Slavery Statement in April 2021

Aligning our strategy with the interests of our stakeholders

Meaningful engagement with stakeholders is part of our culture. It is embedded in all that we do as a company. The differing interests of stakeholders are considered in the business decisions we make across the Company, at all levels, and are reinforced by our Board setting the tone from the top.

As part of our materiality review, a range of external and internal stakeholders were engaged to rate key issues related to Kenmare's operation. Issues that matter most to them now and into the future. They help define the content of the sustainability report, in alignment with the GRI principles, and help inform our strategy development.

Read more about our business model on pages 26 to 27

Read more about our marketplace on pages 48 to 51

Read more about our approach to sustainability on pages 66 to 77

Strategic pillars

Growth

We have outlined a programme of three development projects to increase our ilmenite production to 1.2 million tonnes per annum. This increase is delivered through an increase in mining productivity, expanded mining capacity and access to higher grade ore.

Margin expansion

Optimising the performance of all assets is crucial to maximising margin. In addition to higher revenues, increased production helps to reduce unit costs.

Shareholder returns

Making capital returns to shareholders is an essential part of Kenmare's strategy to deliver value to our shareholders, whilst balancing the needs of the business and maintaining a strong balance sheet. Kenmare has a dividend policy to pay a minimum of 20% of Profits After Tax.

Priorities | Performance | Outlook

45-60%

Increase in production of ilmenite for 2021.

The increase in production has been supported by the completion of three significant development projects

- 2018: 20% capacity increase of WCP B
- 2019: Development of WCP C
- 2020: Move of WCP B from Namalope to Pilivili

Performance

WCP C produced first HMC in February 2020. The project has been operating at expected throughput levels and remains on track to be completed within the original budget of US$45 million, although some defect remediation remains to be closed out with contractors.

Increased costs were incurred with the WCP B project, related to required COVID-19 mitigation measures. However, the original project scope was delivered broadly in line with expectations. WCP B was successfully relocated from Namalope to Pilivili in Q3 2020 and began producing in Q4, our strongest production quarter of the year.

Outlook

Following the completion of the WCP B to Pilvili, Kenmare expects production in 2021 to be significantly higher and sustained in the long term. Guidance for 2021 has been set between 1.1 and 1.2 million tonnes of ilmenite, plus associated by-products, representing a 45-60% increase in production volumes from 2020.

Reducing unit costs

Kenmare achieved an EBITDA margin of 33% in 2020, which is expected to improve in 2021.

Kenmare's strategy to increase margins has three approaches:

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

Performance

As expected, production of ilmenite in 2020 was lower than in 2019. This was due to the lower grades available for mining ahead of the move to Pilivili and the downtime of WCP B associated with the move. Utilisations through the MSP (Mineral Separation Plant) were also negatively affected by low HMC stocks because of lower mined production.

Outlook

Kenmare is targeting a first quartile position in the industry margin curve (or revenue to cost curve), providing more stable cashflows and insulation against future commodity price cycles. Kenmare's cash operating costs per tonne are expected to decrease from US$188 per tonne in 2020 to between US$132 and 146 per tonne in 2021.

Increased dividends

In recognition of 2020 as a year of transition, the Board is recommending a 22% increase in dividends for 2020.

Performance

Despite a planned increase in capital expenditure during 2020 and the unexpected challenges posed by COVID-19; dividend payments were maintained. A 2019 final dividend of USc5.52 per share was paid following the AGM May 2020 and a 2020 interim dividend of USc2.31 per share was also paid in October.

Outlook

Maintaining a prudent level of cash remains a strategic priority for Kenmare to help insulate the business from unexpected shocks.

However, the board is sufficiently confident in the outlook of the company to recommend a 2020 final dividend that is substantially above the dividend policy minimum of 20% profit after tax. It has proposed a payment of USc7.69 per share, subject to shareholder approval, to be paid in May 2021.

The Board has also proposed a target dividend payout ratio of 25% of profit after tax in 2021.

Read more about our KPIs on pages 18 to 21

Read more about our Risks on pages 58 to 65

BUSINESS MODEL

Inputs

MARKET FUNDAMENTALS

Global demand
Read about the uses for our products on pages 3 and 48

Competition
Read about the expected supply on page 48

Commodity Prices
See the positive trend in prices on page 48

OUR INTEGRATED APPROACH

Responsible approach
Read about our integrated Approach to Sustainability on page 34

Good corporate governance
Read about our corporate governance from page 84

Stakeholder engagement
Read about our materiality assessment on page 28

ASSETS

Our people
Read about our People on page 72

Large resource
Read about our 100 year life of mine on page 44

High grade opportunities
Read about the development of mining at Pilivili on page 38

Significant financial resources
Read about the strength of our financial position on page 52

Renewable energy source
90% of our power requirements are met by hydroelectricity, see page 76

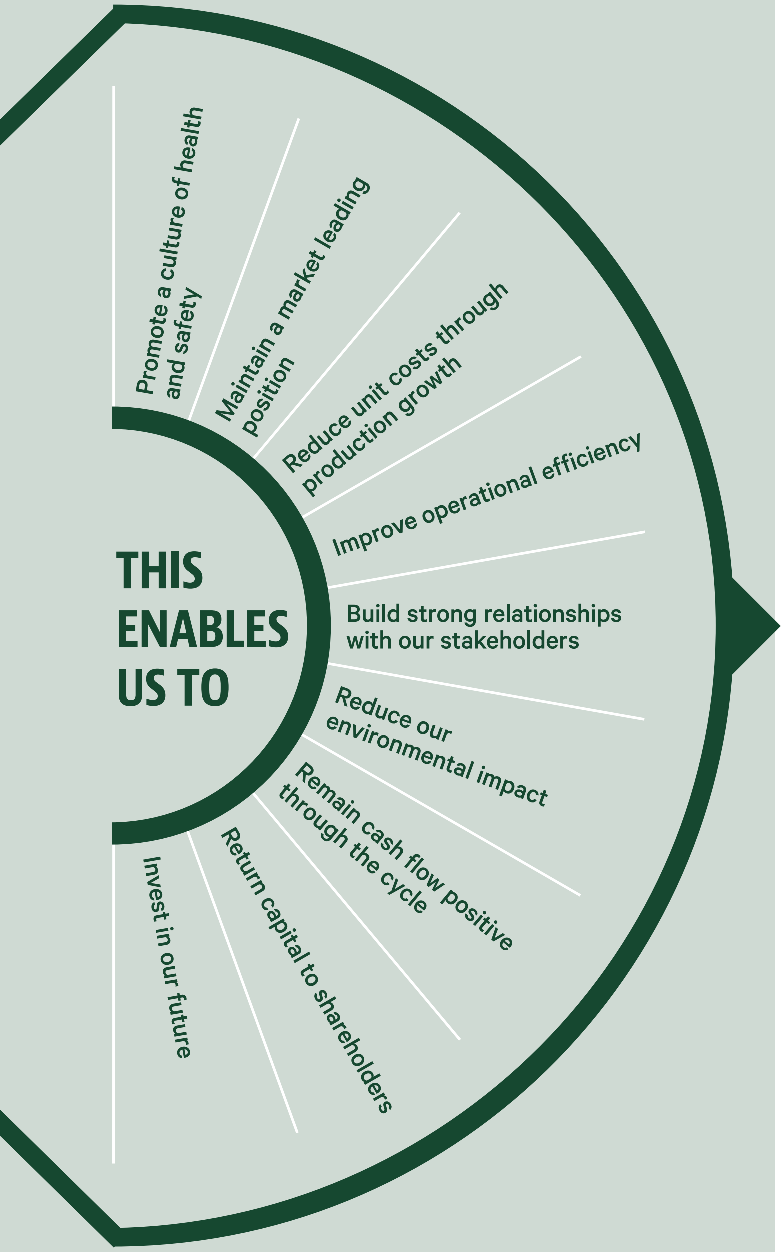
Our unique and sustainable model

Underpinned by our values (ICARE)

INTEGRITY

COMMITMENT

ACCOUNTABILITY



Outputs and shared value

CUSTOMERS

853,100

tonnes of product sold in 2020

We believe the products we produce are of the lowest carbon-intensity in our industry, benefiting from 90% of our power requirements being sourced from a renewable hydroelectric source. With the implementation of the new RUPS power stability project, we are aiming to further reduce our total CO_2 emissions by 15% in 2022.

EMPLOYEES

97%

of employees rated themselves as engaged or highly engaged

The success of our business model enables us to invest further 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.

SHAREHOLDERS

22%

increase in dividends

In March 2021, Kenmare proposed a 2020 full year dividend of USc10.0 per share, up 22% on the 2019 full year dividend. For 2021 we are targeting a dividend payout ratio of 25%.

LOCAL COMMUNITY

US$2.0M

invested in community development initiatives through KMAD

Kenmare aims to be a catalyst for positive social and economic change in local communities. Through KMAD, the three key focus areas are economic, healthcare and education development.

ENVIRONMENT

180 HECTARES

of land rehabilitated

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, sourcing 90% of our power requirements from renewable hydroelectric sources, and avoiding the use of chemicals in our mining and processing operations.

Read more about our sustainable approach on pages 66 to 77

RESPECT

EXCELLENCE

STAKEHOLDER ENGAGEMENT

Section 172(1)

Engaging with our stakeholders is key to our understanding and considering their respective needs and perspectives.

Stakeholder engagement plans are developed, reviewed, and updated regularly. In addition to operating as a responsible business and mitigating risks, at Kenmare we look to build relationships with relevant stakeholders that are based on trust, transparency, and fairness. We conducted a materiality assessment in 2020 to help us understand the perceptions, needs and important issues of our stakeholders. By understanding the matters of importance to our stakeholders, the Board can consider their needs and concerns in its decision making. Read more about our materiality process on page 68.

The Board sets the tone from the top to ensure that decisions we make at all level of the business, which could impact our stakeholders, are taken with due regard to their differing interests.

We engage with our stakeholders through a range of channels. The feedback generated informs our materiality assessment, as well as our disclosure and risk management. Read more about our risk management on page 58.

Our approach to stakeholder engagement aligns with Provision 5 of the UK Corporate Governance Code 2018 (the "Code"), which applies to the Company by virtue of its premium listing on the London Stock Exchange. Whilst section 172 of the UK Companies Act 2006 is not directly applicable to the Company due to it being a provision of UK company law, we are pleased to report here in relation stakeholder engagement in connection with Provision 5 of the Code.

For further information as to how the Board and the Company consider the matters referenced in section 172, please see our Corporate Governance Report (in particular the 'Board activities in 2020' table on page 86 and the 'Shareholder Engagement', 'Community Engagement' and 'Workforce Engagement' sections on pages 88 to 89), 'Our approach to sustainability' on page 34 and the 'Sustainability' section on pages 66 to 77.

Employees and unions

Why it is important to engage

At Kenmare we believe that our employees are the cornerstone of our business and that a partnership approach is vital to achieving business objectives. We provide competitive remuneration and invest in professional and personal development, while providing a safe and healthy working environment.

Ways we engage / How we monitor our engagements

- 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
- Company newsletters, town halls and pulse surveys

Key Issues / Significant topics raised

- Training & development opportunities
- Remuneration
- Working conditions
- Labour rights
- Human rights
- Health and safety

How do we respond? / examples of actions taken

- Updating H&S policy
- Increased investment in employee development, including a new leadership training programme
- Employee engagement survey
- First Modern Slavery Statement in 2021

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 host communities.

Ways we engage / How we monitor our engagements

- 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

Key Issues / Significant topics raised

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

How do we respond? / examples of actions taken

- All land mined is rehabilitated and handed back
- KMAD support of local communities surrounding the mine
- Donations of medical equipment to support local communities

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 / How we monitor our engagements

- 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 and Environment
- Provide a quarterly report to the District authorities
- Provide a Portuguese summary of Kenmare's Annual Report to all government departments

Key Issues / Significant topics raised

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

How do we respond? / examples of actions taken

- Increased production of corporate materials in Portuguese to increase transparency
- Donations of medical equipment to support the regional health service

Shareholders

Why it is important to engage

Our investors are the owners of the business and their continued support is critical to the business. They provide the capital to develop and expand our operations responsibly and sustainably and we need to ensure we continue to deliver a compelling investor proposition.

Ways we engage / How we monitor our engagements

- Investor conferences, webinars and presentations
- Organise one-on-one meetings and roadshows
- Site visits
- Direct dialogue at the Annual General Meeting
- Corporate materials including announcements, company website, Annual Report and social media profiles

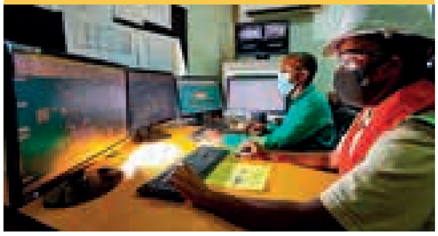
Key Issues / Significant topics raised

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

How do we respond? / examples of actions taken

- Increased proposed dividends in 2020 & targets for 2021
- Inaugural Sustainability Report for 2020 Reporting to CDP

Suppliers, contractors and customers



Why it is important to engage

We believe in building stable, long term relationships based on mutually beneficial terms with our suppliers, contractors, customers and financial service providers. It is integral to business success that we work in collaboration with the whole value chain, as we strive for compliance with our ethical, environmental and safety standards.

Ways we engage / How we monitor our engagements

- Direct communication
- Contractual relationships
- Site visits, workshops, meetings and training
- Operate an independent whistleblowing service

Key Issues / Significant topics raised

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

How do we respond? / examples of actions taken

- Supply chain compliance programme
- Two lender disbursed funds from local Mozambican banks

OUR OPERATING MODEL

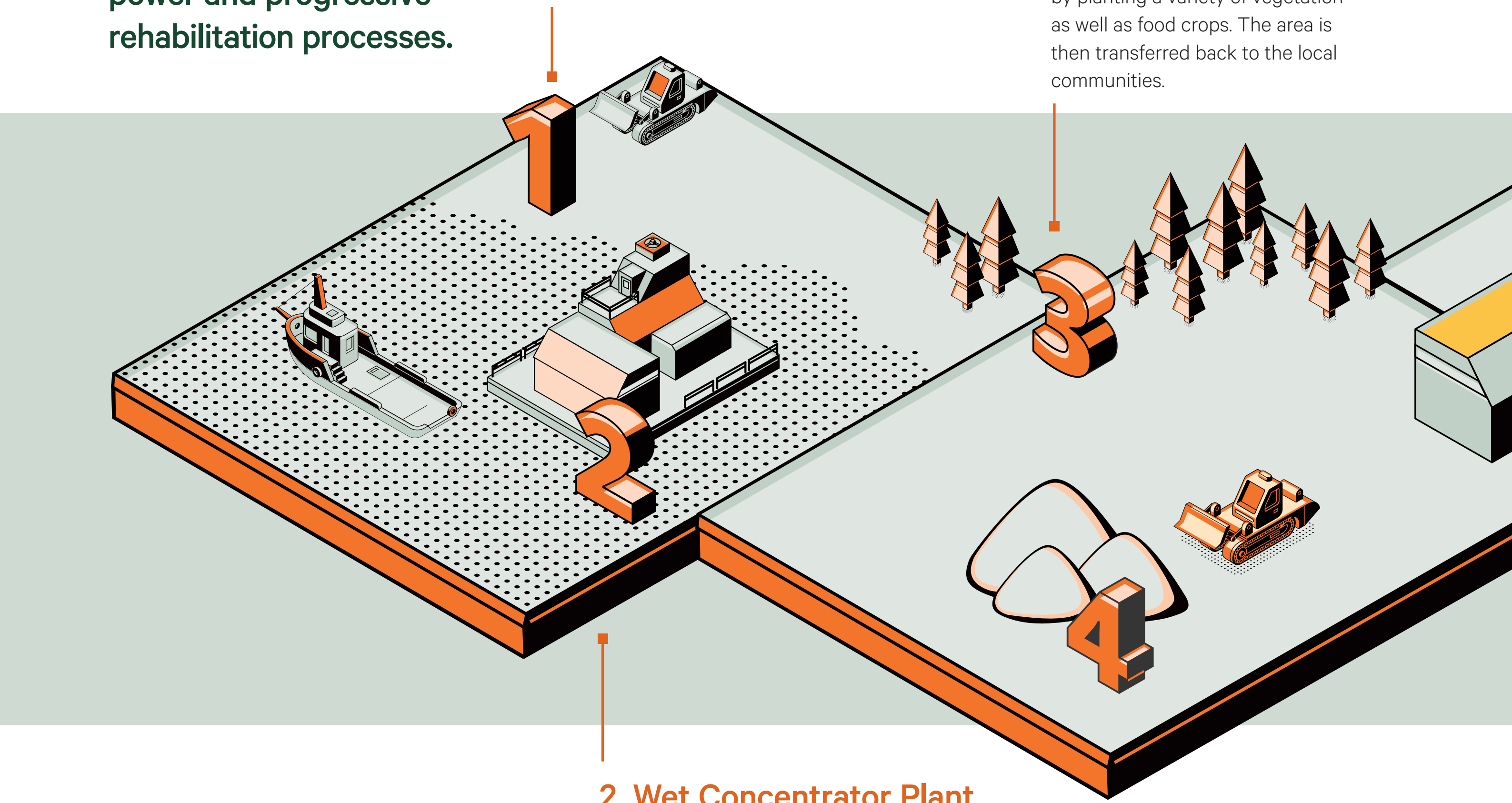
Kenmare's operational process is well established and environmentally sound. The Moma Mine is a low-cost, bulk mining operation that predominantly utilises hydro-generated power and progressive rehabilitation processes.

1. Mining

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.

3. Dune rehabilitation

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



2. Wet Concentrator Plant

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).

4. Heavy Mineral Concentrate

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, zircon and monazite), other heavy minerals and a small amount of other minerals (the bulk of which is silica sand).

Mining

5. Wet High Intensity Magnetic Separation

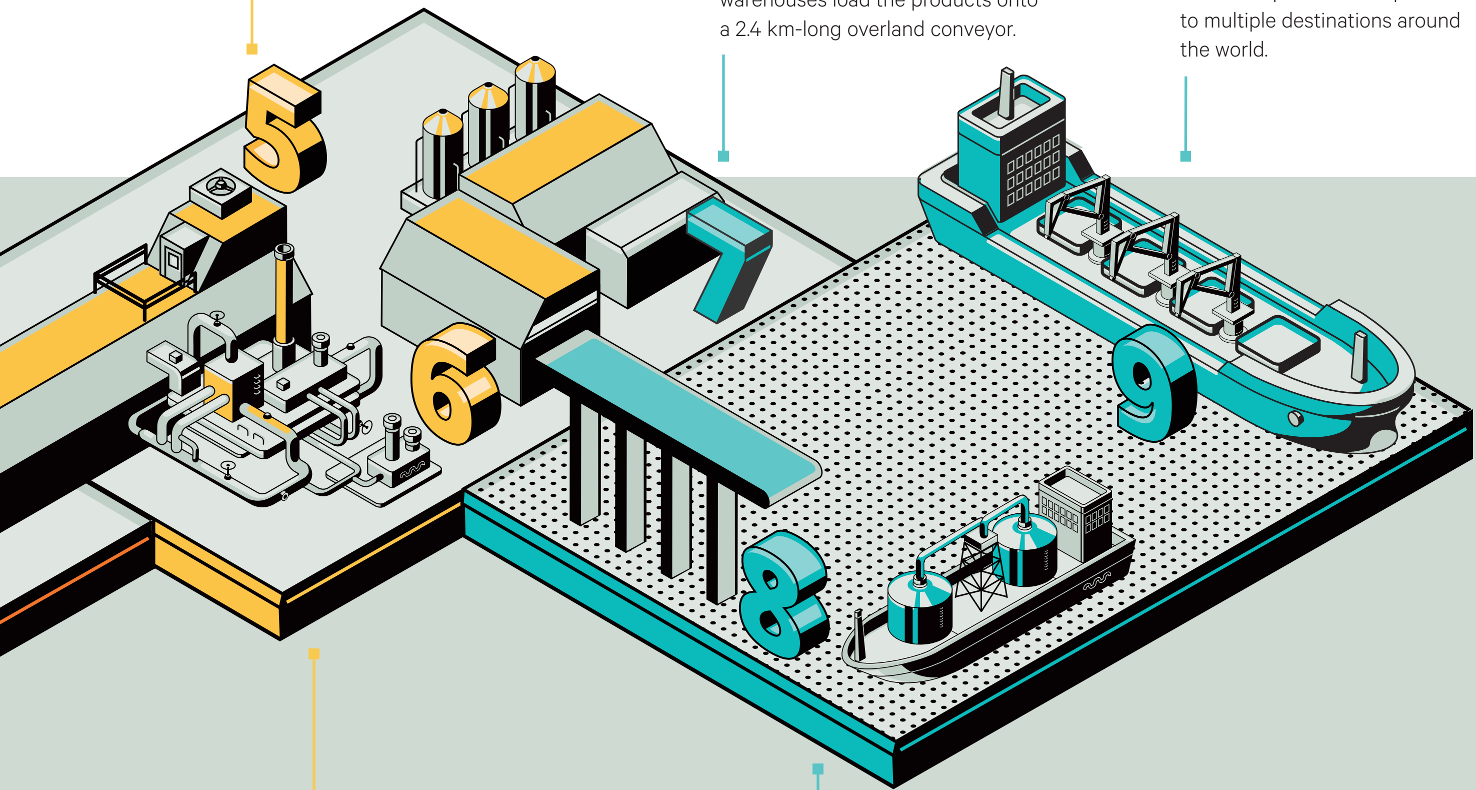
HMC is transferred from stockpiles by front-end loaders and fed to the Wet High Intensity Magnetic Separation (WHIMS) plant to separate magnetic from non-magnetic fractions.

7. Product storage warehouse

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.

9. Ocean-going bulk carrier

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



6. Magnetic, gravity and electrostatic separation

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.

8. Conveyor and jetty

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.

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.

Processing

Storage and export

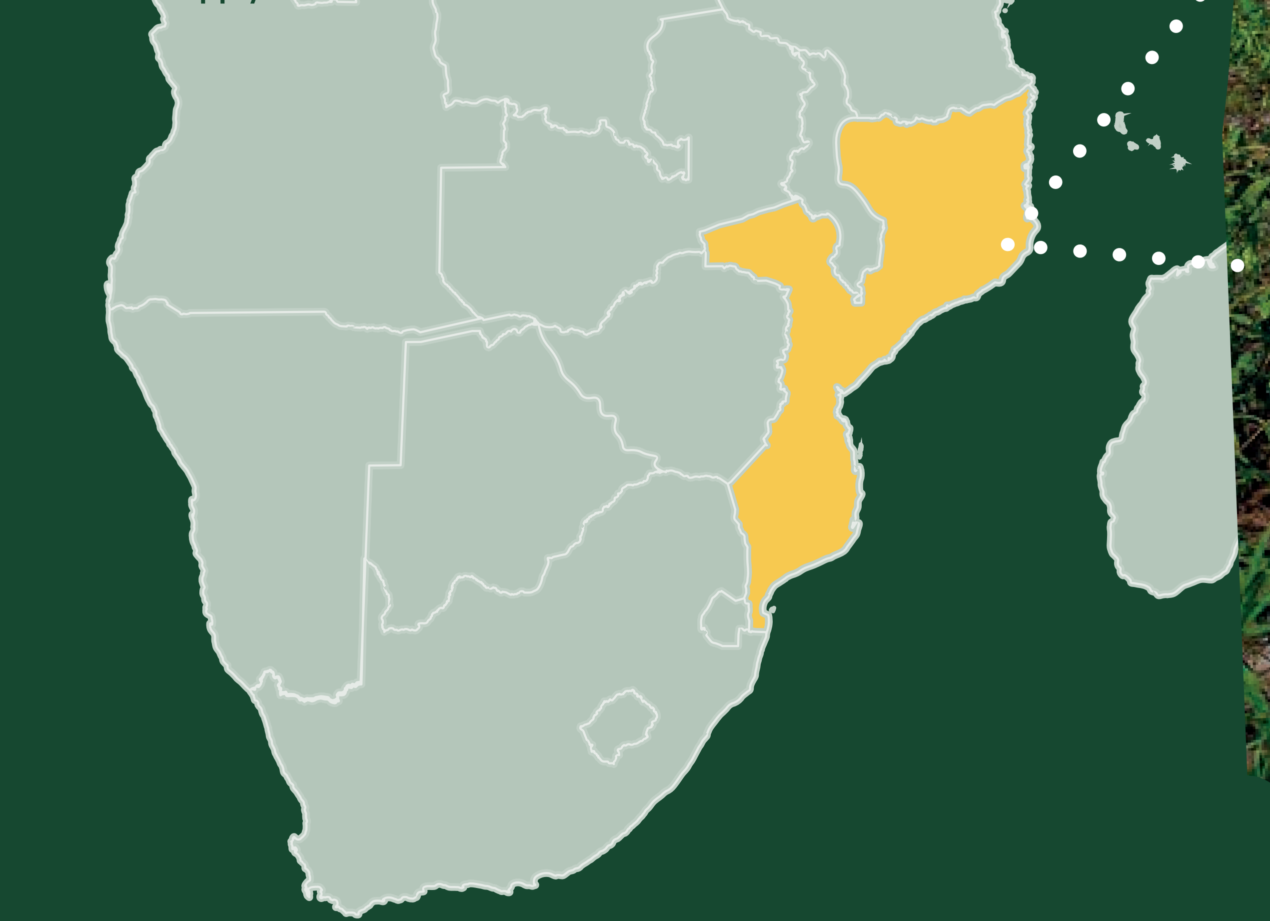
OUR OPERATIONS

The Moma Titanium Minerals Mine is located on the north-east coast of Mozambique. It is one of the largest titanium minerals deposits in the world and began production in 2007.

The Moma Mine has a low environmental impact, progressively rehabilitating the land as we mine. It also benefits from access to low-cost, renewable power (from the Cahora Bassa Hydroelectric Complex), to supply 90% of requirements.

Moma consist of three Wet Concentrator Plants (WCPs), two of which are mining the Namalope ore zone and one in the Pilivili ore zone.

Kenmare is targeting 1.2 Mtpa of ilmenite production on a sustainable basis, which represents 7% of global titanium feedstock supply.



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 two dredges, Catarina and Mary Ann, provide feed to WCP A.

B

WCP B

WCP B mined the Namalope ore zone from 2013 to August 2020. In September 2020, WCP B was relocated to the high grade Pilivli ore zone and it recommenced production in late October. 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. It commenced production in February 2020 and it 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. WCP C is mining a high grade area of the Namalope ore zone, which is inaccessible to the two larger Wet Concentrator Plants. It has one dredge, named Julia.

Read more in the Operational review on pages 40 to 43

OUR APPROACH TO SUSTAINABILITY

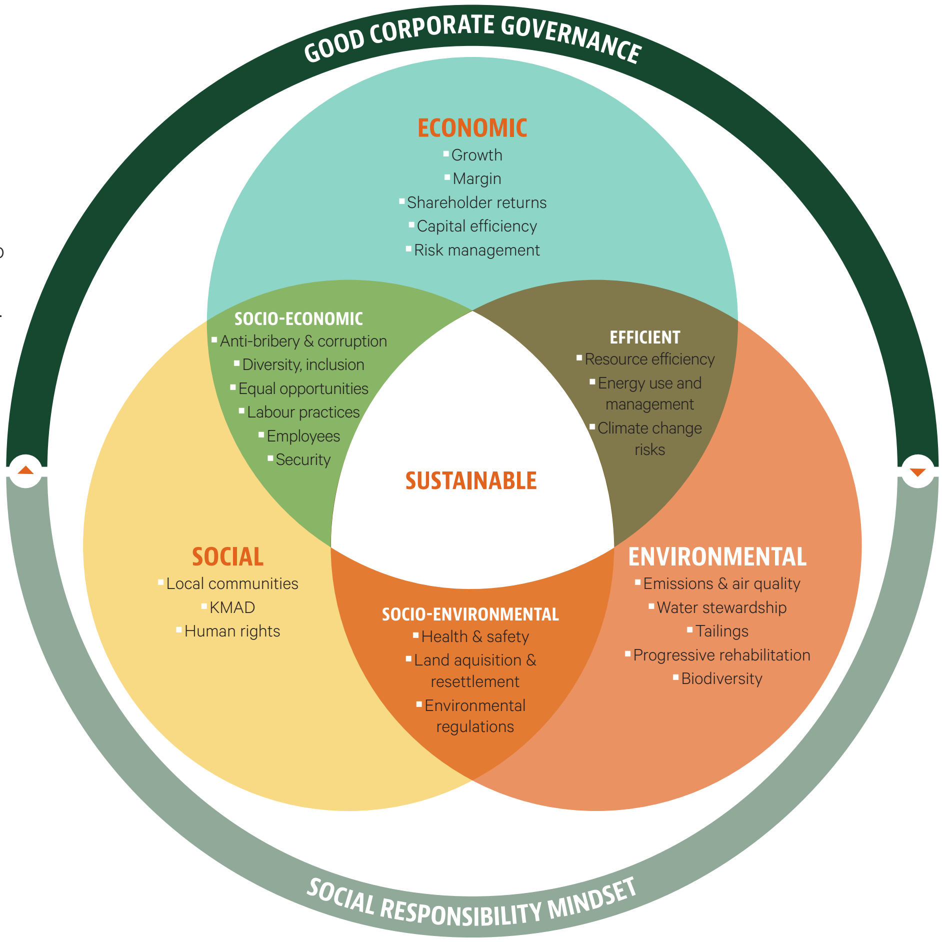
Kenmare's long-standing and ongoing commitment to sustainability is underpinned by our values and purpose: to responsibly meet global demand for quality-of-life minerals.

For more than 30 years, Kenmare has been building a responsible culture that values and supports sustainability. Responsible decision-making is at the centre of our ability to deliver long-term stakeholder value. We are fully committed to doing what is necessary to protect the health and safety of our people, operate in an environmentally responsible manner and support our host communities. From exploration to extraction, construction to closure, sustainability is a vital consideration at all stages of the mine cycle.

Good corporate governance is the collective responsibility of the Board and all levels of management and critical to the long-term success of the Group. The standards and practices adopted are applied in a consistent manner with our values of Integrity, Commitment, Accountability, Respect and Excellence (ICARE) and together form the foundation of our approach to sustainability.

We have sought to ensure regular and meaningful engagement with all stakeholders to build relationships based on trust and respect. We set clear targets to challenge ourselves to improve our sustainability performance, transparency, and accountability. To deliver these targets, we embed sustainability performance measures throughout Kenmare.

Read more about sustainability on pages 66 to 77



Materiality assessment

In 2020, we conducted a review to find out the topics that matter most to Kenmare and our stakeholders. Identification and evaluation of these material topics ensure that our business strategy takes account of significant social, environmental, and economic topics and the management of sustainability issues is embedded in wider business processes. This process helps to develop our sustainability strategy, informs metrics and KPIs to improve future performance and provided the context for our inaugural standalone Sustainability Report.

Read more about our materiality assessment on page 68

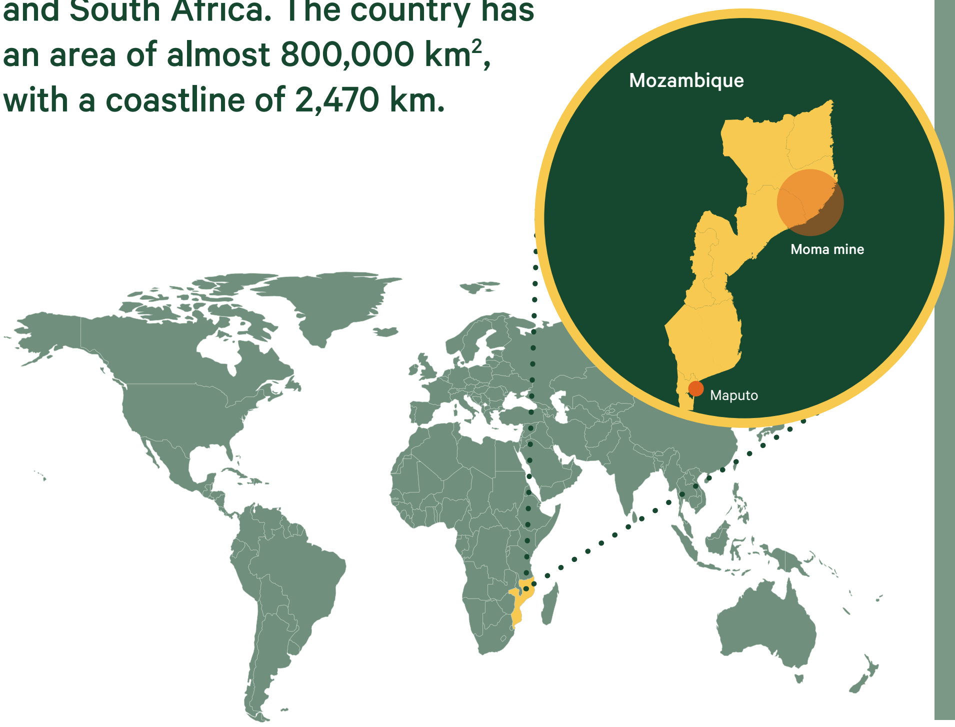
KMAD

The Kenmare Moma Development Association ("KMAD") is a not-for-profit organisation established in 2004. KMAD aspires to be a catalyst for positive social and economic change in the host communities of the mine. The focus of our work is framed by three key pillars: livelihoods and economic development, healthcare development and education development.

Read more about KMAD on page 66

OUR HOST COUNTRY: MOZAMBIQUE

Kenmare began exploring for titanium minerals in Mozambique in 1987 and has had a continued unbroken presence in country for over 30 years. Mozambique lies on the south-eastern coast of Africa and shares borders with Tanzania, Malawi, Zambia, Zimbabwe, Eswatini and South Africa. The country has an area of almost 800,000 km^2, with a coastline of 2,470 km.



Mozambique is a mining friendly jurisdiction with a growing natural resources industry. There are currently over 60 natural resources companies with a presence in country. In addition to titanium minerals, coal, gold and aluminium are all mined in Mozambique. The discovery of the Rovuma basin natural gas fields in the north of the country in 2011 is set to transform the economy in the coming decades, with an estimated US$20+ billion investment underway from several multinational companies.

Working in partnership

During our 30-year history in country, Kenmare has fostered strong relationships with the Government of Mozambique, local authorities, and our host communities. The Government has always upheld the terms of our licences and other agreements, and we value their partnership highly. In 2020, Kenmare's production accounted for 7% of Mozambique's exports.

Good governance

In 2020, Kenmare was named the most transparent company in Mozambique by the Centre for Public Integrity's Extractive Industry Transparency Index. Mozambique is one of the 52 countries that implements the Extractive Industries Transparency Initiative (EITI) and Kenmare representatives have been on Mozambique's EITI coordinating committee since its inception in 2009.

Democracy in action

Democratic elections have been held every five years in Mozambique since 1994, with the most recent election held in October 2019.

DEVELOPMENT PROJECTS

BEN BAXTER
Chief Operations Officer

GARY SHORT
Project Director

DELIVERING GROWTH

In 2018 Kenmare announced three development projects that together had the objective of increasing ilmenite production to 1.2 million tonnes (plus co-products) per annum, on a sustainable basis, from 2021.

Completion of
WCP B MOVE

Targeting 2021 ilmenite production of
1.1-1.2 MILLION TONNES

Representing a
45-60%
increase in ilmenite production in 2021

The first development project, a 20% expansion of WCP B, was commissioned successfully in late 2018. The second project, the development of WCP C, commenced production in late February 2020. The third project, the relocation of WCP B to Pilivili, was successfully undertaken in Q3 2020. The ramp-up began in Q4 2020 and continues to progress well, with production in line with expectations and ore grades significantly higher than previously mined in Namalope.

In 2020, Kenmare produced 765,000 tonnes of ilmenite and is targeting production of 1.1-1.2 million tonnes in 2021, an uplift of between 45% and 60%, and accounting for approximately 5% of global supply of titanium feedstocks.

This significant increase in targeted production is supported by increased, improving utilisations, and the mining of higher-grade ore. The higher production volumes are expected to reduce unit costs, as well as increase revenues, as the operation benefits from economies of scale.

Kenmare's cash operating costs per tonne are expected to decrease to US$132-US$146 per tonne in 2021, providing expanded margins and greater cash flow stability. As a result, Kenmare is targeting a position 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 2020, in accordance with the development programme:

- Commissioning of WCP C
- Completion of the WCP B move from Namalope to Pilivili in Q3 2020, and successful recommissioning in Q4 2020
- Initiation of pre-feasibility works for future mining in Nataka

WCP C development

The development of WCP C was the second of Kenmare's three development projects. WCP C mines a high-grade area of the Namalope ore zone (averaging 5% Total Heavy Minerals ("THM")), which was not accessible to the larger WCP A and WCP B mining operations. The ore lies below the water table and is therefore not suitable for our supplementary dry mining operations. The high-grade ore and close location to the MSP, with associated low pumping costs, allow this plant to make a meaningful contribution to lowering unit costs at Moma.

The project consisted of three main deliverables:

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

WCP C has provided satisfactory HMC production in 2020, producing 169,000 tonnes of HMC. While the start of operations was delayed, due to the late completion of the concentrator plant by the turnkey contractor, WCP C ramped up quickly in March 2020. The plant has a rated capacity of 500tph and has been consistently and reliably fed by the Julia dredge. Utilisations have been on plan and metallurgical efficiencies have been in line with expectations.

Completion of WCP B move

Overview

The move of WCP B was an essential project in 2020, as the existing area being mined in Namalope had been depleted. Pilivili was chosen as the new mining area as is the highest-grade ore zone in Moma's portfolio, with Mineral Reserves of 180Mt at 4.4% Total Heavy Mineral. It is also relatively close to the MSP (Mineral Separation Plant), being 23km away.

COVID-19 challenges

Global restrictions for the movement of goods and people, related to COVID-19, led to the delayed fabrication and delivery of electrical infrastructure and the HMC pipeline. Agile project management prevented a delay to the move of WCP B, which was delivered on-time to prevent a shortage of ore.

First production in Q4 2020

HMC production commenced on 25 October 2020 and production ramped up successfully through the quarter. Grid power was established from mid-December 2020 while HMC haulage continues pending the imminent commissioning of the HMC pipeline in Q2 2021.

DEVELOPMENT PROJECTS CONTINUED

However, whilst the plant is delivering HMC to expectation, the project has not been formally closed out due to the non-completion of performance tests. This was the result of COVID-19 restrictions on the contractor. There are also outstanding items on the feed preparation section of the plant which minimise ore losses. The project is expected to be completed below its budget of US$45 million.

WCP B move to Pilivili

The last of the outlined development projects has been the relocation of WCP B to the high grade Pilivili ore zone. This move was successfully undertaken in Q3 2020, and HMC production began at the end of October 2020.

The project was approved in 2019 and involved the relocation of the existing mining operation from the depleted ore zone of Namalope to a new mining zone in Pilivili. The project comprised the safe relocation of the dredge and concentrator plant, using self-propelled modular transporters (SPMTs), along a dedicated 23km x 60m wide roadway designed and built to cope with the pressure created by the 7,000 tonne weight.

Pilivili, being a new mining area, required significant infrastructure development. The project created the required electrical infrastructure upgrades and extensions, various support services, as well as providing a positive displacement pumping system to transport the heavy mineral concentrate to the Mineral Separation Plant.

The project execution phase was extremely challenging and dynamic due to the many and staggered disruptions because of the COVID-19 pandemic. Delays were incurred in the fabrication stages in Q2 and Q3 2020 and in H2 the relocation and installation schedules were impacted by late deliveries and restrictions on the movement of goods and people.

Contingency planning allowed for a one-month extension of mining in Namalope, mining low grade ore; therefore reducing the contribution of WCP B in 2020. The relocation commenced at the end of August and was completed inside two months, ahead of expected schedule.

Plans were initiated to ensure that WCP B production could restart on time. However, due to COVID-19 restrictions, some installations were not completed in time for the WCP B recommissioning:

- Operations utilised Kenmare's diesel-powered generators until the electrical infrastructure was completed in December.
- Road haulage of HMC was employed as an interim measure due to the HMC pipeline fabrication being delayed. Installation continued in Q1 2021, with commissioning of the pipeline expected in Q2.

The project is expected to be delivered for US$127 million, ahead of the forecast US$106 million original budget forecast. US$21 million of the overrun directly relates to COVID-19 mitigation measures; fabrication and installation changes, catch up strategies and extensions of contracts.

The delivery of the WCP B relocation and WCP C is testament to the commitment and integration of the Kenmare Owner's Team, our EPCM engineer, Contractors, and Operations workforce. To deliver the project under such challenging conditions was an exceptional achievement.

Production in Pilivili commenced successfully in Q4 2020. The production ramp up and plant operating time exceeded expectations, that combined with significantly higher start-up grades, contributed to the best HMC production quarter of 2020. Kenmare expects to produce between 1.1-1.2 million tonnes of ilmenite in 2021.

Nataka Prefeasibility.

The Nataka ore zone is Kenmare's largest orebody, with both WCP A and C expected to mine there in the future. A 20-year higher grade mine path has been identified for WCP A from 2025 onwards at conceptual level, and this path is now subject to a prefeasibility level assessment.

Studies were commenced in 2020 on several work streams:

- Mining method validations including dredging and supplementary mining options. As part of these works, a hydro-mining trial, commenced in early 2021.
- Orebody knowledge improvements with resource drilling programmes as well as geotechnical and hardness assessments, including the purchase of a specialised drill rig to deliver improved resource evaluations.
- Slimes assessments, including considerations on mining method, processing and tails emplacement.
- Water provision, with geophysical and drilling work exploring an aquifer closer to Nataka than the one included in our concept study.

These studies, which will continue into 2022, are expected to inform the optimal mining approach for the Nakata orebody which should enable the mine to maintain ilmenite production at 1.2 Mtpa.

Ben Baxter
Chief Operations Officer

WE ARE INNOVATIVE

BUILDING A SUCCESSFUL PROJECTS TEAM

"Since I joined Kenmare in 2018, there hasn't been a dull moment. We've been busy with feasibility studies and completing three expansion projects.

My biggest achievement has been the development of our project owners' team, including Hatch, and the effective integration of the team with site operations and our executive team. I enjoy working in the flat structure at Kenmare, we have regular dialogue with the executives. Through the COVID-19 pandemic we've had weekly Steering Committee meetings, which have been critical in allowing us to remain nimble through a dynamic period.

The movement of a mining plant hadn't been done before in this way, in our industry. Together with our partners, we have successfully delivered a world class project, which is something I am very proud of."

Gary Short, **Project Director**

OPERATING REVIEW

BEN BAXTER
Chief Operations Officer

HIGINO JAMISSE
Moma Mine General Manager

A YEAR OF TRANSITION

The commissioning of WCP C in Q2, and the successful relocation of WCP B in Q3 form the bedrock of our strategy to sustainably increase ilmenite production to our target of 1.2 million tonnes per annum, from 756,000 tonnes in 2020.

During the first half of the year, mining and processing operations were restricted by falling grades and the challenges of COVID-19. COVID-19 presented significant disruption to the operation of the mine with changes in shift patterns, transportation, access to spares and prioritisation of the implementation of many mitigation measures. Despite this disruption, and thanks to the extraordinary commitment of our employees and contractors, the Mine continued to operate safely through the year.

Significant efforts were placed on improving health and safety outcomes in 2020. A review and reorganisation of hazard identification and risk assessment processes was successfully implemented to improve workplace safety. We saw an improvement in LTIFR from 0.27 in 2019 to 0.25 in 2020, and our lowest ever All Injury Frequency Rate (AIFR) of 1.61. This was achieved while on-boarding more than 700 new contractor staff related to the ongoing development projects.

For more information on our safety performance in 2020, read the Sustainability Review on pages 66 to 77.

Mining

HMC production remained at the same level as 2019, despite two months' relocation time for the WCP B move. This was helped by increased mining capacity, benefitting from the commissioning of WCP C in Q1 2020. Total throughputs (tonnes per operating hour onto the rougher spirals) increased by 8% year on year to 5,184tph.

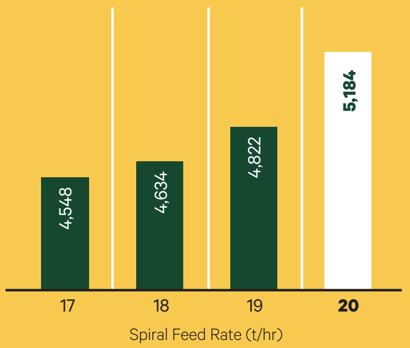
Additional mining from WCP C partly compensated for the loss of excavated ore resulting from the two-month relocation of WCP B from Namalope to Pilivili. A total of 34.4Mt of ore was mined in 2020, compared to 36.8Mt in 2019. The higher grades from WCP C throughout the year and the Pilivili grades in Q4 contributed to a slightly higher mined grades of 3.9% over the year.

Mining at WCP A was challenging, affecting both throughputs and utilisations, due to harder mining conditions being encountered. The dredge automation project was completed after installation down-time in Q1 and subsequently brought benefits; however further work was required through the year to fully optimise.

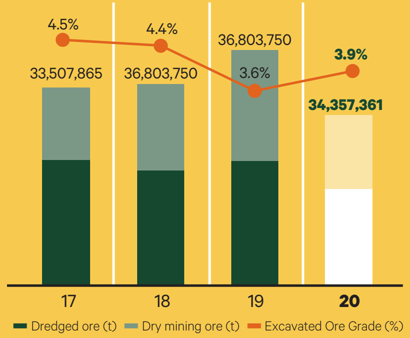
WCP B experienced a dynamic mine plan through 2020. The relocation pond in Namalope was in a fixed location and COVID-19 related project delays were fluid, eventuating in a move taking place a month later than expected. This required the mining of additional Namalope ore that had been identified as contingency ore but was at a lower grade than the Pilivili ore in the mine plan. However, the relocation proceeded swiftly once underway in Q3, ahead of expectations (and also permitted refurbishments to the dredge). The ramp up of throughputs and operating times also proceeded ahead of plan in Q4.

WCP C performed well in 2020, delivering HMC to expectations. Whilst the project was delivered later than expected at the end of February 2020, the ramp up was faster than

Mining throughputs



Excavated ore (t) and Grade (%HM)



expected. Due to COVID-19 restrictions and the inability to complete performance tests, the project remains open, and some modifications are required to minimise feed losses.

Supplementary dry mining is used to augment ore excavated by the dredges. Performance was below expectation in Q1 2020, caused by difficulties in pumping ore a longer distance than usual to WCP A. However, from Q2 onwards the dry mining performed well, reaching the highest levels of production in Q4 since 2016. At WCP B, reduced opportunity for dry mining locations in Namalope moderated the contribution. On start up at Pilivili, due to the high grades encountered, the dredge filled WCP B's capacity without dry mining being required.

Overall mine utilisation fell to 64% in 2020, from 71% in 2019, significantly impacted by the downtime as a result of the move of WCP B. Adjusting for the time lost during the move, utilisation was 68% on a like-for-like basis, a reduction of 3%..

The main reasons for reduced performance were:

- A deterioration in mining conditions which lead to shortages of feed from the dredges and dry mining to WCP A. This resulted in more time operating one instead of two processing circuits.
- Delays in delivery of improvement projects (Projecto Oitenta) due to lockdowns and transportation disruptions associated with COVID-19. The remaining projects are expected to be delivered in H1 2021, and new projects to counter effects of challenging mining conditions have been proposed.
- Shortages of spares which resulted in a review and improvement in critical spares stock holdings.

Mining recoveries continued to be good at more than 90% across the mine, slightly lower than 2019 levels, due to increased slimes levels at WCP A.

HMC quality suffered some variability and is an area of focus because whilst reported grades were good:

- the Total Heavy Mineral (THM) contained less valuable heavy minerals (VHM); and
- sampling controls at the Mine were identified as introducing some bias leading to overstatement.

The combination of these factors reduced the contained ilmenite in the HMC which affected the yield to final products. Changes in metallurgical controls have eliminated the sampling bias and, since the move of WCP B to Pilivili, ilmenite content in HMC has increased.

Processing

Final product output was impacted in 2020 by low HMC feed availability, exacerbated by reduced valuable mineral content in the HMC. HMC consumption decreased by 5% in 2020 compared to 2019. However, on the start-up of mining at Pilivili, HMC volumes picked up significantly and ran ahead of processing capacity, leading to the building of a 50k tonne stockpile at the year end.

Significant upgrade work took place in the MSP in H2 2020, taking advantage of available circuit time due to feed shortages. These circuit upgrades included additional separation equipment to increase capacity and make operations more robust when operating at 1.2 million tonnes per annum of ilmenite.

Ilmenite production was 756,000 tonnes, 15% down on 2019, impacted by reduced HMC availability and therefore consumption. Original guidance of 800,000-900,000 tonnes was withdrawn earlier in the year due to the uncertain impacts of COVID-19 on operations and project delivery timelines. However, production for the year was above the middle of the revised guidance of 700,000– 800,000 tonnes of ilmenite.

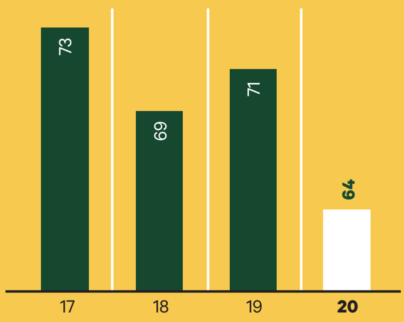
The increased stop-start nature of operations, lower HMC feed grade, power unreliability and commissioning activities all affected recoveries during the year. Recoveries were also impacted by the lack of stockpiled materials available for retreatment relative to prior years.

Zircon production was equally affected by the shortage of HMC feed, and subsequent lower recoveries. Primary zircon production fell 8% on 2019 levels to 43,200 tonnes, whilst concentrates fell 13% to 34,900 tonnes.

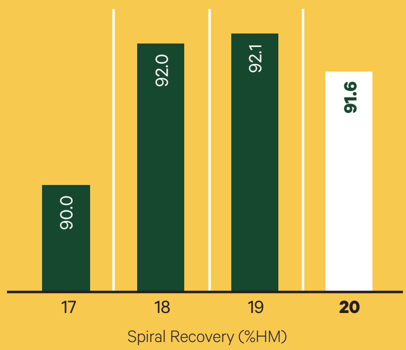
Rutile production decreased by 28% in 2020 to 6,000 tonnes, affected by the same challenges as zircon in addition to increased conductor contaminants impacting separation. Adaptations to the plant set up were made by year end to accommodate this however, recoveries fell to 67% though an increased proportion was captured in concentrate products.

The move of WCP B to the high grades of Pilivili provides a strong outlook for final product production. Increased HMC output and the development of a HMC stockpile by year end led to increased production in Q4 2020 and this is expected to continue in 2021. Steadier operations, benefitting from consistent feed availability and rates, are expected to also deliver improved recoveries.

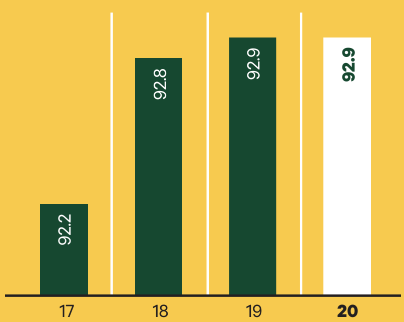
Mine Overall Utilisation (%)



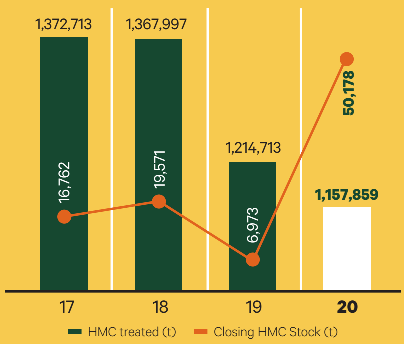
Mine recovery (%)



Mine HMC Quality (%THM)



HMC Treated (t)



OPERATING REVIEW CONTINUED

Power

There were no long-term power outages in 2020, however with the relocation of WCP B from Namalope to Pilivili, significant new infrastructure was commissioned and this included 56 hours of planned outages.

Whilst overall power reliability from EdM (the transmission grid operator) improved by 20% relative to 2019, operating time at the mining operations was impacted by up to 3% because of power disruptions. At the MSP, to maintain efficient processing, Kenmare uses diesel-powered electric generators as a primary power source during the summer wet season. However, in December 2020 the generators were unavailable as they were required to power the Pilivili mining operation, due to COVID-19 related installation delays to Pilivili's grid power infrastructure. This led to poor power supply to the MSP in Q4.

Rotary Uninterruptible Power Supply

In early 2021, following a successful feasibility study, Kenmare approved the installation of a Rotary Uninterruptible Power Supply ("RUPS"). RUPS will improve the year-round reliability of power at the MSP, which suffers from lost operating time and significant recovery losses when operating with unstable power supply. Research conducted by Kenmare in 2020 considered alternative power supply options including installation of self-generated sustainable energy options, such as solar and battery options. In collaboration with our engineering partner Hatch, the RUPS was chosen as the best solution.

The RUPS facility will comprise of a set of four kinetic energy storage units operating through a flywheel with the ability to deliver reactive power in the event of a mains power dip or outage. Should the interruption be of significant time (more than eight seconds), diesel engines start to provide back-up power. The advantage over our current method of using generators is that the system can react to outages when they occur, as opposed to using generators constantly throughout the four-month rainy season to mitigate the unpredictability of outages. RUPS will provide voltage dip protection throughout the year, rather than only during the rainy season.

The RUPS provides the best solution for Kenmare as it will:

- Reduce Kenmare's diesel costs (and associated CO_2 emissions by approximately 15%) by eliminating the use of diesel powered generators throughout the rainy season
- Allow Kenmare to better utilise, the low-cost and renewable, electricity provided by the Cahorra Basa hydroelectric power, whilst also bringing power reliability to the MSP
- Result in increased product recoveries through the avoidance of power outages and significant dips
- Provide at power solution that is independent from the grid, at reduced production volumes, to protect against unexpected external power events

The project is expected to cost US$16 million and generate a positive NPV, which would increase significantly should feedstocks to the MSP be available. The RUPS project is targeted for implementation in early 2022.

Shipping

A total of 43 ocean-going vessels visited Moma during 2020.

The Company shipped 853,000 tonnes of finished products in 2020, which comprised 766,000 tonnes of ilmenite, 43,600 tonnes of primary zircon, 6,200 tonnes of rutile and 37,100 tonnes of concentrates. This represented a 17% decrease compared to 2019 due primarily to reduced production, as well as a second year of poor weather, particularly in Q2 and Q3, impacting loading rates.

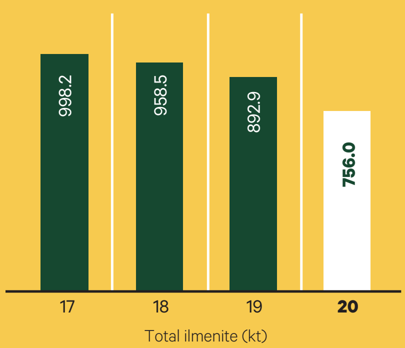
Kenmare carried out research into the impacts of weather on the Moma loading operations, comparing weather related downtime to historical weather data for the Moma area. The expectation is that whilst minor long term negative impacts can be seen on wave heights, 2019 and 2020 represent outliers in the data set rather than a long-term deterioration.

Capacity increase works were completed on the two transhipment vessels in 2020. The objective was to ensure all production can be shipped, even with significant weather disruption. The work included an upgrade of the thruster control system on the Bronagh J, as well as significant upgrade works on the Peg, carried out during an extended dry docking for Class certification maintenance between September and November. Upgrades included an improved offloading system, including a new loading excavator. With both vessels in operation, Kenmare saw a significant improvement in volumes shipped through Q4 2020. Further improvement works to the transhipment vessels are expected to be completed in H1 2021.

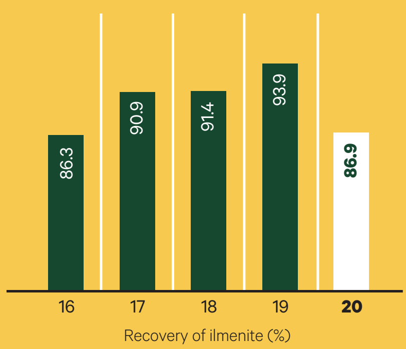
In closing, after more than seven years as General Manager of the Moma Mine, Koos Grove stepped aside for the appointment of our first Mozambican General Manager, Higino Jamisse. Koos has been instrumental in the development of the mine, particularly in the development of systems and standards helping us to mature as a business. We thank him for his excellent contribution to the success of Kenmare, and wish him well for the future. I am delighted with the internal appointment of Higino to the GM role and wish him great success in the execution of our strategy to deliver a safe 1.2Mt of ilmenite per annum.

Ben Baxter
Chief Operations Officer

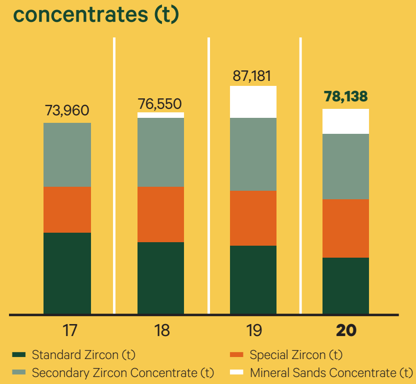
Ilmenite produced (kt)



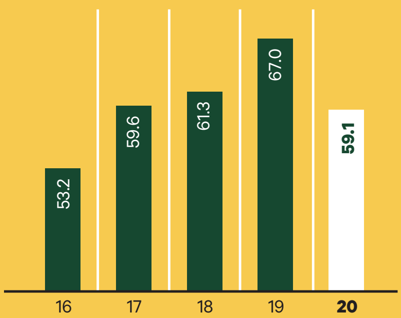
Ilmenite recovery (%)



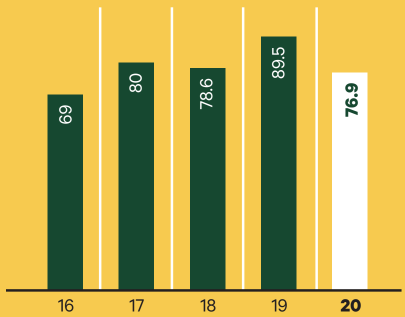
Zircon production including concentrates (t)



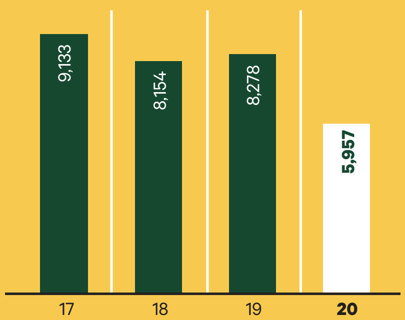
Primary Zircon Recovery (%)



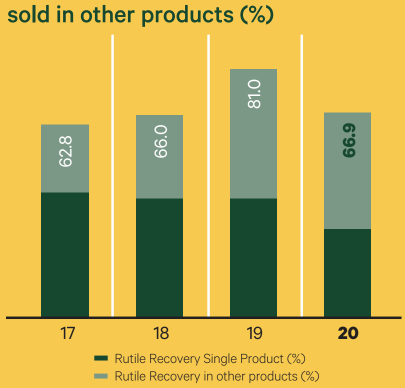
Overall Zircon Recovery (%)



Rutile produced (t)



Rutile recovery including that sold in other products (%)



WE ARE COMPETITIVE

APPOINTING A MOZAMBICAN GENERAL MANAGER

Higino Jamisse became Moma's first Mozambican General Manager in September 2020. Higino was raised in Imhambane province in the south of the country and studied Mechanical Engineering at Eduardo Mondlane University in Maputo. He joined Kenmare in 2012 as Engineering Manager before being promoted to Operations Manager four and a half years later.

> "I am proud to be a part of the fantastic team we have at Kenmare. The strength and resilience of our team has never been more evident than in 2020 through the challenges posed by COVID-19. I'm confident that following the successful move of WCP B to Pilivili, we are now well positioned to increase our production, reduce costs and obtain our first quartile position in our industry."

Higino Jamisse
Moma Mine General Manager

MINERAL RESERVES AND RESOURCES

A >100 year mine life

Introduction

The Group's world-class resource is estimated to contain approximately 182 million tonnes of ilmenite (equivalent to around 140 years production at 1.2 million tonnes per annum), plus associated co-products rutile and zircon, and concentrates containing monazite.

The nature of Kenmare's deposits, with abundant fresh water, no overburden, a good ore grade and attractive products that do not have to be upgraded before being used. This gives Kenmare the ability to mine, concentrate and separate its products with relatively low capital and operating costs, in part due to more than 90% of energy consumed being derived from low-cost hydroelectric power. Kenmare operates a dedicated port facility adjacent to the MSP, which allows for the shipment of products to customers at minimum cost.

Summary of reserves and resources

The total proved and probable ore reserves under the Namalope, Pilivili, and Nataka mining concession are estimated as at 31 December 2020 at 1.54 billion tonnes, grading 2.7% ilmenite, 0.18% zircon and 0.059% rutile, containing 42 million tonnes of ilmenite, 2.8 million tonnes of zircon, 0.91 million tonnes of rutile, and 0.16 million tonnes of monazite. 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 2020 at 6.4 billion tonnes, grading 2.4% ilmenite, 0.16% zircon and 0.052% rutile, containing 150 million tonnes of ilmenite, 10 million tonnes of zircon and 3.3 million tonnes of rutile.

Details are set out in the table on page 47.

Total mineral reserves

1.6 BN TONNES

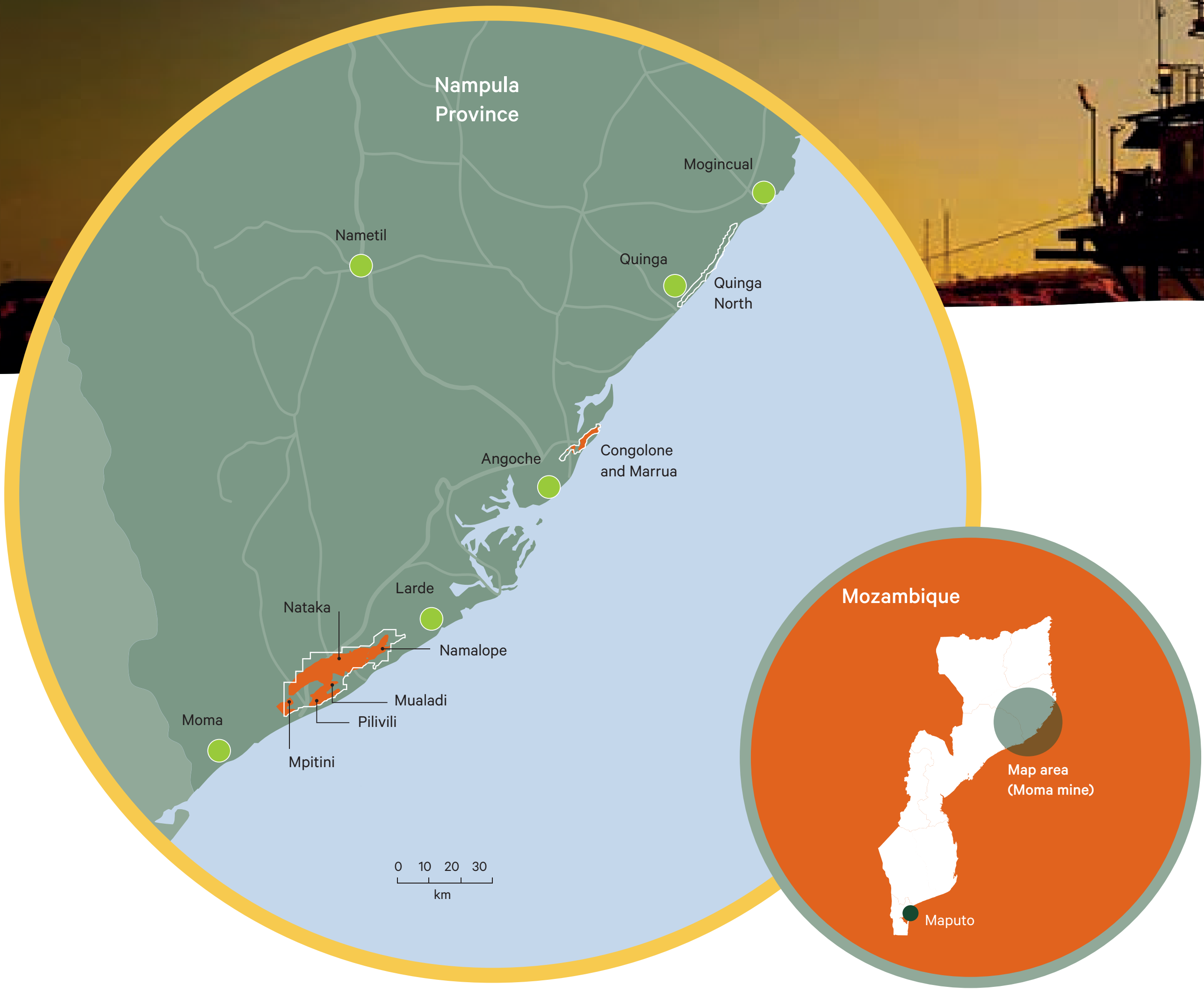
Total mineral resources

6.4 BN TONNES

Life of mine

>100 YEARS

MINERAL RESERVES AND RESOURCES CONTINUED



The map shows exploration licences and mining concessions held by the Group.

The Namalope deposit continues to support WCP A and the newly commissioned WCP C. WCP B was relocated to the Pilivili deposit in 2020. Reductions in the reserve statement relate to depletion from mining in 2020 and dredge path revisions that were made during the year to optimise the mine plan. The Namalope reserves now comprise 115Mt of ore at 2.8% ilmenite (representing 3.2Mt contained ilmenite), 0.20% zircon (0.23Mt) and 0.064% rutile (0.07Mt). A further 7,633m of drilling was undertaken at Namalope in 2020 to improve orebody knowledge:

- Increased focus was placed on mineral fractionation analysis within 2020 and 2021 mine paths;
- Closed spaced drilling along WCP C mine path was completed to improve our understanding of the mining floor; and
- Additional resource drilling was completed on the WCP B path in Namalope to improve knowledge of the Indicated Resource that could be mined as contingency ore close to the relocation pond. This was mined in July and August 2020.

In 2020, Pilivili reserve was mined for two months in Q4 resulting in reserves of 177Mt of ore at 3.6% ilmenite, representing 6.4 Mt of contained ilmenite, 0.25% zircon (0.45Mt) and 0.08% rutile (0.14Mt). Mining life for WCP B in Pilivili is estimated at 8 years. The 2020 Pilivili drilling programme (13,352m) focused on improving orebody knowledge within the dry mining path and south western areas of the deposit.

The Nataka deposit represents a large, long-life mining opportunity for the Group. Reserve status was unchanged in 2020, 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). Studies continued in 2020 to develop the 20-year high grade mining plan for WCP A post-Namalope, in preparation for pre-feasibility study completion. An economic assessment has yet to be completed as part of a prefeasibility study on this new path, and hence, until completed, the path will not be translated into the reserve category. A further 2,279m of drilling was completed during the year to complement this work.

Widely spaced exploratory drilling programmes continued in 2020 in the Mualadi (4,065m) ore zones, with a view of broadening understanding of these deposits, and this will continue into 2021.

No drilling activity was undertaken in the Congolone, Mpitini and Quniga North deposits during 2020.

The following table sets out Kenmare's mineral resources and reserves as at 31 December 2020:

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)
Reserves											
Namalope	Proved	70	3.5	81	2.8	0.06	0.20	2.0	2.0	0.04	0.14
Namalope	Probable	45	3.5	81	2.8	0.06	0.19	1.6	1.3	0.03	0.09
Pilivili	Proved	38	6.0	82	4.9	0.11	0.34	2.2	1.8	0.04	0.13
Pilivili	Probable	139	3.9	82	3.2	0.07	0.23	5.5	4.5	0.10	0.32
Nataka	Probable	1248	3.1	82	2.6	0.06	0.17	39.0	32.0	0.70	2.11
TOTAL RESERVES	Proved & Probable	1540	3.3	82	2.7	0.059	0.18	50.3	41.6	0.91	2.8

Resources	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	137	3.4	81	2.8	0.06	0.19	4.7	3.8	0.1	0.3
Pilivili	Measured	7	3.8	82	3.1	0.06	0.21	0.3	0.2	0.0	0.0
Namalope	Indicated	106	2.8	81	2.2	0.05	0.16	2.9	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	1321	3.2	84	2.7	0.05	0.17	42.9	36.0	0.7	2.2
Pilivili	Indicated	101	3.1	76	2.3	0.05	0.16	3.1	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	36	2.3	76	1.8	0.04	0.13	0.8	0.6	0.0	0.0
Mualadi	Inferred	327	3.2	80	2.6	0.06	0.21	10.0	8.4	0.2	0.7
Nataka	Inferred	3 637	2.6	82	2.1	0.04	0.14	93.0	77.0	1.6	5.0
Mpitini	Inferred	287	3.6	80	2.9	0.07	0.24	10.0	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		6 368	2.9	82	2.4	0.052	0.16	181.9	150.4	3.3	10.1

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.

MARKET REPORT

Kenmare's main product is a titanium feedstock mineral called ilmenite, representing more than 70% of our revenues. We also produce a range of valuable co-products minerals, including zircon, rutile and monazite.

Titanium feedstocks

Kenmare supplies titanium to the global market through our production of ilmenite and rutile products. Titanium feedstocks are primarily consumed to produce titanium pigment which accounts for ~90% of total demand for titanium feedstocks. Titanium pigment is used in everyday items such as paint, plastics and fabrics due to its attractive properties, including brilliant whiteness and ultraviolet protection, making it a difficult product to substitute.

Titanium feedstocks are also used for titanium metal and welding electrode flux production where titanium's high strength to weight ratio and high melting point are desired properties.

As a result of its end-use markets, titanium feedstocks have a close relationship to global economic growth.

See more about our products and their uses on page 3.

Zircon

Through our production of zircon sand products, Kenmare supplies a key raw material to the global ceramics market which accounts for ~50% of global zircon demand. Zircon is a preferred feedstock for high-quality ceramic tiles and sanitaryware due to its brilliant whiteness and its opacifying properties.

Other key properties of zircon include its high melting point and thermal shock resistance leading it to be consumed in the refractory and foundry industries.

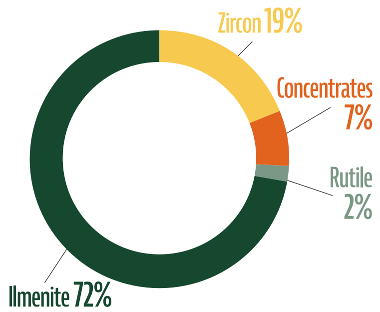
Finally, zircon is also consumed in a growing number of chemical applications ranging from medical to cosmetics to alloys used in nuclear power plants.

Rare earths

Kenmare has recently entered the rare-earths market through our monazite-rich mineral sands concentrate which it started selling in 2019. Important rare earths, such as neodymium, praseodymium and dysprosium, are separated from the mineral sands concentrate and used in rapidly growing industries.

Neodymium, praseodymium and dysprosium are primarily used to produce rare earth magnets which can be used in multiple rapidly growing industries such as renewable energy (wind turbines) and electric vehicles.

2020 revenue by product (%)



The macroeconomic environment

The World Bank estimates that global GDP will grow by 4% in 2021 after a 3.4% contraction in 2020 as a result of the COVID-19 pandemic. Industrial production is expected to form a major component of the recovery which will boost TiO_2 demand. Shifts in consumer behaviour are also having a positive impact on the downstream markets for titanium pigment. Coatings demand continues to be boosted by DIY trends globally, as well as strong demand and low inventory in housing markets in large economies such the US and China. The shift to online retail is also having positive impact on titanium pigment demand for plastic.

Market trends	How will this impact us?	How are we responding
COVID-19	COVID-19 restrictions have materially affected certain downstream industries such as the aerospace industry	Kenmare is working closely with our customers to understand their sales outlook and placing volumes in other markets, if necessary, benefiting both Kenmare and our customers
Supply constraints	Lower availability of high-quality ilmenite products for Kenmare's customers	Kenmare has made increased volumes available to our customers through our expanded production to offset lower supply from other ilmenite producers
Consumer confidence	Consumers are ramping up production as they gain confidence in the market following a strong H2 2020 and positive indicators in early 2021	Kenmare is ensuring sufficient supply to our customers in order for them to successfully increase production and meet market demand
Record pigment production in China	Increasing pigment production in China is leading to a higher proportion of Kenmare sales that are sold into the Chinese market	Kenmare is partnering with the strongest and most stable consumers of ilmenite in China, while ensuring continued strong relations with consumers outside China
Increasing supply of ilmenite concentrates	Ilmenite produced from concentrates will continue to compete with Kenmare ilmenite in China by offering lower prices	Kenmare is working with customers who achieve the most value from consuming Kenmare ilmenite instead of lower quality products

Long-term market opportunities

Growing GDP and urbanisation in large population economies

- Kenmare's expanded production in 2021 allows it to meet demand growth associated with global urbanisation trends.
- The majority of this demand growth is expected to be supplied by growth in Chinese pigment production in the coming years. Kenmare has good relations with the existing fastest growing pigment producers in China and continues to work with prospective new customers who are likely to enter the market.

Consolidation in the consumer markets

- Kenmare's expects to see further consolidation in both the titanium feedstocks and zircon markets in the coming years.
- Kenmare has long-term, strong relations with leading consumers in both the titanium feedstock and zircon markets. This positions Kenmare well to benefit from and adjust to consolidation in our consumer markets.

Increasing chloride pigment production in China

- Kenmare has positioned our ilmenite products as preferred products for the production of high-grade chloride products suitable for use in the chloride pigment production process.
- This market is expected to experience the most growth in the coming years and as a result we expect demand for our ilmenite for this process to increase strongly along with higher chloride pigment production.

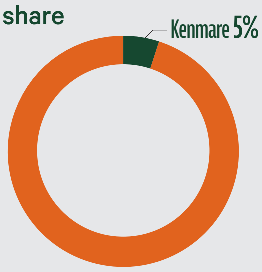
MARKET REPORT CONTINUED

Zircon market in 2020

The zircon market was in oversupply entering 2020 and zircon inventories were high at the consumer and producer level. Global restrictions due to COVID-19 had an impact on downstream market demand which exacerbated the weak zircon sand market conditions. As a result, zircon sand prices decreased through the year in both China and Europe – the major regions for Kenmare's zircon products. Despite these difficult market conditions, Kenmare successfully sold all zircon production in 2020.

Major zircon producers reduced sales into the market throughout 2020 to align supply of zircon to lower demand. This resulted in a shift of inventories upstream and it is now understood that the majorityof inventories lie with the zircon producers. Zircon demand recovered in H2 2020 and the outlook for H1 2021 is positive. The improving demand, coupled with the low customer inventories, has brought more optimism to the market in 2021. Kenmare is experiencing excess demand for its zircon products in 2021 despite the increased production. As a result, price increases have been announced for Q2 2021 and we expect to see a stronger pricing environment for our primary zircon and concentrates as we move through 2021.

Zircon market share



Decreasing zircon inventories at Chinese ports ('000 tonnes)

Global titanium feedstocks market in 2020

The market for titanium feedstocks was strong in 2020, this was particularly true for ilmenite, Kenmare's primary product. Constraints to supply coupled with robust demand led to Kenmare achieving a 22% increase in the average achieved ilmenite price compared to 2019.

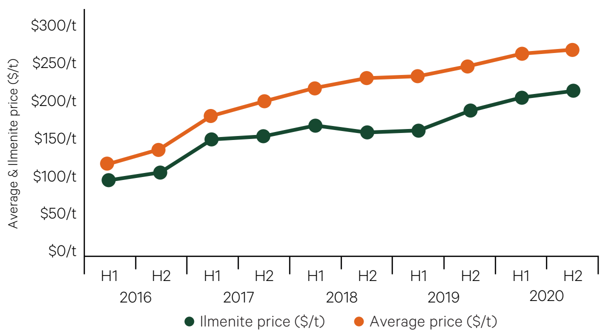
Despite the disruption to downstream industries caused by the COVID-19 pandemic, demand for titanium feedstocks remained strong and Kenmare received more demand for our products than it could supply in 2020. This was primarily due to low ilmenite inventories at the beginning of 2020, record pigment production in China. and a firm recovery in global demand in the second half of 2020 in the pigment market.

The ilmenite market started 2020 positively as pigment producers increased production following a period of destocking in 2019 and demand for titanium feedstocks increased as a result. This led to a fourth consecutive quarter of higher ilmenite prices for Kenmare in Q1 2020. The COVID-19 pandemic had relatively minor impact on the feedstock market in Q1 as both ilmenite and pigment production were similarly affected in China.

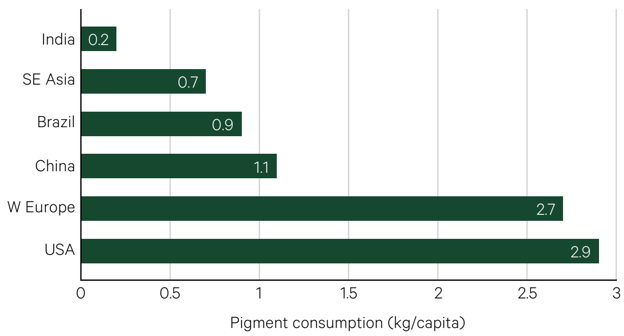
In Q2 2020, demand for pigment decreased significantly as lockdowns to try and control the COVID-19 pandemic reduced demand for products containing pigment as global economic activity slowed. Pigment companies reduced production, except in China, which lowered demand for ilmenite. Conversely, pigment production rebounded strongly in China in Q2 2020 as the country emerged from the COVID-19 lockdown and Chinese pigment producers decreased price to increase sales to export markets. This led to strong demand for ilmenite and Kenmare achieved another quarter of higher ilmenite prices in Q2 2020. The lower global pigment production in Q2 2020 had an impact on ilmenite demand in early Q3 and ilmenite prices softened slightly in the quarter. Despite this, demand for pigment increased strongly in Q3 2020 as lockdowns ended and there was a large increase in demand for DIY paint and certain plastic goods. This momentum continued into the fourth quarter and Kenmare saw large demand for its ilmenite products and saw another quarter of price increases.

The sentiment in the market ended on a positive tone. Real demand for products containing titanium pigment is increasing and inventories in the supply chain remain at low levels. As a result, Kenmare is receiving increased demand from its long-term customers for ilmenite in 2021, while the strength in the spot market for ilmenite has accelerated again in Q1 2021. The year 2021 is looking positive for the ilmenite and market demand is comfortably absorbing Kenmare's expanded ilmenite supply.

Strong momentum in the ilmenite market



Regional pigment consumption



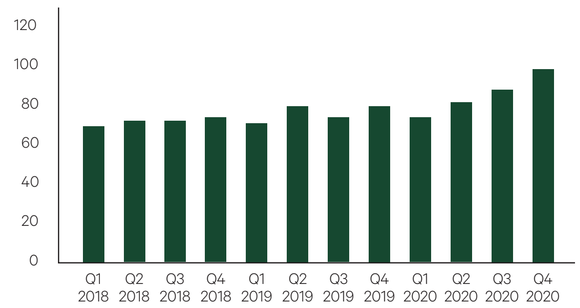
Key developments in the ilmenite market in 2020

1 Increasing ilmenite demand in China

2020 was a record year for Chinese pigment production as pigment producers in the region reduced prices in order to gain market share. This strategy was successful and led to sulphate pigment plants operating at high utilisation rates and record chloride pigment production in China. Chinese pigment production is reliant on ilmenite as a feed source, either directly or through ilmenite beneficiation. This resulted in a strong increase in demand for ilmenite in 2020 which could only partly be met by increased domestic ilmenite supply.

Kenmare expects to see the demand for our ilmenite in China increase again in 2021 as existing chloride pigment plants get closer to full production and new chloride pigment lines are commissioned this year requiring low-impurity ilmenite products, such as Kenmare products.

Quarterly Chinese pigment production ('000 tonnes)

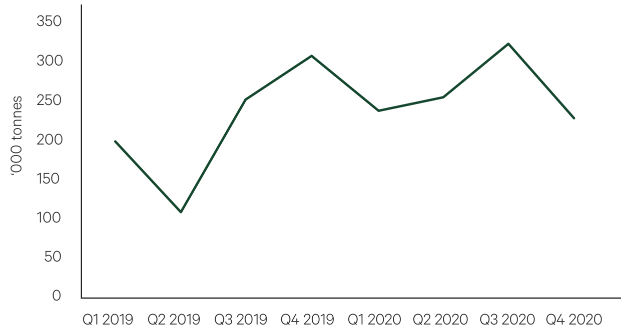


2 Changing landscape of ilmenite suppliers

The ilmenite market shifted in 2020 again towards lower quality ilmenite products available on the market. High-quality ilmenite from Vietnam and India remained constrained by government policy. On top of this, two Australian mines which supplied high-quality ilmenite closed in 2020 while two mines in Africa had lower production due to orebody depletion and COVID-19 related restrictions. This limited the availability of higher quality ilmenite in the market.

However, this decrease in supply was offset by increased supply of ilmenite concentrates from Mozambique and Australia and the increased supply of ilmenite from China and Norway. These sources are less suitable for beneficiation into high-grade chloride products but are expected to continue to compete in the sulphate pigment market in China going forward.

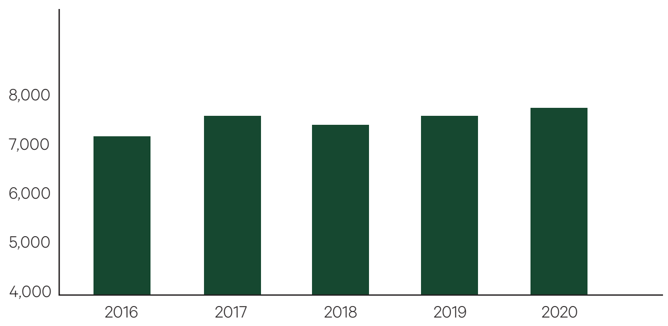
Ilmenite concentrate imports to China ('000 tonnes)



3 Market resilient through period of uncertainty

2020 was a year that posed multiple challenges for the titanium feedstocks and downstream industries. Certain regions suffered more than others and certain industries suffered more than others. Through our strong relationships with customers and diverse customer base, Kenmare was able to work with our customers to match sales with individual customer demand by removing sales from weaker market segments in 2020 and placing the volume in stronger market segments. In doing so, both Kenmare and our customers emerged from a challenging year with low inventories and in a good position to meet market growth in 2021.

Titanium feedstock demand ('000 TiO_2 units)

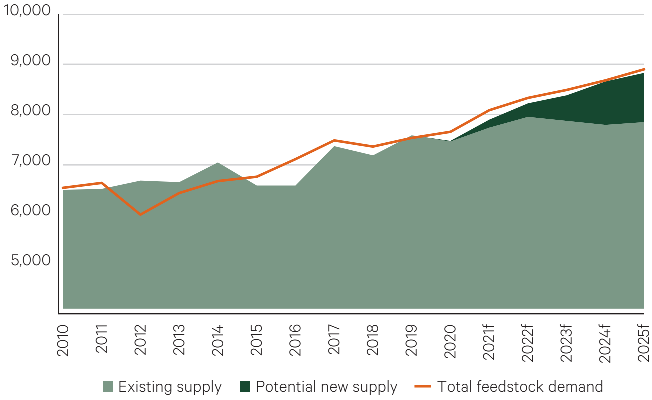


4 Market outlook strong for 2021

The recovery of the downstream markets in H2 2020 was stronger than expected and this has continued into 2021. Kenmare's customers are seeing stronger demand and are ramping up production to meet this demand. As a result, Kenmare is experiencing increased demand for its ilmenite products and the market is showing its requirement for Kenmare's increased supply.

The positive market conditions has resulted in further increases in market prices for ilmenite and Kenmare has a strong order book for Q2. With downstream demand continuing to improve, we expect to see a robust market continue through H2 2021.

Feedstock Supply/Demand (TiO_2 units '000 tonnes)



FINANCIAL REVIEW

TONY MCCLUSKEY
Financial Director

SHAREHOLDER RETURNS

The successful development of WCP C and move of WCP B in 2020 provides us with a foundation to grow production, expand margins and increase returns to shareholders.

US$243.7M
Revenue

33%
EBTIDA margin

US$76.7M
EBITDA

Highlights

The major highlights of 2020 include the safe and successful moving of WCP B from Namalope to the high-grade Pilivili zone and commencement of production by the new WCP C. Investment in these capital projects in accordance with our growth strategy provides a solid foundation to materially increase production in 2021. Given the largely fixed cost base, this increase in production will enable Kenmare to drive down unit operating costs and increase margins, thus moving the Group's position towards the first quartile of the industry revenue to cost curve.

Notwithstanding the planned HMC production interruption during the WCP B move and COVID-19-related challenges, Kenmare delivered a robust financial performance in 2020 generating EBITDA of US$76.7 million (2019: US$92.6 million).

Ilmenite accounts for 72% of total 2020 revenues (2019: 68%) and the ilmenite market continued to strengthen through 2020 with average ilmenite prices (FOB) increasing by 20% compared to 2019. However, the combination of lower volumes shipped and a zircon market that was weaker than 2019 contributed to a reduction in revenue to US$243.7 million (2019: US$270.9 million). Whilst the zircon market has stabilised in early 2021, ilmenite demand remains strong and the outlook for the remainder of 2021 is positive.

A reduction in HMC processed and a temporary reduction in ilmenite recovery contributed to a reduction of finished products by 15% compared to 2019. Total cash operating costs in 2020 increased by 1% to US$158.0 million (2019: US$156.6 million). Hence, predominantly due to reduced production, unit cash operating costs increased by 19% to US$188 per tonne in 2020 (2019: US$158 per tonne).

Cash generated from operations and drawn from debt facilities established in December 2019 gave Kenmare a robust financial platform to respond to increased capital investment of US$141.5 million (2019: US$68.5 million) and hold sufficient cash to address COVID-19-related risks facing the Group in 2020. As a result, Kenmare finished the year with cash of US$87.2 million (2019: US$81.2 million) and debt of US$64.0 million (2019: net cash US$13.7 million).

Taking on board the supportive ilmenite market outlook, reducing development capital requirements and a healthy balance sheet, the Directors are pleased to recommend a final dividend of USc7.69 per share. The resultant 2020 full year dividend is USc10.00 per share (2019: USc8.17c per share). This dividend represents a return of 66% (2019: 20%) of profit after tax to shareholders.

2020 results

The key financial metrics were as follows:

	2020	2019	FY change %
Revenue (US$ million)	**243.7**	270.9	-10%
Freight (US$ million)	**(12.2)**	(15.4)	-21%
Revenue FOB (US$ million)	**231.5**	255.5	-9%
Finished products shipped (tonnes)	**853,100**	1,029,300	-17%
Average price per tonne FOB (US$/t)	**271**	248	+9%
Average ilmenite price per tonne FOB (US$/t)	**220**	184	+20%
Average zircon price per tonne (FOB) (US$/t)	**1,003**	1,163	-14%
Total operating costs[1] (US$ million)	**209.4**	211.7	-1%
Adjusted total cash operating cost (US$ million)	**158.0**	156.6	+1%
Cash operating cost per tonne of finished product (US$/t)	**188**	158	+19%
Net ilmenite unit cost (US$/t)	**125**	81	+54%
EBITDA (US$ million)	**76.7**	92.6	-17%
Profit after tax (US$ million)	**16.7**	44.8	-63%
Net (debt)/cash (US$ million)	**(64.0)**	13.7	–
Full year dividend per share (USc)	**10.00**	8.18	22%

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.

As a final highlight in the year, everyone in Kenmare was delighted that the Kenmare 2019 Annual Report was selected for the best Small/Medium Quoted Company Award in the Chartered Accountants 2020 Published Accounts Awards. We appreciate the recognition of the work across the Group that went into the Annual Report and look forward to building upon this success with our future reporting.

Production

Kenmare mined 34.4 million tonnes of excavated ore in 2020, representing a 7% decrease compared to 2019 (36.8 million tonnes). The lower volume was offset by higher ore grades, with average grades mined of 3.90% THM compared to 3.58% THM in 2019. This resulted in production of HMC remaining relatively unchanged at 1,201,100 tonnes (2019: 1,202,100 tonnes). HMC feed into the MSP reduced by 5% to 1,157,900 tonnes (2019: 1,214,700 tonnes).

Due to the reduced HMC feed and a temporary reduction in ilmenite content in the HMC, ilmenite production decreased by 15% to 756,500 tonnes in 2020 (2019: 892,900 tonnes). Likewise, production of co-products decreased. Primary zircon production was 43,300 tonnes (2019: 46,900 tonnes), concentrates production was 35,200 tonnes (2019: 40,200 tonnes) and rutile production was 6,000 tonnes (2019: 8,300 tonnes).

Revenue

Revenue decreased by 10% in 2020 to US$243.7 million compared to 2019 (US$270.9 million), as a result of a 17% decrease in tonnes of finished product sold offset by a 9% increase in the average received price per tonne (FOB). Shipments during the year comprised 766,500 tonnes (2019: 930,700 tonnes) of ilmenite, 43,100 tonnes (2019: 50,200 tonnes) of primary zircon, 37,200 tonnes (2019: 38,900 tonnes) of concentrates and 6,300 (2019: 9,500) tonnes of rutile.

Ilmenite revenue (FOB) decreased in the year by 1% to US$168.9 million (2019: US$171.1 million), as a result of an 18% reduction in shipment volumes, offset by a 20% increase in average prices. The reduction in shipping volumes was mainly attributable to adverse weather conditions during a significant portion of the year and reduced availability of the transhipment vessels, which underwent works to increase capacity. Ilmenite prices have continued to strengthen in early 2021. Primary zircon revenue (FOB) decreased by 26% to US$43.2 million (2019: US$58.5 million) due to a 14% price decrease and a 14% decrease in shipment volumes. However, the zircon market showed signs of recovery in the last quarter of 2020 and prices appear to have stabilised at those recovered levels in early 2021. Freight costs in 2020 decreased to US$12.2 million (2019: US$15.4 million), reflecting lower average freight rates during the year.

Deirdre Corcoran

Deirdre will be hugely missed by all her friends and colleagues in Kenmare when she leaves the Company following the AGM.

During her 22 years as Company Secretary and Financial Controller, Deirdre has made an enormous contribution to the development of the Moma Mine and to building Kenmare into the successful Company that it is today.

Her professionalism, integrity and leadership have enabled Deirdre to influence the direction of the Company and to help us safely navigate many challenges over the years.

On behalf of myself and everyone in Kenmare, I would like to thank her for her loyalty and commitment. I wish her every success and happiness in the future.

FINANCIAL REVIEW CONTINUED

Operating costs

	2020 US$m	2019 US$m	FY change %
Cost of sales	**179.1**	178.4	-
Other operating costs	**30.3**	33.3	-9%
Total operating costs	**209.4**	211.7	-1%
Freight charges	**(12.2)**	(15.4)	-21%
Total operating costs less freight charges	**197.2**	196.3	–
Non-cash costs			
Depreciation and amortisation	**(42.3)**	(33.4)	27%
Share-based payments	**(1.8)**	(1.8)	–
Mineral products inventory movements	**4.9**	(4.5)	209%
Adjusted total cash operating costs	**158.0**	156.6	1%
Finished product production (tonnes)	**840,500**	988,300	-15%
Cash operating cost per tonnes of finished product (US$/t)	**188**	158	19%

Total operating costs decreased by 1% in 2020 to US$209.4 million compared to 2019 (US$211.7 million) and adjusted total cash operating costs increased slightly to US$197.2 million (2019: US$196.3 million). The main contributors to increased cash operating costs include COVID-19-related costs, heavy mobile rentals, insurance premia, crop compensation, WCP C-related costs and the cost incurred since late October 2020 of transporting HMC by truck from Pilivilli to the MSP. In addition to the reduced variable cost component due to lower production, these cost increases were offset by reductions in logistics and travel, fuel and exchange-rate related savings. Due to the 15% decrease in production of finished products, cash operating costs per tonne increased by 19% to US$188 per tonne in 2020 (2019: US$158 per tonne).

Finance income and costs

The Group recognised finance income of US$0.6 million in 2020 (2019: US$1.5 million), consisting of interest on bank deposits. Finance costs were US$11.3 million in 2020 (2019: US$8.9 million), including loan interest of US$9.3 million (2019: US$5.0 million). The increase in loan interest year on year reflects the higher debt quantum, as the balance of the US$150 million facility was drawn in March and April 2020, partially offset by lower US LIBOR interest rates. There was also an unwinding of the discount on the mine closure provision of US$0.7 million (2019: US$0.5 million) in 2020.

The Group maintains 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 lower requirement for funds due to operating cash flow generated and use of debt facilities in the year resulted in a reduction in the cost of these facilities to US$0.7 million (2019: US$1.5 million).

Lease interest amounted to US$0.3 million (2019: US$0.4 million) during the year.

Exchange movements

An exchange loss of US$1.0 million (2019: loss US$1.9 million) arose during the year. This primarily relates to operating and capital costs denominated in Mozambique Metical and South African Rand. Kenmare holds South African Rand based on forecast expenditures as a partial hedge against exchange movements. However, the South African Rand strengthened in the second half of 2020 resulting in losses on South African denominated costs to the extent not hedged. These were offset by gains on Mozambique Metical denominated costs which weakened against the US Dollar throughout the year.

Tax

The tax charge for the financial year amounted to US$6.0 million (2019: US$5.2 million). The majority of this tax charge is payable by Kenmare Resources plc's mining subsidiary, Kenmare Moma Mining (Mauritius) Limited ("KMML") in Mozambique. KMML's tax charge amounted to US$5.7 million (2019: US$5.7 million) based on KMML's taxable profits of US$16.4 million (2019: US$15.9 million). The increase in profits in KMML was mainly due to an increase in the value of HMC sold by KMML to Kenmare Resources plc's processing subsidiary, Kenmare Moma Processing (Mauritius) Limited ("KMPL"), net of an increase in deductible costs. The value of HMC is linked to the value of finished products processed by KMPL and sold to third party customers. Average prices received for finished products increased and the cash cost of mining increased, partly as a result of the addition of the WCP C plant in 2020. Both of these contributed to the increase in HMC value which is determined in accordance with the KMML Mineral Licence Contract. The income tax rate applicable to taxable profits of KMML is 35% (2019: 35%).

The Company, Kenmare Resources plc., had a tax charge of US$0.3 million (2019: US$0.5 million tax credit) in the financial year and a deferred tax asset of US$0.2 million (2019: US$0.5 million) at 31 December 2020.

Dividends

In October 2018, Kenmare announced a dividend policy to return a minimum of 20% of profit after tax to shareholders, which is subject to prevailing product market conditions and ensuring that the Group retains a prudent level of cash to fund debt and capital requirements.

Notwithstanding a reduced profit after tax in 2020, the positive ilmenite market outlook, reducing development capital requirements following the completion of the WCP B move and a healthy balance sheet support increasing the return for 2020 to above the 20% minimum.

An interim dividend of USc2.31 per share was paid in October 2020, based on the Group's results for the six months to 30 June 2020. Kenmare generated profit after tax of US$16.7 million in 2020 (2019: US$44.8 million) and the Board is recommending a final dividend of USc7.69 per share, which is subject to shareholder approval at the AGM. This would give a full dividend of USc10.00 for 2020, which represents 66% of profit after tax.

The financial statements do not reflect the final dividend that is being recommended for shareholders to approve at the 2021 Annual General Meeting.

Cash flows

Net cash generated from operations in 2020 was US$71.2 million (2019: US$76.4 million).

Investing activities of US$139.4 million (2019: US$64.8 million) during the year represented additions to property, plant and equipment.

US$82.7 million (2019:US$67.3 million) of the US$110 million Term Loan Facility was drawn in March 2020 and the US$40.0 Revolving Credit Facility was drawn in April 2020. In May 2020, the Group paid a final 2019 dividend of US$6.0 million (2019: US$ nil) representing USc5.52 per share. In October 2020, the Group paid a 2020 interim dividend of USc2.31 per ordinary share, totalling US$2.6 million (2019: US$3.0 million). Lease repayments of US$1.1 million (2019: US$1.0 million) were made in the year.

> "Strong operational cash flow generation and a robust balance sheet enabled Kenmare to fund elevated capital costs and increase dividends by 22% in 2020."

Consequently, Kenmare finished the year with US$87.2 million (2019: US$81.2 million) of cash and cash equivalents, representing an increase before foreign exchange gains of US$4.6 million (2019: decrease US$15.8 million).

Balance sheet

In 2020 there were additions to property, plant and equipment of US$141.5 million (2019: US$68.5 million). Additions consisted of US$6.5 million (2019: US$26.8 million) for the completion of WCP C, US$104.4 million (2019: US$16.1 million) for the relocation of WCP B to the high grade Pilivili ore zone, US$27.7 million (2019:US$23.7 million) on sustaining capital and US$2.9 million (2019: US$1.9 million) on other development capital. US$6.3 million of sustaining capital relates to dry dock works required to retain the Peg and Sofia transhipment vessels' regulatory sailing class and to improve transhipment cycle times.

The WCP C project has entered operations within the original forecast of US$45 million. A number of outstanding matters, such as acceptance and performance testing and defect remediation, remain outstanding. However, the additional initiatives required to mitigate the impacts of COVID-19-related delays on the WCP B move have increased overall project costs, much of which is attributable to extension of the project schedule including delivery of the HMC pipeline.

US$141.5M
investment in plant, property & equipment

US$87.2M
cash at 31 December 2020

US$64.0M
Net debt at 31 December 2020

FINANCIAL REVIEW CONTINUED

These costs are fully funded from Kenmare's existing financial resources and are expected to increase the original capital cost of US$106 million by up to 20%, bringing the total estimate to US$127 million.

Depreciation increased to US$42.3 million in 2020 (2019: US$33.4 million), primarily due to the increased asset cost relating to the significant investment in new property, plant and equipment, increased investment in mobile equipment in recent years and a review of the useful lives of certain assets. The mine closure provision increased by US$11.0 million in 2020 (2019: US$5.5 million). This was due to updated estimated closure costs of US$3.4 million and a reduction in the discount rate used to estimate the closure cost provision, which amounted to US$7.6 million. Capital disposals during the year amounted to US$11.1 million (2019: US$5.3 million), principally relating to heavy mobile fleet and other assets no longer operational and disposed of during the year.

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.

Inventory at year-end amounted to US$63.7 million (2019: US$51.9 million), consisting of intermediate and finished mineral products of US$31.4 million (2019: US$26.5 million) and consumables and spares of US$32.3 million (2019: US$25.4 million). The increased investment in consumables and spares reflects increased stock holdings to support planned higher production in 2021 and relates to stocks held for plant added in 2020, mainly WCP C. Closing stock of HMC at the end of 2020 was 50,200 tonnes compared with 7,000 tonnes at the start of the year. The increase of HMC was partly due to additional production from WCP B when it commenced mining in the high-grade Pilivili orebody in Q4 2020. Closing stock of finished products at the end of 2020 was 145,500 tonnes (2019: 159,000 tonnes) and the increase in stock cost is partly attributable the increased unit costs in the year.

Trade and other receivables amounted to US$29.9 million (2019: US$41.2 million), of which US$23.1 million (2019: US$32.2 million) was trade receivables from the sale of mineral products and US$6.8 million (2019: US$9.0 million) was comprised of prepayments and other miscellaneous debtors. The reduction in trade receivables at the year-end was mainly due to invoice discounting of sales in December 2020. All trade receivables are current and an expected credit loss of US$0.2 million (2019: US$0.2 million) was recognised during the year.

Cash and cash equivalents increased by US$6.1 million (2019: decrease of US$15.8 million) during the year and at 31 December 2020 amounted to US$87.2 million (2019: US$81.2 million).

Lease liabilities amounted to US$3.4 million (2019: US$4.5 million) at year-end.

Tax liabilities and trade and other payables amounted to US$1.6 million (2019: US$4.4 million) and US$50.1 million (2019: US$36.0 million) respectively at year-end. The increase in trade and other payables is due to the increased level of capital projects creditors and timing of payments at the year end.

At the year-end, debt amounted to US$145.8 million (2019: US$60.9 million). This consists of debt drawn of US$150.0 million and loan interest of US$1.2 million, net of transaction costs of US$5.4 million. The weighted average interest rate on Group debt at year-end was 5.8% (2019: 7.3%).

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 the 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.

Financial outlook

Having delivered a multi-year capital investment programme culminating in 2020 in the completion of WCP C and the WCP B move, Kenmare's focus now turns to ensuring that this additional capacity is used to deliver increased production and drive down unit operating costs.

Kenmare has faced significant challenges arising from COVID-19 in 2020 and will continue to navigate the uncharted waters of this global pandemic. Whilst the Group continues to implement mitigation measures to protect our people, our host communities and our business, this remains a key risk. Further detail covering the risks associated with COVID-19 are outlined on pages 59 to 62.

The principal projects planned for 2021 include closing out the remaining positive displacement pumping pipeline infrastructure in order to transport HMC from WCP B to the MSP, installation of a rotary uninterruptible power supply that will enhance the resilience of the MSP by improving year-round reliability of power supply, further production improvement projects and continued work on studies for mining the Nakata orebody to secure Kenmare's future at Moma. Management will continue to seek out projects to improve margins as well as to enhance the resilience and sustainability of the business. Kenmare plans to deliver these projects in a safe and sustainable manner.

Cash operating costs are anticipated to increase in 2021 due to increased production and additional costs associated with the greater distance from the MSP whilst mining at Pilivili than at Namalope. However, unit cash operating costs are expected to decrease in 2021 due to higher anticipated production volumes.

Increasing production and reducing unit costs will provide a robust financial platform from which to deliver our strategic objectives of growing the business and increasing margins, which we expect will improve Kenmare's competitive position as the Group moves towards the first quartile on the industry revenue to cost curve.

In turn, whilst retaining a robustly healthy balance sheet, this growth and margin improvement will enable us to build on our dividend policy and deliver our third key objective of increasing shareholder returns.

Tony McCluskey
Finance Director

22%
increase in 2020 dividend

25%
profit after tax dividend in 2021

WE ARE DISCIPLINED

ACQUIRING NEW SKILLS

"I've been at Kenmare for 11 years and during that time I've benefited from training provided by Kenmare that allowed me to acquire new technical and soft skills. I enjoy working at Kenmare because it provides me with financial security for my family and has improved the quality of my life."

Dionisio Chapala,
Environmental, Health & Safety Sampler

PRINCIPAL RISKS AND UNCERTAINTIES

Managing risk is an integral part of our business. A comprehensive process is 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.

1ST LINE OF DEFENCE

- Operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks.
- Provided assurance to senior management and Executive Directors.

2ND LINE OF DEFENCE

- The Board of Directors has ultimate responsibility for Risk Management. The Board receives reports and updates from the Board Committees and the Executive Directors on the key risks facing the business and the steps taken to manage these risks.
- The Executive Committee monitors and facilitates the implementation of effective risk management practices by departmental management and ensures appropriate risk reporting up and down the organisation.

3RD LINE OF DEFENCE

- The Board delegates its risk management responsibilities to the Audit & Risk Committee, whereby the ARC monitors the effectiveness of the Group's risk management and internal control systems.
- Internal Audit provides assurance to 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 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 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. The Executive Committee provides input to ensure that there is a top-down view of the key risks facing the Group. This includes consideration and assessment of any newly identified emerging risks. Following a review of the Group Risk Register by the Executive Committee, 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 Committee provides a robust assessment of the emerging and principal risks faced by the Group. This is achieved by offering alternative viewpoints and challenging risk scoring assumptions as appropriate.

Risk Appetite

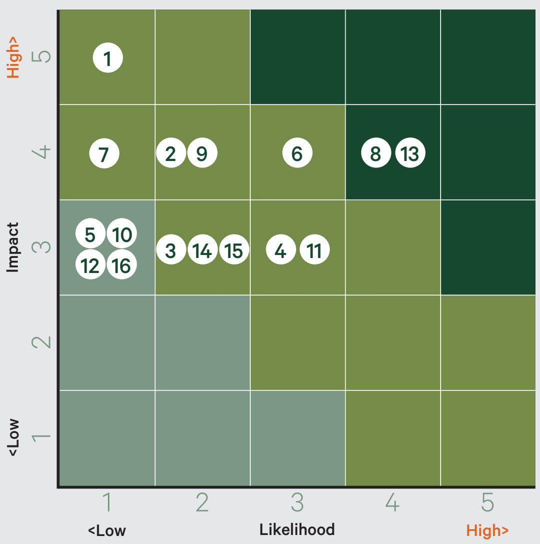
Exploration for and the development of mineral resources, together with the construction and development of mining operations in Mozambique, are activities that involve high risk. Therefore, Kenmare makes informed decisions prior to engaging in any associated activities which pose a significant risk to the Group. Where activities are undertaken, appropriate mitigations are put in place commensurate with the degree of risk that is faced. For some risks, such as Country Risk and Industry Cyclicality, there is a limit on the level of mitigation that can be put in place given the single jurisdiction and the single industry in which the Group operates.

Emerging risks

Kenmare considers emerging risk as part of the risk assessment process within our risk management framework. An emerging risk is one that could potentially impact the Group; however, the risk is not yet fully understood, limiting our ability to fully assess the likelihood and impact of such risks. Such risks are closely monitored, enabling us to implement mitigations when necessary or appropriate. An example of a risk that has transitioned from an emerging risk to a principal risk is the risk relating to COVID-19, which is reflected in the risk entitled "COVID-19" described below.

Principal risks and uncertainties

Under Section 327(1)(b) of the Companies Act 2014, Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007 and UK Disclosure and Transparency Rule 4, 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 60 to 65. This table is not prioritised nor is it 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 or fully understood but which may assume greater importance in the future.



Risk heat map

The risk heat map plots the impact and likelihood of each risk that the management believe could influence performance.

1. Grant and maintenance of licences
2. Country risk
3. Geotechnical risk
4. Severe weather events
5. Uncertainty over physical characteristics of the orebody
6. Power supply and transmission risk
7. Asset damage or loss
8. COVID-19
9. Health, Safety and Environment (HSE)
10. Mineral resource statement risk
11. IT security risk
12. Development project risk
13. Industry cyclicality
14. Customer concentration
15. Foreign currency risk
16. Loan default risk

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC			
Description	**Potential Impact**	**How we manage the risk**	**Risk trend**
Grant and maintenance of licences			
The Group's mining activities require a number of licences and approvals to be granted and remain valid in the relevant mining areas in northern Mozambique. The Group may not be granted or may not maintain necessary licences and approvals for it to operate in accordance with its plans. In addition, the costs associated with obtaining or maintaining a licence or approval may be higher than expected.	A failure to obtain or maintain a necessary licence or approval would significantly affect the Group's ability to operate, its ability to generate cash and the valuation of the Group's assets. In addition, if the costs associated with obtaining or maintaining a licence are higher than expected, the financial performance of the Group may be adversely affected.	▪ Robust foundation agreements (Mineral Licensing Contract and Implementation Agreement) provide rights to be issued a number of 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 affected local communities to work towards obtaining the required environmental and resettlement approvals.	^ Costs of resettlement in relation to certain areas affected by our Mine Plan may be higher than originally expected.
Country risk			
The Group's operations are located entirely in Mozambique. There may be potential adverse operational or financial impacts from changes in the political, economic, fiscal or regulatory circumstances in Mozambique. A new aspect of this underlying risk has been identified regarding insurgency risk in Cabo Delgado province, which, although more than 600 kilometres by road from the Moma Mine, could have an adverse impact on the Mine's assets and personnel, as well as the operations of the Mine.	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 and increased taxes, risk of insurgency. 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. The insurgency in the Cabo Delgado province may represent a threat to the electrical generation and transmission facilities utilised by the Group.	▪ Binding foundation agreements are in place with legal and fiscal 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. ▪ Frequent engagement with the Mozambique Defence Department, navy, marines and police. ▪ In-house monitoring of activities and ongoing improvement of security strategy. ▪ Onsite diesel storage and power generation system sufficient to maintain processing and export activities in place to mitigate electrical supply infrastructure impacts.	^ The severity of Country risk has increased due to the new risk of insurgency in the Cabo Delgado province.

Risk trend key: ↔ Risk is unchanged ^ Risk is increased ˅ Risk is decreased

OPERATIONAL

Description	Potential Impact	How we manage the risk	Risk trend
Geotechnical risk			
An external berm failure at the Moma Mine could result in a major slimes/ water spill into adjoining valleys, potentially impacting on local communities and/or the operating assets.	The nature of dredge mining gives rise to the creation of artificial ponds and a potential for failure of berm systems that surround the pond. A failure of a berm could cause loss of life, damage to the operating assets 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. ▪ Safety/diversion berm erected to protect downstream from pond berm failure. ▪ Ongoing installation and monitoring of pipes on ponds to control excess water.	↔ There have been no significant changes to the assessment of the risk.
Severe weather events			
Climate change and the location of the Group's operations on the Mozambican coast give rise to risk from cyclone activity and severe wind/flooding. Such events pose risk to the safety of mine staff, contractors and visitors, as well as to physical damage to the operational assets.	In extreme weather circumstances, there is a risk of loss of life. There is a risk of physical damage to the production plant, which may result in an inability to operate the Mine. The probability of adverse weather events is considered low. Such events 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 covering land-based and marine assets. ▪ Disaster management programme. ▪ Insurance cover. ▪ Adequate stocks of materials and supplies on site.	↔ There have been no significant changes to the assessment of the risk.
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 including introduction of cone penetration testing to measure orebody properties relating to hardness. ▪ 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 assessment of this risk, but the introduction of cone penetration testing is likely to reduce this risk in future years.

OPERATIONAL (continued)			
Description	**Potential Impact**	**How we manage the risk**	**Risk trend**
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. ▪ Mine's Synchronous Condenser (Dip Doctor) reducing the effect of grid power instability. ▪ Approval of the rotary UPS (RUPS) project providing increased power reliability whilst maintaining the advantages of low-cost hydroelectrical power.	↔ There have been no significant changes to the overall assessment of this risk. It is expected that the RUPS project, once commissioned and operational will reduce this risk.
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 and/or shipping, significant replacement cost and consequential monetary losses.	▪ Programme of inspections and planned maintenance with a team of specialist engineers. ▪ Standard operating procedures. ▪ Fire detection and suppression systems. ▪ Annual external risk assessment and compliance audit. ▪ Insurance cover. ▪ Carrying sufficient strategic spares to continue operations.	↔ There have been no significant changes to the overall assessment of this risk.
COVID-19			
COVID-19 represents a risk to all personnel involved in our operations and to our host communities. COVID-19 could have an impact on the health and availability of workforce and contractors, and the health of the surrounding community.	High levels of COVID-19 in our workforce and contractors could result in reduced operations or delay in execution of projects due to staff being unable to work.	▪ COVID-19 management plan, which includes on site PCR testing facility. Proactive workforce testing and isolation protocols for new/returning employees prior to commencing work.	^ The COVID-19 pandemic is a new principal risk.

Risk trend key: ↔ Risk is unchanged ^ Risk is increased ˅ Risk is decreased

OPERATIONAL (continued)			
Description	**Potential Impact**	**How we manage the risk**	**Risk trend**
Health, Safety and Environment (HSE)			
The operation of a large mining and processing facility carries a potential risk to the health and safety of workforce, visitors and the local community. Incidents carry potential for environmental damage to surrounding areas.		▪ Prioritisation of HSE by management. ▪ Appropriately trained staff. ▪ Standard operating procedures. ▪ Ongoing hazard identification programme. ▪ Health and Safety awareness programme implemented for the Company 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.	↔ There have been no significant changes to the overall assessment of this risk.
Mineral resource statement risk			
A material misstatement in the reserves and resources statement.	A material misstatement could 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.
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 external certified IT specialists of Group information systems to ensure reliability and protected to top information security standards. ▪ Third-party specialists provide network assurance. ▪ Ongoing strategic and tactical efforts to address the evolving nature of cyber threats. ▪ Increased user training and IT security awareness.	↔ There have been no significant changes to the overall assessment of this risk.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL (continued)			
Description	**Potential Impact**	**How we manage the risk**	**Risk trend**
Development project risk			
The Group's long-term plan is to deliver a significant increase in production capacity of ilmenite plus co-products through the implementation of a number of development projects. In addition, our large licence area means that from time to time our plants need to be moved to different parts of the orebody, which will entail further development projects. For instance, it is currently planned that WCP A will be moved in 2025 to the Nataka orebody. All development projects entail the risk of taking longer and costing more than anticipated.	The impact of potential delays and overruns of development projects is currently limited as the three development projects designed to increase production are operational, with the exception of the positive displacement pumping (PDP) system at Pilivili.	In relation to existing development projects: ▪ Appropriate management of PDP piping delivery. ▪ Commissioning plans for PDP pump system. ▪ Alternative trucking system in place. ▪ Insurance cover in place. In relation future development projects: ▪ Project appraisal and design process, including pre-feasibility and feasibility studies. ▪ Owner's team and use of industry experts with track records of delivery of development projects for Kenmare.	Given the progress made in relation to the development projects designed to increase production, this risk has reduced significantly, including as a result of the successful move of WCP B to Pilivili.

FINANCIAL

Description	Potential Impact	How we manage the risk	Risk trend
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, rutile and concentrates products that it produces. During rising commodity markets, there may be upward pressure on operating and capital costs.	Unfavourable product market events beyond its control and/ or pressure on operating or capital costs may adversely affect revenue and 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 our commodity price forecasting used for planning purposes.	↔ There have been no significant changes to the overall assessment of this risk.
Customer concentration			
The customer base for the Group's ilmenite, zircon 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.	↔ There have been no significant changes to the overall assessment of this risk.
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, Euros and US Dollars.	The nature and location of the Mine and 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 large across calendar years.	▪ Group 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 term.	↔ There have been no significant changes to the overall assessment of this risk.
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 failing to meet the current repayment obligations or to comply with loan covenants. However, the consequences of such failures could negatively affect the Group's financial position.	▪ Low leverage and net debt. ▪ The Group continually monitors liquidity requirements and covenant compliance. ▪ Flexibility to control expenditure to ensure covenant headroom.	↔ There have been no significant changes to the overall assessment of this risk.

SUSTAINABILITY

Our approach to sustainability

Driven by our purpose of responsibly meeting global demand for quality-of-life minerals, Kenmare remains committed to maintaining a sustainable business. We are focused on conducting all activities in a manner that minimises risks to, and maximises opportunities for, our people and our host communities, guided by responsible environmental stewardship and ethical business practices. Supporting the safety of our people, and local communities, is always at the heart of what we do as with strive to achieve zero harm in our operations.

Materiality assessment

Materiality is the principle of defining topics that matter most to our business and stakeholders. Identification and evaluation of these topics helps us to understand how they may affect our ability to create value over time. This ensures that the business strategy takes account of significant social and environmental topics and the management of sustainability issues is embedded in wider business processes that are integral to the delivery of our strategy.

These topics have helped to develop our sustainability strategy, informed metrics and KPIs to improve future performance and provided the context for our inaugural standalone Sustainability Report.

Our inaugural sustainability report

Kenmare is proud to announce the production of its first standalone sustainability report, to be published in April 2021. The 2020 Sustainability Report aims to assist stakeholders to further understand our business by providing transparent demonstration and disclosure of Kenmare's sustainability performance during the reporting period. In order to disclose on material issues which are relevant to stakeholders, this report has been developed in alignment with the Global Reporting Initiative (GRI). Further details of Kenmare's sustainability programmes are available at www.kenmareresources.com/sustainability.

GRI standards

We have produced our Sustainability Report in alignment with the Global Reporting Initiative (GRI) Standards. GRI reporting helps to ensure that disclosure of material information is in a set, standardised way, so that economic, environmental, and social performance can be easily quantifiable and compared by our stakeholders.

Aligning to the UN's SDGs

Kenmare acknowledges the importance of supporting the UN's 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). During 2021, we are planning to identify the most relevant and high priority SDGs for Kenmare to further develop outcome-based objectives and targets in order to make a positive contribution.

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.

KMAD's initiatives have three key focuses, which are livelihoods and economic development, healthcare development and education development.

In 2020, KMAD's expenditure totalled US$2.0 million.

Read more on page 74 or read the KMAD Annual report at www.kenmareresources.com/sustainability/kmad

0.25 LTIFR
vs 0.27 in 2019

90%
electricity from renewal sources

180.5 HA
rehabilitated

$145.8M
spent (55% of total procurement spend) with Mozambique suppliers

97%
of employees are Mozambican

62%
of employees are from local communities

ENVIRONMENT

Kenmare is committed to operating in an environmentally responsible manner and ensures sustainable stewardship of the environment within our sphere of influence by preventing, mitigating or offsetting any impacts of our activities. Understanding and monitoring the environment in which we operate is critical to effective and responsible management of environmental impacts.

GOVERNANCE

Kenmare's governance is grounded in transparency, using our values and principles to guide our day to day business decisions and ethical decision making. We recognise that strong governance is a key element in building and maintaining trust with stakeholders.

COMMUNITIES

Understanding and engaging with communities impacted by and near to Kenmare's operations underpins the Company's approach to developing strong community relations and building trust and acceptance. We highly value our relationships with our host communities and are committed to conducting activities in a manner that minimises risk and maximises opportunities for local people to share in the benefits of our activities.

PEOPLE

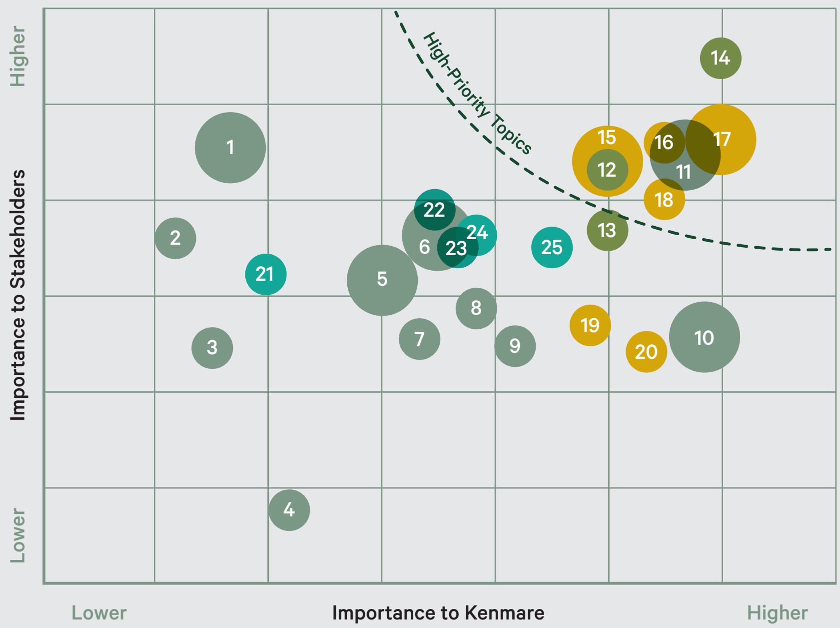
Kenmare recognises that our employees are the cornerstone of our business and our success relies on the people who work for us, their safe work, talents, skills and engagement. In everything we do we are guided by our Principles: We Care, We Excel, We Grow and our values describe the professional behaviours we expect - Integrity, Commitment, Accountability, Respect and Excellence.

2020 materiality assessment

During 2020 Kenmare completed its first extensive materiality review. A range of external and internal stakeholders were engaged to rate key sustainability issues related to Kenmare's operation that matter most to them now and into the future. Identified topics were analysed by the Kenmare Management Team to guide the content of the Sustainability Report and further inform our sustainability strategy development.

The materiality matrix shown below plots the relative importance of all material issues. Our sustainability report discusses our approach and performance for each high priority topic, as per the GRI standards.

Our review process involved three steps: consultation, analysis and approval. This process was led by a third party, who liaised with external and internal stakeholders, before the findings were validated by the Executive Committee and the Board's Sustainability Committee.



Future importance of issues

Issue expected to grow in importance over 5-10 years

Issue to maintain level of performance

Topic categories

Environment
1. Energy use and management
2. Hazardous waste
3. Non-hazardous solid waste
4. Noise
5. Emissions & air quality
6. Biodiversity and ecological impacts
7. Radiation
8. Tailings storage
9. Climate change risks
10. Rehabilitation & closure
11. Water stewardship

Our People
12. Diversity, inclusion & equal opportunities
13. Labour practices
14. Workforce health, safety & well-being

Communities
15. Socio-economic contributions
16. Land use and food security
17. Community relationships
18. Security
19. Land acquisition and resettlement
20. Community health & safety

Governance
21. Product stewardship & assurance
22. Business transparency
23. Supply chain management & standards
24. Anti-bribery & corruption
25. Legal & Regulatory compliance

Sustainability performance in 2020

Sustainability targets provide guidance for Kenmare's operations in order to continuously review and improve performance. The table below provides Kenmare's key sustainability metrics for 2020.

Target	2020 Performance	Commentary
Safety		
Reduction in Lost Time Injury Frequency Rate (LTIFR) to a target of 0.25.	0.25	Achieved target. Reduction from 2019 LTIFR of 0.27
Zero community fatalities as a result of operations.	Zero	Zero community related fatalities.
Environment		
Zero reportable incidents.	Zero reportable incidents	Zero reportable environmental events
Deliver strategic review of rehabilitation.	Delivered	Land rehabilitation and biodiversity strategic approach developed.
Achieve 160ha of rehabilitation.	Achieved	Exceeded rehabilitation target. 180ha rehabilitated.

Target	2020 Performance	Commentary
Communities		
Build Supply Chain capacity in policy compliance.	Achieved	Supply chain policy compliance programme has commenced. A number of key supplier audits conducted. Work will continue in 2021.
Improve female representation in the workplace to meet a target of 8.50%	Achieved	10.64% achieved.

2021+ Targets

2021 will focus on the implementation of the recommendations of the Taskforce for Climate related Financial Disclosures, identification of priority UN Sustainable Development Goals (SDGs) to further develop outcome based objectives and targets and further implementation of our Human Rights Policy with Kenmare's supply chain. It will also be a year of consolidation and implementation of the specific strategies that have been developed during 2020. Kenmare will continue to disclose performance against its 2021 public targets, as set out below.

Target	By when
People	
Zero work related fatalities	Annual review
Reduction in Lost Time Injury Frequency Rate (LTIFR) to achieve a target of 0.22	Annual review
Embed new risk assessment processes	
Roll-out of destigmatising HIV programme	2021
Conduct a formal external review of our Malaria Vector Control programme	
Communities	
No major community incidents as a result of operational activities (Level 5 as defined by Kenmare incident consequence matrix)	Annual review
Meet annual procurement target in Mozambique	2021
Increase companywide representation of women in the workforce to 11.5%	2021
Environment	
No major environmental incidents (Level 5 as defined by Kenmare incident consequence matrix)	Annual review
Implement water reporting in alignment with ICMM Water Reporting Guideline	2021
Define a GHG reduction target	2021
Implement climate change programme aligned with the Task Force on Climate Related Financial Disclosures (TFCD) recommendations	2022
Annual rehabilitation target of 200 ha achieved	2021
Governance - Human Rights	
Publication of first Modern Slavery statement	2021
Security practices are in conformance with the Voluntary Principles on Security and Human Rights	2021

GOVERNANCE

In October 2019, Kenmare announced the establishment of a Sustainability Committee as part of our commitment to strong corporate governance and continuous improvement. The Committee has worked with management and guided the development of key policies and strategies for the business. Please see page 92 for the Committee's report.

Kenmare's governance is grounded in transparency, using our values and principles to guide our day-to-day business decisions and ethical decision making. We recognise that strong governance is a key element in building and maintaining trust with stakeholders.

In October 2020, Kenmare was named the "Most Transparent Company in Mozambique" by the Centre for Public Integrity's Extractive Industry Transparency Index. Kenmare is very humbled to receive this award in recognition of our commitment to transparency and our support of the EITI. We have also taken on suggestions to produce more corporate materials in Portuguese, increasing accessibility.

All our company policies, www.kenmareresources.com/sustainability/policies, have been provided to Moma Mine's third-party service providers (including contractors and suppliers) and they have been asked to adhere to them and commit to supporting them.

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.

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.

Employees receive regular and relevant training on how to comply with the Kenmare Anti-Bribery Policy including through the induction process for all new employees.

Whistleblowing

Kenmare has a whistleblowing policy and 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 English and, in order to uphold its independence, is outsourced. This service is widely publicised within the organisation, to suppliers and in host communities.

All whistleblowing reports are directed to the independent provider's central facility, then sent to Kenmare's Internal Auditor and General Counsel, in the case of the Moma Mine, or Company Secretary, in the case of our Dublin office, for consideration of the appropriate next steps. All reports and outcomes are presented to Kenmare's Audit & Risk Committee.

In 2020, Kenmare received two whistleblowing reports through the 24/7 whistleblowing service provided by a third-party service provider, Safecall. Both reports were investigated fully by Kenmare and reported to the Audit & Risk Committee and Board. No evidence was found to substantiate the claims made in either report. Investigation findings was provided to the whistleblower where that was possible.

Political engagement

Kenmare maintains a positive working relationship with government stakeholders at national, regional, district and local level through regular engagement. This work ensures government stakeholders are aware of and can provide input to our present and future activities.

Kenmare does not make any form of political donation.

Respecting Human Rights

Kenmare believes respecting human rights is right thing to do and critical to the success of the business. Through our Human Rights Policy, Kenmare supports the International Bill of Human Rights, including the UN Declaration of Human Rights; the Voluntary Principles on Security and 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.

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.

AWARD

Named the most transparent extractive industries company in Mozambique

Read more in the case study on the next page

SUSTAINABILITY CASE STUDY

REPORTING TRANSPARENCY

Kenmare has been named as the most transparent company in Mozambique by the Centro de Integridade Pública (CIP) Extractive Industry Transparency Index.

The main objective of the index is to contribute to the information on the extractive sector (mining, oil & gas) in Mozambique being made available to society, in a regular, detailed and timely manner. CIP assessed companies on the quality of information in the areas of tax, governance, social and environmental aspects and on their degree of openness with host communities. Kenmare will develop a Portuguese web site to assist further with transparency of information to complement the current English web site.

> "We have a commitment to good governance through transparency and accountability. It's great to see these efforts are being recognised externally as well."

Gareth Clifton,
Mozambique Country Manager

SUSTAINABILITY CONTINUED

PEOPLE

Kenmare's aim is Zero Harm. The safety of our employees and contractors is a key priority and we are committed to all employees and contractors returning home safely and uninjured. We recognise that our people are our greatest asset and as a company we are committed to investing in our workforce and creating a respectful, inclusive, and diverse work environment.

Safety

A non-work-related incident at the Moma Mine resulted in the unfortunate death of one of our employees. A comprehensive investigation was completed and outcomes were communicated to the workforce. Kenmare's Employee Assistance Programme was made available to any employee needing support as a result of this event.

The Loss Time Injury Frequency Rate (LTIFR) at the end of 2020 was 0.25 per 200,000 work hours, with a total of 7,334,804 hours worked. This was a slight improvement from 2019 with an LTIFR of 0.27, following a total of 5,212,535 hours worked. Despite the encouraging downward trend in the LTIFR our operations recorded a total of nine Lost Time Injuries (LTI) in 2020 compared with seven LTIs during 2019. The increase in the total number of work hours is mainly due to the relocation project of WCP B and increased employees at our WCP C.

Our All Injury Frequency Rate (AIFR) at the end of 2020 was 1.61 compared with 2.44 in 2019. This is the lowest AIFR in Kenmare's history.

	2020	2019	2018	2017
Hours worked	**7,334,804**	5,240,163	4,888,574	4,627,491
Lost time injuries (LTIs)	**9**	7	3	9
Fatalities (included in LTIs)	**0**	0	0	0
Medical treatment injuries (MTI)	**12**	6	4	3
First aid injuries (FAIs)	**38**	51	49	37
All injuries (AIs)	**59**	64	56	49
Days lost to injuries	**717**	343	236	521
All injury frequency rate (AIFR)	**1.61**	2.44	2.26	2.11
LTI frequency rate (LTIFR)	**0.25**	0.27	0.12	0.39

The primary reason for an increased number of days lost to injuries was that one LTI resulted in an extended period of medical leave.

In the first six months of 2020, there were a total of five LTIs and, in response, a review of this incident trend was undertaken. Several areas for improvement were identified including ineffective risk assessments, less safe work practices and reduced leadership time in the field.

Security

During the year, Kenmare's security strategy was reviewed with a renewed focus on people protection, theft mitigation and insurgency monitoring. Work plans have been developed for 2021. Our strategy includes the direct employment of security personnel, engagement of security contractors and work with the local Police and National armed services. All security work is conducted in alignment with the Voluntary Principles of Security and Human Rights.

Health

Kenmare recognises the importance of safeguarding the health and wellbeing of its workforce and making available medical expertise and health programs to host communities.

In 2020, we continued a range of health initiatives to address the prevalence of malaria and HIV/AIDS in our host communities. The global COVID-19 pandemic also brought some unique challenges to the way we work at Kenmare.

COVID-19

Stringent risk mitigation measures have been in place across our operation and offices since March 2020. At the Moma Mine, heightened health protocols, social distancing procedures and COVID-19 testing in a purpose-built clinic is ongoing. The site is well-equipped to care for anyone with a suspected or confirmed case of COVID-19, including isolation accommodation and two new respirators that were purchased for the medical clinic.

Kenmare's head office in Dublin has been temporarily closed with employees working remotely and, where necessary, reduced numbers allowed in the office. During 2020 there were 77 positive COVID-19 cases on site.

Kenmare is committed to supporting the Mine's host communities in the fight against COVID-19. To this end, Kenmare donated eight ventilators and 50 CPAP (non-invasive ventilation with oxygen) machines to the health authorities in Nampula, which is the nearest city to the Moma Mine.

The Company also donated disposable aprons, medical gloves, hand sanitation gel, digital thermometers and masks to local villages.

Please see page 16 for further detail on Kenmare's response to COVID-19.

Malaria

Incidences of Malaria amongst Kenmare's employees and contractors continue to decline, down by approximately 50% over the last four years.

On-going initiatives to reduce malaria amongst our workforce at the Moma Mine and in our host communities include health awareness programmes, vector control through indoor residual spraying and use of mosquito nets.

Despite this, the rate of malaria in local communities has remained relatively constant.

Consequently, Kenmare is exploring a research partnership with University of Pretoria Institute for Malaria Control and International SOS, who provide medical services at our operation, with the aim of designing and implementing a new vector programme during 2021.

HIV/AIDS

Internal HIV/AIDS awareness initiatives have been conducted through a range of communication methods including toolbox talks, newsletter article and posters. Shirts printed with the HIV/AIDS awareness messages have been distributed to all employees along with booklets and leaflets providing general information on prevention and positive living. Condom dispensers are placed throughout the site, with condoms freely available. Free HIV/AIDS testing is also available on site including counselling by HIV peer educators.

Human Resources

In 2020, Kenmare's workforce included 1,503 employees and 2,258 contractors across our Moma Mine, Dublin, London, Maputo, Nampula and Beijing offices.

Our Mozambique operation employs 1,478 full time employees. Of these 97% are Mozambican and 62% of the mine employees are from local communities.

The sustainability of our local employment programme has been underpinned by the successful technical development of local artisans (trades and trades assistants), who have replaced expatriates following completion of inductions and training via our on-site practical training centre.

Kenmare's University Internship and Graduate Development Programmes (GDP) have also seen successful recruitment and promotion of local graduates into the operation. In 2020, 27 people participated in the GDP and past graduates now fill roles including plant supervisors, metallurgists and geologists.

Kenmare is focused on increasing the number of females in our workforce as we recognise that diversity is a key driver of business success.

At the end of 2020, females represented 20% of our Board of Directors, and 11% of the executive management team, which is unchanged compared to 2019.

During 2020 female participation in the workforce increased from 8% to 10.64%. This is a significant achievement and a result of our recruitment processes and systems to support diversity in the work place. We acknowledge there are still improvements to be made and for 2021 we have set a further increase in participation to a target of 11.5%.

Seven females were also employed in senior roles reporting directly to the executive committee, with an additional 24 females at the Mine in positions of leadership responsibility.

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 2020, we invested US$ 639,00 in training and development and delivered over 21,000 hours of training to our employees at the Moma Mine.

Labour relations

Kenmare remains highly focused on managing positive 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.

No industrial action was experienced during 2020, continuing the Moma Mine's largely stable labour relations of 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.

SUSTAINABILITY CASE STUDY

EMPLOYEE SURVEY

Inaugrual employee engagement survey

Kenmare conducted its first employee engagement survey during 2020, aimed at gaining a better understanding of the overall level of employee engagement and wellbeing and to identify areas to improve overall engagement levels.

The survey was conducted anonymously in both Portuguese and English. There was a very pleasing participation rate of 92% with the survey being completed both electronically and manually.

Significantly, the results show that 97% of employees have high levels of overall engagement. More than 93% of employees indicated they would recommend Kenmare as a great company to work for and over 95% responded that their job allows them to take accountability and ownership for their results.

As we continue to learn from the survey and constantly improve our workplaces, Kenmare's focus areas for 2021 will include greater celebration of success, improved communications and career and leadership development.

> It's fantastic to see such high levels of engagement from our employees. The feedback also provides us with new areas of focus."

Caetano Amurane, Human Resources Manager

COMMUNITIES

Kenmare has been committed to working in partnership with host communities and all levels of government to deliver local and regional benefits since before mining commenced at Moma in 2007. Our approach is based on participation, relationships, transparency, fairness, facilitation and collaboration.

Community engagement

Regular formal and informal engagement processes are in place to ensure the voices of our host communities are heard and information about our operations is readily available. Due to COVID-19, this year's engagement program has included an increased radio presence and smaller but more frequent community meetings.

During 2020, 14 complaints and grievances were received and zero were outstanding at year end. The complaints and grievances covered the following areas: crop compensation, employment opportunities and payment terms.

Our project expansion during 2020 included the opening of a new mining area and road infrastructure to relocate WCP B. This work was approved by the Mozambican government after submission of a comprehensive and IFC compliant Environmental and Social Impact Assessment (ESIA) and a Resettlement Action Plan (RAP).

Community Development & KMAD

Community development projects are primarily funded and managed through the Kenmare Moma Development Association (KMAD).

KMAD's activities have three key areas of focus: livelihoods and economic development, healthcare development, and education development. Identification of local and regional development projects is a participative process with host communities.

KMAD has been operating since 2004, and during this time has delivered significant improvements to local infrastructure, including:

- Drilling 25 water boreholes to provide clean drinking water for approximately 24,000 people.
- Constructing over 56 classrooms, built health clinics which have provided >91,000 consulatations.
- Supported local projects which have generated income of >US$2,750,000 for more than 2,030 local people.

Kenmare is committed to creating employment opportunities for local people that deliver sustainable economic growth.

In 2020, KMAD approved five new projects in its host communities, including a carpentry workshop, a building materials shop, electricity voucher machine and two multi-media centres, all of which have been financed and commenced, except the multimedia project which is on hold due to COVID-19.

As part of the Pilivilli project RAP, a further seven economic development projects were approved including grocery shops, fishery shops and a micro mill project.

At the end of 2020, 56 small-scale business projects were being supported by KMAD, which directly benefit 286 people, including 102 women, and their families and employees.

Other development projects supported by KMAD include:

- Conservation Agriculture development programmes for 1,018 farmers to improve skills and enhance farm productivity.
- Support for vulnerable groups within the community through income generation initiatives, health services, and food and livestock donations.
- Healthcare projects including infrastructure improvements, construction of a new maternity facility at the Mtiticoma Health Clinic, capacity development of medical staff and access to clean drinking water via bores for villages surrounding the mine.
- Education projects including funding for the construction of classrooms and other educational infrastructure, capacity development of teachers, student scholarships, vocational training and a focus on educational outcomes for primary students.

Economic value

Kenmare's Moma Mine represents the only major economic activity in the local area, which is characterised by relatively low socio-economic development and high unemployment. To share the value of the Mine's presence, Kenmare looks to maximise opportunities through direct and indirect employment and in-country procurement.

In 2020, Kenmare sourced 53% (US$69.8 million) of operational procurement spend within Mozambique, (including fuel and electricity). Spend in Nampula Province, where the Moma mine is located, represented 11.5% (US$13.8 million) of overall operational procurement spend, with US$5.2 million spent in local districts.

Read the KMAD Annual report at www.kenmareresources.com/sustainability/kmad

US$49.9M

Contributed (Kenmare total/$41.2M Mozambique) in employee wages and benefits

US$145.8M

spent (54% of total procurement spend) with Mozambique suppliers

US$2.0M

invested in community initiatives through KMAD

US$6.1M

in royalties to the Mozambique Government

US$16.8M

in all taxes from the Group

SUSTAINABILITY CASE STUDY

CONSERVATION AGRICULTURE

Improved agricultural productivity and participation

KMAD's Conservation Agriculture (CA) project continued in 2020 with the objective of transferring skills to local farmers that will enable them to sustainably increase their farm productivity, reduce crop disease, improve market connections and grow crops that were previously not viable in the area.

At the start of 2020, there were 291 farmers registered to participate in the CA project and by year-end this number had increased by over 270% to 1018, of which 68% were female. By year end, 700 farmers had prepared their land for CA.

The National Association for Rural Extension (AENA) was contracted to deliver the project and continued to train the farmers by splitting their fields in two, with one side being farmed using CA techniques and the other side with traditional farming techniques. The 2019/2020 production season results showed an average 55% yield advantage of CA when compared with traditional production methods.

For further information on KMAD activities please see our Sustainability Report and KMAD Annual Report, available on our website in April 2021

ENVIRONMENT

There is growing pressure on and competition globally for environmental resources, such as land, water and biodiversity. Kenmare is committed to operating in an environmentally responsible manner and to minimising the impact of mining and processing operations on the environment and host communities.

We are proud of our low environmental impact, managed by:

- Obtaining 90% of our power requirements from renewable sources.
- Progressive land rehabilitation.
- No chemicals used in our mining or processing operations.

Further information on all environmental aspects, including air, noise, waste, of Kenmare's operation is available in our inaugural Sustainability Report, to be published in April 2021.

Kenmare's environmental management system is guided by the Company's Environmental Policy, risk identification, management standards and the annual setting of objectives and targets. This system has been developed taking into account the ISO 14001 environmental management system requirements and IFC Performance Standards, 2012.

The Kenmare Board's Sustainability Committee approved three key sustainability strategies during 2020: Land Management, Water Stewardship and Energy & Climate Change.

These strategies provide a framework for work currently underway in these key areas and defines a future direction for improvements.

The movement of WCP B in 2020 involved the opening of a new mining area and the building of a road to facilitate the relocation. This work was approved by the Mozambican government after submission of a comprehensive IFC compliant Environmental and Social Impact Assessment (ESIA).

Energy and climate change

Energy is an essential resource for our business and our approach focuses on ensuring a safe, stable, reliable and cost-effective energy supply.

Kenmare also acknowledges the scientific evidence that supports the influence of humans on the climate and the resultant physical impacts. We are committed to contributing to global climate action through implementation of energy efficiencies, ensuring our business is resilient to climate change and continually reducing our carbon footprint.

Supply

In Mozambique, Kenmare's principal electricity source is the Cahora Bassa hydroelectrical power station with transmission through the Electricidade de Mocambique (EdM) transmission grid. In 2020, 90% of Kenmare's electrical energy requirement or 185,714 MWh was produced from this renewable power source (hydropower), similar to that in 2019.

Kenmare aims to maximise the use of hydropower in its operations as it substantially reduces the Group's greenhouse gas emissions. However, due to the varying reliability of the northern power network in Mozambique, the Moma Mine uses diesel-powered electric generators (10 MW capacity) in the summer rainy season to ensure uninterrupted operation of our Mineral Separation Plant (MSP). In 2020 21,185MWh were generated by diesel-powered generators compared to 21,599 MWh in 2019, a 2% reduction.

In 2020, Kenmare's total electricity use at the Moma Mine was 206,900 MWh compared to 207,029 MWh in 2019.

Our Dublin head office has zero CO_2 emissions as the supply is 100% renewable.

Energy and carbon footprint

Kenmare is committed to minimising our energy and carbon footprint. To do so, the Company has commenced detailed analysis and assessment of climate-related risks to the operation and identification of ongoing efficiencies and improvements. In 2020, our first year to disclose climate change data through the CDP Climate Change questionnaire, Kenmare has been ranked in the 'Disclosure' Band with a score of D. This reflects our work to date and the early stages of our Energy and Climate Change Strategy. Our report is available at the CDP website, www.cdp.net/en

	2020	2019	2018	2017
Scope 1 greenhouse gas (tonnes CO_2)	**104,810**	78,605	81,511	73,234
Scope 2 greenhouse gas (tonnes CO_2)[1]	**120**	110	110	110

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.

Kenmare approved the installation of a Rotary Uninterruptible Power Supply (RUPS) at Moma in 2021, at a cost of $16M. RUPS will improve the year-round reliability of power at the MSP, which suffers from lost operating time but also significant recovery losses when operating with unstable power supply.

It is expected that the RUPS will reduce Kenmare's diesel costs and associated CO_2 emissions by approximately 15% through the elimination of diesel powered generators and ensure Kenmare continues to take advantage of the existing low cost sustainable energy source of Cahorra Basa hydroelectric power.

Read more about the project on page 42.

Adapt to a changing climate

Kenmare recognises that there are both physical and transition risks associated with climate change. As such our integrated risk management process, which has a short, medium and long-term view, incorporates the impacts of a changing climate on our operations, specifically severe weather impacts. This risk assessment will be further enhanced in 2021 and 2022 as we align our Energy and Climate Change strategy to the recommendations of the Taskforce on Climate related Financial Disclosures (TCFD).

Land management

Kenmare's land management approach is to conduct progressive rehabilitation of disturbed areas, support sustainable food security practices, protect and conserve biodiversity and engage with stakeholders on our land management practices.

The Moma Mine is in a remote rural area of Mozambique, heavily dependent on land for food production. Our mining process temporarily impacts land that would otherwise be utilised for food production. Farmers whose farm land is impacted by the mine are provided with alternative land for food production as part of the RAP.

Mineral sands mining is transitory in nature and lends itself to progressive rehabilitation which enables the return of land to communities as soon as possible to resume food production. This requires successful rehabilitation of the disturbed land, soil monitoring and approval from the Mozambique environmental regulator. An annual rehabilitation target is set by Kenmare and has been consistently achieved since 2018, in 2020 180ha of mined land were rehabilitated and >10,100 casuarina trees planted. To date, Kenmare has rehabilitated 1,157ha of mined land.

To further support sustainable food production, biodiversity enhancement and conservation, and enduring prosperity for local communities, Kenmare is working through KMAD with NGOs and the Mozambique government on a number of initiatives. These include conservation agriculture, agroforestry, crop diversification and forest restoration. They also include developing alternate food and revenue streams from forestry such as honey production, medicinal plants, fruit harvesting and tree species selection for construction timber.

Water stewardship

Kenmare recognises water as a precious resource and is committed to working collaboratively with stakeholders to ensure effective long-term water stewardship and enduring access to clean, safe water for local communities.

Extracted from a local aquifer using groundwater bores, Kenmare uses water in the mining and processing of sand, tailings deposition, dust suppression and for drinking and sanitation supplies.

Current groundwater withdrawal volumes are well within current regulatory approved withdrawal volumes, average monthly withdrawal 1380 ML vs regulatory limit 2700ML/month.

Using the World Resources Institute Aqueduct™ tool, the Moma operation is identified as being located in an area of low baseline water stress. During 2020, a total of 19.439ML of water was extracted.

With a chemical-free mining process at Moma, most of the water utilised, except for water lost through evaporation, is returned to the groundwater table. The aquifer also receives annual rainfall recharge.

Kenmare is working to align reporting on water use and management to the ICMM Guidelines on Water Reporting, which incorporates the Minerals Council of Australia Water Accounting Framework (WAF) and expects to commence reporting in 2021.

SUSTAINABILITY CASE STUDY
REHABILITATION

Achieving our targets

Mineral sands mining is transitory in nature and lends itself to progressive rehabilitation. Saplings are procured from community nurseries, bringing local economic benefits to our rehabilitation efforts.

Strong collaboration between our Mine Planning and Environmental teams, and having a successful on site nursery, has ensured that our annual rehabilitation target has been achieved since 2018.

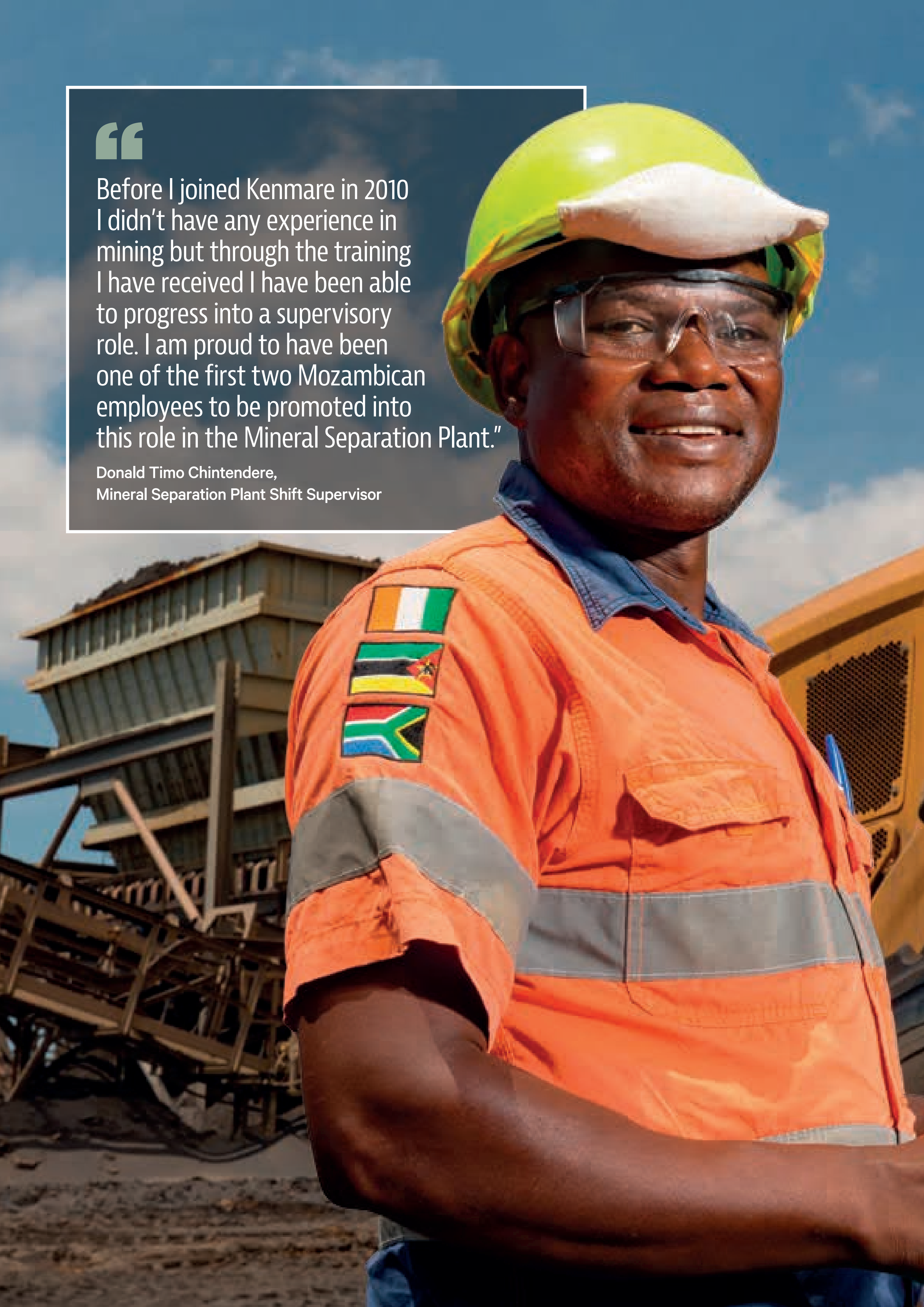
In 2020, 180ha of land was rehabilitated and 10,100 casuarina trees have been planted. To date over 1,157ha of mined land has been rehabilitated.

Kenmare aims to return land to local communities as soon as possible after mining, to enable food production to resume. This requires successful rehabilitation, soil monitoring and approval from the Mozambique environmental regulator.

10,100
Casuarina trees planted

180HA
of mine land rehabilitated

3
strategies endorsed by the board Land Management, Energy & Climate Change, Water Stewardship Strategies



> "Before I joined Kenmare in 2010 I didn't have any experience in mining but through the training I have received I have been able to progress into a supervisory role. I am proud to have been one of the first two Mozambican employees to be promoted into this role in the Mineral Separation Plant."

Donald Timo Chintendere,
Mineral Separation Plant Shift Supervisor

GOVERNANCE

BOARD OF DIRECTORS

Steven McTiernan
Chairman and Non-Executive Director

Age: 69 Appointed: 2013

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, he 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: 61 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: 56 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

N A R

Age: 52 Appointed: 2017

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 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

S N

Age: 63 Appointed: 2019

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 is a Non-Executive Director of NASDAQ-listed Great Lakes Dredge & Dock Corporation, JSE and NYSE-listed Sibanye Stillwater Ltd, and NYSE and TSX-listed Novagold Resources Inc.

Clever Fonseca
Non-Executive Director

A S

Age: 67 Appointed: 2018

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 (A) Audit and Risk (N) Nomination (R) Remuneration (S) Sustainability (C) Committee Chair

Sameer Oundhakar

Non-Executive Director

Age: 47 Appointed: 2021

Skills and experience: Sameer Oundhakar is a Senior Manager in the Diversified Private Equity Investments department of OIA (Oman Investment Authority), having joined in 2018. He has extensive Private Equity experience across industry sectors and geographies. He has worked in the Middle East (OIA, Seera Investments), UK (Boston Consulting Group, Columbia Threadneedle, American Express) and India (HSBC, Larsen & Toubro). He has a Bachelor's degree with distinction in Mechanical Engineering from Veermata Jijabai Technological Institute (VJTI), Mumbai, a Post Graduate Diploma in Management from the Indian Institute of Management Lucknow and an MBA from INSEAD.

External appointments: Sameer is a Non-Executive director with Strategic and Precious Metals Processing LLC (SPMP), an Antimony and Gold Plant in Oman and with Nova S.A. an Argentina based crop protection products company.

Graham Martin

Non-Executive Director

R N S

Age: 66 Appointed: 2016

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

A N R

Age: 69 Appointed: 2013

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 of 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, a private hydropower company.

Deirdre Somers

Non-Executive Director

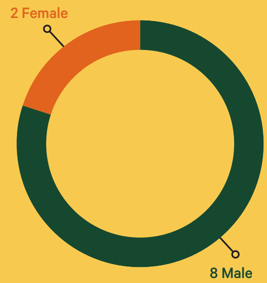
A

Age: 54 Appointed: 2020

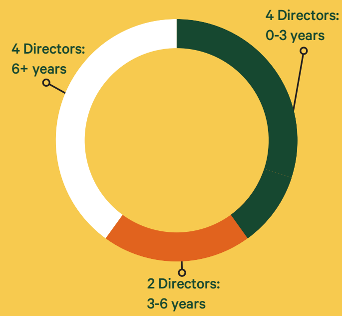
Skills and experience: Deirdre Somers has over 20 years' experience in senior management positions, having served as Chief Executive of the Irish Stock Exchange (ISE) from 2007 to 2018 and, prior to that, as its Director of Listing. She led the ISE's transformation to a highly profitable entity with global specialisms culminating in its sale in March 2018 to Euronext NV. She also held the position of President and Board Chair of the Federation of European Securities Exchanges from 2015 to 2018. Deirdre, a qualified Chartered Accountant, also worked with KPMG for eight years and holds a Bachelor of Commerce degree from University College Cork.

External appointments: Deirdre is a Non-Executive Director of the following investment entities: iShares plc, iShares II plc, iShares III plc, iShares IV plc, iShares V plc, iShares VI plc and iShares VII plc. She also serves as a Non-Executive Director for BlackRock Institutional Pooled Funds plc and Institutional Cash Series plc, both of which are listed on Euronext Dublin, Aquis Exchnange plc which is listed on the Alternative Investment Market of the London Stock Exchange and M&G General Partner Inc. and Episode Inc.

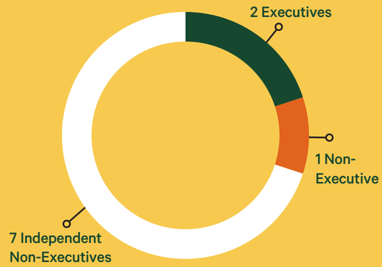
BOARD GENDER DIVERSITY



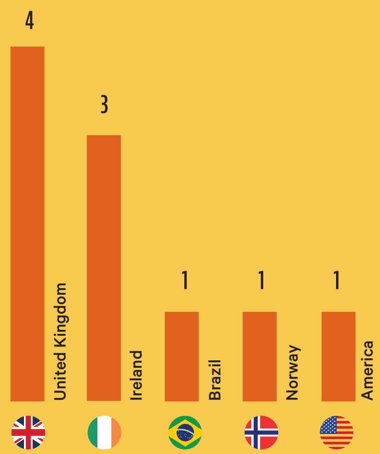
LENGTH OF TENURE



COMPOSITION



NATIONALITY



EXECUTIVE COMMITTEE

Michael Carvill
Managing Director

Michael Carvill has been the Managing Director of Kenmare since 1986. He worked as a contracts engineer in Algeria and as a project engineer at Tara Mines, Ireland. He is a Fellow of the Institute of Engineers of Ireland (FIEI). He holds a BSc in Mechanical Engineering (Queen's University, Belfast) and an MBA (Wharton School, University of Pennsylvania).

Tony McCluskey
Financial Director

Tony McCluskey has worked with Kenmare since 1991. He was originally appointed as Company Secretary and Financial Controller, before becoming Financial Director in 1999. Before joining Kenmare, he worked for a number of years with Deloitte as a senior manager in Dublin and also worked overseas. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of the Institute of Chartered Accountants.

Ben Baxter
Chief Operations Officer

Ben Baxter has spent 25 years in the mineral sands industry joining Kenmare Resources plc in 2015 as Chief Operations Officer. He was previously employed by Rio Tinto at RBM in South Africa and QMM in Madagascar where he held a broad range of geological, mine planning and leadership roles before being appointed General Manager Operations at QMM and General Manager Mining at RBM. At Kenmare Ben is responsible for all aspects of Operations and Project development, and has taken a significant part in the development and execution of the strategy to deliver 1.2Mt of ilmenite production per annum on a sustainable basis at the Moma Mine. Ben holds a BSc (Hons) in Applied Geology from the University of Leicester, UK and an MSc in Mining Geology from the Camborne School of Mines, UK.

Gareth Clifton
Mozambique Manager

Gareth Clifton holds a BA Economics degree from the University of Exeter and an MSc in African Studies from the University of Edinburgh. He joined Kenmare in 2001 having worked as a General Manager for Union Transport LDA. He previously held the position of manager for a Mozambican shipping agent and also worked for the UNDP.

Deirdre Corcoran
Financial Controller and Company Secretary

Deirdre Corcoran graduated from University College Dublin with a Bachelor of Commerce degree and a Masters in Accounting. She qualified as a Chartered Accountant with Deloitte & Touche in 1995. She then worked as Finance Manager with Concern Worldwide, based in Ethiopia, for a number of years before joining Kenmare Resources plc in 1999 as Financial Controller. She was appointed Company Secretary in March 2000.

Jeremy Dibb
Corporate Development and Investor Relations

Jeremy Dibb joined Kenmare in June 2014. He previously covered the mining sector as an equity research analyst at Macquarie and Canaccord Genuity, where he was a Director in the Metals and Mining Research team. Prior to this he worked at Cazenove Capital and Fidelity. Jeremy holds an MBA from the Saïd Business School at the University of Oxford and a BA (Hons) from the University of Nottingham. Jeremy has also been a CFA® charterholder since 2011.

Terence Fitzpatrick
Group General Manager-Technical

Terence Fitzpatrick is a graduate of University of Ulster (Mech. Eng.). He worked as Project Manager and then Technical Director of Kenmare from 1990 to 1999. He was responsible for the development of the Ancuabe Graphite Mine in Mozambique, which achieved completion in 1994. He was appointed to the Board of Kenmare in 1994. He served as a Non-Executive Director from 2000 to 2008. He was appointed as Technical Director in February 2009.

Cillian Murphy
Marketing Manager

Cillian Murphy joined Kenmare in October 2016. He graduated with a BSc in Economics and Finance from University College Dublin. Cillian initially worked in Kenmare's Investor Relations and Corporate Development team before becoming a Marketing Executive. He has been Marketing Manager since January 2020.

Rajan Subberwal
General Counsel

Rajan Subberwal joined Kenmare in June 2013 as its first General Counsel. He had previously worked at Sullivan & Cromwell LLP, London, since 2001, where for many years he advised Kenmare on the commercial and financing aspects of the Moma Project. Prior to S&C, he trained with Clifford Chance LLP in London and Frankfurt. Rajan is qualified to practise law in Ireland, England and Wales and New York. He has a BA from Oxford University, an LLB from the University of London and an LLM from Harvard Law School.

CORPORATE GOVERNANCE REPORT

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, www.frc.org.uk. This report, together with the other reports in the "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 collectively responsible for the leadership, oversight, control, development and long-term success of the Group. It works with management to set corporate vision and develop strategy, with the aim of creating long term sustainable value for its shareholders, while recognising and discharging wider responsibilities to other stakeholders, including employees, customers, suppliers and the communities in which it operates, and to the environment. The Board should constructively challenge and hold to account the management team, in regard to both operational and financial performance of the Group and wider sustainability goals. It is also responsible for ensuring that accurate and understandable information is provided about the Group to shareholders and finance providers and other stakeholders on a timely basis.

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' and their remuneration and severance;
- ensuring that satisfactory dialogue takes place with shareholders;
- understanding the views of the Group's other key stakeholders and keeping engagement mechanisms under review so that they remain effective;
- assessing the basis on which the Group generates and preserves value over the long-term;
- assessing and monitoring culture;
- providing a means for the workforce to raise concerns in confidence and reviewing its operation;
- carrying out a robust assessment of the Group's emerging and principal risks; and
- monitoring the Group's risk management and internal control systems and reviewing their effectiveness.

Matters reserved for the Board

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

- 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 oversight;
- approval of half-yearly and annual financial statements;
- budgets and matters currently or prospectively affecting the Group and its performance;
- Board and Committee membership; and
- Remuneration policy

SUPPORTED BY

Audit & Risk Committee

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

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.

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.

Sustainability Committee

Oversees the implementation of the Group's sustainability-focused corporate policies.

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 80 and 81. The majority of the Board is made up of independent Non-Executive Directors. The Chairperson is required to be a Non-Executive.

The Board has delegated responsibility for management of the Group to the Managing Director and the management team.

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. A summary of the role and responsibilities of each of the Chairman and the Managing Director can be found on the Company website at www.kenmareresources.com/about-us/corporate-governance.

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/about-us/corporate-governance.

In May 2020, Elizabeth Headon who had served as a Non-Executive Director for nine years, retired from the Board and Peter Bacchus was appointed as the Senior Independent Non-Executive Director in her place.

The appointment of Deirdre Somers in August 2020 has restored female representation on the Board to 20%. The diversity policy on Board appointments is set out in the Nomination Committee Report on page 90.

In March 2021, Tim Keating resigned as a Director and Sameer Oundhakar was appointed to the Board having been nominated by African Acquisitions Sarl, the Company's largest shareholder and a company controlled by OIA.

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 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. As a result of the COVID-19 pandemic, most Board and Committee meetings in 2020 were held virtually. 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 2020, 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 Directors										
S. McTiernan	9	9			3	3	4	4		
P. Bacchus	9	9	5	5	4	4				
E. Dorward-King	9	9					3	3	7	7
C. Fonseca	9	9	3	3					7	7
E. Headon[1]	3	3	2	2					4	4
T. Keating[2]	9	9							7	7
G. Martin	9	9			4	4	4	3	7	6
G. Smith	9	9	5	5	4	4	4	4		
D. Somers[3]	3	3	1	1						
Executive Directors										
M. Carvill	9	9								
T. McCluskey	9	9								
Company Secretary										
D. Corcoran[4]	9	8	5	4	4	3	4	4	7	6

1. Ms. E. Headon retired on 13 May 2020.
2. Mr. T. Keating resigned on 16 March 2021.
3. Ms. D. Somers was appointed on 19 August 2020.
4. In attendance only.

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

Board activities in 2020

Topic	Key activities and discussions
Culture	▪ Conducted a corporate culture survey in order to better define the Group culture. ▪ Approved policies on Anti-bribery, Diversity & Inclusion, Employment, Human Rights and Whistleblowing. ▪ Continued to promote Kenmare's values across the Group. ▪ Identified areas for strengthening of the Group culture.
Corporate Issues	▪ Received a report at every Board meeting from the Investor Relations manager. ▪ Convened an EGM to approve the migration of the Company's securities from CREST to Euroclear Bank. ▪ Revised the Company's Articles of Association in line with best practice for listed companies in Ireland and to deal with the CREST migration.
Strategy	▪ Conducted an overall strategic review covering corporate strategy, future mining plans, impact of COVID-19 on the market and on finances, future landscape of the market, power sources, capital allocations, competitive landscape and the political and economic situation in Mozambique. ▪ Received and reviewed regular departmental strategic and corporate strategy updates.
Operations	▪ Received reports and presentations from senior management at every Board meeting regarding business operations, development projects and marketing information. ▪ Reviewed the conduct of the WCP C construction project and the move of WCP B to Pilivili. ▪ Considered power supply projects for the Moma Mine. ▪ Considered regular reports on and received an expert presentation on the Mozambican security situation.
Finance and Risk Management	▪ Received reports and presentations from the Financial Director at every Board meeting regarding the Group's financial performance. ▪ Approved the Group's Annual Report and Accounts for 2019 and Half Year Results to 30 June 2020. ▪ Approved the Group's 2021 budget. ▪ Approved payment of the Company's interim and final dividends. ▪ Considered the impact of the COVID-19 pandemic on the Group's finances and prospects. ▪ Considered investment of funds. ▪ 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. ▪ Reviewed plans to minimise COVID-19 infections at Moma. ▪ Approved Kenmare's Energy and Climate strategy, Water strategy & Land Management Strategy. ▪ Received regular reports from the Chair of the Sustainability Committee.
Board Development and Succession	▪ Received regular reports from the Chairman of the Nomination Committee and the Chairman of the Remuneration Committee. ▪ Approved the appointment of Ms. D. Somers as a Non-Executive Director. ▪ Considered the findings of the internal Board evaluation.

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 March 2021, Mr. S. Oundhakar was appointed to the Board by African Acquisition Sarl, as provided for under the Subscription and Relationship Agreement entered into in 2016. As a result, Mr. S. Oundhakar 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. S. McTiernan met the independence criteria as set out in the Code.

Senior Independent Director

Mr. P. Bacchus 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. He 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. A summary of the role of the SID can be found at www.kenmareresources.com/download_file/905.

Directors' Compliance Statement

The Directors have drawn up a Compliance Policy Statement as defined in section 225(3)(a) of the Irish Companies Act 2014. Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. These arrangements and structures were reviewed during the financial year to ensure they remained appropriate and comprehensive. The Directors' Compliance Statement is set out in full in the Directors' Report on page 126.

Share Ownership and Dealing

Details of the Directors' interests in Kenmare shares are set out in the Remuneration Report on page 106. The Kenmare Resources plc Dealing Policy applies to the Directors and to all employees. Under this policy, Directors and employees may not deal in Kenmare shares while they are in possession of inside information about the Group. Kenmare also operates a Dealing Code which applies to the Directors and to employees who are able to access restricted information about the Group. Under the Dealing Code, Directors and relevant employees are required to obtain clearance from the Company before dealing in Kenmare shares and persons discharging managerial responsibilities are prohibited from dealing in the shares during closed periods, as defined by the Dealing Code.

Company Secretary & Legal

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 Board.

Kenmare's General Counsel and Company Secretarial team provide advice, guidance and support to executive and operational management and work closely with them to provide training to our employees. Together they provide support on a range of matters including establishing policies and procedures, providing compliance training and communications, providing legal advice on compliance and business issues, monitoring and investigating whistleblower calls and ensuring the Group is informed of any changes to regulation and/or reporting requirements. During 2020, workflows included CREST migration, third party due diligence, induction training and policy updating.

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 2020, the performance evaluation process was conducted internally.

2020 Board Evaluation Process

In December 2020 and early 2021, Mr. P. Bacchus, the Senior Independent Non-Executive Director, appraised the performance of the Board, subcommittees and each of the Non-Executive Directors.

The various phases of the internal performance evaluation process are set out below:

- In December 2020, a questionnaire covering key aspects of Board and Committee effectiveness, including the composition, the content and conduct of meetings, interaction with management, the effectiveness of the Chair and the Directors' continuing education process, was made available online to all Directors. This was completed on an anonymous basis to facilitate openness in scoring and comments;
- Completed questionnaires, including views on performance and recommendations for improvement, were received by the Company Secretarial team in January 2021 and an analytics report was provided to Mr. P. Bacchus, as the Senior Independent Director;
- Follow-up discussions were held with each of the Directors individually to clarify any points raised in the questionnaire and to evaluate the performance of fellow Directors and the Senior Independent Director then prepared separate summary reports on the Board and its Committees;
- Each of the Committees considered the summary report as part of the review of its own performance and terms of reference and recommended any changes it considered necessary to the Board for approval;
- The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

Analysis of 2020 evaluation

The evaluation indicated a high level of satisfaction with the composition, performance and effectiveness of the Board, its Chair and Committees. It found that there are good communications both within the Board/Committees and with management. A number of key focus areas were identified for the Board to consider. These include:

- Continued consideration of succession planning at Board and management level
- Increased allocation of Board meeting time to consideration of strategic issues
- Increased diversity on the Board
- Detailed periodic reviews by the Board into principal business risks

There were also some procedural matters raised such as availability of time for Board discussions and visits to Moma (when permitted).

Arising from the evaluation process, a number of actions were agreed by the Board which will be implemented by the Chairman during the current year. As part of the process, the Board Skills Matrix was updated and potentially beneficial skill sets for any future Board appointees were identified. The evaluation also assisted in drawing up Board objectives for the current year and planning professional training for the Directors.

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 of 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.

Compliance Policies & Training

Kenmare insists on honesty, integrity and fairness in all aspects of its business and expects the highest standards of professionalism and ethical conduct to be maintained in all its activities. The Kenmare Group has in place detailed policies and procedures on a range of relevant areas such as anti-bribery, diversity & inclusion, health and safety, environment, human rights and business ethics. Depending on the nature of their role, Directors and employees of the Group receive more detailed training on those policies both as part of their induction process and our ongoing training programme. An e-Learning programme which includes topics such as insider dealing, anti-bribery and whistleblowing has been put in place, initially for Directors and administrative staff with a plan to roll this out to site employees, if it is successful.

Whistleblowing

Kenmare promotes a culture of openness and accountability and encourages staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be protected wherever possible. Concerns can be raised with a line manager, externally with SafeCall, an independent external reporting line or with the Chairman of the Audit & Risk Committee or our General Counsel. Employees may raise concerns anonymously if they wish. Kenmare's policies make clear that retaliation against any employee who raises a genuine concern is prohibited. Where concerns are raised, they are investigated in an appropriate and independent manner.

Stakeholder Engagement

Kenmare has adopted a Stakeholder Engagement Policy (available on its website at www.kenmareresources.com/sustainability/policies) 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.

Community Engagement

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. We work with local Communities through the Kenmare Moma Development Association (KMAD). Read more on page 74 or read the KMAD Annual report at www.kenmareresources.com/sustainability/kmad.

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. As a result of the COVID-19 pandemic and resulting travel restrictions, the Directors were unable to visit Moma later in the year.

Workforce Engagement

The Board has designated Mr. G. Martin as the Non-Executive Director responsible for engagement with the Group's workforce. In connection with this role, in 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. As a result of the COVID-19 pandemic, Mr. G. Martin was unable to visit the Moma Site or the Dublin office later in the year as planned but held teleconference calls with employees in both locations in November 2020 to discuss any concerns they might have or issues they wished to raise with the Board.

In November 2020, the Company conducted its first, Group-wide, employee engagement survey. The survey catered to all levels of employee literacy and was made available in English and Portuguese. There was high levels of participation with 92% (1,393 people) of the workforce taking part. 97% of Kenmare employees rated themselves as engaged or highly engaged in their roles. The results from the survey will be used to help devise and implement companywide actions to positively influence organisational culture.

Shareholder Engagement

Communications with shareholders are given high priority. 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.

The following Corporate Governance documents are available on www.kenmareresources.com:

- Directors' remuneration policy
- Terms of reference of the Nomination, Remuneration, Audit & Risk and Sustainability Committees together with their most recent reports and meeting attendance details
- Memorandum and Articles of Association of the Company
- Policies on Health & Safety, Human Rights, Business Ethics, Anti-Bribery, Whistleblowing, Employment, Diversity & Inclusion, Freedom of Association, Community Engagement and Investment and Stakeholder Engagement
- Whistleblower hotline contact numbers
- Principal risks and uncertainties
- Statement of payments to governments

Our website contains the following information for investors:

- Annual and interim reports and presentations
- Share price information
- Regulatory news
- FAQs on our debt financing
- Details of meetings and voting
- Circulars
- Details of major shareholders
- FAQs for shareholders about their holdings

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.

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.

OIA Relationship Agreement

OIA (formerly the State General Reserve Fund ("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.

Substantial Holdings

The Company is not owned or controlled directly or indirectly by any government or by any corporation or by any other natural or legal person severally or jointly. The major shareholders do not have any special voting rights. Details of the substantial holdings as at 31 December 2020 and 26 March 2021 are provided on page 124.

Stock Exchange Listings

Kenmare, which is incorporated in Ireland and subject to Irish company law, has a premium listing on the London Stock Exchange (LSE) and a secondary listing on Euronext Dublin (formerly the Irish Stock Exchange).

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 13 May 2020, there were no material votes cast against any resolutions.

NOMINATION COMMITTEE REPORT

PETER BACCHUS
Chairman of the
Nomination Committee

Chairman's Overview

I am pleased to present the report of the Nomination Committee for 2020. During the year, the Committee met four times and the main areas of focus were Board renewal, succession planning at Board level, the composition of the Board's Committees and diversity on the Board. 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 UK Corporate Governance Code 2018.

The Committee considered the appointment of Ms. Deirdre Somers as a Non-Executive Director, the result of which was her co-option to the Board in August 2020.

Board renewal

During 2020 and early 2021, 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 that may be required, or which need to be replaced due to Board retirements. Following the retirement of Ms. E. Headon in May 2020, the Committee considered that the Board would be enhanced by the appointment of an additional Director with suitable financial and capital markets experience.

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 Ms. D. Somers to the Board in August 2020. This process is outlined on page 91. Ms. D. Somers has over 20 years' experience in senior management positions, having served as Chief Executive of the Irish Stock Exchange ("ISE") from 2007 to 2018 and, prior to that, as its Director of Listing. Ms. D. Somers led the ISE's transformation to a highly profitable entity with global specialisms culminating in its sale in March 2018 to Euronext NV. She also held the position of President and Board Chair of the Federation of European Securities Exchanges from 2015 to 2018. Ms. D. Somers brings a wealth of governance experience at the highest level and her skillset complements the skills of her fellow Directors to provide a robust balance of knowledge, experience and diversity on the Board. This should benefit the Company greatly in the years ahead.

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/application/files/4715/7004/3586/2019-10-02_Terms_of_Reference_-_Nominations_Committee.pdf.

Membership and meetings

In May 2020, Dr. E. Dorward-King joined the Committee. In December 2020, Mr. S. McTiernan stepped down as Chairman and member of the Committee and Mr. P. Bacchus joined and took over the Chair. As a result, the Nomination Committee now consists of Mr. P. Bacchus, Mr. G. Martin, Mr. G. Smith and Dr. E. Dorward-King, all of whom are Independent Non-Executive Directors. Dr. E. Dorward-King attended all meetings held after she became a member of the Committee. Mr. S. McTiernan attended all of the Committee meetings held in 2020 during the period in which he was a member of the Committee.

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Mr. P. Bacchus	Chairperson	Yes	2/12/2020	N/A
Mr. G. Martin	Member	Yes	25/05/2017	
Mr. G. Smith	Member	Yes	12/03/2013	
Dr. E. Dorward-King	Member	Yes	13/05/2020	

Ensuring that the Board continues to have the requisite skills to support the Company's strategy will remain a priority for my tenure as Chairman. I will also focus on the strategy for further enhancing the Board's diversity. As shown on page 81, the Board is balanced in terms of tenure with four Non-Executive Directors in their first term of three years; two in their second term and two undertaking a third term of three years.

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 regularly engage with members of the senior management team who present at Board and strategy meetings.

Committee composition

During the year, the Committee considered and made recommendations to the Board regarding changes to the composition of the Board's Committees. Dr. E. Dorward-King succeeded Ms. E. Headon as Chair of the Sustainability Committee and became a member of the Nomination Committee. Mr. C. Fonseca became a member of the Audit & Risk Committee. Mr. S. McTiernan stepped down from his position as a member of both the Remuneration and Nomination Committees and as Chair of the Nomination Committee. The current committee memberships of each Director are set out on pages 80 to 81.

Diversity and inclusivity

Kenmare recognises the benefits of diversity and its objective to achieve greater diversity at Board and senior management level, as well as across the wider workforce. This 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 and instructs any search consultants it engages to consider this in sourcing candidates.

While the Board will always seek to appoint 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 2020. We were therefore pleased to announce the appointment of Ms. D. Somers to the Board in August 2020.

Following Mr. G. Smith's retirement from the Board at the 2021 Annual General Meeting, female representation on the Board will be 25% excluding Mr. S. Oundhaker (non-independent). The Board is working towards having female Directors represent one third of the Board as soon as possible and by no later than our Annual General Meeting in 2022.

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 continue to focus on evolving and implementing strategies for recruiting and developing colleagues in ways that promote diversity and inclusion.

Additional Directorships

During the year, Dr. E. Dorward-King and Ms. D. Somers were appointed as Non-Executive Directors of several other companies. Prior to accepting these appointments, each of Dr. E. Dorward-King and Ms. D. Somers discussed the matter with the Chairman of the Board who was satisfied that the responsibilities resulting from these new positions would not adversely impact on their respective time commitments to Kenmare, and would be likely to enhance their respective abilities to contribute to the long-term success of the Group.

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 2020, in my role as Senior Independent Director, I conducted an internal performance evaluation. Further details are set out in the Corporate Governance section of the report. I am pleased to report that the results of the 2020 evaluation process were positive and that a number of actions were agreed which will be implemented during the current year. These are designed to drive Board effectiveness in Kenmare as the Group continues to implement its strategy of growth, margin expansion and delivering shareholder returns.

Committee effectiveness

The Committee's performance and effectiveness was also considered as part of the internal evaluation. I am pleased to confirm that the Committee continues to operate effectively.

Peter Bacchus
Chairman of the Nomination Committee

31 March 2021

Process for Board appointments:

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

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

ELAINE DORWARD-KING
Chair of the Sustainability Committee

Principal responsibilities of the 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/sustainability-committee

Membership and meetings

In May 2020, Dr. E. Dorward-King succeeded Ms. E. Headon as Chair of the Committee. Ms. E. Headon attended all Committee meetings prior to her retirement. The Sustainability Committee now consists of Dr. E. Dorward-King (Chair), Mr. C. Fonseca and Mr. G. Martin, all of whom are Non-Executive Directors.

Chairperson's Overview

I am pleased to present the report of the Sustainability Committee for 2020. During the year, the Committee met seven times and the main areas of focus were as set out below. 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 UK Corporate Governance Code 2018.

Areas of focus in 2020

Area of focus	Sustainability Committee action
Health & Safety	▪ Considered management's report on Health and Safety of Employees and the Community around the Moma Mine at every meeting. ▪ Reviewed management's plans to minimise COVID-19 exposure at the Moma Mine.
Environment	▪ Reviewed and approved the Kenmare Energy and Climate strategy. ▪ Reviewed the arrangements for the future Moma Mine closure. ▪ Reviewed the Company's role in environmental audit and stewardship. ▪ Reviewed and approved the Kenmare Water Strategy. ▪ Carried out a review of Kenmare's geotechnical management. ▪ Reviewed and approved the Kenmare Land Management Strategy.
Community & Social Affairs	▪ Considered management's report on Community & Social Affairs & Community Development at every meeting. ▪ Reviewed and approved the Kenmare Community Strategy. ▪ Reviewed Security, Human Resources, Engagement and Human Rights at the Moma Mine. ▪ Reviewed community health metrics. ▪ Received several updates (including one from an expert) on the political situation in Mozambique and its country risk rating.
Employees	▪ Approved arrangements for an employee engagement survey and reviewed the survey findings in early 2021. ▪ Monitored health and safety incidents and initiatives at the Moma Mine.
ESG Targets	▪ Reviewed and approved the Company's 2021 public ESG targets. ▪ Reviewed and approved Executives' ESG targets for 2021 and reviewed achievement of ESG targets for 2020.
Terms of Reference	▪ Considered its terms of reference to ensure they remain appropriate for the Group's needs. The terms of reference are available on the Kenmare website at www.kenmareresources.com/application/files/2215/7004/3355/2019-10-02_Terms_of_Reference_-_Sustainability_Committee.pdf

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Dr. E. Dorward-King	Chairperson	Yes	4/11/2019	
Mr. C. Fonseca	Member	Yes	2/10/2019	
Mr. G. Martin	Member	Yes	2/10/2019	
Mr. T. Keating	Member	No	2/10/2019	

2020 sustainability performance

We commend the team for their continued focus on health and safety, especially in this unprecedented year with COVID-19 and achieving the lowest All Injury Frequency Rate in the history of the company. The roll-out of a new risk assessment process and increased quality leadership time in the field is starting to show benefit.

The Committee had the opportunity to visit the Moma operations in January 2020 and engage with the workforce, visit local community leaders, observe development projects, and receive an update on environmental matters including land rehabilitation and biodiversity. This visit helped to inform the work of the Committee during the year.

This year saw the Committee oversee significant focus on setting direction with regard to managing social and environmental risk and enhancing structure to deliver performance. This is reflected in the Committee's endorsement of a number of strategies: Energy and Climate Change, Land Management, Water Stewardship and External Relations and the creation of a new role, the Head of Sustainability, to lead this change. The Committee welcomed the appointment of Mr. K. Ramsey, an experienced sustainability expert, to this role in April 2020.

Our commitment to further disclosure and transparency is reflected in our disclosure of climate change data through the CDP Climate Change questionnaire and the development of a range of public targets.

Significant progress was made on increasing gender diversity in the workforce with women representing 10% of employees by the end of 2020, compared to 8% at the end of 2019. Our workforce comprised 97% Mozambican and 62% of our workforce live locally to the Mine.

The team completed their first comprehensive Materiality Assessment which will guide the sustainability strategy for the Company and guide the content of Kenmare's first stand-alone GRI aligned Sustainability Report.

We made progress working with our major suppliers to develop capability and support their adoption of our policies and conducted a preliminary audit in this regard.

Committee effectiveness and priorities for 2021

As outlined in the Corporate Governance Report, during 2020 there was an internal evaluation of the Committee's performance and effectiveness. I am pleased to confirm that the Committee continues to operate effectively. Priorities for the Committee during 2021 will be to continue to provide oversight and guidance on sustainability risk management and performance. In particular it will be the first year of implementation of the Water, Land and Energy strategies.

Discussions during 2021 will include implementation of the recommendations of the Taskforce for Climate related Financial Disclosures, identification of priority UN Sustainable Development Goals (SDGs) to further develop outcome-based objectives and targets, and further implementation of our Human Rights Policy with Kenmare's supply chain. We will also review an updated programme for malaria vector control and evaluate efforts to further reduce injury rates.

Conclusion

I would like to thank the Committee members for their commitment and input to the work of the Committee during 2020. I also thank Mr. M. Carvill, Managing Director, for his affirmative leadership, the operations team led by Mr. B. Baxter and the external affairs team led by Mr. G. Clifton for their dedication to strong social and environmental performance. Finally, I appreciate the insights and sound counsel during the year from the previous Chair of the Committee, Ms. E. Headon.

Elaine Dorward-King
Chair of the Sustainability Committee

31 March 2021

AUDIT & RISK COMMITTEE REPORT

GABRIEL SMITH
Chairman of the Audit & Risk Committee

Chairman's Overview

I am pleased to present the report of the Audit & Risk Committee for 2020. During the year, the Committee met five times and the main areas of focus were as set out on page 97. 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 UK Corporate Governance Code 2018.

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

KPMG is the Group's external auditor and has confirmed to the Committee that it is 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

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 auditor's 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 auditor;
- 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 at www.kenmareresources.com/application/files/8315/7004/4339/2019-10-02_Terms_of_Reference_-_Audit__Risk_Committee.pdf.

Membership and meetings

The Audit & Risk Committee consists of its Non-Executive Chairman, Mr. G. Smith, and Non-Executive Directors Mr. P. Bacchus, Mr. C. Fonseca and Ms. D. Somers. As outlined in the Directors' biographical details, set out on pages 80 and 81, members bring considerable financial, accounting and mining industry experience to the work of the Committee. Mr. G. Smith has been designated by the Board as the Committee's financial expert. He together with Mr. P. Bacchus and Ms. D. Somers, who are both Chartered Accountants, all meet the specific requirements for recent and relevant financial experience, as set out in the 2018 Code. Details of the skills and experience of the Committee members are set out on pages 80 and 81.

Ms. E. Headon attended both Committee meetings held prior to her retirement as a Director. Mr. C. Fonseca and Ms. D. Somers have attended all Committee meetings held since their respective appointments to the Committee.

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Mr. G. Smith	Chairman	Yes	12/03/2013	5
Mr. P. Bacchus	Member	Yes	25/05/2017	5
Mr. C. Fonseca	Member	Yes	13/05/2020	3
Ms. D. Somers	Member	Yes	19/08/2020	1

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 auditor discuss, without management present, matters relating to its remit and any issues.

KPMG was 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 2020, KPMG provided a number of audit services and non-audit services. The non-audit services consisted mainly of audit related assurance concerning 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 2020 amounted to US$82,000 and represented 33% of the total KPMG fees for the year. 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 KPMG during the year for audit and other services are set out in Note 7 to the consolidated financial statements on page 147.

Effectiveness

The Committee, on behalf of the Board, is responsible for the relationship with the external auditor and for monitoring the effectiveness and quality of the external audit process. The Committee's primary means of assessing the effectiveness of the external audit process is by monitoring performance against the agreed audit plan. In addition, we consider the following:

- The experience and knowledge of the external audit team;
- The quality of presentations to the Board and Committee;
- The technical insights provided relevant to the Group;
- Demonstration of a clear understanding of the Group's business and key risks; and
- The results of post-audit interviews with management and the Audit & Risk Committee Chairman.

AUDIT & RISK COMMITTEE REPORT CONTINUED

Based on the above, the Committee is satisfied with the effectiveness of the external auditor for 2020.

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 reviewed the suitability of the accounting policies which have been adopted and whether management have made appropriate judgements and disclosures. The table on page 97 sets out the significant matters considered by the Committee in relation to the financial statements for the year ended 31 December 2020.

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 2020 Annual Report and Accounts and confirmed to the Board that it was the opinion of the Committee that, taken as a whole, the 2020 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 2020 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's 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 58 to 65. 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 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 him in investigations. This report is considered by the Committee and material matters and recommendations are then reported to the Board.

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 its duties during 2020, the Committee:

- Reviewed and approved the Internal Audit annual plan to ensure alignment with the Group's principal risks;
- Considered and was satisfied that the competencies, experience of and level of resources available to the Internal Auditor 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 2020, the Internal Audit function was performing well and is satisfied that the quality, experience and expertise of the function is appropriate for the Group.

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. Two reports were received in 2020. Both reports were fully investigated and the matters closed out. 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 2020 and to date in 2021

Area of focus	Audit & Risk Committee action
Financial Reporting	▪ The Committee reviewed the 2020 Half Yearly Financial Report issued in August 2020, the 2020 Annual Report and Accounts in March 2021 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 2020 Annual Report and Accounts and confirmed to the Board that it was the opinion of the Committee that, taken as a whole, the 2020 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. ▪ The Committee reviewed and approved Anti-Bribery and Whistleblowing Policies.
Internal Audit	▪ The Committee approved the internal audit charter and the plan for 2020. ▪ The Committee reviewed internal audit reports during the year covering: IT audit of the Kenmare network, third party risk management, crop compensation processes, inventory management, fuel management and various procurement related reviews.
External Audit	▪ The Committee agreed the fees and audit plan of the external auditor, KPMG, for their audit of the 2020 Annual Report and Accounts and their review of the 2020 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 November 2020 Committee meeting, KPMG outlined to the Committee in detail the external audit plan. ▪ Post completion of the 2020 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.
Terms of Reference	▪ The Committee considered its terms of reference to ensure they remain appropriate for the Group's needs. The 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 2020 financial statements. The Committee considered the report from the external auditor on the audit work undertaken and conclusions reached as set out in their audit report on pages 128 to 133.

Areas 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 2020. Details of the impairement review, assumptions and judgements are included in Note 13 to the consolidated financial statments.
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 relation to products, freight and insurance. Following discussions with management, the Audit & Risk Committee was satisfied that the revenue recognition methodology used by management is appropriate.

Audit & Risk Committee effectiveness and priorities for 2021

As outlined in the Corporate Governance Report, during 2020 there was an internal evaluation of the Committee's performance and effectiveness. I am pleased to confirm that the Committee continues to operate effectively. The Committee will continue to focus on internal control, external audit planning and risk management during 2021.

The Committee would like to thank KPMG for their work on the 2020 financial statements. I would also like to thank my fellow Committee members for their commitment and input to the work of the Committee during 2020 as well as the Company Secretary and the financial team for their assistance, guidance and support. I wish Deirdre Somers well in her role as Chair of the Committee after my retirement in May.

Gabriel Smith
Chairman of the Audit & Risk Committee

31 March 2021

DIRECTORS' REMUNERATION REPORT

GRAHAM MARTIN
Chairman of the Remuneration Committee

Chairman's Overview

On behalf of the Board, I am pleased to present the Remuneration Committee's Report for 2020 on Directors' remuneration.

This report is divided into three main sections:

- this statement, which provides a summary of the year under review and, together with the annual report on remuneration, describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the UK Corporate Governance Code 2018;
- the 2020 annual report on remuneration which provides details of the remuneration earned by the Directors in the year ended 31 December 2020 and how the 2020 Policy will operate for the year ending 31 December 2021; and
- a summary of the Directors' remuneration policy which was approved by shareholders at the 2020 AGM, and which applies for the three-year period commencing 1 January 2020.

Summary of the work of the Committee in 2020

In early 2020 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 2019, and agreeing some modifications to those metrics for the application of the scheme in 2020. We also continued our dialogue with our major shareholders in finalising the details of the new Directors' remuneration policy which was approved by shareholders at the 2020 AGM.

We reviewed benchmarking reports prepared by PwC (the Company's remuneration advisors) on the salaries, benefits and fees of the Executive Directors, the Company Secretary and the Chairman and set their 2020 levels appropriately, while also reviewing and discussing with the Executive Directors the remuneration of the executive committee and senior Mine management.

We had no sooner agreed with the Executive Directors the KPIs and associated weightings for their annual bonus scheme for 2020, and published a summary of these in our 2019 annual report, when the full scale and possible consequences for Kenmare of the global COVID-19 crisis began to unfold. It was immediately obvious to the Remuneration Committee and to the Board that a very large part of the time and attention of the Executives would now have to be devoted to ensuring the health and safety of our staff and otherwise minimising the effect of the pandemic on the Mine and all our stakeholders. We therefore took the decision to communicate to the Executives a discretionary change to the KPIs by incorporating a 25% allocation dealing with the COVID-19 crisis as a priority, and re-weighting the other metrics accordingly. Details of the Committee's rationale for this approach, and its effect on the outcome of the performance metrics, are set out below.

During the remainder of the year, the Committee monitored the performance of the Group against the KPIs on a quarterly basis, paying particular attention to the measures taken to minimise the effect of the COVID-19 crisis, and we provided regular feedback to the Executives.

The Committee also kept under review during the year the remuneration and benefits of the Executive Directors in the context of the remuneration of the Group's workforce as a whole. 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 are particularly pleased to note that it has now been possible to extend the benefits of the Group's long-term share plan, the Kenmare Restricted Share Plan (KRSP), to certain categories of employee at the Mine in Mozambique. The Committee also notes that there is no discrimination between our male and female workers at the Mine in their pay and benefits for similar jobs.

With regard to our Dublin office, where our staff numbers increased slightly in 2020, the Committee satisfied itself that the remuneration and benefits of our employees remained appropriately benchmarked and that they also had opportunities through a bonus scheme and the KRSP to share in the success of the Group.

The Committee formally met four times during the year but there were also a number of less formal communications throughout the year on remuneration issues between me and members of the Committee, and with the Executive Directors. In November, the Committee received a presentation from PwC with an update on current remuneration matters with particular focus on the impact of COVID-19 on natural resource companies, the outcome of the AGM season on Kenmare and its peers, and the evolving views of investors and proxy agencies.

Performance and reward for 2020

Under the newly approved 2020 Directors' remuneration policy, the Executive Directors receive a base salary (which, apart from inflationary adjustments, has not been increased since 2010), pension contributions in line with market levels, certain other benefits, an award of shares under the Kenmare Restricted Share Plan ("KRSP") and the opportunity to earn a bonus depending on the outcome of the KPIs.

As noted by the Chairman and the Managing Director in their respective reports, 2020 marked a culmination of our multi-year development projects, with the move of WCP B from Namalope to Pilivili. Despite the significant challenges posed by COVID-19, we safely completed the move in Q4 2020, and it is already delivering significant value for the Group.

Given the considerable uncertainties following the emergence of COVID-19, Kenmare withdrew and then instated revised production guidance for the year and achieved the midpoint or above of the revised guidance for all products in 2020. Following the move of WCP B, production increased 7% compared to Q4 2019 and a 30% increase compared to Q3 2020.

Total operating costs came within original guidance but unit costs were negatively impacted by the lower production volumes. Prices for the commodities we produce remained strong, despite the significant and materially negative, impact of COVID-19 on global growth. Demand for ilmenite, our primary product, remained robust buoyed by strong demand for home DIY.

In 2020, we achieved a LTIFR of 0.25 per 200,000 man-hours worked which represents an improvement compared to 2019 (0.27). This is testament to Kenmare's continuing improvements in safety leadership and risk assessment practices.

Through these turbulent times we remain committed to our dividend policy, paying an interim dividend following our half-yearly results and recommending a final dividend payment for 2020 of US$c7.69 per share.

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, before the COVID-19 related adjustment described below, reflected a mix of quantitative targets and qualitative targets and were set at stretching levels for the maximum award. The quantitative targets for 2020 comprised 67.5% (2019: 75%) of the maximum 100% opportunity and the qualitative targets 32.5% (2019: 25%).

The quantitative targets covered metrics reflecting mineral production, financial results and certain of the environmental, social and governance (ESG) targets. The qualitative targets included matters such as the timely and on-budget execution of the move of WCP B to Pilivili, the other ESG targets and certain key corporate matters. The corporate targets were assessed individually, which leads to slightly different bonus outcomes for each Executive.

COVID-19 adjustment

As noted above, the original set of KPIs for 2020 were adjusted for a COVID-19 factor. The COVID-19 crisis which arose in early 2020, soon after we had set the KPIs, clearly had the potential to materially affect the Group's operations, our workforce and all our stakeholders, particularly so when the Group was implementing the move of the WCP B plant and infrastructure to Pilivili.

The Committee therefore determined that safe management of the COVID-19 crisis should merit the largest weighting within the 2020 bonus. We therefore agreed the following KPI with the Directors, with a 25% weighting (with the weightings on the other KPIs reduced pro-rata, but the original pre- COVID-19 targets retained without adjustment):

"Proactively and safely mitigate the impact of COVID-19 on the business with a view to ensuring the health and safety of personnel, minimising disruption to production and shipping and ensuring the long-term future of the Mine, while taking account of the interests of all stakeholders." After full consideration of all the relevant issues, the Remuneration Committee awarded 100% achievement against this objective, noting the following in particular:

- the focus of the Group throughout the COVID-19 crisis remained at all times on the health and safety of our personnel and on continued, safe operations;
- the Mine remaining operational with disruption to the business minimised;
- COVID-19 isolation and treatment facilities were quickly established;
- we maintained the full support of our workforce throughout, including the management and union groups;
- good relations and communications with the Government of Mozambique, and all local agencies were maintained at all times;
- the Government approved and monitored the COVID-19 protocols we had put in place and unlike some other operations in Mozambique and adjacent countries, at no point were our operations required to close down;
- the WCP B move would have been challenging in any circumstances but was made considerably more complicated by the effect of the COVID-19 crisis on the related supply chain and other logistics; and
- clearly extras costs were incurred in managing the crisis, particular in the purchase of PPE and medical equipment, the costs of disruption to our supply chain, and additional travel costs, but these were all considered by the Remuneration Committee to be appropriate in managing our operations and ensuring the health and safety of our personnel, and in making substantial donations of such equipment to our local communities.

The successful management of the COVID-19 crisis last year would not have been possible without considerable additional effort and contribution in very stressful circumstances on the part of all of our employees and the Committee was pleased to note that in recognition of this appropriate additional bonuses have also been paid to all of our workforce.

Outcome

The outcome of the Committee's assessment of performance against the quantitative and qualitative criteria, and after applying the COVID-19 factor, resulted in the Executive Directors receiving a bonus of 61.72% of salary in the case of the Managing Director and 59.47% in the case of the Financial Director, of which, and in accordance with our remuneration policy, 50% of salary was paid in cash and the balance was paid in nil-cost share options granted under the KRSP which will vest in 3 years. The Committee considers these outcomes a fair reflection of the corporate performance for the year and the respective individual performances of the Executives, in the face of unprecedented challenges.

The Committee confirms that no malus and clawback provisions were used during the year.

DIRECTORS' REMUNERATION REPORT CONTINUED

Implementation of the remuneration policy for 2021

The Committee believes that the current Directors' remuneration policy remains appropriate for 2021. While this newly approved policy has introduced some changes (such as the underpin on the KRSP awards) we believe it remains easy to understand, is relatively simple, and remains motivating. It also allows sufficient discretion to the Committee to take account of all relevant matters affecting the Group or its performance in the year. Accordingly, for 2021 we are proposing to retain the existing structure subject to some changes to the performance metrics to reflect corporate priorities for the year including a greater weighting to environmental, social and governance metrics. Further details of the intended implementation of the remuneration policy for 2021 are set out on page 110.

Shareholder dialogue

Shareholders' views on executive remuneration are very important to the Board, and I was especially grateful to those shareholders who engaged with me while we were formulating the new remuneration policy, and subsequently, and of course for the support of all shareholders who voted to support the policy at the AGM where the advisory vote on Directors' remuneration policy received a 91% vote in favour. Further details of this vote are set out on page 111.

Whether or not you voted in favour of the new policy, I hope you will now vote in support of the Remuneration Report at the forthcoming 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.

Conclusion

The Committee continues to believe that the current Directors' remuneration policy with its blend of short, medium and long-term aspects remains appropriate for the Group and in our view clearly aligns the interests of the Executives with those of the shareholders. In addition, it gives discretion to the Committee to look back over each three-year period in determining the ultimate KRSP vesting outcomes.

I would like to thank our employees and contractors for all their efforts and hard work in highly challenging circumstances. 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

31 March 2021

ANNUAL REPORT ON REMUNERATION

Principal 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.

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

The Committee gives full consideration to legal and regulatory requirements, to the principles and provisions of the 2018 UK Corporate Governance Code and to related guidance. The Committee also seeks to ensure that risk is properly considered in the setting of the remuneration policy, by ensuring that targets are appropriately stretching but do not lead to the taking of excessive risk.

The Committee reviews remuneration and related policies applicable to the wider workforce, ensuring that this is taken into account when setting the policy for executive remuneration. The aim across the Group is to provide a reward package that is aligned to shareholders' interests, supports the achievement of the Company's annual and strategic objectives, is competitive against the appropriate market and is consistent with our focus on performance and our core values. This means:

- base salaries are set in line with the market recognising the individual's skill, knowledge, experience levels and contribution to the role;
- high performance and exceptional contribution are recognised through in-year incentives;
- packages for leadership roles have an increased emphasis on longer-term share-based reward;
- providing employees with competitive post-retirement benefits in line with practices applicable in relevant jurisdictions; and
- ensuring access to a competitive and cost-effective package of other benefits as part of the total reward offering.

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.

The Remuneration Committee seeks independent advice when necessary from external remuneration consultants. In 2019, the Committee conducted a competitive tender process following which PwC, which has no other connection with the Group, Company or the Directors, were retained as independent external remuneration advisors. In 2020, the Committee renewed their appointment. 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 2020 the total fees payable to PwC in respect of these services was £67,000. 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.

Activities during 2020

The Remuneration Committee's main activities and decisions during 2020 were:

Area of focus	Remuneration Committee action
Annual Bonus	▪ The Committee assessed performance outcomes for the 2019 annual bonus. ▪ The Committee determined performance metrics and targets for the 2020 annual bonus and the impact of the COVID-19 pandemic on these.
KRSP	▪ The Committee approved the KRSP awards granted in May 2020.
Remuneration Policy	▪ The Committee developed the new Directors' remuneration policy (which was approved at the AGM held on 13 May 2020) and engaged with shareholders and various investor associations in relation thereto.
Workforce Salary	▪ The Committee reviewed pay and benefits of the Group's overall workforce.
Other	▪ The Committee approved PwC's fees as independent external advisors. ▪ The Committee considered its terms of reference to ensure they remain appropriate for the Group's needs. The terms of reference are available on the Kenmare website at www.kenmareresources.com/application/files/3115/7009/5818/2019-10-02_Terms_of_Reference_-_Remuneration_Committee.pdf ▪ The Committee reviewed its own performance as a Committee. ▪ The Committee also considered and approved the 2019 Directors' Remuneration Report.

ANNUAL REPORT ON REMUNERATION CONTINUED

Membership and meetings

The Remuneration Committee consists of its Non-Executive Chairman, Mr. G. Martin, and Non-Executive Directors Mr. P. Bacchus and Mr. G. Smith. Mr. S. McTiernan stepped down from his position as a member of the Committee on 13 May 2020. He attended all Committee meetings held in 2020 during his period of membership. Biographical details for each of the Committee members and a description of their respective skills, expertise and experience are set out on pages 80 and 81.

The Committee formally met four 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 with the Executive Directors.

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Mr. G. Martin	Chairman	Yes	14/10/2016	4
Mr. P. Bacchus	Member	Yes	25/05/2017	4
Mr. G. Smith	Member	Yes	12/03/2013	4

Link between remuneration and long-term performance

The Committee is satisfied that remuneration delivered to the Directors is consistent with the Company's adopted Directors' remuneration policy, and within the prescribed limits. The performance metrics used under the 2020 annual bonus feature several key performance indicators, ensuring a clear alignment between remuneration and the execution of the Company's long-term business strategy, which is reinforced by the delivery of a substantial portion of remuneration in shares under the KRSP. The Committee believes that the Policy has operated as intended during the year, noting that the introduction of the COVID-19 management KPI to the annual bonus, authorised by the Committee's discretionary powers under the Policy, ensured that the remuneration outcomes for the year reflected Company and individual performance.

Directors' remuneration (audited)

The following tables set out the remuneration for Directors for the year ended 31 December 2020 and the prior year. There was no increase in the base salary of Executive Directors during 2020 (differences in amounts in the table reflect movements in conversion rates between Euro and US Dollars at the relevant dates).

	M.Carvill				T.McCluskey			
Executive Directors' Remuneration	**2020 US$'000**	**2020 %**	**2019 US$'000**	**2019 %**	**2020 US$'000**	**2020 %**	**2019 US$'000**	**2019 %**
Fixed Pay								
Basic salary	619		616		409		407	
Benefits	7		8		4		7	
Pension	62		62		41		41	
Total Fixed Pay	688	64%	686	48%	454	65%	455	47%
Variable Pay								
Bonus (i)	382		291		243		200	
Long-term incentives								
-KRSP (ii)	-		467		-		308	
Total Variable Pay	382	36%	758	52%	243	35%	508	53%
Total Single Figure	1,070		1,444		697		963	

i. The 2020 performance outcome of Mr. M. Carvill and Mr. T. McCluskey is 61.72% and 59.47% of salary respectively of which 50% of salary is awarded as a cash bonus. The balance of 11.72% and 9.47% of salary respectively is awarded in restricted shares which will vest three years from grant.

ii. The KRSP awards granted in 2020 include a performance underpin and will be included at the end of the three-year vesting period. The KRSP shown for 2019 is the value of KRSP incentives earned in the year. Awards under the KRSP in this table 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.

iii. The underlying currency of the Executive Directors' emoluments is Euros.

iv. This disclosure forms an integral part of the financial statements.

Non-Executive Directors' Remuneration	Basic Fee 2020 US$'000	Basic Fee 2019 US$'000	Committee Chair & Membership Fee 2020 US$'000	Committee Chair & Membership Fee 2019 US$'000	Senior Independent Director Fee 2020 US$'000	Senior Independent Director Fee 2019 US$'000	Audited Total 2020 US$'000	Audited Total 2019 US$'000
P. Bacchus	**68**	64	**13**	13	**6**	–	**87**	77
E. Dorward-King	**68**	11	**25**	1	**–**	–	**93**	12
C. Fonseca	**68**	64	**10**	2	**–**	–	**78**	66
E. Headon (i)	**32**	64	**13**	15	**4**	10	**49**	89
T. Keating	**68**	64	**3**	2	**–**	–	**71**	66
G. Martin	**68**	64	**22**	21	**–**	–	**90**	85
S. McTiernan	**214**	213	**–**	–	**–**	–	**214**	213
G. Smith	**68**	64	**24**	28	**–**	–	**92**	92
D. Somers (ii)	**25**	–	**2**	–	**–**	–	**27**	–
Total	**679**	608	**112**	82	**10**	10	**801**	700

(i) Ms. E. Headon stepped down from the Board on 13 May 2020. The fees set out in the table above relate to the period of her directorship.
(ii) Ms. D. Somers was appointed to the Board as a Non-Executive Director on 19 August 2020. The fees set out in the table above relate to the period of her directorship.
(iii) The Non-Executive Directors' remuneration is 100% fixed and there has been no increase in basic fees since 2011.
(iv) This disclosure forms an integral part of the financial statements.

Total Directors' Remuneration	Audited Total 2020 US$'000	Audited Total 2019 US$'000
Executive Directors		
Salary	**1,028**	1,023
Benefits	**11**	15
Bonus	**625**	491
Pension	**103**	103
LTIP	**–**	775
Total Executive Directors' remuneration	**1,767**	2,407
Non-Executive Directors		
Fees	**801**	700
Total remuneration	**2,568**	3,107

Executive and Non-Executive Directors' remuneration and fees for services as Directors provided to the Company and the entities controlled by the Company are US$1.8 million (2019: US$2.4 million) and US$0.8 million (2019: 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.

2020 annual bonus award (audited)

The performance metrics for the 2020 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 2020 was 100% of base salary for the Managing Director and Financial Director.

Performance targets and outcomes for the 2020 financial year were as follows:

2020 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)	13.5	800,000	850,000	900,000
	Zircon (Standard & Special) production (tonnes)	3.375	44,500	47,300	50,100
	Rutile production (tonnes)	0.75	7,700	8,200	8,700
	Concentrates production (tonnes)	1.125	34,700	36,850	39,000
Financial	EBITDA (US$m)	7.5	79.9	94.0	108.1
	Production cash costs (US$m)	7.5	172	163	153
	Cost per tonne (US$/t)	3.75	182	172	162
	TSR (£ per share)	3.75	2.83	3.07	3.30
HSE	LTIFR per 200,000 man-hours	3.75	0.30	0.25	0.20
	Community safety	2.25	No community fatalities being the responsibility of Kenmare		
	Environment: Incidents/ Emissions	1.875	No reportable incidents or emissions		
	Environment: Strategic review of rehab	1.5	Delivery of a strategic review of Kenmare's rehabilitation		
	Environment: Hectares rehabilitated (ha)	1.5	140	160	175
	Supply Chain: Policy compliance capacity building	1.875	Action plan to be presented to Sustainability Committee and a workshop held		
	Social: Gender diversity (%)	2.25	8.0	8.5	9.0
Project Execution	WCP B move	11.25	Stretch performance was WCP B move commissioned, performance tests completed and plant fully operational by the end of 2020 and cost is on or below budget		
Corporate, Leadership, People		7.5	Performance in leadership, strategic vision & planning, business development, succession planning and alignment with company's vision and values.		
COVID-19 Management		25	Proactively & safely mitigate the impact of COVID-19 on the business with a view to ensuring the health and safety of personnel, minimising disruption to production and shipping and ensuring the long-term future of the Mine, while taking into account the interests of all stakeholders.		
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 dividends paid in 2020.

	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)
755,976	0.0	0.00	0.0	0.00
43,220	0.0	0.00	0.0	0.00
5,957	0.0	0.00	0.0	0.00
35,174	30.5	0.34	30.5	0.34
76.7	0.0	0.00	0.0	0.00
158	75.7	5.68	75.7	5.68
188	0.0	0.00	0.0	0.00
3.19(ii)	76.1	2.85	76.1	2.85
0.25	50.0	1.88	50.0	1.88
Four community incidents involving community motorbikes recorded in 2020, none of which Kenmare was responsible for but focus will be placed on this area in 2021.	50.0	1.13	50.0	1.13
No reportable incidents/emissions recorded. A new landfill site with effluent management was built and there was continued EMP compliance.	75.2	1.41	75.2	1.41
Rehabilitation and land use strategy review was developed and approved by the Sustainability Committee. Community engagement took place and public reporting standards for land use were finalised.	100.0	1.50	100.0	1.50
180	100.0	1.50	100.0	1.50
Target performance with a strategic review undertaken and an action plan developed and rolled out	50.0	0.94	50.0	0.94
10.64%	100.0	2.25	100.0	2.25
Performance achieved was close to the stretch target. There were some cost over-runs but these were minimal when COVID-19 related costs were excluded. The delays to the full commissioning and operation of the project as specified, such as the pumping system, can be largely attributed to COVID-19 factors.	93.3	10.50	93.3	10.50
Personal performance against the criteria was considered, especially in the context of the COVID-19 crisis, and noted in particular that: certain key additional roles had been added to the organisation; local management in Mozambique had been strengthened; and good communications and relationships had been maintained with all key stakeholders. Above target performance was achieved by both Executives; the difference in award levels reflecting the Committee's view of the additional contribution of each to the corporate scorecard and objectives.	90.0	6.75	60.0	4.50
Stretch performance was considered as achieved across all areas of the business particularly comprehensive health & safety enforcement, workforce engagement, financial management and extensive stakeholder engagement.	100.0	25.00	100.0	25.00
		61.72		59.47

The COVID-19 crisis which arose in early 2020, soon after the KPIs had been set, clearly had the potential to materially affect the Group's operations, workforce and all stakeholders, particularly so when the Group was implementing the move of the WCP B plant and infrastructure to Pilivili.

The Committee therefore determined that safe management of the COVID-19 crisis should merit the largest weighting within the 2020 bonus at 25% with the weightings for the other KPIs reduced pro-rata.

After full consideration of all the relevant issues, the Remuneration Committee awarded 100% achievement against this objective, noting in particular the factors set out on page 99 of the Chairman's letter.

Overall, the outcome of the scorecard and therefore outcome for Mr. M. Carvill was 61.72% of maximum. The outcome for Mr. T. McCluskey was 59.47%. 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. 81% and 84% respectively of the 2020 annual bonus award was delivered in cash i.e. 50% of base salary and the balance of 19% and 16% respectively was deferred in shares for three years (as restricted shares under the KRSP), consistent with the Directors' remuneration policy.

Total pension entitlements

Pension provision for the Executive Directors was made in 2020 based on 10% of base salary, in line with the remuneration policy and the contributions for the Irish workforce. 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.

Payments for loss of office (audited)

No payments for loss of office were made during the year.

Payments to past Directors (audited)

Ms. E. Headon stepped down as a Director on 13 May 2020 and her appointment as a Director terminated on that date. Pursuant to a contract for services with Erzulie Limited (a company wholly owned by her), effective from 1 June 2020, Erzulie Limited was paid €2,917 for the period from 1 June 2020 to 31 December 2020 for consulting services provided to the Sustainability Committee.

Mr. T. Fitzpatrick stepped down as a Director on 1 July 2018. During the year he was paid US$420,155 (2019:US$440,453) comprised of salary US$304,495 (2019: US$304,495), cash bonus U$85,210 (2019:US$105,508) and pension US$30,450 (2019: US$30,450). He also received share awards under the KRSP valued at £111,618 (2019: £103,423).

Directors' and Secretary's shareholdings (audited)

The interests of the Secretary and Directors who held office during 2020, 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 26 March 2021	Shares held 31 December 2020	Shares held 1 January 2020
P. Bacchus	–	–	–
M. Carvill (i)	263,444	251,844	135,347
C. Fonseca	–	–	–
E. Dorward-King	3,600	3,600	–
E. Headon	4,746	4,746	4,990
T. Keating	–	–	–
G. Martin	100,000	84,135	84,135
T. McCluskey	144,109	134,953	68,720
S. McTiernan	228,607	216,353	169,845
G. Smith	30,078	30,078	30,078
D. Somers	3,940	–	–
D. Corcoran (Secretary)	16,383	16,383	6,334

(i) 99,385 shares held by Rostrevor One Limited, a company controlled by Mr M. Carvill are included in his holding.

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

Share option scheme (audited)

Details of the share options of the Secretary and Executive Directors, granted in accordance with the rules of the share option scheme, are as follows:

Name	1 Jan 2020	Granted during 2020	Exercised or transferred during 2020	Lapsed during 2020	31 Dec 2020	Average option price £	Option price range From £	Option price range To £
M. Carvill	–	–	–	–	–	N/A	N/A	N/A
T. McCluskey	–	–	–	–	–	N/A	N/A	N/A
D. Corcoran (Secretary)	3,750	–	–	3,750	–	54.40	54.40	54.40

All share options granted under the share option scheme have now lapsed and the Board does not currently intend to make any further awards under the scheme. The share price at the year end was £3.13 and the share price range for the year was between £1.69 and £3.17.

Share awards scheme (audited)

Name	Share Plan	At 1 Jan 2020	Awarded	Vested & Exercised	Lapsed	At 31 Dec 2020	Date of grant	Exercise period	Market price at exercise £
		Number of nil cost options							
M. Carvill	KIP	258,635	–	(64,659)	(193,976)	**–**	31 March 2017	31 March 2020	1.75
	KRSP	134,466	2,352(i)	(83,032)	–	**53,786**	26 May 2017	26 May 2020–26 May 2022	2.20
	KRSP	149,362	–	–	–	**149,362**	15 March 2018	15 March 2021–15 March 2023	
	KRSP	152,074	–	–	–	**152,074**	15 March 2019	15 March 2022–15 March 2024	
	KRSP	–	157,206	–	–	**157,206**	13 May 2020	13 May 2023–13 May 2025	
		694,537	**159,558**	**(147,691)**	**(193,976)**	**512,428**			
T.McCluskey	KIP	170,689	–	(42,672)	(128,017)	**–**	31 March 2017	31 March 2020	1.75
	KRSP	88,743	1,552(i)	(54,798)	–	**35,497**	26 May 2017	26 May 2020–26 May 2022	2.20
	KRSP	98,574	–	–	–	**98,574**	15 March 2018	15 March 2021–15 March 2023	
	KRSP	100,364	–	–	–	**100,364**	15 March 2019	15 March 2022–15 March 2024	
	KRSP	–	103,750	–	–	**103,750**	13 May 2020	13 May 2023–13 May 2025	
		458,370	**105,302**	**(97,470)**	**(128,017)**	**338,185**			
D.Corcoran	KRSP	20,343	593(i)	(20,936)	–	**–**	26 May 2017	26 May 2020	2.20
	KRSP	31,094	–	–	–	**31,094**	17 April 2018	17 April 2021	
	KRSP	33,519	–	–	–	**33,519**	23 March 2019	23 March 2022	
	KRSP	–	36,530	–	–	**36,530**	26 March 2020	26 March 2023	
		84,956	**37,123**	**(20,936)**	**–**	**101,143**			

(i) Dividend equivalent entitlements relating to share awards vesting.

The aggregate gain on awards that vested during the year for Executive Directors was US$0.5 million (2019: US$0.2 million)

In the case of the Executive Directors, the KRSP awards made prior to 2020 vest, subject to continued employment, 60% on the third anniversary of grant date, 20% on fourth anniversary and 20% on fifth anniversary.

The 2020 awards for Mr. M. Carvill and Mr. T. McCluskey represent 75% of base salary 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 these awards totalled £0.36 million for Mr. M. Carvill and £0.24 million for Mr. T. McCluskey.

The Executive Directors' 2020 KRSP awards vest, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant date. The vested KRSP awards are subject to a two-year holding period which may extend beyond an Executive Director's cessation of employment in accordance with the post-employment holding requirements of the 2020 remuneration policy.

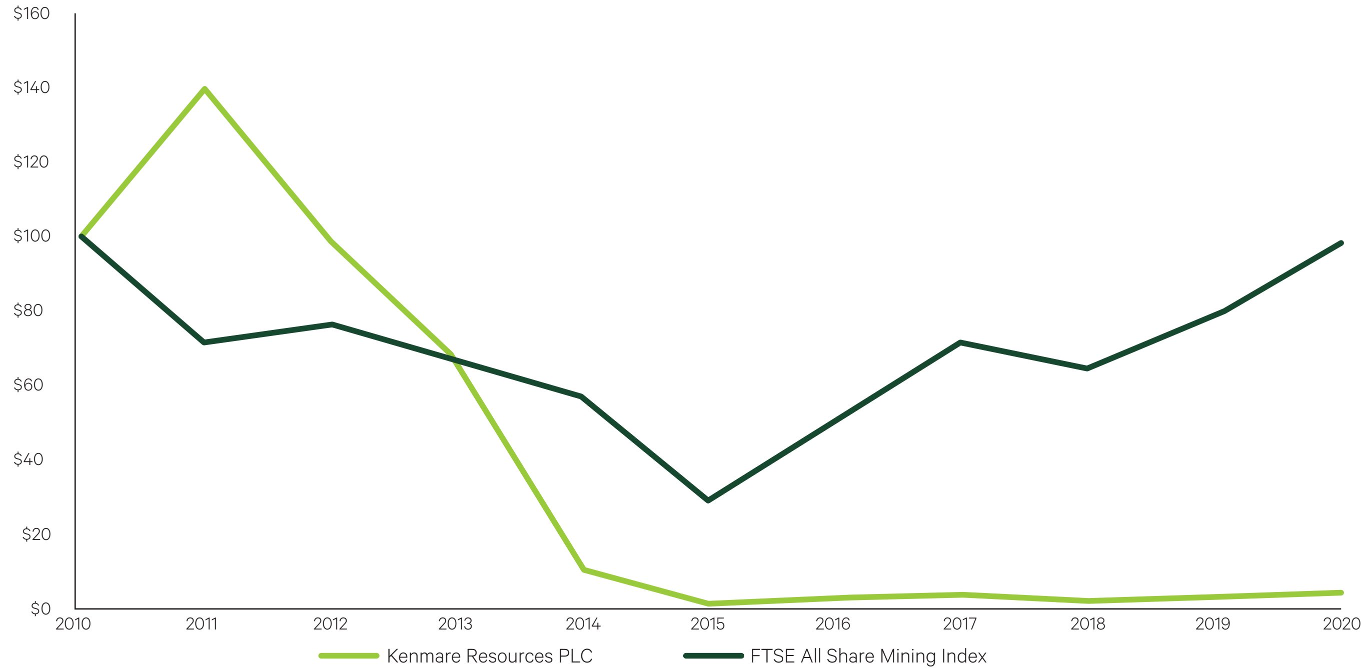
In the case of the Secretary, the above KRSP awards vest, subject to continued employment, on the third anniversary of grant date. No awards have been made under the KIP since March 2017. Non-Executive Directors do not receive awards under share awards plans.

Executive Directors' shareholding requirement

In accordance with the current Remuneration Policy, the Executive Directors are required to build up shareholdings equal to 250% of their respective salaries by 25 May 2022. This requirement can be met both by shareholdings held by the Executive Directors (directly or indirectly) and, on a net-of-tax basis, by unvested share awards that are not subject to performance or underpin conditions. As of 26 March 2021, and taking into account prevailing exchange rates and the basis of the information disclosed in the table on page 106, each of Mr. M. Carvill and Mr. T. McCluskey met this requirement.

Performance graph and table

The value at 31 December 2020 of US$100 invested in the Group in 2010 compared with the value of US$100 invested in the FTSE All Share Mining Index is shown in the graph below.



The remuneration paid to the Managing Director in the past 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)
2020	M. Carvill	1,070	62%	N/A
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

(i) 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 European Union (Shareholders' Rights) Regulations 2020 and with the regulations set out in the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013, to which the Group has regard, figures shown in the table above relate to remuneration for performance each year.

Percentage change in remuneration and Company performance

Annual change	2020 v 2019 %
Directors' remuneration	
Executive Directors	
M. Carvill, Managing Director (i)	(26%)
T. McCluskey, Financial Director (i)	(28%)
Non-Executive Directors	
P. Bacchus (ii)	13%
E. Dorward-King (ii)	29%
C. Fonseca	18%
E. Headon (ii)	47%
T. Keating	8%
G. Martin	6%
S. McTiernan	0%
G. Smith	0%
D. Somers	N/A
Group performance	
Net Profit	(63%)
Employee average remuneration on a full-time equivalent basis	
Employees of the Company	7%

(i) The reduction is driven by the introduction of the underpin in the KRSP which means the 2020 award will be reflected in the single figure table at the time of vesting.
(ii) The increase results from changes to Board and/or Committee responsibilities during 2020.
(iii) The annual change has been calculated based on annualised figures.

Relative importance of spend on pay

	2020 US$'000	2019 US$'000	Change US$'000
Overall spend on pay including Directors	**40,518**	41,994	-1,476
Profit distributed by way of dividend	**8,594**	3,026	5,568
Group cash operating costs	**158,000**	156,600	1,400

Employee numbers throughout the Group increased from 1,497 in 2019 to 1,499 in 2020.

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 2021 (audited)

Base salary

The base salaries for the forthcoming year are due to increase by 1.5% reflecting an inflation adjustment for the period from 2014 to 2020 and are set out below:

Executive Director	2021 US$'000	2020 US$'000	% Change
M. Carvill	**628**	619	1.5
T. McCluskey	**415**	409	1.5

The underlying currency of Mr. M. Carvill and Mr. T. McCluskey's base salaries is Euro. The US Dollar figures shown above for 2021 have been calculated using the average 2020 Euro to US Dollar exchange rate. The final US Dollar figure for 2021 will vary depending on exchange rate movements.

Annual bonus

The incentive opportunity for the Executive Directors under the incentive scheme for 2021 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 2021 annual bonuses and their associated weightings are as follows:

Area	Measure	Weight (i)
Operational	Ilmenite, zircon, rutile and concentrates production volume	30%
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	25%
	Social and other	
Project execution		5%
Corporate		5%
COVD-19 management		5%

(i) The respective weightings for the Managing Director and Financial Director will be the same for all metrics except for Corporate where the Remuneration Committee will determine appropriate splits reflecting their respective responsibilities and challenges in these areas in 2021.

The performance metrics as set out above seek to deliver ongoing progress in relation to operational performance, cost efficiency, ESG, and strategic corporate objectives. The performance targets associated with the quantitative measures are in line with guidance issued in January 2021 and the targets for qualitative measures are in line with 2020 targets.

Kenmare Restricted Share Plan (KRSP)

The maximum award level for the Executive Directors under the KRSP for 2021 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 pre-determined 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.

Malus and clawback provisions will apply, as set out in the Directors' remuneration policy. Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting.

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 2020 AGM.

Item	Votes for	%	Votes against	%	Votes withheld
Advisory vote on 2019 Directors' Remuneration Report	76,182,597	97.76	1,742,125	2.24	44,412
Advisory vote on Directors' remuneration policy	70,960,538	91.02	6,997,155	8.98	11,440

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

Graham Martin
Chairman of the Remuneration Committee

31 March 2021

DIRECTORS' REMUNERATION POLICY REPORT

Introduction

The Directors' remuneration policy (the "policy") as summarised below was approved by a shareholder vote at the Annual General Meeting on 13 May 2020 and applies for the period of three years from the date of approval. For clarity, a summary of the policy is included in this report. The full policy can be found in the 2019 Annual Report, which is available under the Investors section of our website, www.kenmareresources.com.

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.

Remuneration policy for 2020 onwards

The remuneration policy set out on pages 113 to 119 covers the three-year period between the 2020 AGM and the 2023 AGM and it 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").

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.

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
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 Group 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.
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.

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)
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 date. 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.

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 applies to awards granted after the 2020 AGM. This does 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 selects 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 are 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 2020 are described on pages 104 and 105 and those for 2019 are described on pages 92 and 93 of the 2019 Annual Report. The performance metrics for 2021 are set out on page 110.

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 pre-determined 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

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

Service contracts

The Company's policy is that Executive Directors should have a notice period of no more than 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

When determining any loss of office or change of control payment for a departing individual, the Committee will protect the Company's interests and reflect the circumstances in place at the time, having taken into consideration terms of Executive Directors' service agreements. In the event of a compromise or settlement agreement, the Committee may make payments it considers reasonable in settlement of potential legal claims. The Committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements. The reimbursement of repatriation costs or fees for professional or outplacement advice may also be included in the termination package, as deemed reasonable by the Committee, as may the continuation of benefits for a limited period.

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.

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 formulating the 2020 remuneration policy, 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. 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 2020 remuneration policy, the Remuneration Committee 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. The operation of the KRSP was simplified in 2020 by adjusting the vesting schedule so that all awards vest after three years subject to a further two-year employment period.
- **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** A range of potential remuneration outcomes under the policy can be calculated including a 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.

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.

“I joined the Environmental, Health and Safety team at Kenmare in 2016. I’m grateful for the support I’ve had to study for professional qualifications and attend courses. Some of the things I enjoy most are that I feel my work is valued by management and that women are valued in the company.”

Azelina Cuamba, Environmental, Health and Safety Officer

GROUP FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the financial year ended 31 December 2020.

Non-financial reporting statement

In compliance with the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 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	Pages 76 to 78	Environmental	Environmental risk is included in the risk entitled "Health, Safety and Environment ("HSE") described in the "Principal risks and uncertainties" section on page 63.
Social and employee matters	Page 73 Page 72 Page 70	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 63. Community engagement and investment is relevant to the risk entitled "Grant and maintenance of licences", described in the "Principal risk and uncertainties" section on page 60. 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 70	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 70 Page 70	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 26 and 27		
Non-Financial key performance indicators	Included in KPIs on pages 18 to 20 and Sustainability report on pages 66 to 77		

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 10 to 78, 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 20 and a glossary of alternative performance measures is detailed on pages 177 and 178. These are hereby incorporated by reference.

Statement of results

During 2020, the Group sold 853,100 tonnes (2019: 1,029,300 tonnes) of ilmenite, zircon, rutile and concentrates to customers at a sales value of US$243.7 million (2019: US$270.9 million). Despite an increase in average prices, the combination of lower volumes shipped and lower zircon sales contributed to a reduction in revenue in the year. Cost of sales for the financial year was US$179.1 million (2019: US$178.4 million) as a result of higher production and depreciation costs, resulting in a gross profit of US$64.6 million (2019: US$92.5 million).

Other operating costs totalling US$30.3 million (2019: US$33.3 million), comprised distribution costs for the financial year of US$9.8 million (2019: US$9.4 million), freight and demurrage costs of US$14.2 million (2019: US$17.6 million) and administration costs of US$6.3 million (2019: US$6.3 million).

Finance income of US$0.6 million (2019: US$1.5 million), consisting of deposit interest, was received.

Loan interest and finance fees amounted to US$11.3 million (2019: US$8.9 million) during the financial year.

A foreign exchange loss for the financial year of US$1.0 million (2019: loss US$1.9 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$22.8 million (2019: US$50.0 million).

During the year the KMML Mozambique Branch had taxable profits of US$16.4 million (2019: US$15.9 million) resulting in an income tax expense of US$5.7 million (2019: US$5.6 million) being recognised. Kenmare Resources plc had taxable profits of US$4.2 million (2019: US$20.2 million) which were offset against prior year tax losses. At the reporting date, the Parent Company has unused tax losses of US$1.6 million (2019: US$3.8 million) resulting in the recognition of a deferred tax asset of US$0.2 million at 31 December 2020 (2019: US$0.5 million). In aggregate this resulted in a tax expense for the financial year of US$6.0 million (2019: US$5.2 million), resulting in a profit after tax for the financial year of US$16.7 million (2019: US$44.8 million).

An interim dividend of USc2.31 per share was paid in October 2020. The Board is recommending a final dividend of USc7.69 per share, which is subject to shareholder approval at the AGM.

Additions to property, plant and equipment amounted to US$141.5 million (2019: US$68.5

million). There was an increase in the mine closure provision of US$11.0 million (2019: US$5.5 million) during the year, principally as a result of an updated estimated mine closure cost and a change in the discount rate from 2.6% to 2.0%. Depreciation increased to US$42.3 million (2019: US$33.4 million) during the financial year.

Trade and other receivables amounted to US$29.9 million (2019: US$41.2 million), of which US$23.1 million (2019: US$32.2 million) were trade receivables from the sale of mineral products and US$6.8 million (2019: US$9.0 million) was comprised of prepayments and other miscellaneous debtors. The reduction in trade receivables at the year end was mainly due to invoice discounting of sales in December 2020. All trade receivables are current and an expected credit loss of US$0.2 million (2019: US$0.2 million) was recognised at the year end.

Cash and cash equivalents increased by US$4.6 million (2019: decrease of US$15.8 million) during the year and at 31 December 2020 amounted to US$87.2 million (2019: US$81.2 million).

Lease liabilities amounted to US$3.4 million (2019: US$4.5 million) at year end.

Tax liabilities and trade and other payables amounted to US$1.6 million (2019: US$4.4 million) and US$50.1 million (2019: US$36.0 million) respectively at year end. The increase in trade and other payables is due to the increased level of capital projects creditors and timing of payments at the year end.

At year end bank debt amounted to US$145.8 million (2019: US$60.9 million). This consists of debt drawn of US$150.0 million and loan interest of US$1.2 million, net of transaction costs of US$5.4 million. The weighted average interest rate on Group debt at year end was 5.8% (2019: 7.3%).

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 10 to 78. The financial position of the Group, its cash flows and liquidity position are described in the Finance Review on pages 52 to 56. 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 2021 to 2023. 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 and taking into account the potential impact of the COVID-19 pandemic.

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 47. 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 1.2 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 2021, 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. 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 2020 were as follows:

S. McTiernan (Chairman)	Non-Executive				
P. Bacchus	Non-Executive	A	R	N	
M. Carvill	Executive				
E. Dorward-King	Non-Executive			N	S
C. Fonseca	Non-Executive	A			S
E. Headon	Non-Executive	A			S
T. Keating	Non-Executive				S
G. Martin	Non-Executive		R	N	S
T. McCluskey	Executive				
G. Smith	Non-Executive	A	R	N	
D. Somers	Non-Executive	A			

A Member of the Audit and Risk Committee, chaired by Mr. G. Smith
R Member of the Remuneration Committee, chaired by Mr. G. Martin
N Member of the Nomination Committee, chaired by Mr. P. Bacchus
S Member of the Sustainability Committee, chaired by Dr. E. Dorward-King

In May 2020 Ms. E. Headon retired from the Board as her nine year tenure as a Non-Executive Director had come to an end.

In August 2020, Ms. D. Somers was appointed to the Board as a Non-Executive Director and was appointed as a member of the Audit and Risk Committee.

Dr. E. Dorward-King was appointed Chair of the Sustainability Committee and Mr. P. Bacchus was appointed Chair of the Nomination Committee during the year.

Directors' and Secretary's shareholdings 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 awards granted in accordance with the rules of the Kenmare Incentive Plan (KIP) and the Kenmare Restricted Share Plan (KRSP), are detailed in the Annual report on remuneration on pages 101 to 112.

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 also 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 and there are no outstanding interests under the KIP.

At 31 December 2020, there were options in issue that had been granted under the 1987 share option scheme to persons to subscribe for a total of 11,500 ordinary shares. These options are exercisable at an average price of US$36 per share.

At 31 December 2020, there were outstanding nil cost options (inclusive of dividend equivalents) in respect of 2,040,151 ordinary shares, there are no outstanding interests under the KIP.

Share capital

As at 1 January 2020, the Company's share capital consisted of ordinary shares of €0.001 and deferred shares of €0.059995. As at 31 December 2020, the Company's share capital consisted of ordinary shares of €0.001 only.

The Company's 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 and the Company has not been notified of any agreements between holders of securities in this regard.

On 10 March 2020, the Company acquired and cancelled all of the 2,781,905,503 deferred shares of €0.059995 each in the capital of the Company in issue by transfer otherwise than for valuable consideration in accordance with Section 102(1)(a) and Section 106(1) of the Companies Act 2014 and Article 3(b)of the Articles of Association of the Company. At the Annual General Meeting of the Company, held on 13 May 2020, all of the unissued deferred shares of €0.059995 each in the capital of the Company were cancelled.

In March 2020, the Company issued 78,902 ordinary shares to the Kenmare Employee Benefit Trust for their nominal value in connection with the settlement of certain share awards under the KRSP.

Save for the foregoing, 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 €36,552.

This authority will expire at the conclusion of this year's Annual General Meeting at which shareholders will be asked to grant a new authority to the Directors.

Authority to make market purchases

At the Annual General Meeting held on 13 May 2020, the Company was granted an authority to make market purchases, within a set price range, of up to 10% of its own shares. This authority will also expire at the conclusion of this year's Annual General Meeting at which shareholders will be asked to grant a new authority to the Company.

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 debt facilities, such facilities will be cancelled and all outstanding amounts together with accrued interest shall become immediately due and payable. The share award 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 Annual report on remuneration on pages 101 to 112, 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 employees, not being Directors, have service contracts that either provide for extended notice periods and/or fixed payments on termination following a change in control of the Company.

Corporate Governance Statement

For the purpose of Section 1373 of the Companies Act 2014, the following disclosures form part of the Corporate Governance Statement in respect of the financial year ended 31 December 2020.

The annual Corporate Governance Report on pages 84 to 89 , and the section headed "Diversity and Inclusivity" on page 91 of the Nomination Committee Report are incorporated by reference.

Substantial interests

As at 26 March 2021 and 31 December 2020, the Company had been notified of the following shareholdings in excess of 3% of the issued ordinary shares of the Company:

	As at 26 March 2021		As at 31 December 2020	
	No. of ordinary shares	% of issued share capital	No. of ordinary shares	% of issued share capital
African Acquisition Sarl	31,928,480	29.10%	31,928,480	29.10%
M&G plc	21,375,798	19.48%	21,489,170	19.58%
Premier Miton Group plc	8,210,726	7.48%	8,210,726	7.48%
FIL Limited	6,583,078	6.00%	7,672,445	6.99%
Nortrust Nominees Ltd, London UK	4,769,632	4.35%	4,769,632	4.35%
J O Hambro Capital Management Ltd	3,660,756	3.34%	N/A	N/A

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 Act, 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 permit the Directors to delegate any of their powers, authorities and discretions for such time, upon such terms and subject to such conditions and with such restrictions as they think fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons, provided that a majority of the members of a committee shall be Directors.

The Directors may also, from time to time appoint any company, firm or person or body of persons, to be the attorney(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding 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.

The Articles of Association also provide that the Directors may establish any local or divisional boards or agencies for managing any of the affairs of the Company in any specified locality, either in Ireland or elsewhere, and may delegate to any such board or agent any of the powers, authorities and discretions vested in the Directors upon such terms and subject to such conditions as the Directors 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 persons entitled to attend and to vote upon the business to be transacted, each being a member or a proxy for a member, 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 (subject to any restrictions imposed on any shares), to the Directors, the Secretary and the Auditors and any other person entitled to receive notice under the Companies Act. 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 prescribed 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, the consideration of the Company's statutory financial statements and reports of the Directors and Auditor, the review by the members of the Company's affairs, the appointment of Directors in the place of those retiring, the fixing of the remuneration of the Directors, subject to sections 380 and 382 to 385 of the Act, the appointment or re-appointment of the Auditor and the fixing of their remuneration and the consideration of a special resolution reducing the period of notice for the calling of an Extraordinary General Meeting (other than such a meeting called for the passing of a special resolution) to 14 days.

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 later than the latest time approved by the Directors.

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 94 to 97 for the Audit & Risk Committee Report for the financial year under review.

Auditors
KPMG, Chartered Accountants was first appointed statutory auditor on 14 May 2019 and has been reappointed annually since that date and pursuant to Section 383(2), of the Companies Act 2014 will continue in office. The financial statements on pages 122 to 173 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 USc2.31 (2019: USc2.66) per share was paid in October 2020. The Board is recommending a final dividend of USc7.69 (2019: USc5.52) per share. This would give a total dividend in respect of 2020 of USc10.00 (2019: USc8.18) per share. Basic earnings per share in 2020 were US$0.15 (2019: US$0.41). It is proposed to pay the final dividend on 19 May 2021 to shareholders registered at the close of business on 16 April 2021.

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.

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 credit, liquidity, market, currency and cash flow risk is detailed in Note 27. Capital management is detailed in Note 28.

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 2020 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** 31 March 2021	**T. McCluskey** **Director** 31 March 2021

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 80 and 81 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 2020 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
31 March 2021

T. McCluskey
Director
31 March 2021

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 consolidated undertakings (together 'the Group') for the year ended 31 December 2020 set out on pages 122 to 173, which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement 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 2020 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 and Risk Committee.

We were appointed as auditor by the shareholders on 14 May 2019. The period of total uninterrupted engagement is the two years ended 31 December 2020. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We evaluated the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We incorporated additional downside sensitivities to management's underlying cash flow models to consider the potential future impact of COVID-19. There were no risks identified that we considered were likely to have a material adverse effect on the Group's and Company's available financial resources over this period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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, which were unchanged from the prior year audit, were as follows:

Group key audit matters

Impairment of property, plant and equipment US$961.7 million (2019 - US$852.0 million)

Refer to page 141 (accounting policy) and pages 150 to 151 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
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. Significant 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.	Our audit procedures in this area included: ▪ We obtained an understanding and documented the process used by management to calculate the recoverable amount of PP&E, in particular understanding the significant assumptions made, including any changes in the model from prior periods. ▪ We assessed the significant 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), considering the COVID-19 pandemic. ▪ We engaged an internal KPMG valuation specialist in assessing the reasonableness of the Group's significant assumptions in determining the Weighted Average Cost of Capital which is applied in the impairment model. ▪ We considered the appropriateness of the country risk premium used in determining the discount rate used by assessing how the Group determined the country risk premium and confirming that the approach taken in this regard was consistent with prior periods. ▪ We compared significant inputs, including the discount and inflation rates applied, to external industry specific and general economic data sources. ▪ We performed sensitivity analysis by changing significant assumptions and considering the results and the likelihood of such changes arising and their impact on the carrying value of the assets. We considered the impact of the COVID-19 pandemic through applying additional downside sensitivities to the forecasted cash flows. ▪ We considered the gap between the market capitalisation of the Group and its consolidated net asset position and its impact 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 the requirements of IAS 36 Impairment of Assets. We found that management's significant judgements were appropriate and supported by reasonable assumptions and we did not identify any material misstatements. We found the disclosures to be adequate in providing an understanding of the basis of impairment.

Revenue recognition US$243.7 million (2019 - US$270.9 million)

Refer to page 139 (accounting policy) and pages 145 to 146 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group sells products under a variety of contractual terms. Revenue is recognised when 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 key audit matter because an element of judgement is required in determining the timing of revenue recognition and revenue is a significant balance for the Group.	Our audit procedures in this area included: ▪ We obtained an understanding and documented the Group's process for recording revenue in the context of the five step model set out in IFRS 15. ▪ We tested the design and implementation of key controls within the Group's 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 considered whether terms have changed with any significant customer, where there could be a judgement applied on the timing of revenue recognition. ▪ We considered whether contractual arrangements had been amended as a result of the COVID-19 pandemic. ▪ We assessed the adequacy of the Group's disclosures in respect of revenue. We found the process for recognising revenue to be appropriate, and we did not identify any material misstatements. We found the disclosures in respect of revenue to be appropriate.

Company key audit matter

Investment in subsidiaries US$798.4 million (2019 - US$798.3 million)

Refer to page 169 (accounting policy) and page 171 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
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 due to the significance of the balance to the Company and the inherent uncertainty involved in forecasting and discounting future cash flows, having particular regard to the economic uncertainty arising from the impact of COVID-19.	Our audit procedures in this area included: ▪ We obtained and documented the process surrounding impairment considerations and tested the design and implementation of the relevant key controls therein. ▪ We considered management's assessment of impairment indicators. ▪ We compared the carrying value of investments to the net assets of the subsidiary companies. ▪ We considered the gap between the market capitalisation and Company net asset position and its impact on the carrying value of investments in subsidiaries. ▪ 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 and related disclosures to be appropriate, and we did not identify any material misstatements.

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 US$9.0 million (2019: US$8.7 million), determined with reference to a benchmark of net assets (of which it represents 1%) (2019: 1%). Materiality for the Company financial statements as a whole was set at US$8 million (2019: US$5.8 million), determined with reference to a benchmark of net assets (of which it represents approximately 1%) (2019: 1%). We concluded that net assets was the most appropriate benchmark as it best reflects the operations of the Group and Company.

We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding US$0.45 million for the Group and Company financial statements (2019: US$0.5 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us in determining the overall audit strategy, what risks were significant risks of misstatement and key audit matters, and the audit procedures to be performed in response.

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 of US$3 million each (2019: US$4.8 million to US$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 (2019: 100%) and 97% of Group net assets (2019: 98%).

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, the Business Overview, Strategic Report and Governance sections of the Annual Report, as well as the 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 undertaken during the course of the audit, 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 Viability Statement in the Directors' Report on page 123 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 and Risk Committee: if the section of the Annual Report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee;
- 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; and
- if the directors' statement relating to Going Concern required under the Listing Rules of Euronext Dublin and the UK Listing Authority set out on page 123 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

In addition, as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Report on pages 84 to 89, 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 Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year 31 December 2020; and
- 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 2020 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard. The Listing Rules of Euronext Dublin and the UK Listing Authority require us to review:

- the Directors' Statement, set out on page 123, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Report on page 84 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 127, 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 they 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 www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for.

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
St. Stephen's Green
Dublin 2

31 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 US$'000	2019 US$'000
Assets			
Non-current assets			
Property, plant and equipment	13	**961,728**	852,035
Deferred tax asset	14	**202**	469
		961,930	852,504
Current assets			
Inventories	15	**63,670**	51,846
Trade and other receivables	16	**29,915**	41,177
Cash and cash equivalents	17	**87,244**	81,177
		180,829	174,200
Total assets		**1,142,759**	1,026,704
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	18	**120**	215,046
Share premium	19	**545,950**	545,729
Other reserves	20	**231,350**	37,202
Retained earnings	21	**123,083**	93,851
Total equity		**900,503**	891,828
Liabilities			
Non-current liabilities			
Bank loans	22	**144,554**	60,736
Lease liabilities	23	**2,028**	3,091
Provisions	24	**40,430**	28,351
		187,012	92,178
Current liabilities			
Bank loans	22	**1,217**	167
Lease liabilities	23	**1,360**	1,363
Trade and other payables	26	**50,122**	36,044
Tax liabilities		**1,631**	4,381
Provisions	24	**914**	743
		55,244	42,698
Total liabilities		**242,256**	134,876
Total equity and liabilities		**1,142,759**	1,026,704

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvill
Director
31 March 2021

T. McCluskey
Director
31 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	2020 US$'000	2019 US$'000
Revenue	2	**243,746**	270,944
Cost of sales	4	**(179,103)**	(178,432)
Gross profit		**64,643**	92,512
Other operating costs	5	**(30,250)**	(33,289)
Operating profit		**34,393**	59,223
Finance income	8	**642**	1,536
Finance costs	9	**(11,301)**	(8,920)
Foreign exchange loss		**(980)**	(1,884)
Profit before tax		**22,754**	49,955
Income tax expense	10	**(6,015)**	(5,152)
Profit for the financial year and total comprehensive income for the financial year		**16,739**	44,803
Attributable to equity holders		**16,739**	44,803

		US$ per share	US$ per share
Profit per share: Basic	11	**0.15**	0.41
Profit per share: Diluted	11	**0.15**	0.40

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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 2019	215,046	730,897	(133,179)	11,336	24,335	848,435
Total comprehensive income for the year						
Capital reduction (Note 19)	–	(185,253)	185,253	–	–	–
Profit for the financial year	–	–	44,803	–	–	44,803
Total comprehensive income for the year	–	(185,253)	230,056	–	–	44,803
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,787	1,787
Shares issued	–	85	–	–	(256)	(171)
Dividends paid (Note 21)	–	–	(3,026)	–	–	(3,026)
Total contributions and distributions	–	85	(3,026)	–	1,531	(1,410)
Balance at 1 January 2020	215,046	545,729	93,851	11,336	25,866	891,828
Total comprehensive income for the year						
Profit for the financial year	–	–	16,739	–	–	16,739
Total comprehensive income for the year	–	–	16,739	–	–	16,739
Transactions with owners of the Company						
Share-based payments	–	–	–	–	530	530
Unvested and expired share-based payments (Note 31)	–	–	21,087	–	(21,087)	–
Shares issued	–	221	–	–	(221)	–
Deferred shares cancelled	(214,926)	–	–	214,926	–	–
Dividends paid (Note 21)	–	–	(8,594)	–	–	(8,594)
Total contributions and distributions	(214,926)	221	12,493	214,926	(20,778)	(8,064)
Balance at 31 December 2020	120	545,950	123,083	226,262	5,088	900,503

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	2020 US$'000	2019 US$'000
Operating activities			
Profit for the financial year after tax		**16,739**	44,803
Adjustment for:			
Foreign exchange movement		**980**	1,884
Share-based payments		**1,759**	1,616
Finance income	8	**(642)**	(1,536)
Finance costs	9	**11,301**	8,920
Income tax expense	10	**6,015**	5,152
Depreciation	13	**42,294**	33,381
		78,446	94,220
Change in:			
Financial liabilities	25	**–**	(1)
Provisions	24	**614**	(654)
Inventories	15	**(11,824)**	2,027
Trade and other receivables	16	**10,536**	(20,228)
Trade and other payables	26	**9,955**	7,873
Cost of equity-settled share based payments		**(1,229)**	-
Cash generated from operating activities		**86,498**	83,237
Income tax paid		**(8,498)**	(2,310)
Interest received	8	**642**	1,536
Interest paid		**(7,474)**	(6,094)
Net cash from operating activities		**71,168**	76,369
Investing activities			
Additions to property, plant and equipment	13	**(139,347)**	(64,750)
Net cash used in investing activities		**(139,347)**	(64,750)
Financing activities			
Debt commitments and other fees paid		**(317)**	-
Dividends paid	21	**(8,594)**	(3,026)
Repayment of debt	22	**–**	(84,168)
Drawdown of debt	22	**82,742**	67,258
Debt transaction fees paid	22	**–**	(6,522)
Payment of lease liabilities	22	**(1,065)**	(967)
Net cash generated from/(used in) financing activities		**72,766**	(27,425)
Net increase/(decrease) in cash and cash equivalents		**4,587**	(15,806)
Cash and cash equivalents at the beginning of the financial year		**81,177**	97,030
Effect of exchange rate changes on cash and cash equivalents		**1,480**	(47)
Cash and cash equivalents at the end of the financial year	17	**87,244**	81,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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. The Company has a premium listing on the Main Market of the London Stock Exchange and a secondary listing on Euronext Dublin. These consolidated financial statements comprise the Company and its subsidiary undertakings (the "Group"). The principal activity of the Group is the operation and further development of the Moma Titanium Minerals Mine in Mozambique.

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 2020, have been adopted in the current financial year.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

None of the new and revised standards and interpretations listed above have a material effect on the Group's financial statements.

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.

- COVID-19 Related Rent Concession (Amendment to IFRS 16) effective 1 June 2020
- Interest Rate Benchmark Reform - Phase 2 (Amendment to IFRS9, IAS39, IFRS7, IFRS4 and IFRS16) effective 1 January 2021
- Onerous Contracts - Cost of Fulfilling a Contract (Amendment to IAS 37) effective 1 January 2022
- Annual Improvements to IFRS Standards 2018-2020 effective 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16) effective 1 January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3) effective 1 January 2022
- Classification of Liabilities as Current or Non-current (Amendment to IAS 1) effective 1 January 2023
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts effective for accounting periods on or after 1 January 2023

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 and share-based payments which are recorded at fair value.

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.

1. Statement of accounting policies continued

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 revised.

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 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 offshore loading point of the mine. Control of the mineral products passes from the Group to the customer on delivery. Sales of mineral products are recognised when the products are delivered.

Finance income

Finance income represents deposit interest earned. Deposit interest is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Finance costs

Finance costs consist of interest on bank borrowing, interest on lease liabilities, trade receivables facilities fees, debt commitment fees and the unwinding of the mine closure provision. The accounting policies applicable for these finance costs are set out in borrowing costs, leases, financial assets and provisions. Debt commitment fees are recognised in the period to which they relate for undrawn facilities.

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.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases including heavy mobile rental at the Mine. The Group recognises the lease payments associated with these leases as an expense 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 in foreign exchange gain/loss and are not part of the operating profit or loss.

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.

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. This includes the cost of moving plant and associated infrastructure to the orebodies under the Group's mining concessions which form part of the Group's life of mine plan. In 2020, the Group moved the WCP B plant, Deirdre dredge and its mining infrastructure from the Namalope orebody where it has finished mining to the Pilivili orebody. The costs associated with this move are capitalised in property, plant and equipment and depreciated over the life of the Mine.

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.

1. Statement of accounting policies continued

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

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 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. Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the fair value for the Mine is difficult to determine the Group uses its value in use in estimating the recoverable amount. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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. Consumable spares identified as obsolete are recognised as an expense immediately.

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"). 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. When determining whether the credit risk of a trade receivable has increased the Group considers credit risk ratings where available, 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 considers a trade receivable to be in default 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. The Group considers a trade receivable to be credit-impaired when there is evidence that the customer is in significant financial difficulty and the debt is more than 90 days past due.

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 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.

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.

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.

1. Statement of accounting policies continued

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 are 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.

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 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)

In the case of the Executive Directors and certain employees, the KRSP awards made prior to 2020 vest, subject to continued employment, 60% on the third anniversary of grant date, 20% on fourth anniversary and 20% on fifth anniversary. The Executive Directors and certain employees' 2020 KRSP awards vest, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant. For other Group employees, awards under the KRSP vest, subject to continued employment, on the third anniversary 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 by the Executive Committee 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).

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.

1. Statement of accounting policies continued

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

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 revised.

2. Revenue

	2020 US$'000	2019 US$'000
Sale of mineral products	**243,746**	270,944

During the financial year, the Group sold 853,100 tonnes (2019: 1,029,300 tonnes) of finished products ilmenite, rutile, zircon and concentrates to customers at a sales value of US$243.7 million (2019: US$270.9 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

	2020 US$'000	2019 US$'000
Ilmenite	**175,587**	182,980
Zircon	**45,708**	60,545
Concentrates	**16,320**	19,372
Rutile	**6,131**	8,047
Total	**243,746**	270,944

Geographical information

	2020 US$'000	2019 US$'000
Revenue from external customers		
China	**107,824**	127,333
Italy	**19,645**	31,177
USA	**19,955**	27,500
Rest of the world	**96,322**	84,934
Total	**243,746**	270,944

2. Revenue continued

The Group's revenue from external customers is generated by the Moma Titanium Minerals Mine in Mozambique, the non-current assets of which are US$959.7 million (2019: US$847.5 million). Sales to and from Ireland were US$nil (2019: US$nil) in the year.

Information about major customers

	2020 US$'000	2019 US$'000
Revenue from external customers		
Largest customer	**40,299**	36,522
Second largest customer	**32,979**	29,564
Third largest customer	**30,179**	29,316
Fourth largest customer	**24,725**	29,235
Total	**128,182**	124,637

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

	2020 US$'000	2019 US$'000
Moma Titanium Minerals Mine		
Revenue	**243,746**	270,944
Cost of sales	**(179,103)**	(178,432)
Gross profit	**64,643**	92,512
Other operating costs	**(24,441)**	(28,260)
Segment operating profit	**40,202**	64,252
Other corporate operating costs	**(5,809)**	(5,029)
Group operating profit	**34,393**	59,223
Finance income	**642**	1,536
Finance expenses	**(11,301)**	(8,920)
Foreign exchange loss	**(980)**	(1,884)
Profit before tax	**22,754**	49,955
Income tax expense	**(6,015)**	(5,152)
Profit for the financial year	**16,739**	44,803
Segment assets		
Moma Titanium Minerals Mine assets	**1,101,808**	976,077
Corporate assets	**40,951**	50,627
Total assets	**1,142,759**	1,026,704
Segment liabilities		
Moma Titanium Minerals Mine liabilities	**236,695**	129,808
Corporate liabilities	**5,561**	5,068
Total liabilities	**242,256**	134,876
Other segment information		
Depreciation		
Moma Titanium Minerals Mine	**41,958**	33,045
Corporate	**336**	336
Total	**42,294**	33,381
Additions to non-current assets		
Moma Titanium Minerals Mine	**141,466**	68,466
Corporate	**–**	18
Total	**141,466**	68,484

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.

4. Cost of sales

	2020 US$'000	2019 US$'000
Opening stock of mineral products	26,493	31,037
Production costs	146,431	145,058
Depreciation	37,552	28,830
Closing stock of mineral products	(31,373)	(26,493)
Total	179,103	178,432

Mineral products consist of finished products and heavy mineral concentrate as detailed in Note 15. Mineral stock movement in the year was an increase of US$4.9 million (2019: US$4.5 million decrease). Included in production costs are US$0.1 million (2019: US$nil) share-based payments relating to staff of the mine.

5. Other operating costs

	2020 US$'000	2019 US$'000
Distribution costs	9,820	9,398
Freight and demurrage costs	14,185	17,603
Administration costs	6,245	6,288
Total	30,250	33,289

Distribution costs of US$9.8 million (2019: US$9.4 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of US$4.4 million (2019: US$4.1 million). Freight costs of US$12.2 million (2019: US$15.3 million) arise from sales to customers on a CIF or CFR basis. Demurrage costs were US$2.0 million (2019: US$2.3 million) during the financial year. Administration costs of US$6.2 million (2019: US$6.3 million) include depreciation of US$0.3 million (2019: US$0.3 million) and a share-based payment expense of US$1.7 million (2019: US$1.6 million).

6. Profit for the financial year

The profit for the financial year has been arrived at after charging/(crediting) items detailed below.

	2020 US$'000	2019 US$'000
Staff costs	40,518	41,994
Repairs and maintenance	37,927	37,150
Power and fuel	27,414	29,318
Other production and operating costs	66,080	65,334
(Increase)/decrease in value of mineral products inventory	(4,880)	4,544
Depreciation of property, plant and equipment	42,294	33,381
Finance income	(642)	(1,536)
Finance costs	11,301	8,920
Foreign exchange loss	980	1,884
Total	220,992	220,989

7. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2020 US$'000	2019 US$'000
Audit fees		
Audit of the Company's financial statements	15	15
Audit of the Company's subsidiary undertakings	149	140
Total audit fee	164	155
Non-audit fees		
Audit related assurance services	61	61
Taxation compliance services	10	10
Other non-audit services	11	10
Total non-audit fees	82	81
Total fees	246	236

US$94,500 of the audit fee was paid to KPMG Dublin and US$151,100 of the fee was paid to KPMG Maputo.

8. Finance income

	2020 US$'000	2019 US$'000
Interest on bank deposits	**642**	1,536

9. Finance costs

	2020 US$'000	2019 US$'000
Interest on bank borrowings	**9,288**	5,031
Fees on debt redemption	**–**	1,555
Interest on lease liabilities	**312**	378
Trade finance fees	**720**	1,496
Commitment and other fees	**317**	–
Unwinding of discount on mine closure provision	**664**	460
Total	**11,301**	8,920

All interest has been expensed in the financial year.

10. Income tax expense

	2020 US$'000	2019 US$'000
Corporation tax	**5,748**	5,621
Deferred tax	**267**	(469)
Total	**6,015**	5,152
Reconciliation of effective tax rate		
Profit before tax	**22,754**	49,955
Profit before tax multiplied by the applicable tax rate (12.5%)	**2,844**	6,244
Non-deductible expenses	**315**	330
Differences in effective tax rates on overseas earnings	**2,589**	(953)
Recognition of deferred tax asset	**267**	(469)
Total	**6,015**	5,152

During the year, KMML Mozambique Branch had taxable profits of US$16.4 million (2019: US$15.9 million) resulting in an income tax expense of US$5.7 million (2019: US$5.6 million) being recognised. The income tax rate applicable to taxable profits of KMML Mozambique Branch is 35% (2019: 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, Kenmare Resources plc had taxable profits of US$4.2 million (2019: US$20.2 million) which were offset against tax losses. At the reporting date, the Company has unused tax losses of US$1.6 million (2019: US$3.8 million) resulting in the recognition of a deferred tax asset of US$0.3 million (2019: US$0.5 million) at 31 December 2020.

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:

	2020 US$'000	2019 US$'000
Profit for the financial year attributable to equity holders of the Company	16,739	44,803

	2020 Number of shares	2019 Number of shares
Average number of issued ordinary shares	109,657,480	109,601,551
Weighted number of shares issued during the financial year	51,523	18,541
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	109,709,003	109,620,092
Effect of dilutive potential ordinary shares:		
Share awards	1,993,422	1,554,807
Weighted average number of ordinary shares for the purposes of diluted earnings per share	111,702,425	111,174,899

	US$ per share	US$ per share
Earnings per share: basic	0.15	0.41
Earnings per share: diluted	0.15	0.40

12. Employee numbers and benefits

The average number of persons employed by the Group (including Executive Directors) in 2020 was 1,499 (2019: 1,497) and is analysed below:

	2020 Number	2019 Number
Management and administration	246	241
Operations	1,253	1,256
	1,499	1,497

The aggregate payroll costs incurred in respect of these employees comprised:

	2020 US$'000	2019 US$'000
Wages and salaries	35,903	37,261
Share-based payments	1,759	1,799
Social insurance costs	2,287	2,237
Retirement benefit costs	569	697
	40,518	41,994

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$8.4 million (2019: US$8.6 million) payable to the Government of Mozambique, US$2.5 million (2019: US$2.5 million) payable to Irish Revenue and US$0.3 million (2019: US$0.2 million) payable to Her Majesty's Revenue & Customs of the UK.

Included in the social insurance costs is US$1.6 million (2019: US$1.5 million) payable to the Government of Mozambique, US$0.6 million (2019: US$0.6 million) payable to Irish Revenue, and US$0.1 million (2019: 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 (2019: US$3.3 million).

13. Property, plant and equipment

	Plant & Equipment US$'000	Development Expenditure US$'000	Construction In Progress US$'000	Other Assets US$'000	Total US$'000
Cost					
At 1 January 2019	799,192	250,326	41,638	65,173	1,156,329
Transfer 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
Transfer from construction in progress	171,004	(355)	(175,389)	4,740	–
Additions during the financial year	1,831	–	139,635	–	141,466
Disposals	(2,209)	–	–	(8,875)	(11,084)
Adjustment to mine closure cost	10,972	–	–	–	10,972
At 31 December 2020	999,177	249,971	52,416	65,222	1,366,786
Accumulated Depreciation					
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
Charge for the financial year	26,823	4,527	–	10,944	42,294
Disposals	(2,057)	–	–	(8,576)	(10,633)
At 31 December 2020	234,102	135,153	–	35,803	405,058
Carrying Amount					
At 31 December 2020	765,075	114,818	52,416	29,419	961,728
At 31 December 2019	608,243	119,700	88,170	35,922	852,035

Included in property, plant and equipment are right-of-use assets totalling US$3.9 million (2019: US$4.9 million). There were no additions to right-of-use assets in the year (2019:US$0.4 million) and depreciation of US$1.0 million (2019: US$ 1.1 million) was incurred.

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 2020, 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 2020. As a result of the review and given the performance and outlook of the Group 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.

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 discounted pre-tax, pre-finance cash flows discounted at 10.0%.

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 10.0% (2019: 11.5%). As noted in principal risks and uncertainties, the Group's assessment of the country risk trend has increased due to the new underlying risk of insurgency in the north of Mozambique. To date, this increased risk has not impacted the Mine. The Group's estimation of the country risk premium included in the discount rate has remained unchanged from the prior year. 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 this year and over the past number of years are not relevant 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 10.0%, the recoverable amount is greater than the carrying amount by US$260.2 million (2019: US$139.0 million). The discount rate is a significant factor in determining the recoverable amount. A 3.0% increase in the discount rate to 13.0% reduces the recoverable amount by US$260.2 million. The increase in the recoverable amount from the prior year is a result of increased cash flows over the life of mine due to the factors detailed below and the reduction in the discount rate from 11.5% to 10.0%.

13. Property, plant and equipment continued

- 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 1.2 million tonnes (2019: 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 from the prior year due to additional production from WCP C plant and update of the production forecast from the other mining plants.
- 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 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. An 8% reduction in average sales prices over the life of mine reduces the recoverable amount by US$260.2 million.
- Operating costs are based on approved budget costs for 2021 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 production and the need to transport WCP B's HMC production from Pilivili, which is a greater distance than the previous mining area of Namalope, to the MSP. A 13% increase in operating costs over the life of mine reduces the recoverable amount by US$260.2 million.
- Capital costs are based on a life of mine capital plan including inflation at 2% per annum from 2021. 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.

An adjustment to the mine closure cost of US$11.0 million (2019: US$5.5 million) was made during the year as a result of an update in the estimated closure costs to and a reduction in the related discount rate.

14. Deferred tax asset

	2020 US$'000	2019 US$'000
Deferred tax asset	**202**	469

At the reporting date, Kenmare Resources plc had estimated unutilised tax losses of US$1.6 million (2019: US$3.8 million) available for offset against future profits. A deferred tax asset of US$0.2 million (2019: US$0.5 million) has been recognised in respect of these losses.

15. Inventories

	2020 US$'000	2019 US$'000
Mineral products	**31,373**	26,493
Consumable spares	**32,297**	25,353
	63,670	51,846

At 31 December 2020, total final product stocks were 145,500 tonnes (2019: 159,000 tonnes). Closing stock of heavy mineral concentrate was 50,200 tonnes (2019: 7,000 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$0.4 million (2019: US$nil) to mineral products to value them at net realisable value.

16. Trade and other receivables

	2020 US$'000	2019 US$'000
Trade receivables	**23,112**	32,245
Other receivables	**–**	682
Prepayments	**6,803**	8,250
	29,915	41,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

17. Cash and cash equivalents

	2020 US$'000	2019 US$'000
Cash and cash equivalents	87,244	81,177

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.

18. Called-up share capital

	2020 €'000	2019 €'000
Authorised share capital		
181,000,000 ordinary shares of €0.001 each	181	181
Nil (2019: 4,000,000,000) deferred shares of €0.059995 each	–	239,980
	181	240,161

	2020 US$'000	2019 US$'000
Allotted, called up and fully paid		
Opening balance		
109,657,480 (2019: 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		
78,902 (2019: 55,929) ordinary shares of €0.001 each	–	–
Acquired and cancelled		
2,781,905,503 deferred shares of €0.059995 each	(214,926)	–
Closing balance		
109,736,382 (2019: 109,657,480) ordinary shares of €0.001 each	120	120
Nil (2019: 2,781,905,503) deferred shares of €0.059995 each	–	214,926
Total called-up share capital	120	215,046

78,902 (2019: 55,929) ordinary shares were issued during the year as detailed in Note 31.

On 10 March 2020, the Company acquired and cancelled all of the 2,781,905,503 deferred shares of €0.059995 each in the capital of the Company in issue by transfer otherwise than for valuable consideration in accordance with Section 102(1)(a) and Section 106(1) of the Companies Act 2014 and Article 3(b) of the Articles of Association of the Company. At the Annual General Meeting of the Company held on 13 May 2020, all of the unissued deferred shares of €0.059995 each in the capital of the Company were cancelled.

19. Share premium

	2020 US$'000	2019 US$'000
Opening balance	545,729	730,897
Capital reduction	-	(185,253)
Shares issued during the year	221	85
Closing balance	545,950	545,729

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$0.2 million (2019: US$0.085 million) relates to shares issued during the year as detailed in Note 31.

20. Other reserves

	Undenominated Capital US$'000	Share-Based Payment Reserve US$'000	Total US$'000
Balance at 1 January 2019	11,336	24,335	35,671
Recognition of share-based payments	–	1,787	1,787
Shares issued during the year	–	(256)	(256)
Balance at 1 January 2020	11,336	25,866	37,202
Recognition of share-based payments	–	1,759	1,759
Cost of equity-settled share-based payments	–	(1,229)	(1,229)
Shares issued during the year	–	(221)	(221)
Unvested and expired share-based payments	–	(21,087)	(21,087)
Deferred shares cancelled	214,926	–	214,926
Balance at 31 December 2020	226,262	5,088	231,350

Share-Based Payment Reserve

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.

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$225.5 million arose from the issue and subsequent redemption of deferred shares. The deferred shares of €0.059995 were created in 2016 by subdividing each existing ordinary share of €0.06 pence into one deferred share of €0.059995 and one intermediate ordinary share of €0.000005 (such intermediate ordinary shares were subsequently consolidated into new ordinary shares of €0.001 each). The deferred shares were non-voting, carried no dividend rights, and the Company had the right to purchase any or all of these shares otherwise than for valuable consideration in accordance with the Companies Act 2014 and without the sanction of the holders thereof.

On 10 March 2020, the Company acquired and cancelled all of the 2,781,905,503 deferred shares of €0.059995 each in the capital of the Company in issue by transfer otherwise than for valuable consideration in accordance with Section 102(1)(a) and Section 106(1) of the Companies Act 2014 and Article 3(b) of the Articles of Association of the Company. At the Annual General Meeting of the Company held on 13 May 2020, all of the unissued deferred shares of €0.059995 each in the capital of the Company were cancelled.

21. Retained earnings

	2020 US$'000	2019 US$'000
Opening balance	**93,851**	(133,179)
Capital reduction (Note 19)	**–**	185,253
Profit for the financial year attributable to equity holders of the Parent	**16,739**	44,803
Unvested and expired share-based payments	**21,087**	–
Dividends paid	**(8,594)**	(3,026)
Closing balance	**123,083**	93,851

Retained earnings comprise the accumulated profit and losses in the current and prior financial years net of dividends paid and funding of market purchases of the Company's shares by the employee benefit trust and after adjustments relating to share-based payment reserves.

In October 2019, the Group paid a 2019 interim dividend of USc2.66 per ordinary share, totalling US$3.0 million. In May 2020, the Company paid a final 2019 dividend of US$6.0 million representing USc5.52 per share. In October 2020, the Group paid a 2020 interim dividend of USc2.31 per ordinary share, totalling US$2.6 million.

22. Bank loans

	2020 US$'000	2019 US$'000
Borrowings	**145,771**	60,903
The borrowings are repayable as follows:		
Less than one year	**1,217**	167
Between two and five years	**150,000**	57,651
More than five years	**–**	9,608
	151,217	67,426
Transaction costs	**(5,446)**	(6,523)
Amount due for settlement	**145,771**	60,903

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 2020 total debt of US$145.8 million (2019: US$60.9 million) was recognised by the Group, being the drawdown of US$150.0 million before transaction costs of US$5.4 million (2019: US$6.5 million) plus interest amortised of US$1.2 million (2019: US$0.1 million).

Reconciliation of movements of debt to cashflows arising from financing activities	2020 US$'000	2019 US$'000
Bank Loans		
Balance at 1 January	**60,903**	83,463
Cash movements		
Loan interest paid	**(7,162)**	(5,716)
Principal paid	**–**	(82,613)
Loan drawn down	**82,742**	67,258
Transaction costs	**–**	(6,522)
Non-cash movements		
Loan interest accrued	**9,288**	5,033
Balance at 31 December	**145,771**	60,903
Lease liabilities		
Balance at 1 January	**4,454**	–
Cash movements		
Lease interest paid	**(312)**	(378)
Principal paid	**(1,065)**	(967)
Non-cash movements		
Initial application of IFRS 16 Leases	**–**	5,043
Recognition of lease liabilities	**–**	386
Lease interest accrued	**311**	370
Balance at 31 December	**3,388**	4,454

22. Bank loans continued

Covenants

All covenants have been complied with during the year. The key financial covenants as at 31 December 2020 are detailed below:

	As at 31 December 2020		Covenant
Interest Coverage Ratio	**9.75:1**	Not less than	4.00:1
Net Debt to EBITDA	**0.83:1**	Not greater than	2.00:1
Debt Service Coverage Ratio	**11.55:1**	Not less than	1.20:1
Liquidity	**US$87,244,000**	Not less than	US$15,000,000
Reserve Tail Ratio	**79%**	Not less than	30%

The definition of the covenants under the debt facilities are set out below:

- Interest Coverage Ratio is defined as the ratio of EBITDA to Net Interest Cost.
- 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 reporting period plus available facilities plus cash generated in the period to debt repayments in the period.
- Liquidity is defined as consolidated cash and cash equivalents plus undrawn amounts of the Revolving Credit Facility.
- Reserve Tail Ratio means the reserve tail ratio, expressed as a percentage of the termination date reserves (estimated remaining reserves in March 2025) divided by the initial reserves. (estimated reserves in December 2019)

23. Lease liabilities

	2020 US$'000	2019 US$'000
Lease liabilities fall due as follows:		
Less than one year	**1,360**	1,363
Between two and five years	**2,245**	3,259
More than five years	**427**	785
	4,032	5,407
Future finance charge	**(644)**	(953)
Total	**3,388**	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 recognised a lease liability 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%.

The currency profile of the leases at the period end was as follows:

	2020 US$'000	2019 US$'000
US Dollars	**1,975**	2,880
Euro	**1,413**	1,574
	3,388	4,454

24. Provisions

	2020 US$'000	2019 US$'000
Mine closure provision	**37,451**	25,815
Mine rehabilitation provision	**3,893**	3,279
	41,344	29,094
Current	**914**	743
Non-current	**40,430**	28,351
	41,344	29,094

	Mine Closure Provision US$'000	Mine Rehabilitation Provision US$'000	Legal Provision US$'000	Total US$'000
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 1 January 2020	25,815	3,279	–	29,094
Additional provision in the financial year	10,972	1,406	–	12,378
Provision utilised in the financial year	–	(792)	–	(792)
Unwinding of the discount	664	–	–	664
At 31 December 2020	37,451	3,893	–	41,344

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$0.7 million (2019: 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 2.0% (2019: 2.6%);
- an inflation rate of 2% (2019: 2%);
- an estimated life of mine of 40 years (2019: 40 years). It is assumed that the land licences will be extended on expiry in 2058; and
- an estimated closure cost of US$34.1 million (2019: US$30.2 million) and an estimated post-closure monitoring provision of US$3.9 million (2019: 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$11.0 million to reflect the change in the estimated closure cost and a change in the discount rate from 2.6% to 2.0%.

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 reasonable possible increase of 1% in the estimated discount rate results in the Mine closure provision decreasing to US$25.1 million. A 1% decrease in the estimated discount rate results in the Mine closure provision increasing to US$55.3 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 disturbed. During the financial year there was a release of US$0.8 million (2019: US$0.4 million) to reflect the actual mine rehabilitation costs incurred, and an addition to the provision of US$1.4 million (2019: US$0.9 million) for areas newly disturbed.

25. Other financial liabilities

	2020 US$'000	2019 US$'000
Warrants – equity	–	–
Warrants – corporate facility	–	–
	–	–

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 (2019: US$ nil) 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$nil million (2019: US$0.0007 million) included in finance income in the statement of comprehensive income.

26. Trade and other payables

	2020 US$'000	2019 US$'000
Trade payables	24,352	16,030
Accruals	25,770	20,014
	50,122	36,044

Included in accruals at the financial year end is an amount of US$1.0 million (2019: US$1.0 million) for payroll and social insurance taxes.

27. Financial Instruments

	2020			2019		
	Carrying amount US$'000	Fair value US$'000		Carrying amount US$'000	Fair value US$'000	
Financial assets measured at fair value						
Trade receivables	15,073	15,073	Level 2	18,585	18,585	Level 2
Financial assets not measured at fair value						
Trade receivables	8,039	8,039	Level 2	13,660	13,660	Level 2
Cash and cash equivalents	87,244	87,244	Level 2	81,177	81,177	Level 2
	110,356	110,356		113,422	113,422	
Financial liabilities not measured at fair value						
Bank loans	145,771	146,247	Level 2	60,903	60,903	Level 2

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 through 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 technique used in measuring Level 2 fair values is discounted cash flows which considers the expected receipts or payments discounted using adjusted market discount rates or where these rates are not available estimated discount rates.

The Group has exposure to credit risk, liquidity risk and market risk arising from financial instruments.

Risk management framework

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 is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

27. Financial Instruments continued

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet it contractual obligations, and arises principally from the Group's trade receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. During the year, impairment losses on financial assets were US$nil (2019: US$nil).

Trade receivables

The Group's exposure to credit risk is influenced by the individual circumstances of each customer. The Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 2.

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.

The Group's customers have been transacting with the Group for a significant number of years, and no customers' balances have been written off or are credit-impaired at the financial year end. In monitoring customer credit risk, customers are reviewed individually and the Group has not identified any factors which would merit reducing exposure to any particular customer.

The Group does not require collateral in respect of trade and other receivables.

At the 31 December 2020, the exposure to credit risk for trade receivables by geographic region was as follows:

	2020 US$'000	2019 US$'000
China	**8,625**	10,743
Italy	**7,180**	6,278
USA	**1,583**	1,434
Rest of the world	**5,724**	13,790
Total	**23,112**	32,245

At 31 December 2020, US$7.2 million (2019: US$16.9 million) is due from the Group's three largest customers.

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2020 US$'000	2019 US$'000
External credit ratings at least Baa3 (Moody's)	**2,595**	7,642
Other	**20,716**	24,818
Total gross carrying amount	**23,311**	32,460
Loss allowance	**(199)**	(215)
	23,112	32,245

Expected credit loss assessment of trade receivables

The Group allocates to each customer a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, financial statements and available market information about customers) and applying experienced credit judgement. 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. This is taken into account in allocating a credit risk grade to these customers.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2020.

Equivalent to Moody's credit rating	**Weight average loss rate**	**Gross carrying amount US$'000**	**Impairment loss allowance US$'000**	**Credit impaired**
Baa3 to AAA	**0.35%**	**11,249**	**39**	No
Ba3 to Ba1	**0.77%**	**1,595**	**12**	No
Other	**1.40%**	**10,467**	**148**	No
		23,311	**199**	

27. Financial Instruments continued

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2019.

Equivalent to Moody's credit rating	Weight average loss rate	Gross carrying amount US$'000	Impairment loss allowance US$'000	Credit impaired
Baa3 to AAA	0.35%	18,421	64	No
Ba3 to Ba1	0.78%	7,533	59	No
Other	1.42%	6,506	92	No
		32,460	215	

Cash and cash equivalents

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 US20 million or South African Rand-denominated deposits, the Group requires that the institution has a BBB+ (S&P)/Baa1 (Moody's) long-term rating.

At 31 December 2020 and 2019 cash was deposited with the following banks:

	2020			2019		
	Long-term credit rating			Long-term credit rating		
	US$ million	**S&P**	**Moody's**	US$ million	S&P	Moody's
Barclays Bank plc	**60.0**	**A Negative**	**A-1 Stable**	50.9	A Stable	A–1 Stable
FirstRand Bank Limited	**15.0**	**BBB- Stable**	**Ba2 Negative**	–	–	–
Nedbank Limited	**10.0**	**BB-Stable**	**Ba2 Negative**	–	–	–
HSBC Bank plc	**1.7**	**A+ Stable**	**A1 Stable**	26.8	AA– Negative	Aa3 Negative

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash payments. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Group monitors mine payment forecasts, both operating and capital, which assist it in monitoring cash flow requirements and optimising its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables.

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$6.4 million (2019: US$5.1 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 can also discount 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$8.7 million (2019: US$10.8 million) may be discounted under this facility.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities as at 31 December 2020. The amounts are gross and undiscounted.

Financial liabilities	**Carrying amount US$'000**	**Less than one year US$'000**	**Between 2 and 5 years US$'000**	**More than 5 years US$'000**
Bank loans	**151,217**	**1,217**	**150,000**	**–**
Lease liabilities	**4,032**	**1,360**	**2,245**	**427**
Trade & other payables	**50,122**	**50,122**	**–**	**–**
	205,371	**52,699**	**152,245**	**427**

27. Financial Instruments continued

The following are the remaining contractual maturities of financial liabilities as at 31 December 2019. The amounts are gross and undiscounted.

Financial liabilities	Carrying amount US$'000	Less than one year US$'000	Between 2 and 5 years US$'000	More than 5 years US$'000
Bank loans	67,426	167	57,651	9,608
Lease liabilities	5,407	1,363	3,259	785
Trade & other payables	36,044	36,044	–	–
	108,877	37,574	60,910	10,393

As disclosed in Note 22, the Group has bank loans that contain loan covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the loan agreement, the covenants are monitored on a regular basis by Group finance and regularly reported to management and the lenders to ensure compliance with the agreement.

Market risk

Market risk is risk that changes in market prices for foreign exchange rates and interest rates will affect the Group's income statement. The objective of market risk management is to manage and control market risk exposures while optimising returns.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The presentational currency of the Group is US Dollars. Sales and bank loans are denominated in US Dollars which significantly reduces the exposure of the Group to foreign currency risk. Payables transactions are denominated in Mozambican Metical, South African Rand, Euro, Sterling Australian Dollar and Renminbi.

The Group's risk management policy is to match the estimated foreign currency exposure in respect of forecast purchases over the following six months at any point in time to the extent that funds are available to do so.

Exposure to currency risk

The Group's exposure to currency risk as at 31 December 2020 is as follows.

	US Dollar US$'000	**Mozambican Metical US$'000**	**South African Rand US$'000**	**Euro US$'000**	**Sterling US$'000**	**Australian Dollar US$'000**	**Renminbi US$'000**
Trade and other receivables	**28,059**	**–**	**444**	**740**	**38**	**634**	**–**
Cash and cash equivalents	**81,969**	**130**	**4,406**	**441**	**256**	**21**	**21**
Bank loans	**(151,217)**	**–**	**–**	**–**	**–**	**–**	**–**
Leases	**(2,217)**	**–**	**–**	**(1,815)**	**–**	**–**	**–**
Trade & other payables	**(31,185)**	**(8,371)**	**(8,186)**	**(712)**	**(62)**	**(1,606)**	**–**
Net exposure	**(74,591)**	**(8,241)**	**(3,336)**	**(1,346)**	**232**	**(951)**	**21**

The Group's exposure to currency risk as at 31 December 2019 is as follows.

	US Dollar US$'000	Mozambican Metical US$'000	South African Rand US$'000	Euro US$'000	Sterling US$'000	Australian Dollar US$'000	Renminbi US$'000
Trade and other receivables	38,003	250	969	375	258	1,322	–
Cash and cash equivalents	77,777	1,062	2,056	121	101	19	41
Bank loans	(67,426)	–	–	–	–	–	–
Leases	(3,331)	–	–	(2,076)	–	–	–
Trade & other payables	(25,116)	(4,604)	(2,959)	(1,540)	(357)	(1,468)	–
Net exposure	19,907	(3,292)	66	(3,120)	2	(127)	41

27. Financial Instruments continued

Sensitivity analysis

A reasonably possible strengthening or weakening of the Mozambique Metical, South African Rand, Euro, Sterling, Australian Dollar and Renminbi by 1% against US Dollar would have affected profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

Profit or loss	Mozambican Metical US$'000	South African Rand US$'000	Euro US$'000	Sterling US$'000	Australian Dollar US$'000	Renminbi US$'000
31 December 2020						
Strengthening	**(82)**	**(33)**	**(13)**	**2**	**(9)**	**–**
Weakening	**82**	**33**	**13**	**2**	**9**	**–**
31 December 2019						
Strengthening	(32)	–	(31)	–	(1)	–
Weakening	32	–	31	–	1	–

Interest rate 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 5.8% (2019: 7.3%). The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2020 US$'000	2019 US$'000
Variable rate debt	**151,217**	67,426

Under the assumption that all other variables remain constant, a reasonable possible change of 1% in the six-month LIBOR rate results in a US$1.5 million (2019: US$0.7 million) change in finance costs for the financial year.

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.

28. Capital 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 2020, the Group had total debt facilities in place of US$150 million (2019: US$150 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.

29. Capital commitments

	2020 US$'000	2019 US$'000
Contracts for future expenditure authorised by the Board:		
Capital authorised and contracted	**25,921**	58,542
Capital authorised and not contracted	**4,300**	58,331

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.

	2020 US$'000	2019 US$'000
Contributions	569	697

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:

	2020		2019	
	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	40,000	62.71	75,833	86.65
Expired/lapsed during the financial year	(28,500)	74.45	(35,833)	103.16
Outstanding at the end of the financial year	11,500	35.53	40,000	62.71
Exercisable at the end of the financial year	11,500		40,000	

The options outstanding at the end of the financial year have exercise prices which range from US$29.93 to US$72.89 and a weighted average remaining contractual life of 0.5 years (2019: 0.7 years).

During the financial year the Group recognised a share-based payment in respect of the share option scheme of US$ nil (2019: 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 2020	Number of shares 2019
Outstanding at the beginning of the financial year	629,140	757,147
Exercised during the financial year	(157,285)	(105,893)
Expired during the financial year	(471,855)	(22,114)
Outstanding at the end of the financial year	–	629,140
Exercisable at the end of the financial year	–	–

During the financial year, the Group recognised a share-based payment expense of US$0.1 million (2019: US$0.5 million) as a result of the KIP awards.

In March 2020, 157,285 shares vested and were exercised under the 2016 KIP award. 78,902 shares at a value of US$0.2 million were issued as detailed in Note 18. The value of the remaining 78,383 shares was settled in cash to pay the employees' tax liability on the award (US$0.2 million). The final vesting date for awards under this scheme was 31 March 2020. Shares with a value of US$1.8 million did not vest and have been transferred to retained earnings.

In July 2019, 105,893 shares vested under the 2014 and 2015 KIP awards. 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.

31. Share-based payments continued

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 on the third anniversary or, in the case of awards to Executive Directors and certain other staff prior to 2020, on each of the third, fourth and fifth anniversaries of award. Awards made to the Executive Directors and certain other staff following approval of the 2020 Remuneration Policy, will vest, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant.

	Number of shares 2020	Number of shares 2019
Outstanding at the beginning of the financial year	**1,528,376**	967,815
Issued during the financial year	**895,551**	570,821
Exercised during the financial year	**(374,618)**	(10,260)
Lapsed	**(9,158)**	–
Outstanding at the end of the financial year	**2,040,151**	1,528,376
Exercisable at the end of the financial year	**15,744**	–

In 2020, 853,074 shares were granted to employees under the 2020 KRSP award. The estimated fair value of the shares awarded is US$2.2 million. 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. There was an adjustment of 42,477 (2019: 12,425) for dividend equivalents in the year at a fair value of US$0.2 million (2019: US$0.04 million).

During the financial year, the Group recognised a share-based payment expense of US$1.6 million (2019: US$1.3 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.

	2020 US$'000	2019 US$'000
Short-term employee benefits	**2,465**	2,229
Post-employment benefits	**103**	103
Share-based payments	**–**	775
Total benefits	**2,568**	3,107

Further information about the remuneration of individual Directors and payments to former Directors is provided in the Directors' annual report on remuneration on pages 101 to 112 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

Proposed dividend

On 23 March 2021, the Board proposed a final dividend of USc7.69 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 31 March 2021.

"I joined Kenmare in 2007, almost straight from school. I started in the automobile workshop without knowing how to use a spanner but with the company's help and training I'm now a shift supervisor. As an employee of the company, I always feel protected and supported when I need it. In 2014 I had an accident and the way the company looked after me was just exceptional. There are so many opportunities at Kenmare for those who want to take them. At the moment I am studying for a degree in HR Management."

Ussene Augusto,
WCP B Shift
Supervisor

COMPANY FINANCIAL STATEMENTS

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 US$'000	2019 US$'000
Assets			
Non-current assets			
Property, plant and equipment	2	**1,980**	2,316
Deferred tax asset	3	**202**	469
Investments in subsidiary undertakings	4	**798,370**	798,293
		800,552	801,078
Current assets			
Loans due from subsidiary undertakings	5	**13,000**	–
Amounts due from subsidiary undertakings	6	**12,255**	23,781
Prepayments		**342**	335
Cash and cash equivalents		**36,692**	20,482
		62,289	44,598
Total assets		**862,841**	845,676
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	7	**120**	215,046
Share premium	7	**545,950**	545,729
Other reserves	7	**231,350**	37,202
Retained earnings		**27,028**	13,355
Total equity		**804,448**	811,332
Non-current liabilities			
Lease liabilities	8	**1,139**	1,300
Amounts due to subsidiary undertakings	9	**53,106**	30,907
		54,245	32,207
Current liabilities			
Amounts due to subsidiary undertakings	9	**1,486**	–
Lease liabilities	8	**274**	274
Trade and other payables	10	**2,388**	1,863
		4,148	2,137
Total liabilities		**58,393**	34,344
Total equity and liabilities		**862,841**	845,676

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvill	**T. McCluskey**
Director	**Director**
31 March 2021	31 March 2021

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	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 2019	215,046	730,897	(187,588)	11,336	24,335	794,026
Total comprehensive income for the year						
Capital reduction	–	(185,253)	185,253	–	–	–
Profit for the financial year	–	–	18,716	–	–	18,716
Total comprehensive income for the year	–	(185,253)	203,969	–	–	18,716
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,787	1,787
Shares issued	–	85	–	–	(256)	(171)
Dividends paid	–	–	(3,026)	–	–	(3,026)
Total contributions and distributions	–	85	(3,026)	–	1,531	(1,410)
Balance at 1 January 2020	215,046	545,729	13,355	11,336	25,866	811,332
Total comprehensive income for the year						
Profit for the financial year	–	–	1,180	–	–	1,180
Total comprehensive income for the year	–	–	1,180	–	–	1,180
Transactions with owners of the Company						
Share-based payments	–	–	–	–	530	530
Unvested and expired share-based payment	–	–	21,087	–	(21,087)	–
Shares issued	–	221	–	–	(221)	
Deferred shares cancelled	(214,926)	–	–	214,926	–	–
Dividends paid	-	–	(8,594)	–	–	(8,594)
Total contributions and distributions	(214,926)	221	12,493	214,926	(20,778)	(8,064)
Balance at 31 December 2020	120	545,950	27,028	226,262	5,088	804,448

PARENT COMPANY STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	2020 US$'000	2019 US$'000
Operating activities			
Profit for the financial year after tax		**1,180**	18,716
Adjustment for:			
Foreign exchange movement		**68**	74
Share-based payments		**1,682**	1,616
Finance income		**(142)**	(552)
Finance cost		**110**	(469)
Income tax credit	3	**267**	121
Depreciation	2	**336**	336
		3,501	19,842
Change in:			
Financial liabilities		**–**	(1)
Provisions		**–**	(1,157)
Receivables		**(7)**	192
Trade and other payables	10	**526**	(674)
Amounts due from subsidiary undertakings	6	**11,526**	(27,556)
Amounts due to subsidiary undertakings	9	**23,684**	–
Cost of equity share based payments		**(1,229)**	–
Cash generated from operating activities		**38,001**	(9,354)
Interest received		**142**	552
Interest paid		**(110)**	(121)
Net cash from operating activities		**38,033**	8,923
Investing activities			
Additions to property, plant and equipment	2	**–**	(18)
Net cash used in investing activities		**–**	(18)
Financing activities			
Dividends paid	11	**(8,594)**	(3,026)
Payment of obligations under leases	8	**(161)**	(148)
Loans advanced to subsidiary undertakings	5	**(13,000)**	–
Net cash used in financing activities		**(21,755)**	(3,174)
Net increase/(decrease) in cash and cash equivalents		**16,278**	(12,115)
Cash and cash equivalents at beginning of the financial year		**20,482**	32,671
Effect of exchange rate changes on cash and cash equivalents		**(68)**	(74)
Cash and cash equivalents at the end of the financial year		**36,692**	20,482

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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$1.2 million (2019: profit US$3.18.7 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
A number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Company's financial statements.

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.

At each reporting date, the Company reviews the carrying amount of its non-current assets to determine whether there is any indication that those assets have suffered an impairment. As at 31 December 2020, the management reviewed and assessed the investments in 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.

Amounts due from and to subsidiary undertakings
Loan amounts due from subsidiary undertakings are amounts due to the Company from its subsidiary undertakings KMML and KMPL under an affiliated company loan agreement. The amounts are repayable six months after the disbursement date, together with accrued interest, subject to a right of prepayment in whole or in part prior to the repayment date.

Amounts due from subsidiary undertakings are amounts due to the Company from its subsidiary undertakings KMML and KMPL under management and marketing service agreements. These amounts are due within one year.

Amounts due to subsidiary undertakings within one year are amounts due by the Company to Kenmare C.I. Limited and Mozambique Minerals Limited under a group cost agreement. Amounts due to subsidiary undertakings after one year are amounts due by the Company to Kenmare C.I. Limited under a Novation and Subscription Deed entered into in 2019, receipt by Kenmare C.I. Limited of management service fees on behalf of Kenmare Resources plc and other funding. The amounts due are interest free, unsecured and are repayable 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 2020, 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.

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 31 December 2018	1,047
Adjustment on initial application of IFRS 16 Leases	1,722
At 1 January 2019	2,769
Additions	18
At 31 December 2019	2,787
Additions	–
At 31 December 2020	2,787
Accumulated Depreciation	
At 1 January 2019	135
Charge for the financial year	336
At 1 January 2020	471
Charge for the financial year	336
At 31 December 2020	807
Carrying Amount	
At 31 December 2020	1,980
At 31 December 2019	2,316

Assets of the Company consist principally of leasehold property and related improvements.

Included in property, plant and equipment are right-of-use assets totalling US$1.5 million (2019: US$1.6 million). There were no additions to right-of-use assets in the year (2019:US$ nil million) and depreciation of US$0.1 million (2019: US$0.1 million) was incurred.

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

	2020 US$'000	2019 US$'000
Opening balance	798,293	268,520
Investments during the year	–	529,773
Share awards	77	–
Closing balance	798,370	798,293

The investment balance of US$798.4 million (2019: US$798.3 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 awards of US$5.9 million (2019: US$5.8 million) relating to staff of subsidiary undertakings.

The subsidiary undertakings of the Company as at 31 December 2020 are as follows:

	Place of incorporation	Place of operation	Percentage Ownership
Kenmare Minerals Limited	Ireland	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 Irish 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 Mauritian 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.

5. Loan amounts due from subsidiary undertakings

	2020 US$'000	2019 US$'000
Non-current	–	–
Current	13,000	–
Closing balance	13,000	–

In December 2020, the Project Companies drew down US$13.0 million from the Company under an affiliated company loan agreement. The amounts are repayable six months after the disbursement date, together with accrued interest, subject to a right of prepayment in whole or in part prior to that date and the applicable interest rate on the loan is 0.21% per annum.

6. Amounts due from subsidiary undertakings

	2020 US$'000	2019 US$'000
Non-current	–	–
Current	12,255	23,781
Closing balance	12,255	23,781

Under the terms of a management services agreement with the Company, management services costing US$6.8 million (2019: US$7.1 million) were provided during the financial year to the Project Companies.

Under the terms of the marketing services agreement with the Company, marketing services costing US$6.9 million (2019: US$21.0 million) 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 2020 and 2019. 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.

7. 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.

8. Lease liabilities

	2020 US$'000	2019 US$'000
Lease liabilities fall due as follows:		
Less than one year	274	274
Between two and five years	1,095	1,095
More than five years	445	707
	1,814	2,076
Future finance charges	(401)	(502)
Total	1,413	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% (2019: 7%).

9. Amounts due to subsidiary undertakings

	2020 US$'000	2019 US$'000
Opening balance	30,907	–
Inter-group debt restructuring	–	36,636
Group costs	1,486	–
Inter-group funding during the year	22,199	(5,729)
Closing balance	54,592	30,907
Non-current	53,106	30,907
Current	1,486	–
Closing balance	54,592	30,907

9. Amounts due to subsidiary undertakings continued

The amount due to Kenmare C.I. Ltd is US$53.7 million (2019: US$30.9 million) at the year end. US$36.6 million is a result of the Novation and Subscription Deed entered into in 2019. During the year the Company and Kenmare C.I. Limited entered into a group cost agreement whereby costs incurred by Kenmare C.I. Limited on behalf of the Company are recharged to the Company at cost. During the year costs of US$1.1 million (2019: US$nil) were recharged to the Company by Kenmare C.I. Limited. During the year there Kenmare C.I. Limited received management services fees on behalf of Kenmare Resources plc and other funding of US$3.3 million (2019: US$5.7 million). During the year, the Group deposited funds of US$25.0 million previously held by Kenmare C.I. Ltd into the Company deposit accounts details of which are set out in Note 27 to the consolidated financial statements.

The amount due to Mozambique Minerals Ltd is US$0.4 million (2019: US$nil) at the year end. During the year, the Company and Mozambique Minerals Limited entered into a group cost agreement whereby costs incurred by Mozambique Minerals Limited on behalf of the Company are recharged to the Company at cost. During the year costs of US$0.4 million (2019: US$nil) were recharged to the Company by Mozambique Minerals Limited.

The amounts due to subsidiary undertakings are interest free and unsecured.

10. Trade and other payables

	2020 US$'000	2019 US$'000
Trade payables	93	63
Accruals	2,295	1,800
	2,388	1,863

11. Dividends

The dividends paid in respect of ordinary share capital were as follows:

	2020 US$'000	2019 US$'000
Dividends	8,594	3,026

An interim dividend for 2020 of USc2.31 per share (2019: USc2.66 per share) was paid on 25 October 2020.

On 23 March 2021, the Board proposed a final dividend of USc7.69 per share (2019: 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 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' annual report on remuneration on pages 101 to 112 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$6.8 million (2019: US$7.1 million) were provided during the financial year to the Project Companies.

Under the terms of the marketing services agreement with the Company, marketing services costing US$6.9 million (2019: US$21.0 million) were provided during the financial year to KMPL.

During the year, the Company and Kenmare C.I. Limited entered into a group cost agreement whereby costs incurred by Kenmare C.I. Limited on behalf of the Company are recharged to the Company at cost. During the year, costs of US$1.1 million (2019: US$nil) were recharged to the Company by Kenmare C.I. Limited.

During the year, the Company and Mozambique Minerals Limited entered into a group cost agreement whereby costs incurred by Mozambique Minerals Limited on behalf of the Company are recharged to the Company at cost. During the year, costs of US$0.4 million (2019: US$nil) were recharged to the Company by Mozambique Minerals Limited.

14. Events after the statement of financial position

Proposed dividend

On 23 March 2021, the Board proposed a final dividend of USc7.69 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 31 March 2021.

“I’ve been at Kenmare for nearly 3 years. Working here has been a challenging but very positive experience. The best thing about my job is that it gives me the opportunity to contribute and grow professionally, building further experience in Mining Engineering, my chosen field of study.

Mercia Banze, WCP B Dry Mining Supervisor

OTHER INFORMATION

SHAREHOLDER PROFILE

BASED ON THE REGISTER AS AT 26 MARCH 2021

Size of holdings

	No. of shareholders	No. of shares held
1–1,000	4,001	222,250
1,001–5,000	64	126,204
5,001–25,000	16	167,668
25,001–100,000	1	42,179
100,001–250,000	1	143,318
250,001–500,000	-	-
500,001–750,000	-	-
Over 750,000	2	109,034,763
Total	4,085	109,736,382

Geographic distribution of holdings

	No. of shareholders	No. of shares held
Republic of Ireland	1,571	334,977
Northern Ireland and Great Britain	2,396	77,438,565
Other	118	31,962,840
Total	4,085	109,736,382

GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures set out in the Annual Report to 31 December 2020 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, excluding movements in provisions, 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

	2016	2017	2018	2019	2020
	US$m	US$m	US$m	US$m	**US$m**
Revenue	141.5	208.3	262.2	270.9	**243.7**
Freight	(5.3)	(5.4)	(16.3)	(15.4)	**(12.2)**
Revenue (FOB)	136.2	202.9	245.9	255.5	**231.5**

EBITDA

	2016	2017	2018	2019	2020
	US$m	US$m	US$m	US$m	**US$m**
Operating profit/(loss)	(25.4)	28.5	62.9	59.2	**34.4**
Depreciation	30.6	32.0	30.4	33.4	**42.3**
EBITDA	5.2	60.5	93.3	92.6	**76.7**

EBITDA margin

	2016	2017	2018	2019	2020
	US$m	US$m	US$m	US$m	**US$m**
EBITDA	5.2	60.5	93.3	92.6	**76.7**
Revenue (FOB)	136.2	202.9	245.9	255.5	**231.5**
EBITDA margin (%)	4	30	38	36	**33**

Cash operating cost per tonne of finished product

	2016	2017	2018	2019	2020
	US$m	US$m	US$m	US$m	**US$m**
Cost of sales	144.0	156.6	168.3	178.4	**179.1**
Other operating costs	22.8	23.2	31.0	33.3	**30.3**
Total operating costs	166.8	179.8	199.3	211.7	**209.4**
Freight charges	(5.4)	(5.5)	(16.3)	(15.4)	**(12.2)**
Total operating costs less freight	161.4	174.3	183.0	196.3	**197.2**
Non-cash costs					
Depreciation and amortisation	(30.6)	(32.0)	(30.4)	(33.4)	**(42.3)**
Share-based payments	(0.4)	(1.0)	(1.4)	(1.8)	**(1.8)**
Mineral product inventory movements	3.0	0.3	0.1	(4.5)	**4.9**
Total cash operating costs	133.4	141.6	151.3	156.6	**158.0**
Final product production tonnes	979,300	1,081,300	1,043,300	988,300	**840,500**
Cash operating cost per tonne of finished product	US$136	US$131	US$145	US$158	**US$188**

Cash operating cost per tonne of ilmenite

	2016	2017	2018	2019	2020
	US$m	US$m	US$m	US$m	**US$m**
Total cash operating costs	133.4	141.6	151.3	156.6	**158.0**
Less FOB revenue from co-products zircon, rutile and mineral sands concentrate	(36.6)	(50.4)	(75.1)	(84.5)	**(63.2)**
Total cash costs less co-product revenue	96.8	91.2	76.2	72.1	**94.8**
Ilmenite product production tonnes	903,300	998,200	958,500	892,900	**756,000**
Cash operating cost per tonne of ilmenite	US$107	US$91	US$79	US$81	**US$125**

Net cash/debt

	2016	2017	2018	2019	2020
	US$m	US$m	US$m	US$m	**US$m**
Bank debt	(102.6)	(102.9)	(83.5)	(60.9)	**(145.8)**
Transaction costs	–	–	–	(6.6)	**(5.4)**
Gross debt	(102.6)	(102.9)	(83.5)	(67.5)	**(151.2)**
Cash and cash equivalents	57.8	68.8	97.0	81.2	**87.2**
Net cash/(debt)	(44.8)	(34.1)	13.5	13.7	**(64.0)**

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 or Parent 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	Free on Board 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.
Free Cash Flow	Free Cash Flow is the cash generated by the Group in a reporting period before distributions to shareholders.
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.
MTA	Mozambique Ministry of Land and Environment
MSP	Mineral Separation Plant.
Mtpa	Million tonnes per annum.
OIA	Oman Investment Authority formerly the State General Reserve Fund of the Sultanate of Oman.
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, which are incorporated in Mauritius.
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.
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 which started production in 2020.
WHIMS	Wet High Intensity Magnetic Separation Plant.

GENERAL INFORMATION

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