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

24 March 2021

2020 Preliminary Results

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 announces its preliminary results for the twelve months to 31 December 2020.

Statement from Michael Carvill, Managing Director:

"2020 was a ground-breaking year for Kenmare, as we moved WCP B in one piece from Namalope to Pilivili. This represents the final step in our multi-year growth programme, and we are targeting an increase in ilmenite production in 2021 of between 45% and 60%. Kenmare continues to target a first quartile position in the industry revenue cost curve.

We are excited to be publishing our first stand alone sustainability report in the coming weeks. We have been increasing our disclosure, to more clearly communicate the efforts we have been making for many years to ensure the sustainability of our operations. We are also exploring and implementing initiatives to reduce CO_2 emissions, such as the development of a RUPS (Rotary Uninterruptible Power Supply).

Mozambique has been experiencing an increase in the number of COVID-19 cases in Q1 2021. As previously reported, a large number of cases continues to limit availability of the workforce, including senior management. However, the business is being managed to mitigate the impact and production has continued with only minor interruptions.

Global demand for ilmenite, our primary product, has remained strong and prices rose through 2020. Ilmenite remains undersupplied due to depleting ore bodies in Africa, mine closures in Australia, and continued restrictions in India. Average prices for our products increased by 9% in 2020 and this momentum has accelerated in the past few months, particularly for ilmenite.

As expected, 2020 was a year of transition for Kenmare. We are already seeing the benefits of higher production volumes following the move of WCP B, driving lower unit costs in a rising commodity price environment. In recognition of this, the Board is recommending a 22% increase in dividends for 2020 with a final dividend of USc7.69 per share. In line with our plans to increase shareholder returns, we are also increasing our target dividend payment from a minimum of 20% profit after tax to 25% for 2021."

Overview

- Development projects and operations continued throughout 2020, despite significant impacts of the COVID-19 pandemic
- The number of people in isolation due to COVID-19 has reduced from 177, reported on 10 March, to 112 on 22 March. Testing of the workforce is now being completed weekly
- Full year 2020 dividend recommended of USc10.00 per share, up 22% on 2019, comprised of a USc2.31 per share interim dividend (paid in October 2020) and a final USc7.69 per share (to be paid in May 2021)
- The relocation of WCP B was successfully completed in Q3 (total costs expected to be <US$127 million) and WCP C commenced production in February 2020
- Board approved RUPS capital project of US$16 million for increased power stability and reduced carbon emissions
- Total development capital of US$58 million expected in 2021, including RUPS and other projects previously outlined
- Ilmenite production of 756,000 tonnes, a 15% decrease compared to FY 2019 (892,900 tonnes) due to lower HMC consumption, changes in intermediate stocks and lower ilmenite recoveries in FY 2020
- Total shipments of finished products of 853,100 tonnes, down 17% (2019: 1,029,300 tonnes), due to lower production volumes, poor sea conditions, and works to upgrade transhipment capacity

- Revenues of US$243.7 million, a 10% decrease (2019: US$270.9 million) resulting from reduced volumes, partially offset by increased average prices
- Cash operating costs per tonne of US$188 per tonne within August 2020 guidance range, up 19% compared to 2019 (US$158 per tonne), due primarily to lower production volumes. Net ilmenite unit costs increased to US$125 per tonne (2019: US$81 per tonne), due to lower production volumes and co-product revenues
- EBITDA of US$76.7 million, down 17% (2019: US$92.6 million) due to lower revenues, representing a 31% EBITDA margin (2019: 34%)
- Profit after tax of US$16.7 million, down 63% (2019: US$44.8 million), due to lower EBITDA, increased depreciation charges and finance costs
- Net debt position of US$64 million at year-end 2020, compared to US$13.7 million net cash at the end of 2019, primarily due to investment in development projects

Dividend Timetable

The Company confirms that the dates for the final dividend are as follows:

Ex-Dividend date	15 April 2021
Record date	16 April 2021
Currency election date	20 April 2021
AGM date for shareholder approval	13 May 2021
Payment date	19 May 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.

Analyst & investor conference call

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 at 17:15 GMT. To access the webcast, please register in advance by clicking here.

For further information, please contact:

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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 7% of global titanium feedstocks and the Group 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.

CHAIRMAN'S STATEMENT

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

It was expected that 2020 would be a crucial year for Kenmare before the onset of the global pandemic, marking the first mining transition away from Namalope, where operations began in 2007. I am pleased to report that we are now at the end of Kenmare's previously outlined growth programme, putting us on track for sustainably higher production volumes, supporting our strategy to increase shareholder returns.

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

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

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

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

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

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

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

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

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

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

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

BOARD DEVELOPMENT

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

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

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

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

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

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

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

OUTLOOK

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

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

ACKNOWLEDGEMENTS

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

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

Steven McTiernan,
Chairman

MANAGING DIRECTOR'S STATEMENT

For Kenmare, 2020 marked a culmination of our multi-year development projects, with the move of WCP B from Namalope to Pilivili, to deliver capacity of 1.2 million tonnes per annum ("Mtpa") of ilmenite. Three projects were completed over three years, with the aim of increasing grade and mined volumes to allow operation at sustainably higher production volumes. Despite the significant challenges posed by COVID-19, I am proud of the commitment shown by the team to safely complete the move. This has already begun to deliver significant value for the Company, as we benefitted from a year-on-year 57% increase in mined grades in Q4 2020.

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

SAFETY

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

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

SUSTAINABILITY

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

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

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

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

GROWTH PROJECTS

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

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

Our project team successfully delivered the relocation of WCP B to Pilivili in Q3 2020, despite various global restrictions required in response to COVID-19. It was a project of epic proportions, the WCP alone weighs over 7,100 tonnes, is wider than a football pitch and higher than a seven-storey building. This was the largest and longest move of a single piece of equipment ever attempted in Africa.

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

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

OPERATIONAL PERFORMANCE

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

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

PRODUCT MARKETS

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

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

OUTLOOK

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

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

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

Michael Carvill,
Managing Director

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	2020 US$'000	2019 US$'000
Assets			
Non-current assets			
Property, plant and equipment	9	**961,728**	852,035
Deferred tax asset		**202**	469
		961,930	852,504
Current assets			
Inventories		**63,670**	51,846
Trade and other receivables		**29,915**	41,177
Cash and cash equivalents	10	**87,244**	81,177
		180,829	174,200
Total assets		**1,142,759**	1,026,704
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	11	**120**	215,046
Share premium		**545,950**	545,729
Other reserves		**231,350**	37,202
Retained earnings		**123,083**	93,851
Total equity		**900,503**	891,828
Liabilities			
Non-current liabilities			
Bank loans	12	**144,554**	60,736
Lease liabilities		**2,028**	3,091
Provisions		**40,430**	28,351
		187,012	92,178
Current liabilities			
Bank loans	12	**1,217**	167
Lease liabilities		**1,360**	1,363
Trade and other payables		**50,122**	36,044
Tax liabilities		**1,631**	4,381
Provisions		**914**	743
		55,244	42,698
Total liabilities		**242,256**	134,876
Total equity and liabilities		**1,142,759**	1,026,704

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	**2020 US$'000**	2019 US$'000
Revenue	2	**243,746**	270,944
Cost of sales	4	**(179,103)**	(178,432)
Gross profit		**64,643**	92,512
Other operating costs	5	**(30,250)**	(33,289)
Operating profit		**34,393**	59,223
Finance income		**642**	1,536
Finance costs	6	**(11,301)**	(8,920)
Foreign exchange loss		**(980)**	(1,884)
Profit before tax		**22,754**	49,955
Income tax expense	7	**(6,015)**	(5,152)
Profit for the financial year and total comprehensive income for the financial year		**16,739**	44,803
Attributable to equity holders		**16,739**	44,803
		US$ per share	US$ per share
Profit per share: Basic	8	**0.15**	0.41
Profit per share: Diluted	8	**0.15**	0.40

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Called-Up Share Capital US$'000	Share Premium US$'000	Retained Earnings US$'000	Undenominated Capital US$'000	Share-Based Payment Reserve US$'000	Total US$'000
Balance at 1 January 2019	215,046	730,897	(133,179)	11,336	24,335	848,435
Total comprehensive income for the year						
Capital reduction	–	(185,253)	185,253	–	–	–
Profit for the financial year	–	–	44,803	–	–	44,803
Total comprehensive income for the year	–	(185,253)	230,056	–	–	44,803
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,787	1,787
Shares issued	–	85	–	–	(256)	(171)
Dividends paid	–	–	(3,026)	–	–	(3,026)
Total contributions and distributions	–	85	(3,026)	–	1,531	(1,410)
Balance at 1 January 2020	215,046	545,729	93,851	11,336	25,866	891,828
Total comprehensive income for the year						
Profit for the financial year	–	–	16,739	–	–	16,739
Total comprehensive income for the year	–	–	16,739	–	–	16,739
Transactions with owners of the Company						
Share-based payments	–	–	–	–	530	530
Unvested and expired share-based payments	–	–	21,087	–	(21,087)	–
Shares issued	–	221	–	–	(221)	–
Deferred shares cancelled	(214,926)	–	–	214,926	–	–
Dividends paid	–	–	(8,594)	–	–	(8,594)
Total contributions and distributions	(214,926)	221	12,493	214,926	(20,778)	(8,064)
Balance at 31 December 2020	**120**	**545,950**	**123,083**	**226,262**	**5,088**	**900,503**

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Notes	**2020 US$'000**	2019 US$'000
Operating activities			
Profit for the financial year after tax		**16,739**	44,803
Adjustment for:			
Foreign exchange movement		**980**	1,884
Share-based payments		**1,759**	1,616
Finance income		**(642)**	(1,536)
Finance costs	6	**11,301**	8,920
Income tax expense	7	**6,015**	5,152
Depreciation	9	**42,294**	33,381
		78,446	94,220
Change in:			
Financial liabilities		**-**	(1)
Provisions		**614**	(654)
Inventories		**(11,824)**	2,027
Trade and other receivables		**10,536**	(20,228)
Trade and other payables		**9,955**	7,873
Cost of equity-settled share-based payments		**(1,229)**	-
Cash generated from operating activities		**86,498**	83,237
Income tax paid		**(8,498)**	(2,310)
Interest received		**642**	1,536
Interest paid		**(7,474)**	(6,094)
Net cash from operating activities		**71,168**	76,369
Investing activities			
Additions to property, plant and equipment	9	**(139,347)**	(64,750)
Net cash used in investing activities		**(139,347)**	(64,750)
Financing activities			
Debt commitments and other fees paid		**(317)**	-
Dividends paid		**(8,594)**	(3,026)
Repayment of debt	12	**-**	(84,168)
Drawdown of debt	12	**82,742**	67,258
Debt transaction fees paid	12	**-**	(6,522)
Payment of lease liabilities		**(1,065)**	(967)
Net cash generated from/(used in) financing activities		**72,766**	(27,425)
Net increase/(decrease) in cash and cash equivalents		**4,587**	(15,806)
Cash and cash equivalents at the beginning of the financial year		**81,177**	97,030
Effect of exchange rate changes on cash and cash equivalents		**1,480**	(47)
Cash and cash equivalents at the end of the financial year	10	**87,244**	81,177

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. STATEMENT OF ACCOUNTING POLICIES

On 23 March 2021, the Directors approved the preliminary results for publication. While the consolidated financial statements for the year ended 31 December 2020, from which the preliminary results have been extracted, are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, these preliminary results do not contain sufficient information to comply with IFRS. The Directors expect to publish the full financial statements on 2 April 2021 that comply with IFRS as adopted by the European Union.

Based on the Group's cash flow forecast, the Directors believe that the Group has adequate resources for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The auditor, KPMG, has not yet issued their audit opinion on the financial statements in respect of the year ended 31 December 2020. The financial information included within this unaudited preliminary results statement for the years ended 31 December 2020 and 31 December 2019 does not constitute the statutory financial statements of the Group within the meaning of section 293 of the Companies Act 2014. The Group financial information in this preliminary statement for the year ended 31 December 2020 is unaudited. A copy of the statutory financial statements in respect of the year ended 31 December 2020 will be annexed to the next annual return and filed with the Registrar of Companies.

The Group financial information for the year ended 31 December 2019 included in this preliminary statement represents an abbreviated version of the Group's financial statements for that year. The statutory financial statements for the Group for the year ended 31 December 2019, upon which the auditor, KPMG, has issued an unqualified opinion, were annexed to the annual return of the Company and filed with the Registrar of Companies.

None of the new and revised standards and interpretations which are effective for accounting periods beginning on or after 1 January 2020, have a material effect on the Group's financial statements.

2. REVENUE

	2020 **US$'000**	2019 US$'000
Sale of mineral products	**243,746**	270,944

During the financial year, the Group sold 853,100 tonnes (2019: 1,029,300 tonnes) of finished products ilmenite, rutile, zircon and concentrates to customers at a sales value of US$243.7 million (2019: US$270.9 million). The principal categories for disaggregating revenue are by product type and by country of the customer's location. The product types are ilmenite, zircon, rutile and concentrates. Concentrates includes secondary zircon and mineral sands concentrates.

REVENUE FROM MAJOR PRODUCTS

	2020 **US$'000**	2019 US$'000
Ilmenite	**175,587**	182,980
Zircon	**45,708**	60,545
Concentrates	**16,320**	19,372
Rutile	**6,131**	8,047
Total	**243,746**	270,944

GEOGRAPHICAL INFORMATION

	2020 US$'000	2019 US$'000
Revenue from external customers		
China	**107,824**	127,333
Italy	**19,645**	31,177
USA	**19,955**	27,500
Rest of the world	**96,322**	84,934
Total	**243,746**	270,944

The Group's revenue from external customers is generated by the Moma Titanium Minerals Mine in Mozambique, the non-current assets of which are US$959.7 million (2019: US$847.5 million). Sales to and from Ireland were US$ nil (2019: US$ nil) in the year.

INFORMATION ABOUT MAJOR CUSTOMERS

	2020 US$'000	2019 US$'000
Revenue from external customers		
Largest customer	**40,299**	36,522
Second largest customer	**32,979**	29,564
Third largest customer	**30,179**	29,316
Fourth largest customer	**24,725**	29,235
Total	**128,182**	124,637

All revenues are generated by the Moma Titanium Minerals Mine.

3. SEGMENT REPORTING

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segment is reported below.

SEGMENT REVENUES AND RESULTS

	2020 US$'000	2019 US$'000
Moma Titanium Minerals Mine		
Revenue	**243,746**	270,944
Cost of sales	**(179,103)**	(178,432)
Gross profit	**64,643**	92,512
Other operating costs	**(24,441)**	(28,260)
Segment operating profit	**40,202**	64,252
Other corporate operating costs	**(5,809)**	(5,029)
Group operating profit	**34,393**	59,223
Finance income	**642**	1,536
Finance expenses	**(11,301)**	(8,920)
Foreign exchange loss	**(980)**	(1,884)
Profit before tax	**22,754**	49,955
Income tax expense	**(6,015)**	(5,152)
Profit for the financial year	**16,739**	44,803
Segment assets		
Moma Titanium Minerals Mine assets	**1,101,808**	976,077
Corporate assets	**40,951**	50,627
Total assets	**1,142,759**	1,026,704

Segment liabilities		
Moma Titanium Minerals Mine liabilities	**236,695**	129,808
Corporate liabilities	**5,561**	5,068
Total liabilities	**242,256**	134,876
Other segment information		
Depreciation		
Moma Titanium Minerals Mine	**41,958**	33,045
Corporate	**336**	336
Total	**42,294**	33,381
Additions to non-current assets		
Moma Titanium Minerals Mine	**141,466**	68,466
Corporate	**-**	18
Total	**141,466**	68,484

Corporate assets consist of the Company's and other subsidiary undertakings' property, plant and equipment including right-of-use assets, cash and cash equivalents and prepayments at the reporting date. Corporate liabilities consist of trade and other payables at the reporting date.

4. COST OF SALES

	2020	2019
	US$'000	US$'000
Opening stock of mineral products	**26,493**	31,037
Production costs	**146,431**	145,058
Depreciation	**37,552**	28,830
Closing stock of mineral products	**(31,373)**	(26,493)
Total	**179,103**	178,432

Mineral products consist of finished products and heavy mineral concentrate. Mineral stock movement in the year was an increase of US$4.9 million (2019: US$4.5 million decrease).

5. OTHER OPERATING COSTS

	2020	2019
	US$'000	US$'000
Distribution costs	**9,820**	9,398
Freight and demurrage costs	**14,185**	17,603
Administration costs	**6,245**	6,288
Total	**30,250**	33,289

Distribution costs of US$9.8 million (2019: US$9.4 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of US$4.4 million (2019: US$4.1 million). Freight costs of US$12.2 million (2019: US$15.3 million) arise from sales to customers on a Cost, Insurance & Freight ("CIF") or Cost & Freight ("CFR") basis. Demurrage costs were US$2.0 million (2019: US$2.3 million) during the financial year. Administration costs of US$6.2 million (2019: US$6.3 million) include depreciation of US$0.3 million (2019: US$0.3 million) and a share-based payment expense of US$1.7 million (2019: US$1.8 million).

6. FINANCE COSTS

	2020	2019
	US$'000	US$'000
Interest on bank borrowings	**9,288**	5,031
Fees on debt redemption	**-**	1,555
Interest on lease liabilities	**312**	378
Trade finance fees	**720**	1,496
Commitment and other fees	**317**	–

Unwinding of discount on mine closure provision	**664**	460
Total	**11,301**	8,920

All interest has been expensed in the financial year.

7. INCOME TAX EXPENSE

	2020	2019
	US$'000	US$'000
Corporation tax	**5,748**	5,621
Deferred tax	**267**	(469)
Total	**6,015**	5,152
Reconciliation of effective tax rate		
Profit before tax	**22,754**	49,955
Profit before tax multiplied by the applicable tax rate (12.5%)	**2,844**	6,244
Non-deductible expenses	**315**	330
Differences in effective tax rates on overseas earnings	**2,589**	(953)
Recognition of deferred tax asset	**267**	(469)
Total	**6,015**	5,152

During the year Kenmare Moma Mining Limited ("KMML") Mozambique Branch had taxable profits of US$16.4 million (2019: US$15.9 million) resulting in an income tax expense of US$5.7 million (2019: US$5.6 million) being recognised. The income tax rate applicable to taxable profits of KMML Mozambique Branch is 35% (2019: 35%).

KMML Mozambique Branch has elected, and the fiscal regime applicable to mining allows for, the option to deduct, as an allowable deduction, depreciation of exploration and development expense and capital expenditure over the life of mine. Tax losses may be carried forward for three years.

During the year Kenmare Resources plc had taxable profits of US$4.2 million (2019: US$20.2 million) which were offset against tax losses. At the reporting date, the Company has unused tax losses of US$1.6 million (2019: US$3.8 million) resulting in the recognition of a deferred tax asset of US$0.2 million (2019: US$0.5 million) at 31 December 2020.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2020	2019
	US$'000	US$'000
Profit for the financial year attributable to equity holders of the Company	**16,739**	44,803

	2020	2019
	Number of shares	Number of shares
Average number of issued ordinary shares	**109,657,480**	109,601,551
Weighted number of shares issued during the financial year	**51,523**	18,541
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	**109,709,003**	109,620,092
Effect of dilutive potential ordinary shares:		
Share awards	**1,993,422**	1,554,807
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**111,702,425**	111,174,899

	US$ per share	US$ per share

Earnings per share: basic	**0.15**	0.41
Earnings per share: diluted	**0.15**	0.40

9. PROPERTY, PLANT AND EQUIPMENT
GROUP

	Plant & Equipment US$'000	Development Expenditure US$'000	Construction In Progress US$'000	Other Assets US$'000	Total US$'000
Cost					
At 1 January 2019	799,192	250,326	41,638	65,173	1,156,329
Transfer from construction in progress	12,158	–	(20,779)	8,621	–
Additions during the financial year	829	–	67,311	344	68,484
Additions of right-of-use asset under lease	–	–	–	386	386
Disposals	(92)	–	–	(5,167)	(5,259)
Adjustment to mine closure cost	5,492	–	–	–	5,492
At 31 December 2019	817,579	250,326	88,170	69,357	1,225,432
Transfer from construction in progress	171,004	(355)	(175,389)	4,740	–
Additions during the financial year	1,831	–	139,635	–	141,466
Disposals	(2,209)	–	–	(8,875)	(11,084)
Adjustment to mine closure cost	10,972	–	–	–	10,972
At 31 December 2020	999,177	249,971	52,416	65,222	1,366,786
Accumulated Depreciation					
At 1 January 2019	186,999	126,523	–	31,753	345,275
Charge for the financial year	22,429	4,103	–	6,849	33,381
Disposals	(92)	–	–	(5,167)	(5,259)
At 31 December 2019	209,336	130,626	–	33,435	373,397
Charge for the financial year	26,823	4,527	–	10,944	42,294
Disposals	(2,057)	–	–	(8,576)	(10,633)
At 31 December 2020	234,102	135,153	–	35,803	405,058
Carrying Amount					
At 31 December 2020	765,075	114,818	52,416	29,419	961,728
At 31 December 2019	608,243	119,700	88,170	35,922	852,035

Included in property, plant and equipment are right-of-use assets totalling US$3.9 million (2019: US$4.9 million). There were no additions to right-of-use assets in the year (2019:US$0.4 million) and depreciation of US$1.0 million (2019: US$1.1 million) was incurred.

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment may be impaired. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators for impairment. As at 31 December 2020, the market capitalisation of the Group was below the book value of net assets which is considered an indicator of impairment of assets. The Group carried out an impairment review of property, plant and equipment as at 31 December 2020. As a result of the review and given the performance and outlook of the Group no impairment provision was recognised in the current financial year. No impairment was recognised in the prior financial year. Given the recent past volatility, sensitivities of the forecast to the discount rate, pricing and to a lesser extent operating costs, the impairment loss of US$64.8 million which was recognised in the Consolidated Statement of Comprehensive Income in 2014 is not reversed.

The cash-generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine. The basis on which the Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is from a life of mine financial model. The recoverable amount obtained from the financial model represents the present value of the future discounted pre-tax, pre-finance cash flows discounted at 10.0%.

Key assumptions include the following:

- The discount rate is based on the Group's weighted average cost of capital. This rate is a best estimate of the current market assessment of the time value of money and the risks specific to the Mine, taking into consideration country risk, currency risk and price risk. The factors making up the cost of equity, cost of debt and capital structure have changed from the prior year review resulting in a discount rate of 10.0% (2019: 11.5%). The Group's assessment of the country risk trend has increased due to the new underlying risk of insurgency in the north of Mozambique. To date this increased risk has not impacted the Mine. The Group's estimation of the country risk premium included in the discount rate has remained unchanged from the prior year. The Group does not consider it appropriate to apply the full current country risk premium for Mozambique to the calculation of the Group's weighted average cost of capital as it believes the specific circumstances which have resulted in the risk premium increase this year and over the past number of years are not relevant to the specific circumstances of the Moma Mine. Hence, country risk premium applicable to the calculation of the cost of equity has been adjusted accordingly. Using a discount rate of 10.0%, the recoverable amount is greater than the carrying amount by US$260.2 million (2019: US$139.0 million). The discount rate is a significant factor in determining the recoverable amount. A 3.0% increase in the discount rate to 13.0% reduces the recoverable amount by US$260.2 million. The increase in the recoverable amount from the prior year is a result of increased cash flows over the life of mine due to the factors detailed below and the reduction in the discount rate from 11.5% to 10.0%.

- A mine plan based on the Namalope, Nataka, Pilivili and Mualadi proved and probable reserves and resources. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine life assumption of 40 years has not changed from the prior year review. Average annual production is approximately 1.2 million tonnes (2019: 1.1 million tonnes) of ilmenite and co-products zircon, rutile and concentrates over the life of the mine. This mine plan does not include investment in additional mining capacity. Certain minimum stocks of final and intermediate products are assumed to be maintained at period ends. The average annual production of final products has increased from the prior year due to additional production from WCP C plant and update of the production forecast from the other mining plants.

- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not currently contracted, prices are forecast by the Group taking into account independent titanium mineral sands expertise provided by TiPMC Solutions and management expectations including general inflation of 2% per annum. Forecast prices provided by TiPMC Solutions have been reviewed and found to be consistent with other external sources of information. Average forecast product sales prices have decreased slightly over the life of mine from the prior year end review as a result of revised forecast pricing. An 8% reduction in average sales prices over the life of mine reduces the recoverable amount by US$260.2 million.

- Operating costs are based on approved budget costs for 2021 taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Average forecast operating costs have increased from the prior year end review as a result of increased production and the need to transport WCP B's HMC production from Pilivili, which is a greater distance than the previous mining area of Namalope, to the MSP. A 13% increase in operating costs over the life of mine reduces the recoverable amount by US$260.2 million.

- Capital costs are based on a life of mine capital plan including inflation at 2% per annum from 2021. Average forecast capital costs have increased from the prior year end review based on updated sustaining and development capital plans required to maintain the existing plant over the life of mine. The forecast takes into account reasonable cost increases and therefore a sensitivity to this assumption which would give rise to a reduction in the recoverable amount has not been applied.

An adjustment to the mine closure cost of US$11.0 million (2019: US$5.5 million) was made during the year as a result of an update in the estimated closure costs to and a reduction in the related discount rate.

10. CASH AND CASH EQUIVALENTS

	2020	2019
	US$'000	US$'000
Cash and cash equivalents	**87,244**	81,177

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment.

11. CALLED-UP SHARE CAPITAL

	2020	2019
	€'000	€'000
Authorised share capital		
181,000,000 ordinary shares of €0.001 each	**181**	181
Nil (2019: 4,000,000,000) deferred shares of €0.059995 each	**-**	239,980
	181	240,161

	2020	2019
	US$'000	US$'000
Allotted, called up and fully paid		
Opening balance		
109,657,480 (2019: 109,601,551) ordinary shares of €0.001 each	**120**	120
2,781,905,503 deferred shares of €0.059995 each	**214,926**	214,926
Total called-up share capital	**215,046**	215,046
Issued during the year		
78,902 (2019: 55,929) ordinary shares of €0.001 each	**-**	–
Acquired and cancelled		
2,781,905,503 deferred shares of 0.059995 each	**(214,926)**	–
Closing balance		
109,736,382 (2019: 109,657,480) ordinary shares of €0.001 each	**120**	120
Nil (2019: 2,781,905,503) deferred shares of €0.059995 each	**-**	214,926
Total called-up share capital	**120**	215,046

78,902 (2019: 55,929) ordinary shares were issued during the year.

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.

12. BANK LOANS

	2020 US$'000	2019 US$'000
Borrowings	**145,771**	60,903
The borrowings are repayable as follows:		
Less than one year	**1,217**	167
Between two and five years	**150,000**	57,651
More than five years	**-**	9,608
	151,217	67,426
Transaction costs	**(5,446)**	(6,523)
Amount due for settlement	**145,771**	60,903

BORROWINGS

On 11 December 2019, the Group entered into debt facilities with Absa Bank Limited (acting through its Corporate and Investment Banking Division) ("Absa"), The Emerging Africa Infrastructure Fund (part of the Private Infrastructure Development Group) ("EAIF"), Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) ("Nedbank"), Rand Merchant Bank and Standard Bank Group ("Standard Bank"). Rothschild & Co. acted as financial adviser to the Group on the transaction.

The debt facilities comprise a US$110 million Term Loan Facility and a US$40 million Revolving Credit Facility. The debt facilities accommodate a future Mine Closure Guarantee Facility of up to US$40 million. The total debt facility over which security is in place is up to US$190 million. The transaction costs for arrangement of the new debt facilities amounted to US$6.5 million.

The Term Loan Facility has a final maturity date of 11 March 2025. Interest is at LIBOR plus 5.40% per annum. Repayment is in seven equal semi-annual instalments, beginning 11 March 2022.

The Revolving Credit Facility has a final maturity date of 11 December 2022 extendable by up to 24 months at the lenders' discretion. Interest is at LIBOR plus 5.00% per annum.

In addition, the facilities accommodate the later inclusion of a Mine Closure Guarantee Facility of up to US$40 million (increasing from US$3 million to a maximum of US$40 million over five years), which will share the security package with the Term Loan Facility and Revolving Credit Facility on a pro rata and *pari passu* basis. The security package consists of a pledge of the shares of Kenmare Moma Processing (Mauritius) Limited and Kenmare Moma Mining (Mauritius) Limited, a pledge of intercompany loans, a security interest in Group bank accounts located outside of Mozambique and China, and conditional assignments of certain contractual rights of the borrowers.

At 31 December 2020 total debt of US$145.8 million (2019: US$60.9 million) was recognised by the Group, being the drawdown of US$150.0 million before transaction costs of US$5.4 million (2019: US$6.5 million) plus interest amortised of US$1.2 million (2019: US$0.1 million).

RECONCILIATION OF MOVEMENTS OF DEBT TO CASHFLOWS ARISING FROM FINANCING ACTIVITIES	2020 US$'000	2019 US$'000
Bank Loans		
Balance at 1 January	**60,903**	83,463
Cash movements		
Loan interest paid	**(7,162)**	(5,716)
Principal paid	**-**	(82,613)
Loan drawn down	**82,742**	67,258
Transaction costs	**-**	(6,522)
Non-cash movements		
Loan interest accrued	**9,288**	5,033
Balance at 31 December	**145,771**	60,903

Lease liabilities		
Balance at 1 January	**4,454**	-
Cash movements		
Lease interest paid	**(312)**	(378)
Principal paid	**(1,065)**	(967)
Non-cash movements		
Initial application of IFRS 16 Leases	**-**	5,043
Recognition of lease liabilities	**-**	386
Lease interest accrued	**311**	370
Balance at 31 December	**3,388**	4,454

COVENANTS

All covenants have been complied with during the year. The key financial covenants as at 31 December 2020 are detailed below:

	As at 31 December 2020	Covenant
Interest Coverage Ratio	**9.75:1**	4.00:1
Net Debt to EBITDA	**0.83:1**	2.00:1
Debt Service Coverage Ratio	**11.55:1**	1.20:1
Liquidity	**US$87,244,000**	US$15,000,000
Reserve Tail	**79%**	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)

13. FINANCIAL INSTRUMENTS

	2020			2019		
	Carrying amount US$'000	**Fair value US$'000**		Carrying amount US$'000	Fair value US$'000	
Financial assets measured at fair value						
Trade receivables	15,073	15,073	Level 2	18,585	18,585	Level 2
Financial assets not measured at fair value						
Trade receivables	8,039	8,039	Level 2	13,660	13,660	Level 2
Cash and cash equivalents	87,244	87,244	Level 2	81,177	81,177	Level 2
	110,356	110,356		113,422	113,422	
Financial liabilities not measured at fair value						
Bank loans	145,771	146,247	Level 2	60,903	60,903	Level 2
	145,771	146,247		60,903	60,903	

The carrying amounts and fair values of financial assets and financial liabilities including their levels in fair value hierarchy are detailed above. The table does not include fair value information for prepayments, trade payables and accruals as these are not measured at fair value as the carrying amount is a reasonable approximation of their fair value. Trade receivables measured at fair value are receivables which the Group may elect to receive early payment though its trade finance facilities with Absa Bank and Barclays Bank. Trade receivables not measured at fair value are receivables whose payment is received under the sale contract credit terms.

The valuation technique used in measuring Level 2 fair values is discounted cashflows which considers the expected receipts or payments discounted using adjusted market discount rates or where these rates are not available estimated discount rates.

The Group has exposure to credit risk, liquidity risk and market risk arising from financial instruments.

Risk Management Framework

The Board is ultimately responsible for risk management within the Group. It has delegated responsibility for the monitoring of the effectiveness of the Group's risk management and internal control systems to the Audit & Risk Committee. The Board and Audit & Risk Committee receive reports from executive management on the key risks to the business and the steps being taken to mitigate such risks. The Audit & Risk Committee is assisted in its role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet it contractual obligations, and arises principally from the Group's trade receivables from customers.

The carrying amount of finanical assets represents the maximum credit exposure. During the year, impairment losses on financial assets were US$nil (2019: US$nil).

Trade receivables

The Group's exposure to credit risk is influenced by the individual circumstances of each customer. The Group also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 2.

Before entering into sales contracts with new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly during the year.

The Group's customers have been transacting with the Group for a significant number of years, and no customers' balances have been written off or are credit-impaired at the financial year end. In monitoring customer credit risk, customers are reviewed individually and the Group has not identified any factors which would merit reducing exposure to any particular customer.

The Group does not require collateral in respect of trade and other receivables.

At the 31 December 2020, the exposure to credit risk for trade receivable by geographic region was as follows:

	2020	2019
	US$'000	US$'000
China	**8,625**	10,743
Italy	**7,180**	6,278
USA	**1,583**	1,434
Rest of the world	**5,724**	13,790
Total	**23,112**	32,245

At 31 December 2020, US$7.2 million (2019: US$16.9 million) is due from the Group's three largest customers.

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2020	2019
	US$'000	US$'000
External credit ratings at least Baa3 (Moody's)	**2,595**	7,642
Other	**20,716**	24,818
Total gross carrying amount	**23,311**	32,460
Loss allowance	**(199)**	(215)
	23,112	32,245

Expected credit loss assessment of trade receivables

The Group allocates to each customer a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, financial statements and available market information about customers) and applying experienced credit judgement. The Group has a trade facility with Barclays Bank for customers which it sells to under letter of credit terms. Under this facility, Barclays Bank confirms the letter of credit from the issuing bank and therefore takes the credit risk that the issuing bank will not pay. This is taken into account in allocating a credit risk grade to these customers.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2020.

Equivalent to Moody's credit rating	**Weight average loss rate**	**Gross carrying amount US$'000**	**Impairment loss allowance US$'000**	**Credit impaired**
Baa3 to AAA	0.35%	11,249	39	No
Ba3 to Ba1	0.77%	1,595	12	No
Other	1.40%	10,467	148	No
		23,311	199	

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables as at 31 December 2019.

Equivalent to Moody's credit rating	**Weight average loss rate**	**Gross carrying amount US$'000**	**Impairment loss allowance US$'000**	**Credit impaired**
Baa3 to AAA	0.35%	18,421	64	No
Ba3 to Ba1	0.78%	7,533	59	No
Other	1.42%	6,506	92	No
		32,460	215	

Cash and cash equivalents

The credit risk on cash and cash equivalents is limited because funds available to the Group are deposited with banks with high credit ratings assigned by international credit rating agencies. For deposits in excess of US$50 million the Group requires that the institution has an A (S&P)/A2 (Moody's) long-term rating. For deposits in excess of US$20 million or South African Rand-denominated deposits, the Group requires that the institution has a BBB+ (S&P)/Baa1 (Moody's) long-term rating.

At 31 December 2020 and 2019 cash was deposited with the following banks:

	2020			2019		
		Long-term credit rating			Long-term credit rating	
	US$ million	S&P	Moody's	US$ million	S&P	Moody's
Barclays Bank plc	60.0	A Negative	A-1 Stable	50.9	A Stable	A-1 Stable
FirstRand Bank Limited	15.0	BBB- Stable	Ba2 Negative	-	-	-
Nedbank Limited	10.0	BB-Stable	Ba2 Negative	-	-	-
HSBC Bank plc	1.7	A+ Stable	A1 Stable	26.8	AA- Negative	Aa3 Negative

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled in cash payments. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet it liabilities when they are due.

The Group monitors mine payment forecasts, both operating and capital, which assist it in monitoring cash flow requirements and optimising its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group monitors the level of expected cash inflows on trade receivables together with expected cash outflows on trade and other payables.

The Group has a trade finance facility with Absa Bank for three of the Group's largest customers. In accordance with this facility the bank purchases 80% of the receivable without recourse and so the bank takes on the credit risk. The facility is US$30 million with limits on the maximum amount that can be factored for each of the customers named in the facility. At the year-end, trade receivables amounting to US$6.4 million (2019: US$5.1 million) may be factored under this facility.

The Group has a trade facility with Barclays Bank for customers which it sells to under letter of credit terms. Under this facility, Barclays Bank confirms the letter of credit from the issuing bank and therefore takes the credit risk that the issuing bank will not pay. Barclays Bank can also discount these letters of credit thereby providing early payment of receivables to the Group. There is no limit under the Barclays Bank facility. At the year end, trade receivables amounting to US$8.7 million (2019: US$10.8 million) may be discounted under this facility.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities as at 31 December 2020. The amounts are gross and undiscounted.

Financial liabilities	Carrying amount	Less than one year	Between 2 and 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000
Bank loans	151,217	1,217	150,000	-
Lease liabilities	4,032	1,360	2,245	427
Trade & other payables	50,122	50,122	-	-
	205,371	52,699	152,245	427

The following are the remaining contractual maturities of financial liabilities as at 31 December 2019. The amounts are gross and undiscounted.

Financial liabilities	Carrying amount	Less than one year	Between 2 and 5 years	More than 5 years
	US$'000	US$'000	US$'000	US$'000
Bank loans	67,426	167	57,651	9,608
Lease liabilities	5,407	1,363	3,259	785
Trade & other payables	36,044	36,044	-	-
	108,877	37,574	60,910	10,393

As dislosed in Note 12, the Group has bank loans that contain loan covenants. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the loan agreement, the covenants are monitored on a regular basis by Group finance and regularly reported to management and the lenders to ensure compliance with the agreement.

Market risk

Market risk is risk that changes in market prices for foreign exchange rates and interest rates will affect the Group's income statement. The objective of market risk management is to manage and control market risk exposures while optimising returns.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The presentation currency of the Group is US Dollars. Sales and bank loans are denominated in US Dollars which significantly reduces the exposure of the Group to foreign currency risk. Payables transactions are denominated in Mozambican Metical, South African Rand, Euro, Sterling Australian Dollar and Renminbi.

The Group's risk management policy is to match the estimated foreign currency exposure in respect of forecast purchases over the following six months at any point in time to the extent that funds are available to do so.

Exposure to currency risk

The Group's exposure to currency risk as at 31 December 2020 is as follows.

	US Dollar	Mozambican Metical	South African Rand	Euro	Sterling	Australian Dollar	Renminbi
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Trade and other receivables	28,059	-	444	740	38	634	-
Cash and cash equivalents	81,969	130	4,406	441	256	21	21
Bank loans	(151,217)	-	-	-	-	-	-
Leases	(2,217)	-	-	(1,815)	-	-	-
Trade & other payables	(31,185)	(8,371)	(8,186)	(712)	(62)	(1,606)	-
Net exposure	(74,591)	(8,241)	(3,336)	(1,346)	232	(951)	21

The Group's exposure to currency risk as at 31 December 2019 is as follows.

	US Dollar	Mozambican Metical	South African Rand	Euro	Sterling	Australian Dollar	Renminbi
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Trade and other receivables	38,003	250	969	375	258	1,322	-
Cash and cash equivalents	77,777	1,062	2,056	121	101	19	41
Bank loans	(67,426)	-	-	-	-	-	-
Leases	(3,331)			(2,076)			
Trade and other payables	(25,116)	(4,604)	(2,959)	(1,540)	(357)	(1,468)	-
Net exposure	19,907	(3,292)	66	(3,120)	2	(127)	41

Sensitivity analysis

A reasonably possible strengthening or weakening of the Mozambique Metical, South African Rand, Euro, Sterling, Australian Dollar and Renminbi by 1% against US Dollar would have affected profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

Profit or loss	Mozambican Metical	South African Rand	Euro	Sterling	Australian Dollar	Renminbi
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
31 December 2020						
Strenghtening	(8)	(3)	(1)	-	(1)	-
Weakening	8	3	1	-	1	-
31 December 2019						
Strenghtening	(3)	-	(3)	-	-	-
Weakening	3	-	3	-	-	-

Interest rate risk

The loan facilities are arranged at variable rates and expose the Group to cash flow interest rate risk. Variable rates are based on six-month LIBOR. The borrowing rate at financial year end was 5.8% (2019: 7.3%). The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2020 US$'000	2019 US$'000
Variable rate debt	151,217	67,426

Under the assumption that all other variables remain constant, a reasonable possible change of 1% in the six-month LIBOR rate results in a US$1.5 million (2019: US$0.7 million) change in finance costs for the financial year.

The above sensitivity analyses are estimates of the impact of market risks assuming the specified change occurs. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest rates to vary from the assumptions made above and therefore should not be considered a projection of likely future events.

GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures set out in the Preliminary Results to 31 December 2020 are not defined under International Financial Reporting Standards (IFRSs), but represent additional measures used by the Board to assess performance and for reporting both internally and to shareholders and other external users. Presentation of these Alternative Performance Measures (APMs) provides useful supplemental information which, when viewed in conjunction with the Group's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group.

These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRSs.

Descriptions of the APMs included in this report, as well as their relevance for the Group, are disclosed below.

APM	**Description**	**Relevance**
Revenue (FOB)	Revenue excluding freight	Eliminates the effects of freight to provide the product price
EBITDA	Operating profit/loss before depreciation	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,	Eliminates the non-cash impact on costs to identify the actual cash outlay for production and, as production levels increase or decrease, highlights operational

	divided by ilmenite production (tonnes)	performance by providing a comparable cash cost per tonne of ilmenite produced over time
Net cash/debt	Bank loans before transaction costs, loan amendment fees and expenses net of cash and cash equivalents	Measures the amount the Group would have to raise through refinancing, asset sale or equity issue if its debt were to fall due immediately, and aids in developing an understanding of the leveraging of the Group
Mining – HMC produced	Heavy mineral concentrate extracted from mineral sands deposits and which include ilmenite, zircon, rutile, concentrates and other heavy minerals and silica	Provides a measure of heavy mineral concentrate extracted from the Mine
Processing – finished products produced	Finished products produced by the mineral separation process	Provides a measure of finished products produced from the processing plants
Marketing – finished products shipped	Finished products shipped to customers during the period	Provides a measure of finished products shipped to customers
LTIFR	Lost time injury frequency rate	Measures the number of injuries causing lost time per 200,000 man hours worked on site
AI	All injuries	Provides the number of injuries at the Mine in the year

REVENUE

	2016	2017	2018	2019	**2020**
	US$m	US$m	US$m	US$m	**US$m**
Revenue	141.5	208.3	262.2	270.9	**243.7**
Freight	(5.3)	(5.4)	(16.3)	(15.4)	**(12.2)**
Revenue (FOB)	136.2	202.9	245.9	255.5	**231.5**

EBITDA

	2016	2017	2018	2019	**2020**
	US$m	US$m	US$m	US$m	**US$m**
Operating profit/(loss)	(25.4)	28.5	62.9	59.2	**34.4**
Depreciation and amortisation	30.6	32.0	30.4	33.4	**42.3**
EBITDA	5.2	60.5	93.3	92.6	**76.7**

EBITDA MARGIN

	2016	2017	2018	2019	**2020**
	US$m	US$m	US$m	US$m	**US$m**
EBITDA	5.2	60.5	93.3	92.6	**76.7**
Revenue (FOB)	136.2	202.9	245.9	255.5	**231.5**
EBITDA margin (%)	4	30	38	36	**33**

CASH OPERATING COST PER TONNE OF FINISHED PRODUCT

	2016	2017	2018	2019	**2020**
	US$m	US$m	US$m	US$m	**US$m**
Cost of sales	144.0	156.6	168.3	178.4	**179.1**
Other operating costs	22.8	23.2	31.0	33.3	**30.3**
Total operating costs	166.8	179.8	199.3	211.7	**209.4**
Freight charges	(5.4)	(5.5)	(16.3)	(15.4)	**(12.2)**
Total operating costs less freight	161.4	174.3	183.0	196.3	**197.2**
Non-cash costs					
Depreciation	(30.6)	(32.0)	(30.4)	(33.4)	**(42.3)**
Share-based payments	(0.4)	(1.0)	(1.4)	(1.8)	**(1.8)**
Mineral product inventory movements	3.0	0.3	0.1	(4.5)	**4.9**
Total cash operating costs	133.4	141.6	151.3	156.6	**158.0**
Final product production tonnes	979,300	1,081,300	1,043,300	988,300	**840,500**
Cash operating cost per tonne of finished product	US$136	US$131	US$145	US$158	**US$188**

CASH OPERATING COST PER TONNE OF ILMENITE

	2016	2017	2018	2019	**2020**
	US$m	US$m	US$m	US$m	**US$m**
Total cash operating costs	133.4	141.6	151.3	156.6	**158.0**
Less FOB revenue from co-products zircon, rutile and mineral sands concentrate	(36.6)	(50.4)	(75.1)	(84.5)	**(63.2)**
Total cash costs less co-product revenue	96.8	91.2	76.2	72.1	**94.8**
Ilmenite product production tonnes	903,300	998,200	958,500	892,900	**756,000**
Cash operating cost per tonne of ilmenite	US$107	US$91	US$79	US$81	**US$125**

NET CASH/DEBT

	2016	2017	2018	2019	**2020**
	US$m	US$m	US$m	US$m	**US$m**
Bank debt	(102.6)	(102.9)	(83.5)	(60.9)	**(145.8)**
Transaction costs	–	–	–	(6.6)	**(5.4)**
Gross debt	(102.6)	(102.9)	(83.5)	(67.5)	**(151.2)**
Cash and cash equivalents	57.8	68.8	97.0	81.2	**87.2**
Net cash/(debt)	(44.8)	(34.1)	13.5	13.7	**(64.0)**