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Kenmare Resources plc
("Kenmare" or "the Company" or "the Group")

18 August 2021

Half-Yearly Financial Report for the six months to 30 June 2021 and interim dividend

Kenmare Resources plc (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, today publishes its Half-Yearly Financial Report for the six month period ended 30 June 2021 ("H1 2021") and announces its interim dividend for 2021.

Statement from Michael Carvill, Managing Director:

"I am delighted to see the capital investment and the hard work of our teams over the last three years generating significant increases in production and sales volumes. This is also translating into higher profitability. H1 2021 EBITDA is up 121% on last year and profits after tax are up 278%. As a result, we have increased our interim dividend to USc7.29 per share, more than triple last year's interim dividend.

We remain concerned by the rise in delta variant COVID-19 cases in Southern Africa. Therefore, I'm particularly pleased that we completed the first round of COVID-19 vaccinations for our Mine employees and contractors. Local community vaccinations have also commenced.

We remain confident in the outlook for annual production and re-iterate our guidance of 1.1-1.2 million tonnes of ilmenite in 2021. I am pleased our RUPS decarbonisation project, targeting a material reduction in CO_2 emissions is underway. Market conditions for titanium feedstocks remained strong in H1 2021, with pricing strengthening quarter on quarter. The outlook for zircon has also continued to improve, with price increases during the half and continuing into H2 2021 to date."

H1 2021 overview

Operations

- Lost time injury frequency rate ("LTIFR") of 0.14 per 200,000 work-hours for the 12 months to 30 June 2021 (30 June 2020: 0.32) – a result of embedding improved risk management practices and strengthening safety leadership
- First round of COVID-19 vaccinations of the Mine workforce completed, second round commenced and due for completion by mid-September. Local community vaccination programme to distribute 12,000 inoculations started in July 2021
- Excavated ore volumes of 19.9 million tonnes, including quarter-on-quarter record of 10.9 million tonnes in Q2 2021
- Heavy Mineral Concentrate ("HMC") production of 798,500 tonnes, a 43% increase compared to H1 2020 (558,400 tonnes), due to higher ore grades and tonnes mined
- Total finished product production of 612,100 tonnes, a 49% increase compared to H1 2020 (410,600 tonnes) due primarily to increased HMC availability
- Total shipments of 594,100 tonnes, a 44% increase (H1 2020: 413,700 tonnes), due to higher production volumes
- Kenmare expects production of all products to be within 2021 guidance

Financials and markets

- Interim dividend of USc7.29 (H1 2020: USc2.31) per share, up 217%, in line with Kenmare's dividend target to return 25% of profit after tax in 2021
- Revenues (FOB) of US$167.8 million in H1 2021, up 51% compared to H1 2020 (US$111.2 million), benefitting from higher volumes shipped and higher prices
- EBITDA of US$82.3 million, a 121% increase compared to H1 2020 (US$37.2 million), due to higher pricing and shipments combined with lower unit costs. Profit after tax of US$48.0 million, up 278% (H1 2020: US$12.7 million) setting a new half-yearly record
- Average received free on board ("FOB") price for all finished products of US$282 per tonne in H1 2021, a 5% increase compared to H1 2020 (US$269 per tonne), benefitting from strong market conditions but impacted by a lower proportion of zircon and rutile sales, which is expected to reverse in H2
- Cash operating cost per tonne of finished product fell by 22% to US$143 per tonne (H1 2020: US$183 per tonne), as higher cash operating costs were more than offset by increased production volumes
- At the end of H1 2021, cash and cash equivalents were US$56.5 million and gross debt was US$132.7 million, resulting in net debt of US$76.2 million (31 December 2020: US$64.0 million), which is mainly due to the timing of capital expenditure payments and a reduction in the use of invoice factoring
- Strong ilmenite market conditions continued in H1 2021 and this is expected to continue in Q3 2021, with higher prices agreed and a strong order book in place
- The outlook for zircon market has improved, with received prices rising in Q2 2021

Analyst & investor webcast
Kenmare will host a conference call and webcast for analysts, institutional investors, and media today at 9:00am GMT. To access the webcast, please register in advance by clicking here.

Private investor webinar
There will also be a separate webinar for private investors tomorrow, Thursday, 19 August 2021, at 17:30 BST. To access the webinar, please register in advance by clicking here.

The Half-Yearly Financial Report for the period ended 30 June 2021 is also available at www.kenmareresources.com/investors/reports-and-presentations.

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About Kenmare Resources
Kenmare Resources plc is one of the world's largest producers of mineral sands products. Listed on the London Stock Exchange and the Euronext Dublin, Kenmare operates the Moma Titanium Minerals Mine in Mozambique. Moma's production accounts for approximately 5% of traded global titanium feedstocks and the Company supplies to customers operating in more than 15 countries. Kenmare produces raw materials that are ultimately consumed in everyday "quality-of life" items such as paints, plastics and ceramic tiles.

Forward Looking Statements
This announcement contains some forward-looking statements that represent Kenmare's expectations for its business, based on current expectations about future events, which by their nature involve risks and uncertainties. Kenmare believes that its expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve risk and uncertainty, which are in some cases beyond Kenmare's control, actual results or performance may differ materially from those expressed or implied by such forward-looking information.

INTERIM MANAGEMENT REPORT

Group Results

Operational and financial results for H1 2021 were as follows:

	H1 2021	H1 2020	% Change
Production (tonnes)			
Heavy mineral concentrate production	798,500	558,400	43%
Heavy mineral concentrate treatment	814,400	558,600	46%
Finished products production			
Ilmenite	559,000	368,900	52%
Primary zircon	28,200	21,200	33%
Rutile	4,200	2,900	45%
Concentrates[2]	20,700	17,600	18%
Total finished products	612,100	410,600	49%
Financials			
Revenue (US$ million)	178.2	116.8	53%
Freight (US$ million)	10.4	5.6	86%
Revenue FOB (US$ million)[1]	167.8	111.2	51%
Finished products shipped (tonnes)[1]	594,100	413,700	44%
Average price (FOB) per tonne (US$/t)	282	269	5%
Total operating costs (US$ million)[3]	119.5	96.9	23%
Total cash operating costs (US$ million)[4]	87.3	75.2	16%
Cash operating cost per tonne of finished product (US$/t)[1]	143	183	-22%
Cash operating cost per tonne of ilmenite (net of co-products) (US$/t)[1]	113	119	-5%
EBITDA (US$ million)[1]	82.3	37.2	121%
Profit before tax (US$ million)	50.6	16.0	216%
Profit after tax (US$ million)	48.0	12.7	278%

Notes

1. Additional information in relation to Alternative Performance Measures (“APMs”) is disclosed in the Glossary.
2. Concentrates includes secondary zircon and mineral sands concentrate.
3. Total operating costs consists of cost of sales and other operating costs as reported in the income statement. Included in operating costs are depreciation and amortisation.
4. Total cash costs consists of total operating costs less freight and non-cash costs, including inventory movements.

Operations

Kenmare’s rolling 12-month LTIFR was 0.14 per 200,000 work-hours at 30 June 2021 (30 June 2020: 0.32) with one lost time injury recorded during the first half of the year.

During H1 2021, Kenmare mined a record 19.9 million tonnes of ore at an average grade of 4.67%. Excavated ore tonnes increased 8% compared to H1 2020 (18.5 million tonnes), whilst grades increased 40% to 4.67% (H1 2020: 3.33%) benefitting from the WCP B mining in Pilivili.

High mining rates are expected to continue as we see the benefit of improvements in throughputs and utilisations, and as previously announced, grades are expected to be maintained between 4.5-5.0% Total Heavy Mineral until Q4 2021 (when grades are anticipated to drop to ~3.8%), before normalising at around 4.1% in 2022.

Production of all finished products increased in H1 2021 compared to H1 2020 due to a 43% increase in HMC production. Ilmenite production was 559,000 tonnes in H1 2021, representing a 52% increase compared to H1 2020 (368,900 tonnes). Despite ilmenite recoveries being slightly lower than expected in H1 2021, production set a new quarterly record in Q2 2021 and recoveries have now returned to expected levels.

Primary zircon production was 28,200 tonnes, representing a 33% increase compared to H1 2021 (21,200 tonnes). Production benefitted from increased HMC supply but was hampered by some lower recoveries experienced at the height of the COVID-19 pandemic due to a shortage of personnel. Rutile production was 4,200 tonnes, a 45%

increase (H1 2020: 2,900 tonnes), also benefitting from higher HMC treatment, and a successful recovery programme. Concentrates production was 20,700 tonnes, representing an 18% increase compared to H1 2020 (17,600 tonnes), due to a build-up of intermediate stock.

Kenmare shipped 594,100 tonnes of finished products during the period, a 44% increase compared to H1 2020 (413,700 tonnes). This comprised 562,100 tonnes of ilmenite, 18,500 tonnes of primary zircon, and 13,500 tonnes of concentrates. International shipping availability impacted the normal mix of zircon and rutile products shipped in H1 2021, which is expected to reverse in H2 2021.

Closing stock of HMC at the end of H1 2021 was 34,300 tonnes, compared with 50,200 tonnes at the end of 2020. Closing stock of finished products at the end of H1 2021 was 164,100 tonnes, compared to 145,500 tonnes at the end of 2020.

COVID-19 health update

COVID-19 cases at Moma steadily decreased through Q2 2021, following the higher cases reported in Q1 2021. This reduced to zero in May. However, Moma has experienced an increase associated with the Southern Africa third wave of cases, which has led to a small increase at site, with 21 people currently in isolation.

Protecting our people and the communities in which Kenmare operates has always been our highest priority. In addition to the various physical distancing and hygiene protocols, and testing procedures, Kenmare has been working with industry partners and the Government of Mozambique to acquire, distribute and administer vaccines. The first vaccinations have been offered to all employees, on-site contractors and employees' partners, and the second vaccine process has commenced. 12,000 vaccines have been purchased for a local community inoculation programme.

Capital projects

Kenmare has been progressing three development projects that together have the objective of increasing ilmenite production to 1.2 million tonnes (plus co-products) per annum on a sustainable basis. The first development project, a 20% expansion of WCP B, was commissioned successfully in late 2018. The second development project, the construction of WCP C, has delivered targeted throughput of 500 tph on a consistent basis since Q1 2020. The previously highlighted outstanding items for completion of the WCP C project have now been satisfactorily resolved and the project is due to be closed out shortly, with a final cost of US$43.5 million versus the forecast cost of US$45 million.

The final capital project to move WCP B to Pilivili, including associated infrastructure, is now substantially complete. The pipeline for pumping HMC from Pilivili has been installed and is undergoing ramp-up. Heavy mineral product is being transported via the pipeline, and design throughput rates have been achieved. However, reliability of some pump parts has been an issue, leading to lower-than-expected utilisation and subsequently a slower ramp up. HMC will continue to be trucked, at lower levels, until targeted utilisations are achieved. The total capital cost of the WCP B move is estimated at US$127 million, in line with estimates provided with the 2020 Preliminary Results in March 2021.

Studies in preparation for mining the Nataka ore zone have progressed. WCP A and WCP C are both expected to mine in Nataka, with WCP A commencing in 2025. Orebody characterisation works are well underway, and will be combined with mining, processing and tails management studies. Environmental and social assessments will commence in H2 2021. A prefeasibility study is due to be completed in 2022.

The development of a RUPS (Rotary Uninterruptible Power Supply) for the Mineral Separation Plant is intended to reduce reliance on diesel generators and to provide power stability, thereby reducing mine CO_2 materially. The project is a net present value-positive project on conservative assumptions, which also provides business continuity risk mitigation benefits. The execution phase of the project is underway with fabrication and civil engineering advanced. The project is scheduled to be delivered at the end of January 2022 at an estimated cost of US$18 million (previous estimate reported at US$16 million).

Market update

Demand for titanium feedstocks accelerated throughout H1 2021, which allowed Kenmare to achieve consecutive prices increases in Q1 and Q2 2021. Following several weak quarters, the zircon market rebounded in the latter half of Q1 2021. This allowed stronger prices to be agreed for zircon in Q2 2021.

Global demand for ilmenite continued to improve in H1 2021 following a strong rebound in H2 2020. Accommodating monetary and fiscal policy globally has boosted demand for TiO_2 pigment, which has led pigment producers throughout the globe to run their plants at high operating rates and has resulted in a firm demand environment for ilmenite. Titanium metal and welding electrode markets also showed robust demand growth in H1 2021, which has further tightened titanium feedstock demand.

Global ilmenite supply increased in H1 2021 to meet greater demand. Outside of Kenmare, this increase in supply primarily came from China, Vietnam and from concentrates containing ilmenite in Africa. We have observed a decline in supply from Vietnam in recent months; however, we expect to see supply from China and Africa remain elevated. Despite this greater supply, we believe the market remains undersupplied and this is being exacerbated by global supply constraints.

The outlook for ilmenite remains positive. Kenmare continues to receive strong demand for its ilmenite products and pricing momentum has continued into Q3 2021. We have a strong order book for the remainder of the year and the market is absorbing increased production.

The zircon market strengthened significantly in Q2 2021 following several weak quarters. Ceramic tile producers are operating at high utilisation rates as a result of the global economic recovery. This has led to a large pull-through to zircon demand as supply chain inventories were low, while supply constraints worsened the tight market in the latter stage of H1 2021. Price increases were agreed in Q2 2021 and further price gains are expected in H2 2021 as the market remains undersupplied and inventories remain low.

Financial review

In H1 2021, Kenmare generated revenue (FOB) of US$167.8 million (H1 2020: US$111.2 million) and EBITDA of US$82.3 million (H1 2020: US$37.2 million). The Company expects to pay a full year dividend of 25% of profit after tax for 2021, subject to prevailing product, market and other conditions.

Revenue

Revenue (FOB) increased by 51% in H1 2021 to US$167.8 million compared to H1 2020 (US$111.2 million), driven by a 44% increase in tonnes of finished products sold and a 5% increase in the average received price per tonne (FOB). Freight costs in H1 2021 increased to US$10.4 million (H1 2020: US$5.6 million), reflecting a more expensive freight market due to strong global demand for commodities. Shipments comprised 562,100 tonnes of ilmenite, 18,500 tonnes of primary zircon, and 13,500 tonnes of concentrates.

Ilmenite revenue (FOB) increased to US$143.9 million in H1 2021 (H1 2020: US$80.3 million), as a result of a 52% increase in shipment volumes and an 18% price increase to US$256 per tonne (H1 2020: US$217 per tonne). Primary zircon revenue (FOB) decreased by 5% to US$19.2 million (H1 2020: US$20.2 million) due to an 8% decrease in shipment volumes, partly offset by a 4% price increase. It is this product mix movement arising on the lower zircon volumes shipped compared with the previous period that moderated the total finished products increase in the average received price per tonne (FOB) to 5%, as noted above.

Operating costs

Total operating costs increased in H1 2021 to US$119.5 million (H1 2020: US$96.9 million). The increase in costs is due to increased freight charges for shipping, increased COVID-19 costs to deal with the Mozambican second wave experienced in Q1 2021, increased plant maintenance costs, additional HMC haulage costs from Pilivili and increased mining royalties and processing taxes due to increased sales and pricing. A number of these increases are expected to be short term issues, with strong management focus on maintaining cost discipline. Depreciation has increased as a result of higher production levels and the significant capital investments in property, plant and equipment in the prior year. Total cash operating costs increased to US$87.3 million (H1 2020: US$75.2 million). A 49% increase in production of finished products has resulted in a 22% decrease in cash operating costs per tonne to US$143 per tonne in H1 2021 (H1 2020: US$183 per tonne).

Finance income and costs

The Group recognised finance income of US$0.04 million in H1 2021 (H1 2020: US$0.5 million), consisting of interest on bank deposits. Finance costs were US$6.1 million in H1 2021 (H1 2020: US$5.1 million), including loan interest of US$4.9 million (H1 2020: US$4.0 million). The increase in loan interest year-on-year reflects the higher gross debt, offset by lower US LIBOR interest rates. Factoring and other fees were US$0.8 million (H1 2021: US$0.3 million) in the period. The unwinding of the mine closure provision amounted to US$0.4 million (H1 2020: US$0.3 million) in the period.

Commitment fees under the debt facilities were US$0.02 million (US$0.3 million) and lease interest was US$0.1 million (H1 2020: US$0.2 million) in the period.

Exchange movements

An exchange loss of US$2.0 million (H1 2020: gain US$0.7 million) arose during H1 2021. This primarily relates to operating and capital costs denominated in Mozambique Metical, which strengthened sharply against the US Dollar during April 2021.

Tax

The tax charge for H1 2021 amounted to US$2.6 million (H1 2020: US$3.3 million). Kenmare's subsidiary, Kenmare Moma Mining (Mauritius) Limited, incurred a Mozambican tax charge of US$2.3 million (H1 2020: US$3.0 million), which is down on the prior year mainly as a result of additional capital allowances due to higher depreciation following significant capital investments in 2020, including completion of the WCP C and move of WCP B to Pilivili. Kenmare Resources plc incurred a tax charge of US$0.3 million (H1 2020: US$0.3 million).

Cash flows

Net cash from operations in H1 2021 was US$33.9 million (H1 2020: US$0.1 million) after spend on working capital of US$42.3 million (H1 2020: US$29.3 million) reflecting increased production and stock levels, investment in plant spares and consumables, increases in shipment volumes and sales to customers and the payment of development project suppliers for the move of WCP B to the Pilivili orebody and additional infrastructure required.

Investing activities of US$31.8 million (H1 2020: US$59.4 million) during the period represented additions to property, plant and equipment. US$20.0 million of debt was repaid in the period (H1 2020: debt drawn US$82.7 million) and a final dividend for 2020 of US$8.5 million (H1 2020: US$6.0 million), representing USc7.69 (H1 2020: USc5.52) per share, was paid in May 2021. Lease repayments of US$0.5 million (H1 2020: US$0.5 million) and factoring fees of US$0.8 million (H1 2020: US$0.3 million) were also paid in the period.

Consequently, Kenmare finished the period with US$56.5 million of cash and cash equivalents, representing a decrease of US$30.7 million compared to year-end 2020 (US$87.2 million).

Balance sheet

In H1 2021 there were additions to property, plant and equipment of US$23.6 million (H1 2020: US$59.2 million). Additions consisted of US$9.7 million for project execution costs for the relocation of WCP B to the high grade Pilivili ore zone, US$4.2 million on a Rotary Uninterruptable Power Supply (RUPS) project and US$9.7 million on sustaining capital and other capital projects.

Depreciation increased to US$23.5 million in H1 2021 (H1 2020: US$17.3 million), primarily as a result of increased production and the WCP B costs capitalised in H2 2020. The mine closure provision was reduced by US$5.2 million in H1 2021 (H1 2020: increased by US$10.8 million). This was due to an increase in the discount rate used to estimate the closure cost provision from 2.0% to 2.3%. There were no asset disposals during the period (H1 2020: US$7.7 million).

The Group conducted an impairment review of property, plant and equipment at the period-end and the key assumptions of this review are set out in Note 10 of the financial statements. No impairment provision is required as a result of this review.

Inventory at period-end amounted to US$69.6 million (H1 2020: US$58.3 million), consisting of intermediate and finished mineral products of US$35.2 million (H1 2020: US$28.7 million) and consumables and spares of US$34.4 million (H1 2020: US$29.6 million). Closing stock of HMC at the end of June 2021 was 34,300 tonnes compared with 6,800 tonnes at the end of June 2020. Closing stock of finished products at the end of June 2021 was 164,100 tonnes (H1 2020: 157,000 tonnes).

Trade and other receivables amounted to US$51.3 million (H1 2020: US$60.5 million), of which US$39.3 million (H1 2020: US$45.6 million) were trade receivables from the sale of mineral products and US$12.0 million (H1 2020: US$14.9 million) was comprised of supplier prepayments and other miscellaneous debtors. Trade receivables are a function of shipments made before period-end and credit terms specific to the relevant customer. The Group did not discount the invoices of its customers using the Absa Bank facility in the period in order to save discounting costs and as the funds were not required. There have been no credit impairments during the period. An expected credit loss of US$0.1 million (H1 2020: US$0.08 million) was recognised during the period.

Cash and cash equivalents decreased by US$30.7 million in the period (H1 2020: increase of US$17.4 million) and at 30 June 2021 amounted to US$56.5 million (H1 2020: US$98.6 million).

Lease liabilities amounted to US$2.8 million (H1 2020: US$3.9 million) at period-end.

Tax liabilities and trade and other payables amounted to US$0.6 million (H1 2020: US$1.8 million) and US$25.8 million (H1 2020: US$32.1 million) respectively at period-end. The decrease in trade and other payables of US$24.3 million is principally due to the close-out and payment of capital projects contractors in the period relating to the move of WCP B to Pilivili in Q4 2021 and timing of creditor payments around the year-end.

Debt facilities

The debt facilities comprise a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility, all of which were drawn in 2020. US$20 million of the Revolving Credit Facility was repaid in June 2021. The repaid amount is available to be redrawn by the Group if needed. The first principal repayment (US$15.7 million) under the term facility is in March 2022.

At the period-end, reported debt amounted to US$128.0 million (H1 2020: US$145.2 million). This consists of debt drawn of US$130.0 million and loan interest and amortisation of US$2.7 million, net of transaction costs of US$4.7 million. The weighted average interest rate on Group debt at period-end was 5.5% (H1 2020: 6.1%). The Group is in compliance with all debt covenants as at 30 June 2021.

Financial outlook

We will continue to identify and manage risks to the business, such as COVID-19, in a safe, sustainable manner and to support our strategic objectives.

Solid operational cashflow generated during H1 2021 supported the unwinding of working capital investment at 31 December 2020 to more normalised levels and we expect that cashflow generation in H2 will enable us to continue the ongoing funding of planned capital projects. In addition to sustaining and improvement projects, capital projects include the RUPS, which will enhance environmental performance and the resilience of the MSP by improving power supply reliability, and Nataka orebody mining studies.

The strong cashflow generated also enabled us to repay US$20 million of the Revolving Credit Facility in H1 2021 and we plan to continue to reduce debt levels as part of our objective to maintain a robust Balance Sheet.

Increased production, reduced unit costs and strong markets for Kenmare's products in H1 2021 resulted in strong earnings growth. We plan to build on these positive trends for the remainder of this year and we look forward to continued delivery on our objective of increasing shareholder returns in H2 2021.

Interim dividend

Kenmare generated profit after tax of US$48.0 million in H1 2021 (H1 2020: US$12.7 million). The Board has therefore approved an interim 2021 dividend of USc7.29 (H1 2020: USc2.31) per share, for a total distribution of US$8.0 million (H1 2020: US$2.6 million). The 2021 interim dividend has been calculated as 66.6% of 25% of

H1 2021 profit after tax (US$48.0 million), in line with the intention to target a one-third/two-thirds interim/final dividend split. The financial statements do not reflect this interim dividend.

The Company will pay the interim dividend on 22 October 2021 to shareholders of record at the close of business on 24 September 2021. Irish Dividend Withholding Tax (25%) must be deducted from dividends paid by the Company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrar.

The dividend timetable is as follows:

Announcement of interim dividend	18 August 2021
Ex-Dividend Date	23 September 2021
Record Date	24 September 2021
Currency election cut-off date	28 September 2021
Payment Date	22 October 2021

Principal risks and uncertainties

There are a number of potential risks and uncertainties, that could have a material impact on Kenmare's performance over the remaining six months of the 2021 financial year and which could cause actual results to differ materially from expected and historic results.

These principal risks and uncertainties are disclosed in Kenmare's Annual Report for the year ended 31 December 2020. A detailed explanation of these principal risks and uncertainties and how Kenmare seeks to mitigate these risks, can be found on pages 60 to 65 of the Annual Report under the following headings: grant and maintenance of licenses, country risk, geotechnical risk, severe weather events, uncertainty over physical characteristics of the orebody, power supply and transmission risk, asset damage or loss, COVID-19, health, safety and environment, mineral resource statement risk, IT security risk, development project risk, industry cyclicality, customer concentration, foreign currency risk and loan default risk.

In relation to these previously disclosed risks, the following commentary may be noted:

- **Country risk:** The ongoing insurgency in the Cabo Delgado province of Mozambique remains a concern for Kenmare. To date it has had no direct impact on the Moma operation but is being monitored closely.

- **COVID-19**: The COVID-19 pandemic remains prevalent globally. Kenmare is managing this risk by implementing a COVID-19 management plan, which has seen success during 2021. However, the rise of the Delta variant and a third wave of cases across Southern Africa, has seen a rise in cases in Mozambique and a small rise in cases at the Moma operation. To further manage this risk, Kenmare has been working closely with industry partners and the Government of Mozambique to acquire, distribute and administer vaccines to the Kenmare workforce, on site contractors and surrounding communities.

Related party transactions

There have been no material changes in the related party transactions affecting the financial position or the performance of the Group in the period since publication of the 2020 Annual Report other than those disclosed in Note 20 to the condensed consolidated financial statements.

Going Concern

As stated in Note 1 to the condensed consolidated financial statements, based on the Group's forecasts and projections the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Events after the Statement of Financial Position Date

Interim dividend

An interim dividend for the year ended 31 December 2021 of USc7.29 per share was approved by the Board on 17 August 2021. The dividend payable of US$8.0 million has not been included as a liability in these financial statements. The interim dividend is payable to all shareholders on the Register of Members on 24 September 2021.

There have been no other significant events since 30 June 2021 that would have a significant impact on the financial statements of the Group.

Forward-looking statements

This report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

On behalf of the Board,

Managing Director
Michael Carvill

17 August 2021

Financial Director
Tony McCluskey

17 August 2021

INDEPENDENT REVIEW REPORT TO KENMARE RESOURCES PLC

Introduction

We have been engaged by Kenmare Resources plc ("the Company" or "the Entity") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Entity a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this 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 Entity for our review work, for this report, or for the conclusions we have reached.

Keith Watt
For and on behalf of KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

17 August 2021

Group condensed consolidated statement of comprehensive income
For the financial period ended 30 June 2021

	Notes	**Unaudited 6 Months 30 June 2021 US$'000**	Unaudited 6 Months 30 June 2020 US$'000	Audited 12 Months 31 Dec 2020 US$'000
Revenue	2	**178,249**	116,803	243,746
Cost of sales	4	**(100,330)**	(82,722)	(179,103)
Gross profit		**77,919**	34,081	64,643
Other operating costs	5	**(19,159)**	(14,190)	(30,250)
Operating profit		**58,760**	19,891	34,393
Finance income		**40**	493	642
Finance costs	7	**(6,143)**	(5,133)	(11,301)
Foreign exchange (loss)/gain		**(2,014)**	728	(980)
Profit before tax		**50,643**	15,979	22,754
Income tax expense	8	**(2,619)**	(3,324)	(6,015)
Profit for the financial period and total comprehensive income for the financial period		**48,024**	12,655	16,739
Attributable to equity holders		**48,024**	12,655	16,739

		US$ per share	US$ per share	US$ per share
Profit per share: Basic	9	**0.44**	0.12	0.15
Profit per share: Diluted	9	**0.43**	0.11	0.15

The accompanying notes form part of these financial statements.

Group condensed consolidated statement of financial position

As at 30 June 2021

	Notes	**Unaudited 30 June 2021 US$'000**	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Assets				
Non-current assets				
Property, plant and equipment	10	**956,554**	904,617	961,728
Deferred tax asset		–	198	202
		956,554	904,815	961,930
Current assets				
Inventories	11	**69,576**	58,288	63,670
Trade and other receivables	12	**51,288**	60,470	29,915
Cash and cash equivalents		**56,543**	98,591	87,244
		177,407	217,349	180,829
Total assets		**1,133,961**	1,122,164	1,142,759
Equity				
Capital and reserves attributable to the Company's equity holders				
Called-up share capital	13	**120**	120	120
Share premium		**545,950**	545,950	545,950
Other reserves		**229,328**	230,867	231,350
Retained earnings		**164,605**	121,567	123,083
Total equity		**940,003**	898,504	900,503
Liabilities				
Non-current liabilities				
Bank loans	14	**109,595**	143,886	144,554
Lease liabilities	14	**1,756**	2,569	2,028
Provisions	16	**35,798**	39,915	40,430
		147,149	186,370	187,012
Current liabilities				
Bank loans	14	**18,429**	1,294	1,217
Lease liabilities	14	**1,093**	1,361	1,360
Trade and other payables	15	**25,809**	32,069	50,122
Tax liabilities		**564**	1,823	1,631
Provisions	16	**914**	743	914
		46,809	37,290	55,244
Total liabilities		**193,958**	223,660	242,256
Total equity and liabilities		**1,133,961**	1,122,164	1,142,759

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. CARVILL
Director
17 August 2021

T. MCCLUSKEY
Director
17 August 2021

Group condensed consolidated statement of changes in equity
For the financial period ended 30 June 2021

	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 2020	215,046	545,729	93,851	11,336	25,866	891,828
Profit for the financial period	–	–	12,655	–	–	12,655
Transactions with owners of the Company						
Share-based payments	–	–	–	–	47	47
Unvested and expired share-based payments	–	–	21,087	–	(21,087)	–
Shares issued (Note 13)	–	221	–	–	(221)	–
Deferred shares (Note 13)	(214,926)	–	–	214,926	–	–
Dividends	–	–	(6,026)	–	–	(6,026)
Balance at 30 June 2020	120	545,950	121,567	226,262	4,605	898,504
Profit for the financial period	–	–	4,084	–	–	4,084
Transactions with owners of the Company						
Share-based payments	–	–	–	–	483	483
Shares issued	–	–	–	–	–	–
Dividends	–	–	(2,568)	–	–	(2,568)
Balance at 31 December 2020	120	545,950	123,083	226,262	5,088	900,503
Profit for the financial period	–	–	48,024	–	–	48,024
Transactions with owners of the Company						
Share-based payments (Note 18)	–	–	–	–	(58)	(58)
Unvested and expired share-based payments (Note 18)	–	–	1,964	–	(1,964)	–
Dividends (Note 13)	–	–	(8,466)	–	–	(8,466)
Balance at 30 June 2021	**120**	**545,950**	**164,605**	**226,262**	**3,066**	**940,003**

Group condensed consolidated statement of cash flows
For the financial period ended 30 June 2021

	Notes	**Unaudited 6 Months 30 June 2021 US$'000**	Unaudited 6 Months 30 June 2020 US$'000	Audited 12 Months 31 Dec 2020 US$'000
Operating activities				
Profit for the financial period/year after tax		**48,024**	12,655	16,739
Adjustment for:				
Foreign exchange movement		**2,014**	(728)	980
Share-based payments	18	**2,122**	1,014	1,759
Finance income		**(40)**	(493)	(642)
Finance costs	7	**6,143**	5,133	11,301
Income tax expense	8	**2,619**	3,324	6,015
Depreciation	10	**23,535**	17,269	42,294
		84,417	38,174	78,446
Change in:				
Provisions	16	**212**	408	614
Inventories	11	**(5,906)**	(6,442)	(11,824)
Trade and other receivables	12	**(21,373)**	(19,293)	11,256
Trade and other payables	15	**(15,054)**	(3,542)	9,955
Cost of equity settled share-based payments	18	**(2,180)**	(967)	(1,229)
Cash generated from operating activities		**40,116**	8,338	87,218
Income tax paid		**(3,484)**	(5,611)	(8,498)
Interest received		**40**	493	642
Interest paid		**(2,730)**	(2,653)	(7,474)
Net cash from operating activities		**33,942**	567	71,888
Investing activities				
Additions to property, plant and equipment	10	**(31,819)**	(59,424)	(139,347)
Net cash used in investing activities		**(31,819)**	(59,424)	(139,347)
Financing activities				
Debt commitment and other fees paid		**–**	(343)	(317)
Factoring fees paid		**(767)**	(253)	(720)
Dividends paid		**(8,466)**	(6,026)	(8,594)
Repayment of debt	14	**(20,000)**	–	–
Drawdown of debt	14	**–**	82,742	82,742
Payment of lease liabilities	14	**(539)**	(523)	(1,065)
Net cash (used in)/from financing activities		**(29,772)**	75,597	72,046
Net (decrease)/increase in cash and cash equivalents		**(27,649)**	16,740	4,587
Cash and cash equivalents at the beginning of the financial period/year		**87,244**	81,177	81,177
Effect of exchange rate changes on cash and cash equivalents		**(3,052)**	674	1,480
Cash and cash equivalents at the end of the financial period/year		**56,543**	98,591	87,244

Notes to the group condensed consolidated financial statements
For the financial period ended 30 June 2021

1. Basis of preparation and going concern

Basis of preparation

The annual financial statements of Kenmare Resources plc ('the Group') are prepared in accordance with IFRS as adopted by the European Union. The Group Condensed Consolidated Financial Statements for the six months ended 30 June 2021 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, as amended, the Transparency Rules of the Central Bank of Ireland, Disclosure and Transparency Rule 4.2 of the UK Financial Conduct Authority's Disclosure and Transparency Rules and IAS 34 'Interim Financial Reporting', as adopted by the European Union.

The financial information presented in this document does not constitute statutory financial statements. The amounts presented in the half-yearly financial statements for the six months ended 30 June 2021 and the corresponding amounts for the six months ended 30 June 2020 have been reviewed but not audited. The independent review report is on pages 10 and 11. The preparation of the half-yearly financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of assets and liabilities. Estimates and underlying assumptions relevant to these financial statements are the same as those described in the last annual financial statements.

The financial information for the year ended 31 December 2020, presented herein, is an abbreviated version of the annual financial statements for the Group in respect of the year ended 31 December 2020. The Group's annual financial statements in respect of the year ended 31 December 2020 have been filed in the Companies Registration Office and the independent auditor issued an unqualified audit report thereon. The annual report is available on the Company's website at www.kenmareresources.com.

Going Concern

The Directors have a reasonable expectation based on the Group's cash flow forecast (the "Group Forecast") that the Group has adequate resources for the foreseeable future and continue to adopt the going concern basis of accounting in preparing these financial statements.

The Group Forecast has been prepared by management with best estimates of production, pricing and cost assumptions over the period. The Group recognises the uncertainty surrounding the potential global impacts from the COVID-19 virus.

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. 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 year. 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 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. Debt covenants are complied with and Group liquidity is maintained although at lower levels in each of these forecasts. 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 for the foreseeable future, a period of not less than twelve months from the date of this report.

Changes in accounting policies

The accounting policies applied in the half-yearly financial statements are those set out in the annual financial statements for the year ended 31 December 2020, except as noted in relation to the financing facilities below.

The Group has a trade finance facility with Absa Bank for four of the Group's customers. In accordance with this facility the bank purchases 80% of the receivable without recourse and so the bank takes on the credit risk. Derecognition of the trade receivables and the receipt of cash occurs when the customer's invoices are discounted by Absa Bank. 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. During the period no trade receivables were factored. At the period-end, trade receivables amounting to US$28.1 million (H1 2020: US$16.9 million) may be factored under this facility and are therefore included in trade receivables as at 30 June 2021. The cost of this facility for the period, which amounted to US$0.2 million (H1 2020: US$0.04 million), is included in finance costs in the condensed statement of comprehensive income and in financing activities in the condensed statement of consolidated cash flows. This cost was included in the movement in trade receivables in prior periods.

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. Derecognition of the trade receivables and the receipt of cash occurs when the customer's invoices are discounted by Barclays Bank. There is no limit under the Barclays Bank facility. During the period trade receivables of US$69.4 million (H1 2020: US$42.8 million) were discounted under this facility. At the period-end there were no trade receivables which may be discounted under this facility. The cost of this facility for the period, which amounted to US$0.5 million (H1 2020: US$0.2 million), is included in finance costs in the condensed statement of comprehensive income and in financing activities in the condensed statement of consolidated cash flows. This cost was included in the movement in trade receivables in prior periods.

The following new and revised standards, all of which are effective for accounting periods beginning on or after 1 January 2021, have been adopted in the current financial period.

- COVID-19 Related Rent Concessions- Amendments to IFRS16

  Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS9, IAS39, IFRS7, IFRS4 and IFRS 16. Further details are included in Note 17.

None of the new and revised standards have a material effect on the Group's financial statements.

2. Revenue

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Sale of mineral products	**178,249**	116,803	243,746

During the financial period, the Group sold 594,100 tonnes (H1 2020: 413,700 tonnes) of finished products ilmenite, rutile, zircon and concentrates to customers at a sales value of US$178.2 million (H1 2020: US$116.8 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

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Ilmenite	**151,427**	82,875	175,587
Zircon	**20,842**	22,026	45,708
Concentrates	**5,975**	8,837	16,320
Rutile	**5**	3,065	6,131
Total	**178,249**	116,803	243,746

Geographical information

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Revenue from external customers			
China	**75,005**	48,127	107,824
Spain	**19,205**	7,663	9,318
Italy	**15,146**	8,522	19,645
USA	**10,856**	12,266	19,955
Rest of the world	**58,037**	40,225	87,004
Total	**178,249**	116,803	243,746

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

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Moma Titanium Minerals Mine			
Revenue	**178,249**	116,803	243,746
Cost of sales	**(100,330)**	(82,722)	(179,103)
Gross profit	**77,919**	34,081	64,643
Other operating costs	**(15,230)**	(11,335)	(24,441)
Segment operating profit	**62,689**	22,746	40,202
Other corporate operating costs	**(3,929)**	(2,855)	(5,809)
Group operating profit	**58,760**	19,891	34,393
Finance income	**40**	493	642
Finance expenses	**(6,143)**	(5,133)	(11,301)
Foreign exchange (loss)/gain	**(2,014)**	728	(980)
Profit before tax	**50,643**	15,979	22,754
Income tax expense	**(2,619)**	(3,324)	(6,015)
Profit for the financial period/year	**48,024**	12,655	16,739
Segment assets			
Moma Titanium Minerals Mine assets	**1,110,765**	1,060,730	1,101,808
Corporate assets	**23,196**	61,434	40,951
Total assets	**1,133,961**	1,122,164	1,142,759
Segment liabilities			
Moma Titanium Minerals Mine liabilities	**189,739**	219,148	236,695
Corporate liabilities	**4,219**	4,512	5,561
Total liabilities	**193,958**	223,660	242,256

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.

4. Cost of sales

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Opening stock of mineral products	**31,373**	26,493	26,493
Production costs	**82,925**	69,918	146,431
Depreciation	**21,248**	15,009	37,552
Closing stock of mineral products	**(35,216)**	(28,698)	(31,373)
Total	**100,330**	82,722	179,103

Mineral products consist of finished products and heavy mineral concentrate.

5. Other operating costs

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Distribution costs	**4,635**	4,795	9,820
Freight and demurrage costs	**10,317**	6,463	14,185
Administration costs	**4,207**	2,932	6,245
Total	**19,159**	14,190	30,250

Distribution costs of US$4.6 million (H1 2020: US$4.8 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of US$2.2 million (H1 2020: US$2.1 million). Freight costs of US$10.4 million (H1 2020: US$5.7 million) arise from sales to customers on a CIF or CFR basis. Despatch of US$0.1 million was earned (H1 2020: demurrage US$0.8 million) during the financial period. Administration costs of US$4.2 million (H1 2020: US$2.9 million) are the Group administration costs and include depreciation of US$0.1 million (H1 2020: US$0.2 million) and a share-based payment expense of US$2.1 million (H1 2020: US$1.0 million).

6. Seasonality of sale of mineral products

Sales of the Group's mineral products are not seasonal in nature.

7. Finance costs

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Interest on bank borrowings	**4,864**	4,042	9,288
Interest on lease liabilities	**119**	156	312
Factoring fees	**767**	253	720
Commitment and other fees	**20**	343	317
Unwinding of discount on mine closure provision	**373**	339	664
Total	**6,143**	5,133	11,301

All interest has been expensed in the financial year.

8. Income tax expense

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Corporation tax	**2,619**	3,053	5,748
Deferred tax	**–**	271	267
Total	**2,619**	3,324	6,015

During the period the KMML Mozambique Branch had taxable profits of US$6.6 million (H1 2020: US$8.7 million) resulting in an income tax expense of US$2.3 million (H1 2020: US$3.1 million) being recognised. This has decreased from the prior year mainly as a result of additional capital allowances due to higher depreciation following significant capital investments in 2020, including completion of the WCP C and move of WCP B to Pilivili. The income tax rate applicable to taxable profits of KMML Mozambique Branch is 35% (H1 2020: 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 period Kenmare Resources plc had taxable profits of US$2.4 million (H1 2020: US$2.2 million) resulting in an income tax expense of US$0.3 million (H1 2020: US$0.3 million) being recognised. The deferred tax asset of US$0.2 million (2020: recognised US$0.3 million) was released in the period.

9. 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:

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Profit for the financial period/year attributable to equity holders of the Company	**48,024**	12,655	16,739

	2021 Number of shares	2020 Number of shares	2020 Number of shares
Number of issued ordinary shares at beginning of period	**109,736,382**	109,657,480	109,657,480
Weighted number of shares issued during the financial period/year	–	14,916	51,523
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	**109,736,382**	109,672,396	109,709,003
Effect of dilutive potential ordinary shares:			
Share awards	**2,090,069**	1,855,011	1,993,422
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**111,826,451**	111,527,407	111,702,425

	US$ per share	US$ per share	US$ per share
Earnings per share: basic	**0.44**	0.12	0.15
Earnings per share: diluted	**0.43**	0.11	0.15

10. 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 31 December 2019	817,579	250,326	88,170	69,357	1,225,432
Transfer from construction in progress	41,002	–	(41,020)	18	–
Additions during the financial year	–	–	59,224	–	59,224
Disposals	(36)	–	–	(7,620)	(7,656)
Adjustment to mine closure cost	10,817	–	–	–	10,817
At 30 June 2020	869,362	250,326	106,374	61,755	1,287,817
Transfer from construction in progress	130,002	(355)	(134,369)	4,722	–
Additions during the financial year	1,831	–	80,411	–	82,242
Disposals	(2,173)	–	–	(1,255)	(3,428)
Adjustment to mine closure cost	155	–	–	–	155
At 31 December 2020	999,177	249,971	52,416	65,222	1,366,786
Transfer from construction in progress	7,731	–	(7,731)	–	–
Additions during the financial year	(757)	–	24,337	–	23,580
Adjustment to mine closure cost	(5,219)	–	–	–	(5,219)
At 30 June 2021	**1,000,932**	**249,971**	**69,022**	**65,222**	**1,385,147**
Accumulated Depreciation					
At 31 December 2019	209,336	130,626	–	33,435	373,397
Charge for the financial period	11,145	1,895	–	4,229	17,269
Disposals	(36)	–	–	(7,430)	(7,466)
At 30 June 2020	220,445	132,521	–	30,234	383,200
Charge for the financial period	15,678	2,632	–	6,715	25,025
Disposals	(2,021)	–	–	(1,146)	(3,167)
At 31 December 2020	234,102	135,153	–	35,803	405,058
Charge for the financial period	**16,668**	**3,024**	**–**	**3,843**	**23,535**
At 30 June 2021	**250,770**	**138,177**	**–**	**39,646**	**428,593**
Carrying Amount					
At 30 June 2021	**750,162**	**111,794**	**69,022**	**25,576**	**956,554**
At 30 June 2020	648,917	117,805	106,374	31,521	904,617
At 31 December 2020	765,075	114,818	52,416	29,419	961,728

Included in property, plant and equipment are right-of-use assets totalling US$2.7 million (H1 2020: US$3.8 million). There were no additions to right-of-use assets in the period and depreciation of US$1.1 million (H1 2020: US$ 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 30 June 2021, 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 30 June 2021. As a result of the review and given the performance and outlook of the Group no impairment provision was recognised in the current financial period. No impairment was recognised in the prior financial year. Given the sensitivities of the forecast to the discount rate, pricing and to a lesser extent operating cost, 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 10.5% (31 December 2020: 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 year-end review resulting in a discount rate of 10.5% (31 December 2020: 10.0%). As noted in principal risks and uncertainties, the Group's assessment of the country risk has increased due to the risk of insurgency in the north of Mozambique. To date, this risk has not directly 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 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 10.5%, the recoverable amount is greater than the carrying amount by US$285.4 million (31 December 2020: US$260.2 million). The discount rate is a significant factor in determining the recoverable amount. A 4.0% increase in the discount rate to 14.5% reduces the recoverable amount by US$285.4 million. The increase in the recoverable amount from the year-end review is a result of increased cash flows over the life of mine due to the factors detailed below and net of the increase in the discount rate from 10.0% to 10.5%.
- A mine plan based on the Namalope, Nataka, Pilivili and Mualadi proved and probable reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine life assumption of 40 years has not changed from the prior year review. Average annual production is approximately 1.2 million tonnes (31 December 2020: 1.2 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. Shipment volumes are forecast to be in line with production subject to certain minimum stocks of final and intermediate products which 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 the WCP A plant with the introduction of hydro mining 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 increased slightly over the life of mine from the year-end review particularly in the near term as a result of revised forecast pricing. Receipts are forecast to be in line with revenue subject to customer credit terms at period-ends. A 9% reduction in average sales prices over the life of mine reduces the recoverable amount by US$285.4 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 17% increase in operating costs over the life of mine reduces the recoverable amount by US$285.4 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 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$5.2 million (H1 2020 2020: US$10.8 million) was made during the period as a result of an increase in the related discount rate.

11. Inventories

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Mineral products	**35,216**	28,698	31,373
Consumable spares	**34,360**	29,590	32,297
	69,576	58,288	63,670

At 30 June 2021, total final product stocks were 164,100 tonnes (31 December 2020: 145,500 tonnes). Closing stock of heavy mineral concentrate was 34,300 tonnes (31 December 2020: 50,200 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 period there was a write-down of US$0.1 million (H1 2020: US$0.2 million) to mineral products to value them at net realisable value.

12. Trade and other receivables

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Trade receivables	**39,265**	45,558	23,112
Prepayments	**12,023**	14,912	6,803
	51,288	60,470	29,915

The movement in the condensed statement of financial position of US$21.4 million (H1 2020: US$19.3 million) results in the amount disclosed in the condensed statement of cash flows.

13. Share capital and dividends

Share capital as at 30 June 2021 amounted to US$0.12 million (31 December 2020: US$0.12 million). In 2020, 78,902 ordinary shares in the Company were issued as a result of the exercise of shares under the 2016 KIP award.

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 May 2021, the Company paid a final 2020 dividend of US$8.5 million (H1 2020: US$6.0 million) representing USc7.69 (H1 2020: USc5.52) per share.

14. Bank loans

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Borrowings	**128,024**	145,180	145,771
The borrowings are repayable as follows:			
Less than one year	**18,429**	1,294	1,217
Between two and five years	**114,285**	150,000	150,000
	132,714	151,294	151,217
Transaction costs	**(4,690)**	(6,114)	(5,446)
Amount due for settlement	**128,024**	145,180	145,771

Borrowings

On 11 December 2019, the Group entered into secured debt facilities ("Senior Facility Agreement") 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").

The debt facilities comprise a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility that share common terms and a common security package. The finance documentation also provides for a Mine Closure Guarantee Facility (provided by either the existing lenders or other finance providers) of up to US$40 million, with the provider(s) of such a facility sharing in the common security package. The potential total aggregate principal amount of indebtedness secured under the finance documentation is therefore 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.

During the period the Group entered into a mine closure guarantee facility with Absa Bank Moçambique SA for US$11.4 million. This guarantee shares 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) security over the Group's bank accounts (subject to certain exceptions), (b) pledges of the shares of Kenmare Moma Processing (Mauritius) Limited and Kenmare Moma Mining (Mauritius) Limited (the "Project Companies"), (c) security over intercompany loans and (d) Mozambican law security interests over certain rights and agreements with Mozambican authorities, including over the Implementation Agreement, the Mineral Licensing Contract and the Mining Licence.

The carrying amount of the secured bank accounts of the Group was US$54.7 million as at 30 June 2021 (H1 2020:US$97.3 million). The shares of the Project Companies and intercompany loans are not included in the consolidated statement of financial position as they are eliminated on consolidation. They therefore do not have a carrying amount but, upon enforcement of the pledges on behalf of the lender group, the shares in the Project Companies would cease to be owned or controlled by the Group. The secured rights and agreements do not have a carrying amount. They are, however, necessary for the Project Companies to operate the Mine in Mozambique.

The finance documents contain a number of representations, covenants and events of default on customary terms, the breach of which could lead to the secured parties under the finance documentation accelerating the outstanding loans and taking other enforcement steps, such as the enforcement of some or all of the security interests, which could lead, in extremis, with the Group losing its interest in the Mine. The most salient of the relevant terms that could lead to acceleration of the loans and/or enforcement of security are the financial covenants described on page 25.

During the period US$20.0 million (31 December 2020: drawn US$40.0 million) of the Revolving Credit Facility was repaid. At 30 June 2021 total debt of US$128.0 million (31 December 2020: US$145.8 million) was recognised by the Group, being the principal of US$130.0 million (US$150.0 million) before transaction costs of US$4.7 million (31 December 2020: US$5.4 million) plus interest amortised of US$2.7 million (31 December 2020: US$1.2 million).

Reconciliation of movements of debt to cashflows arising from financing activities	**Unaudited 30 June 2021 US$'000**	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Bank Loans			
Balance at 1 January	**145,771**	60,903	60,903
Cash movements			
Loan interest paid	**(2,611)**	(2,497)	(7,162)
Principal paid	**(20,000)**	–	–
Loan drawn down	**–**	82,742	82,742
Non-cash movements			
Loan interest accrued	**4,864**	4,032	9,288
Balance at 30 June/31 December	**128,024**	145,180	145,771

Reconciliation of movements of debt to cashflows arising from financing activities	**Unaudited 30 June 2021 US$'000**	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Lease liabilities			
Balance at 1 January	**3,388**	4,454	4,454
Cash movements			
Lease interest paid	**(119)**	(157)	(312)
Principal paid	**(539)**	(523)	(1,065)
Non-cash movements			
Lease interest accrued	**119**	156	311
Balance at 30 June/31 December	**2,849**	3,930	3,388

Financial Covenants

All covenants have been complied with during the period. The key financial covenants as at 30 June 2021 are detailed below. In accordance with the senior facilities agreement, covenant compliance is assessed over the 12-month period ending 30 June 2021 or, where applicable, as at such date.

	As at 30 June 2021		**Covenant**
Interest Coverage Ratio	14.18:1	Not less than	4.00:1
Net Debt to EBITDA	0.63:1	Not greater than	2.00:1
Debt Service Coverage Ratio	4.08:1	Not less than	1.20:1
Liquidity (million)	US$76.5	Not less than	US$15.0
Reserve Tail Ratio	77%	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).

15. Trade and other payables

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Trade payables	**12,918**	14,064	24,352
Accruals	**12,891**	18,005	25,770
	25,809	32,069	50,122

During the period there were foreign exchange movements of US$1.1 million (H1 2020: US$0.05 million) in relation to non-US Dollar payables and US$8.2 million in relation to capital suppliers (H1 2020: US$0.3 million). Excluding the above from the movement in the statement of financial position of US$24.3 million (H1 2020: US$3.9 million) results in the US$15.0 million (H1 2020: US$3.6 million) disclosed in the statement of cash flows.

16. Provisions

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Mine closure provision	**32,607**	36,973	37,451
Mine rehabilitation provision	**4,105**	3,685	3,893
	36,712	40,658	41,344
Current	**914**	743	914
Non-current	**35,798**	39,915	40,430
	36,712	40,658	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$0.4 million (H1 2020: US$0.3 million) has been recognised in the statement of comprehensive income for the financial period.

The main assumptions used in the calculation of the estimated future costs include:

- a discount rate of 2.4% (31 December 2020: 2.8%);
- an inflation rate of 2% (31 December 2020: 2%);
- an estimated life of mine of 40 years (31 December 2020: 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 (31 December 2020: US$34.1 million) and an estimated post-closure monitoring provision of US$3.9 million (31 December 2020: US$3.9 million).

The life of mine plan is based on the Namalope, Nataka, Pilivili and Mualadi reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine closure provision has been reduced by US$5.2 million from 30 June 2021 to reflect a change in the discount rate from 2.0% at 31 December 2020 to 2.4% at 30 June 2021.

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 money. Risks specific to the liability are included in the cost estimate.

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 period there was a release of US$0.3 million (H1 2020: US$0.3 million) to reflect the actual mine rehabilitation costs incurred, and an addition to the provision of US$0.5 million (H1 2020: US$0.7 million) for areas newly disturbed.

17. Financial Instruments

	Unaudited 30 June 2021			Unaudited 30 June 2020			Audited 31 Dec 2020		
	Carrying amount US$'000	**Fair value US$'000**		Carrying amount US$'000	Fair value US$'000		Carrying amount US$'000	Fair value US$'000	
Financial assets measured at fair value									
Trade receivables	**11,153**	**11,153**	**Level 2**	32,294	32,294	Level 2	15,073	15,073	Level 2
Financial assets not measured at fair value									
Trade receivables	**28,112**	**28,112**	**Level 2**	13,264	13,264	Level 2	8,039	8,039	Level 2
Cash and cash equivalents	**56,543**	**56,543**	**Level 1**	98,591	98,591	Level 1	87,244	87,244	Level 1
	95,808	**95,808**		144,149	144,149		110,356	110,356	
Financial liabilities not measured at fair value									
Bank loans	**128,024**	**128,034**	**Level 2**	145,180	145,180	Level 2	145,771	146,247	Level 2
	128,024	**128,034**		145,180	145,180		145,771	146,247	

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.

Credit risk

The movement in the allowance for impairment in respect of trade receivables during the reporting period was as follows:

	Unaudited 30 June 2021 US$'000	Unaudited 30 June 2020 US$'000	Audited 31 Dec 2020 US$'000
Opening balance	**199**	229	229
Net remeasurement of loss allowance	**108**	78	(30)
Closing	**307**	307	199

The increase in the loss allowances is mainly attributable to the total increase in the gross carrying amounts of trade receivables. The methodology for the calculation of expected credit losses is the same as described in the last annual statements.

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "IBOR reform"). The group has exposure to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. The Group's main IBOR exposure at the reporting date is US LIBOR, which is administered by ICE Benchmark Administration (IBA). The alternative reference rate for US LIBOR is the US Secured Overnight Financing Rate (SOFR).

On 5 March 2021, IBA stated that it will cease the publication of (i) the overnight and 1, 3, 6 and 12 months USD LIBOR settings immediately following the LIBOR publication on Friday, June 30, 2023 and (ii) all other LIBOR settings, including the 1 week and 2 months USD LIBOR settings, immediately following the LIBOR publication on Friday, December 31, 2021. IBA stated that it will not have access to input data necessary to calculate LIBOR settings on a representative basis after those dates. The UK Financial Conduct Authority (FCA) issued a separate announcement confirming that IBA had notified the FCA of its intent to cease providing all LIBOR settings. The FCA confirmed that all 35 LIBOR settings will either cease to be provided by any administrator or will no longer be representative as of the dates set out by IBA.

The Group anticipates that IBOR reform will impact its operational and risk management processes. The main risk to which the Group is exposed as a result of IBOR reform is in the amendment to the Senior Facility Agreement with negotiation with the lender group to reflect the migration from USD LIBOR to SOFR, updating contractual terms and revising operational controls related to the migration. Financial risk is predominantly limited to interest rate risk.

The Audit & Risk Committee monitors while the executive and senior management manages the migration to alternative rates. Such management includes evaluation of the extent to which contracts reference IBOR, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform to counterparties.

The Group plans to amend contractual terms for purposes of migrating from USD LIBOR to SOFR prior to the discontinuance of the administration and publication of the relevant LIBOR rates by IBA.

The carrying amount of financial liabilities with unreformed contracts at 30 June 2021 was US$128.0 million (31 December 2020: US$145.8 million).

18. Share-based payments

Kenmare Restricted Share Plan (KRSP)

In the financial period, 689,412 (H1 2020: 853,074) shares were granted to employees under the 2020 KRSP award. The estimated fair value of the shares awarded is US$3.9 million (H1 2020: US$2.2 million). These share awards vest, subject to continued employment on the third anniversary or, in the case of Executive Directors and certain other staff, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant.

During the financial period, the Group recognised a share-based payment expense of US$2.1 million (H1 2020: US$1.0 million) as a result of the KRSP awards.

During the period, 386,677 shares awards were exercised under the 2017 and 2018 KRSP awards at a cost of US$2.2 million.

The movement in the condensed statement of changes in equity of US$0.06 million (H1 2020: US$0.05 million) is made up of the share-based payment expense of US$2.1 million (H1 2020: US$1.0 million) net of the cost of settlement of the equity-based shares of US$2.2 million (H1 2020: US$1.0 million).

During the period, options with a fair value of US$1.9 million that expired in prior years were transferred to retained earnings.

19. Contingent liabilities

The Group, like other businesses operating in Mozambique, is subject to tax audits by the Mozambican Tax Authorities. These audits may review a range of matters including corporate income tax, indirect taxes and transaction related issues, and can take a number of years to complete. The Mozambican Tax Authority conducted an audit of the tax obligations of KMML Mozambique Branch in relation to the years 2015 to 2017. The Group is liaising with the Tax Authority to address matters raised during the audit. It is not possible to estimate with certainty the timing of any future resolution or possible outcomes. No provision has been made in these financial statements as the Group does not consider that there is any material future probable loss.

20. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Apart from existing remuneration arrangements there were no material transactions or balances between the Group and its key management personnel or members of their close families during the period under review.

21. Events after the statement of financial position date

Interim dividend

An interim dividend for the year ended 31 December 2021 of USc7.29 (H1 2020: USc2.31) per share was approved by the Board on 17 August 2021. The dividend payable of US$8.0 million (H1 2020: US$2.6 million) has not been included as a liability in these financial statements. The interim dividend is payable to all shareholders on the Register of Members on 24 September 2021.

There have been no other significant events since 30 June 2021 which would have a significant impact on the financial statements of the Group.

22. Information

The half-yearly financial report was approved by the Board on 17 August 2021.

Copies are available from the Company's registered office at 4th Floor, Styne House, Hatch Street Upper, Dublin 2, D02 DY27, Ireland.

The report is also available on the Company's website at www.kenmareresources.com.

STATEMENT OF DIRECTORS RESPONSIBILITIES
For the half year ended 30 June 2021

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), the Transparency Rules of the Central Bank of Ireland and Disclosure and Transparency Rule 4.2 of the UK Financial Conduct Authority's Disclosure and Transparency Rules. The names and functions of the Directors are as listed in the Group's 2020 Annual Report and Accounts. A list of the current Directors is maintained on the Kenmare Resources plc website: www.kenmareresources.com.

In preparing the condensed set of financial statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the condensed set of financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Kenmare Resources plc for the six months ended 30 June 2021 ("the interim financial information") which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related explanatory notes, have been presented and prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

(2) The interim financial information presented, as required by the Transparency Directive, includes:
   a. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of consolidated financial statements;
   b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year
   c. related parties' transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   d. any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

On behalf of the Board:

M. CARVILL
Director
17 August 2021

T. MCCLUSKEY
Director
17 August 2021

Glossary - Alternative Performance Measures

Certain financial measures set out in the half-yearly financial report to 30 June 2021 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 – HMC treatment	Heavy mineral concentrate feed into the mineral separation plant	Provides a measure of heavy mineral concentrate feed into the processing plants
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

Revenue (FOB)

	H1 2021	H1 2020	H1 2019	H1 2018
	US$m	US$m	US$m	US$m
Revenue	**178.2**	116.8	122.7	140.1
Freight	**(10.4)**	(5.6)	(7.3)	(8.8)
Revenue (FOB)	**167.8**	111.2	115.4	131.3

EBITDA

	H1 2021	H1 2020	H1 2019	H1 2018
	US$m	US$m	US$m	US$m
Operating profit	**58.8**	19.9	26.1	32.2
Depreciation and amortisation	**23.5**	17.3	16.7	16.0
EBITDA	**82.3**	37.2	42.8	48.2

EBITDA margin

	H1 2021	H1 2020	H 1 2019	H1 2018
	US$m	US$m	US$m	US$m
EBITDA	**82.3**	37.2	42.8	48.2
Revenue (FOB)	**167.8**	111.2	115.4	131.3
EBITDA margin (%)	**49**	33	37	37

Cash operating cost per tonne of finished product

	H1 2021	H1 2020	H1 2019	H1 2018
	US$m	US$m	US$m	US$m
Cost of sales	**100.3**	82.7	79.6	92.5
Other operating costs	**19.2**	14.2	17.0	15.4
Total operating costs	**119.5**	96.9	96.6	107.9
Freight charges	**(10.4)**	(5.6)	(7.3)	(8.8)
Total operating costs less freight	**109.1**	91.3	89.3	99.1
Non-cash costs				
Depreciation and amortisation	**(23.5)**	(17.3)	(16.7)	(16.0)
Share-based payments	**(2.1)**	(1.0)	(0.9)	(0.6)
Mineral product inventory movements	**3.8**	2.2	5.2	(8.9)
Total cash operating costs	**87.3**	75.2	76.9	73.6
Final product production tonnes	**612,100**	410,600	505,200	487,300
Cash operating cost per tonne of finished product	**US$143**	US$183	US$152	US$151

Cash operating cost per tonne of ilmenite

	H1 2021	H1 2020	H1 2019	H1 2018
	US$m	US$m	US$m	US$m
Total cash operating costs	**87.3**	75.2	76.9	73.6
Less FOB revenue from co-products zircon, rutile and mineral sands concentrate	**(24.0)**	(31.3)	(41.2)	(34.2)
Total cash costs less co-product revenue	**63.3**	43.9	35.7	39.4
Ilmenite product production tonnes	**559,000**	368,900	458,200	449,500
Cash operating cost per tonne of ilmenite	**US$113**	US$119	US$78	US$88

Net debt/cash

	H1 2021	H1 2020	H1 2019	H 1 2018

	US$m	US$m	US$m	US$m
Bank debt	**(128.0)**	(145.2)	(73.5)	(93.3)
Transaction costs	**(4.7)**	(6.1)	–	–
Gross debt	**(132.7)**	(151.3)	(73.5)	(93.3)
Cash and cash equivalents	**56.5**	98.6	77.0	84.0
Net (debt)/cash	**(76.2)**	(52.7)	3.5	(9.3)

Glossary – Terms

Term	**Description**
CIF	The seller delivers the goods on board the vessel 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 the goods on board the vessel in port of shipment. Seller must pay the costs and freight necessary to bring the goods to the named port of destination, but the risks of loss or damage, as well as any additional costs due to events occurring after the time of delivery, are transferred from seller to buyer. Seller must clear goods for export. This term can only be used for sea transport.
the Company	Kenmare Resources plc
FOB	This term means that the seller delivers the goods on board the vessel at the named port of shipment. This means the buyer has to bear all costs and risks to the goods from that point. The seller must clear the goods for export. This term can only be used for sea transport.
Group or Kenmare	Kenmare Resources plc and its subsidiary undertakings
HMC	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile and other heavy minerals and silica.
KMML Mozambique Branch	Mozambique branch of Kenmare Moma Mining (Mauritius) Limited (KMML)
KMPL Mozambique Branch	Mozambique branch of Kenmare Moma Processing (Mauritius) Limited (KMPL)
Lenders	Absa Bank Limited (acting through its Corporate and Investment Banking Division) ("Absa"), The Emerging Africa Infrastructure Fund (part of the Private Infrastructure Development Group ("PIDG")) ("EAIF"), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) ("Nedbank"), Rand Merchant Bank and Standard Bank Group ("Standard Bank").
Moma, Moma Mine or the Mine	The Moma Titanium Minerals Mine consisting of a heavy mineral sands, processing facilities and associated infrastructure, which mine is located in the north east coast of Mozambique under licence to the Project Companies.
MSP	Mineral Separation Plant
Mtpa	Million tonnes per annum
Project Companies	Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, wholly owned subsidiary undertakings of Kenmare Resources plc, who are incorporated in Mauritius.
Revolving Credit Facility	US$40 million debt facility pursuant to the Senior Facilities Agreement dated 11 December 2019 between, amongst others, the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch as borrowers.
Term Loan Facility	US$110 million debt facility pursuant to the Senior Facilities Agreement dated 11 December 2019 between, amongst others, 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%.
tph	Tonnes per hour
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