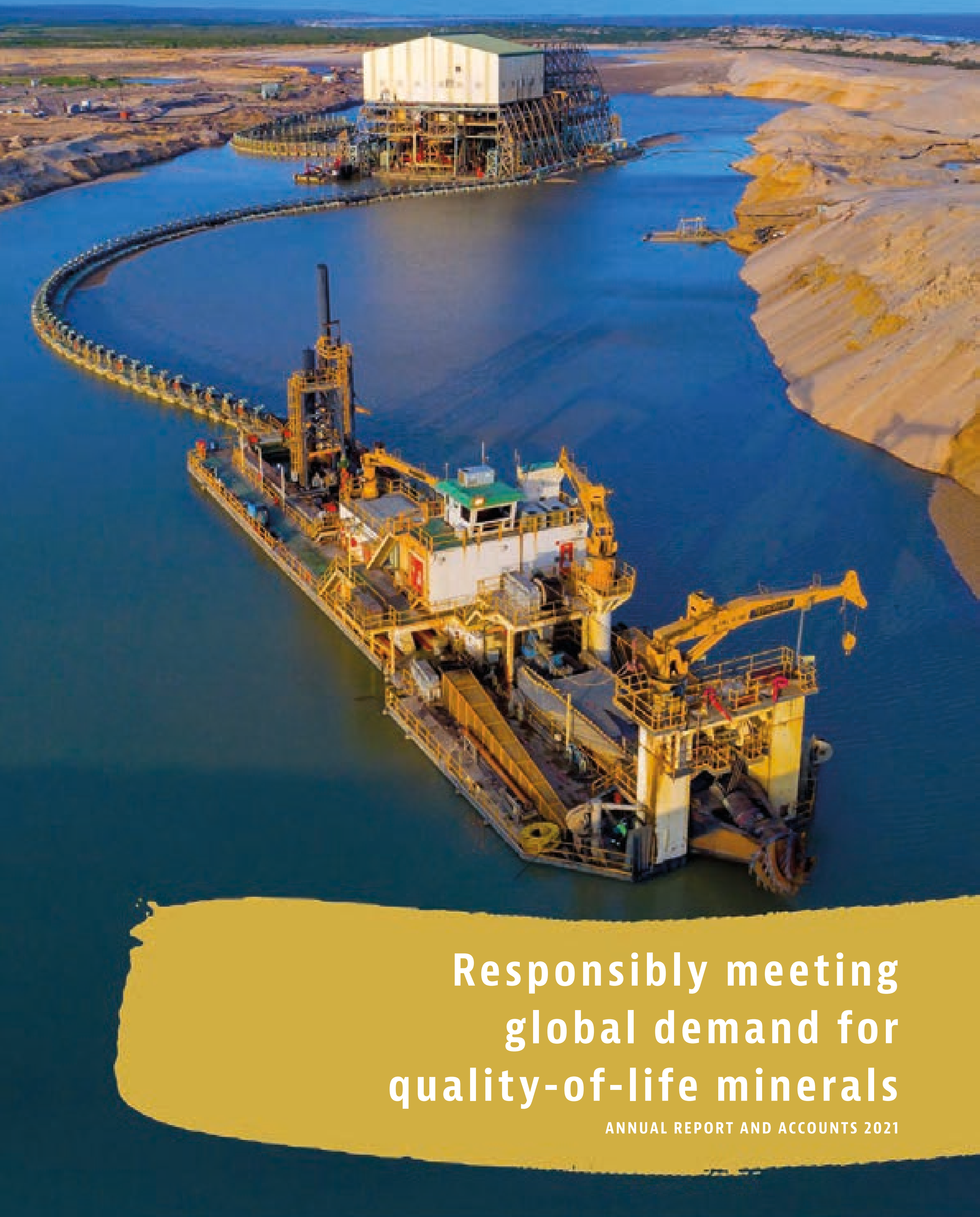
KENMARE RESOURCES PLC



Responsibly meeting global demand for quality-of-life minerals

ANNUAL REPORT AND ACCOUNTS 2021

KENMARE RESOURCES PLC IS ONE OF THE WORLD'S LEADING PRODUCERS OF MINERAL SANDS PRODUCTS

Who we are

Kenmare is an established mining company that operates the Moma Titanium Minerals Mine, located on the north east coast of Mozambique. Our products are key raw materials ultimately consumed in quality-of-life items such as paints, plastics, and ceramic tiles. Listed on the London Stock Exchange and Euronext Dublin, we have been in production for 14 years and have a long-term commitment to being a responsible corporate citizen.

What we do

We are ramping up production of ilmenite, our primary product, to 1.2 million tonnes per annum on a sustainable basis. At this production rate, the Moma Mine has over 100 years of Mineral Resources. We are focused on maximising value and creating opportunities from the Moma Mine for the benefit of employees, host communities, and customers, as well as our shareholders.

How we do it

Kenmare mines titanium-rich sands at its dredge mining and dry mining operations. Of this ore, only 3–5% is removed and transported for separation at our plant into our four final products: ilmenite, zircon, rutile, and mineral sands concentrate. We then load these products onto ocean-going third-party vessels at our dedicated port facility. After mining, we rehabilitate the land, progressively returning it to local farmers. We are proud of our low environmental impact, with over 90% of our electricity requirements generated from renewable sources.

For more information visit:
www.kenmareresources.com

@KenmareRes
Kenmare Resources Plc
@KenmareResourcesplc

HIGHLIGHTS

LOST TIME INJURY FREQUENCY RATE
0.03
PER 200K HOURS WORKED
(DOWN 88%)

CARBON INTENSITY (SCOPES 1&2)
0.057
TONNE CO_2 / TONNE PRODUCT
(DOWN 20%)

PRODUCTION OF FINISHED PRODUCTS
1,228,500
TONNES
(UP 46%)

SHIPMENTS OF FINISHED PRODUCTS
1,285,300
TONNES
(UP 51%)

REVENUE
$455.9m
(UP 87%)

EBITDA
$216.1m
(UP 182%)

SHARE BUY-BACK
$81.6m

DIVIDEND PER SHARE
USc32.7
(UP 227%)

CONTENTS

Business overview

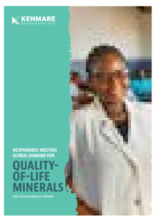
Strategic report

Governance

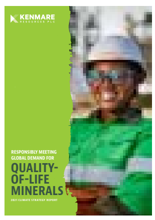
Group financial statements

Company financial statements

Other information



Read our Sustainability Report 2021



Read our Climate Strategy Report 2021

KENMARE RESOURCES AT A GLANCE

RESPONSIBLY MEETING GLOBAL DEMAND

RESPONSIBLY

Sustainability is central to every aspect of how we operate, whether it is the safety and health of our employees, our impact on the environment, or how we relate to our host communities.

In 2021 we achieved our lowest ever Lost Time Injury Frequency Rate (LTIFR), we published our first Sustainability Report and we invested $2.3 million into community initiatives through the Kenmare Moma Development Association (KMAD).

See page 50 to read more about **sustainability at Kenmare**

88%
REDUCTION IN LTIFR IN 2021

97%
MOZAMBICAN EMPLOYEES

>90%
ELECTRICITY DERIVED FROM RENEWABLE SOURCES

DEMAND

Demand for our products has historically grown with world GDP.

As the global economy grows and continues to urbanize, demand for our quality-of-life minerals has steadily increased.

This trend is expected to continue as some of the world's most populus countries, such as China and India, have significantly lower consumption rates per capita than North America or Europe.

See page 38 to read more about **our marketplace**

51%
INCREASE IN SHIPMENTS IN 2021

28%
INCREASE IN AVERAGE ILMENITE PRICE RECEIVED IN 2021

MEETING

Our Moma Mine is one of the largest titanium minerals deposits in the world.

Moma began production in 2007 and since then it has produced more than nine million tonnes of finished products. We are targeting ilmenite production of 1.2 million tonnes per annum (Mtpa), plus co-products, on a sustainable basis, with sufficient Mineral Resources to produce at this rate for more than 100 years. This provides opportunities to grow as the market requires.

See page 26 to read more about **our operations**

1.12Mt
ILMENITE PRODUCTION IN 2021

48%
INCREASE IN ILMENITE PRODUCTION IN 2021

8%
KENMARE'S MARKET SHARE

149Mt
ILMENITE MINERAL RESOURCES

FOR QUALITY-OF-LIFE MINERALS

QUALITY-OF-LIFE MINERALS

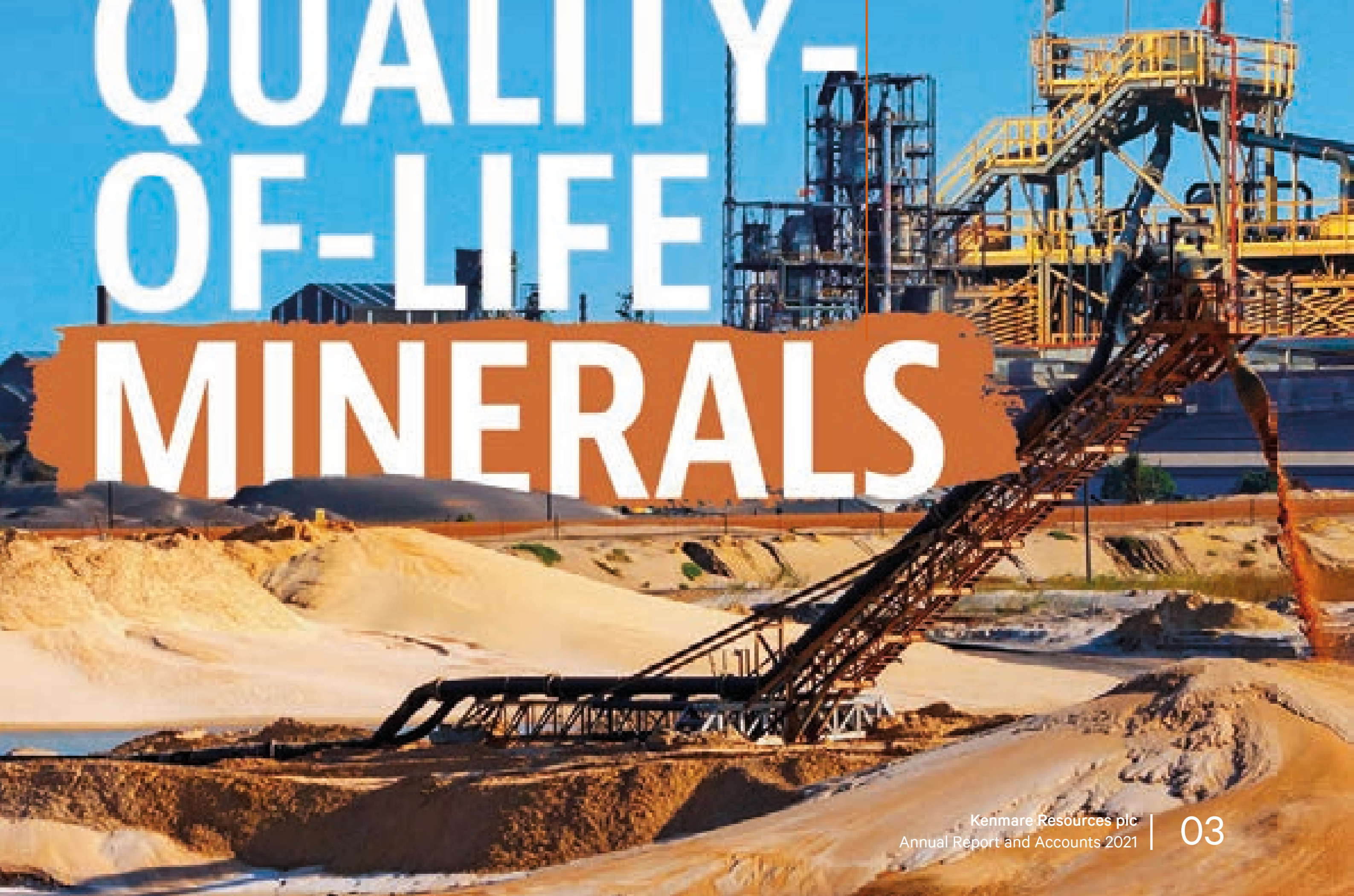
Kenmare's products are key raw materials used in the production of quality-of-life items such as paints, paper, plastics and ceramic tiles, which are essential to everyday modern life.

We produce three key minerals; ilmenite, rutile and zircon. Ilmenite is our primary product, usually accounting for more than 70% of revenues.

See page 6 to read more about **our products**

15Mt
GLOBAL TITANIUM FEEDSTOCK PRODUCTION PER ANNUM

$4.5bn
TITANIUM FEEDSTOCK INDUSTRY REVENUES PER ANNUM



2021 YEAR IN REVIEW

Rotary Uninterruptible Power Supply (RUPS)

Following a successful feasibility study, Kenmare approved the installation of a RUPS in early 2021. The RUPS is expected to improve power stability at the Mineral Separation Plant and decrease our carbon emissions by reducing our reliance on diesel generators. It began commissioning in Q1 2022.

$18m ESTIMATED CAPITAL COST

2021

FEBRUARY

MARCH

Construction of Pilivili health centre

Following Wet Concentrator Plant (WCP) B's relocation to Pilivili, the Kenmare Moma Development Association (KMAD) expanded its reach to support five new communities in the Pilivili area. One of the first major projects to commence was the construction of the Pilivili health centre in Q1 2021.

5 PILIVILI COMMUNITIES SUPPORTED BY KMAD

COVID-19 vaccination programme

In order to protect our people, in July 2021 we began offering vaccines against COVID-19 to our employees and contractors. By year-end, 96% of our workforce had received two doses. We also donated 12,000 vaccines for local communities.

96% DOUBLE VACCINATED EMPLOYEES

Nataka Pre-Feasibility Study (PFS) underway

By mid-2021, work was underway on the PFS for WCP A's move to the Nataka ore zone in 2025. WCP A is expected to dredge a corridor to Nataka, unlike WCP B which was relocated by road.

32Mt
NATAKA ILMENITE RESERVES

Share buy-back

In December 2021 Kenmare completed a share buy-back, repurchasing 13.5% of our issued share capital and returning $81.6 million to eligible shareholders. This was in addition to dividends paid through 2021, taking cash returned to shareholders to ~$100 million in the year.

$81.6m
CASH RETURNED THROUGH BUY-BACK

JULY | AUGUST | SEPTEMBER | DECEMBER | 2022

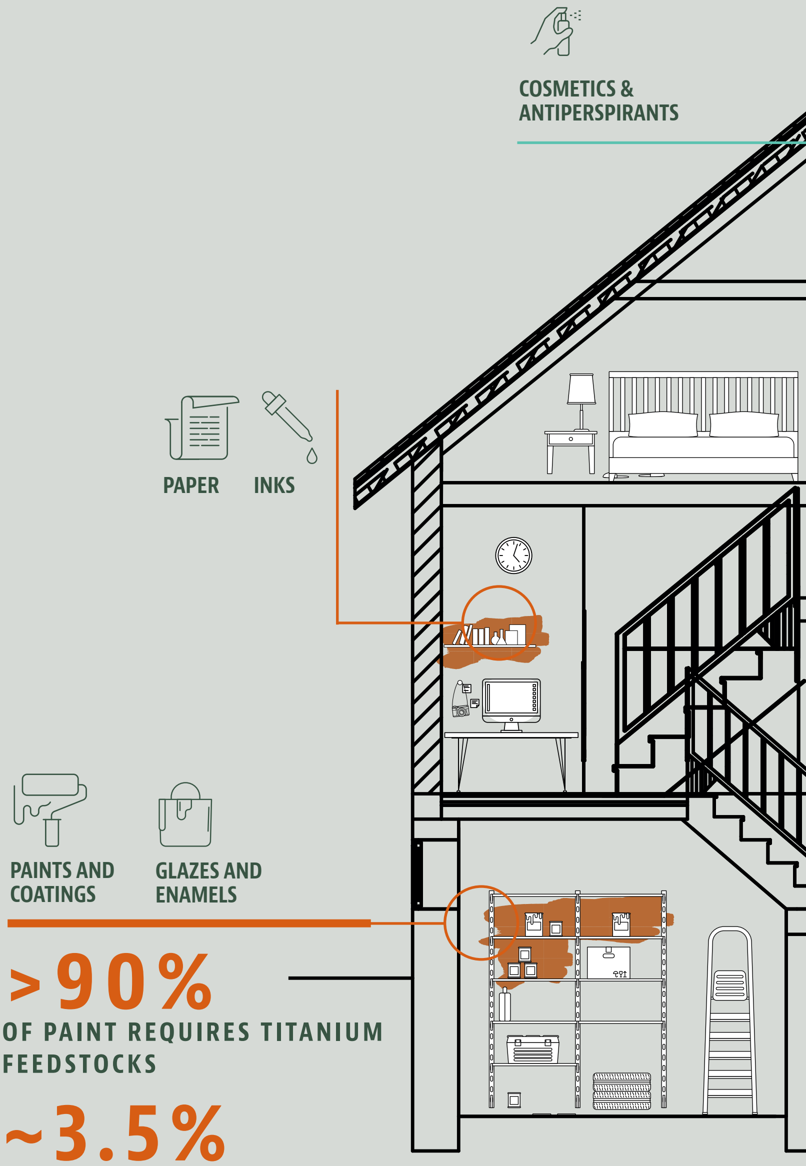
Record quarter of production

Q3 2021 represented the first quarter of ilmenite production at nameplate capacity of 1.2 million tonnes per annum, plus co-products. In 2022 Kenmare is focused on achieving this run rate on a sustainable basis.

314,400t
Q3 ILMENITE PRODUCTION

OUR PRODUCTS

Products containing titanium feedstocks and zircon are found in every room of the home.



>90%
OF PAINT REQUIRES TITANIUM FEEDSTOCKS

~3.5%
FIVE YEAR GROWTH IN THIS MARKET

WHAT WE PRODUCE

Kenmare has two core product streams: titanium feedstocks (ilmenite and rutile) and zircon, which is a zirconium mineral. Ilmenite is our primary product, representing more than 70% of revenues. We also produce a small quantity of monazite (a mineral containing rare-earth elements) as part of a mixture of products in a concentrate.

Titanium and zirconium minerals are known for imparting the qualities of whiteness and opacity in the products they are consumed in. These products can be found in many areas of everyday life.

TITANIUM FEEDSTOCKS

The production of titanium dioxide pigment accounts for approximately 90% of the demand for titanium feedstocks, like ilmenite and rutile, with smaller quantities used to produce titanium metal and welding electrode fluxes.

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

KENMARE PRODUCTION IN 2021

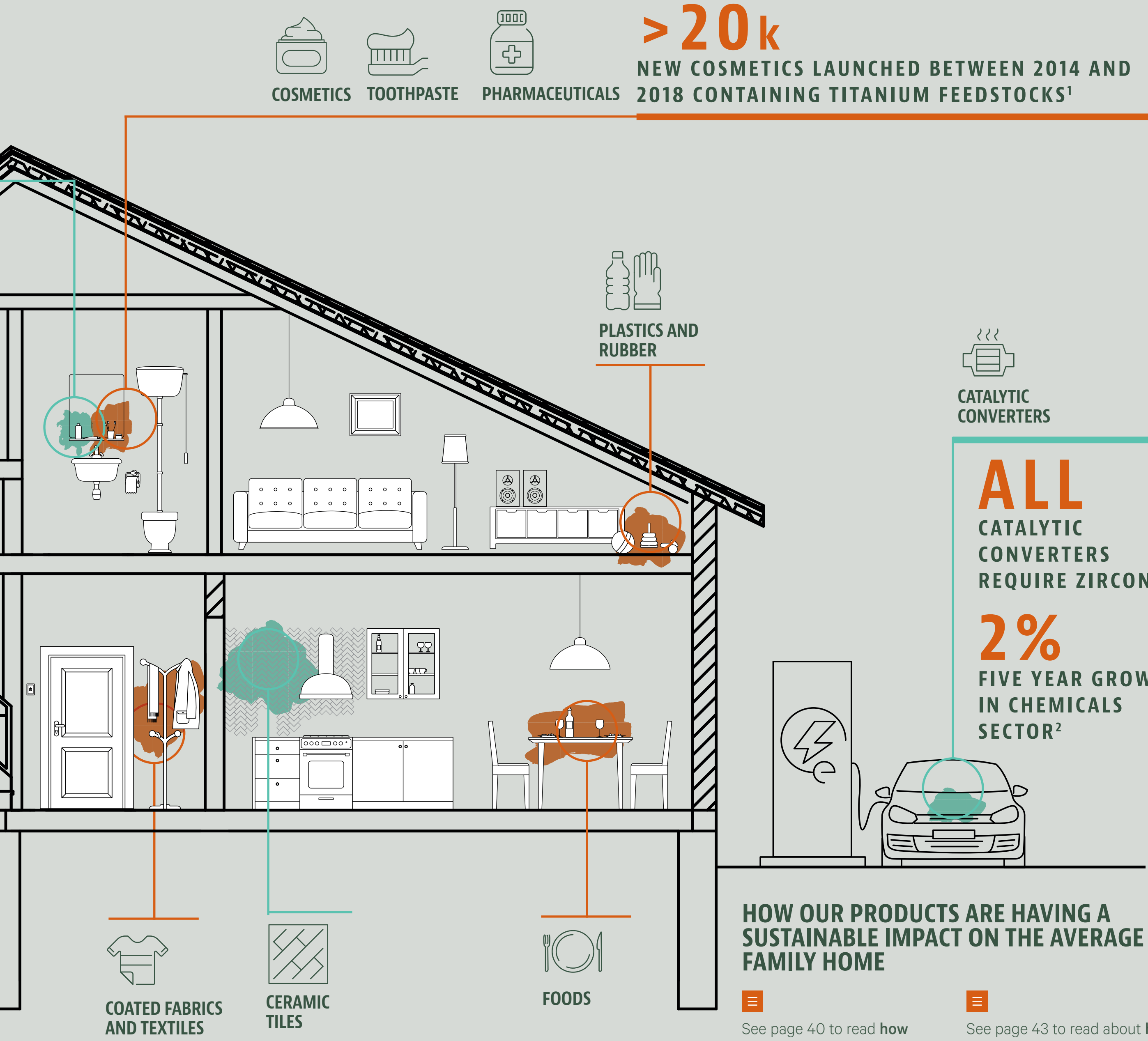
1.13Mt

% OF KENMARE'S REVENUE IN 2021

80%

>20k

NEW COSMETICS LAUNCHED BETWEEN 2014 AND 2018 CONTAINING TITANIUM FEEDSTOCKS[1]



ALL

CATALYTIC CONVERTERS REQUIRE ZIRCON

2%

FIVE YEAR GROWTH IN CHEMICALS SECTOR[2]

HOW OUR PRODUCTS ARE HAVING A SUSTAINABLE IMPACT ON THE AVERAGE FAMILY HOME

See page 40 to read **how our products are allowing for more sustainable paint production**

See page 43 to read about **how our products are integral to electric car production and other sustainable end-user products**

ZIRCON

Zircon sand is an important feedstock to a wide range of industries, of which the ceramics sector is the largest consumer, due to zircon's brilliant whiteness. Zircon is also used in refractory, foundry and chemical applications, which are essential to modern manufacturing.

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

KENMARE PRODUCTION IN 2021

56.3kt

% OF KENMARE'S REVENUE IN 2021

15%

1 Source: Titanium Dioxide Manufacturers Association

2 Catalytic converters are included in the chemicals sector

STRATEGIC REPORT

Kenmare set a new company record for safety in 2021 and achieved one year without a Lost Time Injury on 6 January 2022, representing more than six million hours worked.

HIGINO JAMISSE
GENERAL MANAGER, MOMA MINE


KENMARE

Increased shareholder returns during an outstanding year

STEVEN MCTIERNAN
CHAIRMAN

DEAR SHAREHOLDERS,

2021 was the first full year of operations at the high grade Pilivili ore zone, in addition to our original Namalope area. Significant increases in production and shipments were achieved, while our product markets exhibited strong demand throughout the year. As a result, revenue increased by 87% to $455.9 million, and profit after tax by 669% to $128.5 million, vindicating our strategy of investing in additional production capacity in anticipation of a tight market.

As we began 2021, while we had largely completed the last of our three growth projects, operational effectiveness continued to be impacted by COVID-19. Our vaccination, testing, and quarantine protocols mitigated the worst effects of the virus, however, and we also achieved a truly outstanding safety performance. Nevertheless, we remain vigilant as the pandemic continues to evolve. The health and safety of our colleagues and host communities remain our highest priorities.

Shareholder returns

Kenmare committed to increase shareholder returns after the completion of the major capital projects executed during 2018–2020. Accordingly, we have recommended a dividend payout of 25% of profit after tax for 2021, higher than the 20% minimum policy. Subject to shareholder approval, our 2021 full year dividend will be USc32.71, an increase of 227% compared to 2020.

Despite robust operational and financial performance, our share price during 2021 did not fully reflect Kenmare's intrinsic value, and the Board concluded that a share buy-back was therefore a prudent use of capital. A share buy-back was completed in December 2021, returning $81.6 million to eligible shareholders while reducing the number of shares in issue by 13.5%.

I am pleased that Kenmare has been able to return almost $100 million in aggregate to shareholders during 2021, through dividends and the share buy-back, whilst also maintaining a robust balance sheet.

At the 2022 Annual General Meeting (AGM) Kenmare will ask shareholders to approve resolutions to implement an Odd-lot Offer at some point during the next 18 months. This will enable the Company to purchase, at a 5% premium, the shares held by eligible certificated shareholders who hold fewer than 200 shares in the Company. This will help small shareholders who would otherwise have difficulty selling their holdings due to disproportionate trading costs. Further details of the Odd-lot Offer scheme are included in the Notice of AGM.

Outlook and strategy

In 2021 we benefitted from strong product markets for all our products and this positive momentum has continued into 2022. Our increased production has been well absorbed by our markets and demand for Kenmare ilmenite remains strong. However, the tragic conflict in Ukraine has created significant uncertainties in global trade routes and the wider economy. It is too soon to speculate on the overall effects on our business, but Ukraine is a significant supplier of titanium feedstocks, while lower global growth could reduce demand for our products.

In 2025, Wet Concentrator Plant (WCP) A will move to the Nataka ore zone. Field tests of mining methods and planning studies are making good progress and a Pre-Feasibility Study for the move is expected to be completed later in 2022. This will include details of the mining method, relocation, provision of water and power, an HMC pumping system, and plans for tailings disposal.

Our overall strategy is to operate responsibly to deliver long-life low-cost production, allocating capital efficiently, including

USc32.7
2021 FULL YEAR DIVIDEND

227%
DIVIDEND INCREASE IN 2021

2nd
SUSTAINABILITY REPORT PUBLISHED

towards developing accretive growth opportunities. The Kenmare team is committed to achieving these strategic goals, while also becoming a first quartile producer on the industry revenue to cost curve. Achievement of these long-term strategic goals will support further increases in free cash flow and higher dividends, as well as improving resilience in case of potential cyclical commodity market downturns.

Sustainability

Kenmare has always placed sustainability at the heart of its business practices, working responsibly to achieve ambitious environment, social, and governance goals. In 2021, we published our inaugural Sustainability Report, which set out guiding principles, together with some examples of our approach to responsible environmental management, and constructive community and other stakeholder relations. We have now published our second Sustainability Report, including commentary on our performance against public sustainability targets for the first time.

The Board has ratified an inaugural Climate Policy and we have published our first Climate Strategy Report, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

During 2021 we launched a Portuguese version of our corporate website to ensure all information is easily accessible for Mozambicans. For the second consecutive year, we were pleased to be named as the most transparent extractive industry company in Mozambique by the Centre for Public Integrity's Extractive Industry Transparency Index.

Board development

In 2021, an external performance evaluation of the Board and all of its Committees was conducted by Board Excellence, in accordance with the provisions of the 2018 UK Corporate Governance Code. I am pleased to report that the evaluation concluded that Kenmare's Board operates efficiently, "with a deep commitment to do the right thing and excel on behalf of shareholders, employees and stakeholders." A summary of outcomes and actions from the evaluation is available on page 86.

A number of important changes in the composition of the Board took place during the year, and further changes will occur in 2022 when I plan to retire, after nine years on Kenmare's Board, almost eight of them as Chairman.

Gabriel Smith, Tim Keating, and Peter Bacchus stepped down and I would like to thank them sincerely for their important contributions to Kenmare's success in recent years. Graham Martin has assumed the role of Senior Independent Director following Peter's departure.

In March 2021, we were pleased to welcome Sameer Oundhakar to replace Tim as the representative Director of our largest shareholder, African Acquisition S.à.r.l., an investment vehicle owned by the Oman Investment Authority.

In October 2021, we announced that Mette Dobel had agreed to join the Board as an independent Non-Executive Director effective 1 January 2022. Her significant leadership experience both as a senior executive and director of FLSmidth A/S, at the cutting edge of mining technology and automation, will be invaluable as we strive to achieve further operational efficiencies and build a positive social and environmental legacy.

"Kenmare returned almost $100 million to shareholders in 2021, through dividends and the share buy-back."

STEVEN MCTIERNAN
CHAIRMAN

In December 2021, Andrew Webb joined the Board as an independent Non-Executive Director and Chair Designate. Andrew brings extensive natural resources and financial advisory experience, having previously served as a Managing Director at Rothschild & Co in the Global Advisory team, where he worked for 25 years. Andrew will become Chairman after the AGM, and I am confident that he and the rest of the Board will take Kenmare to even higher levels of achievement in future years.

After these changes, the composition of the Board will provide a strong and diverse mix of talents, skills and experience, well suited to the business and challenges ahead, while achieving our gender diversity target with female Directors representing one third of the Board.

Acknowledgements

I would like to end my final statement as Chairman by thanking all of Kenmare's key stakeholders for their support and commitment to the Company and the Board, not only during the unprecedented challenges we have all experienced during the past two years of COVID-19 disruption, but also throughout my nine-year tenure. I look back on the Company's achievements with a sense of pride and I am pleased to be leaving Kenmare in the strongest position in its history.

It has been a privilege to work with my fellow Board members, and particularly Michael Carvill who founded the company and has led it selflessly and courageously for more than 20 years. Kenmare has an outstanding management team and a remarkable workforce. I feel privileged to have worked with such a talented group and I will follow the Company's continued progress with keen interest.

With capacity to deliver 1.2 million tonnes per annum (Mtpa) of ilmenite on a sustainable basis, buoyant product markets, and a first class team, I am confident that Kenmare will continue to generate value for all stakeholders in 2022 and beyond.

STEVEN MCTIERNAN
CHAIRMAN

Read more about our **strategy in action** on page 20

Read more about **changes to our Board** on page 82

A record year across our business

MICHAEL CARVILL
MANAGING DIRECTOR

DEAR SHAREHOLDERS,

Kenmare delivered a record year for safety, production, and shipments in 2021. The Company demonstrated its resilience and agility, protecting our employees and host communities against a second year of heightened risk due to COVID-19. I would like to thank all our team for their hard work and dedication, particularly during H1 2021 when we faced huge challenges as a result of the virus.

Our record operational performance in 2021 was supported by strong market conditions for all our products. We increased production of ilmenite, our main product, by almost 50% compared to 2020 and this was well received by the product market, with quarter-on-quarter price increases. This enabled us to generate EBITDA of $216.1 million, up 182% on 2020, and gave us the confidence to return almost $100 million to shareholders during the year, increasing our 2021 dividend payout to 25% of profit after tax, above the 20% minimum policy, and completing a share buy-back of 13.5% of our issued share capital.

We are targeting production of 1.2 million tonnes per annum (Mtpa) of ilmenite, plus co-products, on a sustainable basis and reduced unit costs. We remain focused on delivering strong free cash flow and shareholder returns, while continuing to raise the standards to which we hold ourselves in terms of environment, social, and governance performance. We believe we are achieving our purpose of "responsibly meeting global demand for quality-of-life minerals."

Safety

It is testimony to our strong safety culture that Kenmare reported its best ever safety performance in 2021. This achievement is particularly significant given the additional pressure put on our mining operations by COVID-19, which had the potential to increase safety risks.

We delivered our lowest ever Lost Time Injury Frequency Rate of 0.03 per 200,000 hours worked for the 12 months to 31 December 2021, which also represented more than six million hours worked without a Lost Time Injury (LTI) and an 88% reduction compared to 2020. Our Total Recordable Injury Frequency Rate (TRIFR) relative to the 2020 International Council on Mining and Metals TRIFR was in the top quintile. On 6 January 2022 we achieved one year without a LTI and we are working hard to maintain this record performance. We also retained our five-star NOSA safety accreditation for the sixth consecutive year.

Sustainability

Our commitment to working responsibly is enshrined in Kenmare's purpose and we are particularly focused on protecting our employees and our host communities in Mozambique. In mid-2021 we began vaccinating our workforce against COVID-19 and by the end of the year, 96% had been double vaccinated. We also donated 12,000 vaccines to local communities.

Through the Kenmare Moma Development Association (KMAD), we completed the construction of a new health centre for the communities living near our Pilivili operations and constructed seven school blocks in the Namalope and Pilivili areas. By the end of the year, over 1,000 farmers were registered in our Conservation Agriculture programme to improve crop yields and 75 small businesses were benefitting from KMAD support.

We recognise the role and responsibility all businesses must take in reducing global greenhouse gas emissions and as such, in December 2021, the Board approved Kenmare's Climate Policy. We have published our first Climate Strategy Report, which follows recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD). We have an ambition of becoming Net Zero (Scope 1 and 2)

Read more about **commitment to sustainability** on page 50

Read more about **market-leading position** on page 38

88%
IMPROVEMENT IN SAFETY PERFORMANCE

96%
OF EMPLOYEES DOUBLE VACCINATED

48%
INCREASE IN ILMENITE PRODUCTION

by 2040, with a short-term carbon emissions reduction target of 12% by 2024, contingent on receiving a reliable power supply from the Mozambican state power provider, Electricidade de Moçambique.

In early 2021 we approved the development of a Rotary Uninterruptible Power Supply (RUPS). It is expected to deliver increased power stability for the Mineral Separation Plant, an important risk mitigation measure, and is anticipated to be the main contributor towards our reduced emissions through lower diesel consumption. At an estimated cost of $18 million, the RUPS is a Net Present Value positive project, using conservative assumptions, and commissioning commenced in Q1 2022.

We also continued to invest in our people. The Moma workforce received 21,100 hours of training during the year as we believe that providing continuous development opportunities is key to attracting and retaining the best people and maintaining our strong safety culture. At the end of 2021, we had 1,551 employees at the Moma Mine and over 97% of them were Mozambican, with 70% from the local district or province. 12.5% of our Moma employees were women, compared with 10.6% in 2020, reflecting our successful initiatives to encourage women to join and remain in our workforce.

Operational performance

2021 was a record year for production and the first time we have produced more than one million tonnes of ilmenite. Total production of finished products was up 46% compared to 2020, driven by the higher ore grades mined in Pilivili by Wet Concentrator Plant B following its relocation in Q3 2020. We achieved Moma's nameplate capacity of 1.2 Mtpa ilmenite production in Q3 2021, which set a new quarterly production record, and demonstrated our ability to produce at our targeted rate. We are now focused on achieving this run rate on a consistent basis. 2021 was also a record year for shipments, which were up 51% compared to 2020.

We achieved this compelling performance despite the impact of COVID-19 on our operations, particularly in H1 2021. Ilmenite production was below the midpoint of guidance due to the challenges of operating with a reduced workforce, including senior management, and power supply disruptions in Q4. Operating costs per tonne were 3% above the top end of our guidance range due mainly to additional costs associated with repairs and maintenance, Heavy Mineral Concentrate haulage, and COVID-19 management. In 2022, we will look to progress towards becoming a first quartile producer on the industry revenue to cost curve.

Product market

Kenmare is the world's largest supplier of ilmenite and the Moma Mine is one of the largest titanium minerals deposits globally. The titanium feedstocks we produce are principally used to make pigment, which is essential for imparting whiteness and opacity in the production of paints, paper, plastic, and a range of other items we use in our everyday lives.

2021 was a strong year for all of Kenmare's product markets, with increased volumes sold at a 21% higher average price than in 2020. Robust demand for titanium feedstocks, like ilmenite, was driven primarily by global pigment production reaching a record high and the titanium metal market improving.

> **"Kenmare demonstrated its resilience and agility, protecting our employees and host communities against a second year of heightened risk due to COVID-19."**
>
> **MICHAEL CARVILL**
> MANAGING DIRECTOR

Following softer demand in 2020, the market for zircon, our main co-product, stabilised in Q1 2021 and then saw price increases throughout the remainder of 2021. The positive pricing momentum for all our products has continued into 2022, with global inventories remaining low.

Outlook

Although the pandemic continued to create huge challenges in 2021, I believe we have built a stronger business. The past two years have shown us what we are all capable of, particularly when we pull together and look out for each other. I would like to thank all our stakeholders, particularly those in Mozambique, for their invaluable support.

I would also like to thank Steven McTiernan for his outstanding contribution to Kenmare. He led the Company as Chairman during a period of significant change, providing constructive challenge, wise counsel, and strong support. I look forward to working with Andrew Webb and ensuring we continue to deliver positive returns and create value for all our stakeholders.

As we look to the months and years ahead, we know we have a lot of hard work ahead of us to live up to our strategy of operating responsibly, delivering long-life, low-cost production, and allocating capital efficiently, including developing accretive growth opportunities. However, we can be proud that our operations are safe and performing well, our balance sheet is strong, our product markets are tight, and our employees have proven they can succeed even in the most difficult conditions.

MICHAEL CARVILL
MANAGING DIRECTOR

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In 2021, we documented Kenmare's approach to climate-risk governance and supplemented our existing risk management approach with an in-depth analysis of our climate-related risks and opportunities. This analysis involved testing the resilience of our overall strategy and operations against alternative temperature-warming scenarios. We also updated our climate strategy, which resulted in the development of a new Climate Policy and ambition to become Net Zero by 2040 (Scope 1 & 2). Our Climate Strategy Report sets out our full TCFD disclosures, providing additional context and a better understanding of Kenmare's overall strategic response to climate change.

OUR BUSINESS

We are focused on creating value for all stakeholders through our purpose of "Responsibly meeting global demand for quality-of-life minerals." This purpose is best served through the alignment of our culture, values, and strategy. Our actions are informed by our guiding principles: We Care, We Grow, We Excel.

CULTURE

Kenmare aims to foster a purpose-led, high-performance, inclusive culture. Our values of Integrity, Commitment, Accountability, Respect, and Excellence (ICARE) guide our behaviour, shape our culture, and are fundamental to ensuring we create the maximum benefits for all of our stakeholders.

Read more about **our stakeholders** on page 14 and 15

POSITIONED IN THE FIRST QUARTILE

What it means

Being in the first quartile of the industry margin curve means that a company generates more revenue per dollar of costs incurred than 75% of its competitors.

The benefits

Companies who operate in the first quartile will generate higher cash margins than the majority of the industry. This provides a stronger opportunity to continue to invest through the commodity cycle, while supporting returns to shareholders.

WE CARE FOR:

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

WE GROW OUR:

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

WE EXCEL BY:

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

OUR BUSINESS MODEL

INPUTS

MARKET FUNDAMENTALS

Global demand
Read about the uses for our products on page 6

Competition
Read about the expected supply on page 40

Commodity prices
See the positive trend in prices on page 40

OUR INTEGRATED APPROACH

Responsible approach
Read about our approach to sustainability on page 50

Good corporate governance
Read about our corporate governance from page 74

Stakeholder engagement
Read about our key stakeholder groups on page 18

ASSETS

Our employees
Read about our safe and engaged workforce on page 52

Large Mineral Resource
Read about our 6.3 billion tonnes of Mineral Resources on page 34

High grade opportunities
Read about the Nataka Pre-Feasibility Study on page 32

Significant financial resources
Read about the strength of our financial position on page 44

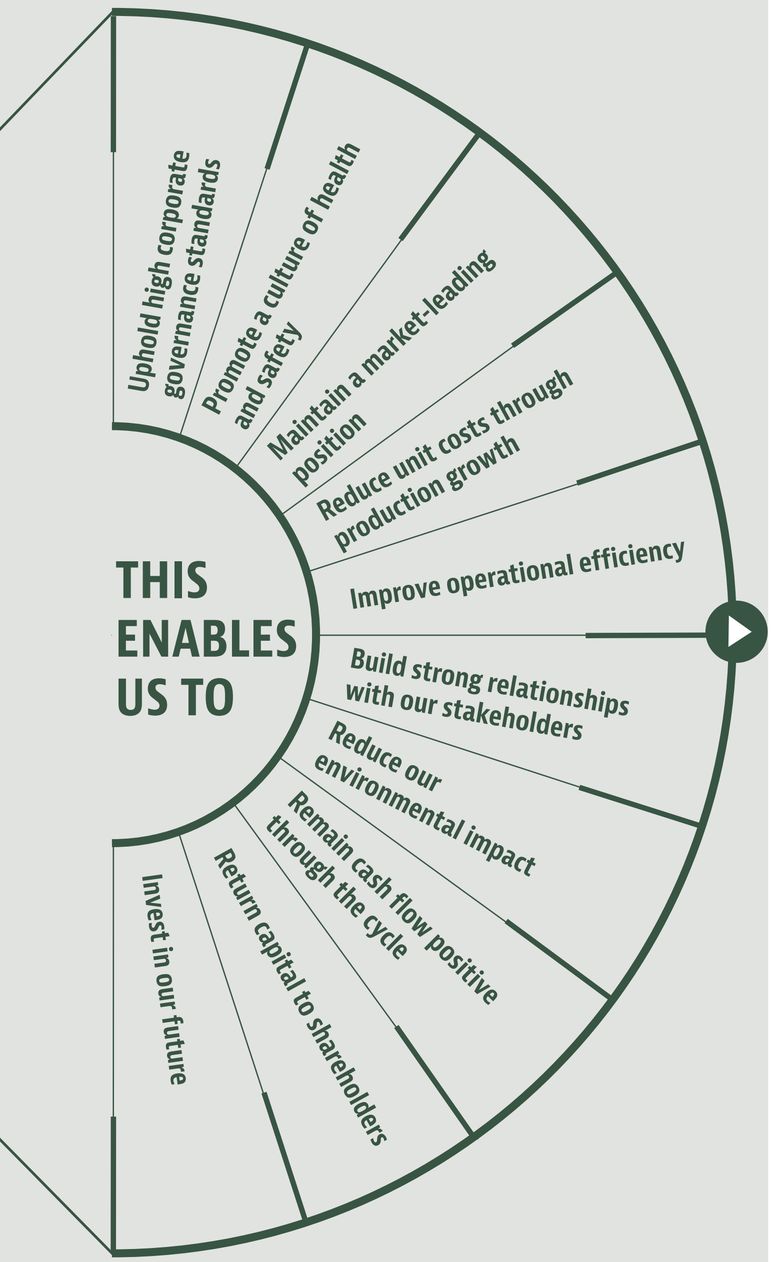
Renewable electricity source
Over 90% of our electricity comes from hydropower, see page 56

OUR UNIQUE AND SUSTAINABLE MODEL

Read more about **our sustainability targets** on page 50

Read more about **our guiding principles** on page 14

Our business model is underpinned by our values and our guiding principles



VALUE GENERATED FOR OUR STAKEHOLDERS

1.28M
TONNES OF PRODUCT SOLD IN 2021

Customers

We are the world's largest supplier of ilmenite and we believe our products are of the lowest carbon-intensity in the industry. Kenmare benefits from over 90% of our electricity requirements being sourced from a renewable hydroelectric source. We are aiming to further reduce our total CO_2 emissions by 12% by 2024 and have an ambition to be Net Zero by 2040 .

1 year
WITHOUT AN LTI

Employees

Our employees are our most important asset and the objective of our safety culture is to ensure that we provide a safe working environment. On 6 January 2022 we set a new company record of one year without a Lost Time Injury (LTI). We also achieved our lowest ever Lost Time Injury Frequency Rate of 0.03 in 2021, an 88% reduction compared to 2020.

~$100m
CASH RETURNED TO SHAREHOLDERS IN 2021

Shareholders

In December 2021 Kenmare completed a share buy-back to return $81.6 million to eligible shareholders by repurchasing 13.5% of Kenmare's issued share capital. Combined with the two dividend payments, we returned $98 million to shareholders during the year. In March 2022, Kenmare proposed a 2021 final dividend of USc25.4 per share, up 230% on the 2020 final dividend.

$2.3m
INVESTED IN KMAD COMMUNITY INITIATIVES IN 2021

Local community

Kenmare aims to be a catalyst for positive social and economic change in the Moma Mine's host communities. In 2021 $2.3 million was invested to support the improvement of livelihoods, healthcare services and education provision through KMAD, including completing the construction of a new health centre in Pilivili.

198
HECTARES OF LAND REHABILITATED IN 2021

Environment

Kenmare is committed to responsible environmental stewardship and efficient use of natural resources. We are proud of our low environmental impact, including employing progressive rehabilitation practices, with 198 hectares of land rehabilitated and 42,255 native trees planted in 2021.

Read more about **our positive environmental stewardship** on page 56

STAKEHOLDER ENGAGEMENT

Kenmare aims to be a respected and respectful corporate citizen and for our operations to run without interruption.

To achieve this, we require an understanding of the political, social, environmental, and economic context of our operations and how our presence and activities impact neighbouring communities.

Responsibility for stakeholder engagement is embedded across the business, from the Board to the Executive Committee and site leadership teams, to our community liaison teams, to KMAD, and our contractors. Everyone who interacts with Kenmare's employees, investors, lending banks, national or local government, suppliers and host communities is responsible for ensuring that we not only understand the context and impacts of our operations, but also the benefits that can arise from our activities.

	EMPLOYEES AND UNIONS	COMMUNITIES
		
IMPORTANCE OF ENGAGING	At Kenmare we believe that our employees are the cornerstone of our business and that a partnership approach is vital to achieving business objectives. We provide competitive remuneration and invest in professional and personal development, while providing a safe and healthy working environment.	Kenmare values our relationship with our host communities highly. Our stakeholder engagement plan is updated annually and reflects the changing dynamics in the relationship between the Mine and our host communities.
WAYS WE ENGAGE AND HOW WE MONITOR ENGAGEMENT	• Facilitate quarterly union meetings • Undertake quarterly performance and feedback meetings with employees • Undertake bi-monthly departmental "focal points" meetings • Engage union representatives constructively on collective bargaining issues • Support networking forums such as the Kenmare Women in Mining Forum • Operate an independent whistleblowing service • Publish company newsletters, host town hall meetings and undertake staff engagement surveys	• Host formal bi-monthly and informal ad hoc community meetings to understand and discuss our host communities' concerns and priorities • Support community radio stations to inform the community of Kenmare's and KMAD's activities • Conduct Environmental, Social and Health Impact Assessments to identify potential positive and negative impacts of the Mine's activities • Operate grievance mechanisms to address community concerns and maintain a grievance register • KMAD hosts three meetings annually and publishes a quarterly newsletter
SIGNIFICANT TOPICS RAISED	• Training and development opportunities • Remuneration • Working conditions • Labour rights • Human rights • Health and safety	• Respect for local values and traditions • Socio-economic development • Employment and procurement opportunities • Land rehabilitation • Community well-being
KENMARE'S RESPONSE & ACTIONS TAKEN	• Updating Health & Safety Policy • Increased investment in employee development, including a new leadership training programme • Employee engagement survey • Publication of Modern Slavery Statement in 2021	• Progressive land rehabilitation strategy to return land to community in a timely manner • $2.3 million spent on KMAD projects • Donations of 12,000 COVID-19 vaccines to communities • Establishment of new three-year strategic plan • Independent social baseline survey undertaken to understand impact of the Mine on its host communities over time

GOVERNMENT AND REGULATORS

Kenmare complies with laws and regulations applicable to it and we are focused on ensuring Mozambique shares in the benefits of the Moma Mine. Our proactive dialogue with national, district and provincial Government ensures they are well-informed of our activities.

- Direct engagement with local, provincial and national government authorities regarding mining rights, environmental issues and permitting
- Provide monthly, quarterly and annual reports to the Ministry of Mineral Resources and Energy
- Provide annual report to the Ministry for Land and Environment
- Provide quarterly report to the District Authorities
- Provide Portuguese summary of Kenmare's Annual Report to all Government departments

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

- Publication of a Portuguese version of the Company website
- Donations of medical equipment to support the regional health service

SHAREHOLDERS

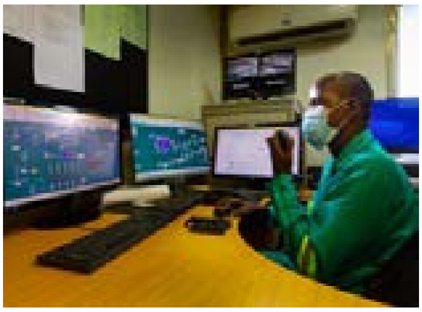
Our shareholders are Kenmare's owners and their continued support is critical to the business. They provide the capital to develop and expand our operations responsibly and sustainably and consequently, we need to ensure we continue to deliver a compelling investor proposition and meet our debt repayment schedule.

- Attend investor conferences
- Host webinars and group presentations
- Organise one-on-one meetings and roadshows
- Host site visits
- Participate in interviews with the investment press
- Direct dialogue at the Annual General Meeting
- Produce corporate materials including announcements, company website, Annual Report and social media profiles

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

- Increased dividend payout target relating to 2021
- New Climate Policy approved by the Board
- Inaugural Climate Strategy Report published in 2022
- Share buy-back programme, completed in December 2021
- Second Sustainability Report published

SUPPLIERS, CONTRACTORS AND CUSTOMERS



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

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

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

- Supplier Code of Conduct
- Supply chain compliance programme

OUR STRATEGY

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

We will deliver this vision through Kenmare's strategy. Following the completion of our three growth projects in 2020, we have updated our strategy to better reflect Kenmare's strategic goals, including our commitment to being a responsible corporate citizen.

STRATEGIC PILLARS

Operate responsibly

Kenmare believes in "doing the right thing" and this is central to all aspects of how we do business. We have a long-standing commitment to sustainability and are focused on continually improving our environment, social, and governance performance. Our sustainability strategy, comprised of four strategic goals, ensures we maximise value and create opportunities from the Moma Mine for the benefit of all stakeholders.

Deliver long life, low-cost production

Moma is one of the largest titanium minerals deposits in the world. With 6.3 billion tonnes of Mineral Resources, there is significant potential for further value accretive growth.

Following the completion of our three growth projects, we now have the mining and processing capacity to deliver 1.2 million tonnes per annum (Mtpa) of ilmenite production on a sustainable basis and are targeting a first quartile operating position on the industry revenue to cost curve.

Allocate capital efficiently

We constantly assess the best ways to deploy the capital generated from our activities to ensure it creates value for our stakeholders. A strong balance sheet provides the platform to fund our capital requirements, while we established our dividend policy in 2018 to provide returns to our shareholders. We also work hard to uncover, assess and develop value accretive projects to deliver growth.

PRIORITIES	PERFORMANCE	OUTLOOK
We are focused on: • Developing a safe and engaged workforce • Supporting thriving communities • Protecting a healthy natural environment • Being a trusted business	Kenmare set a new company safety record in 2021, with our lowest ever Lost Time Injury Frequency Rate of 0.03 per 200,00 hours worked. We also conducted a COVID-19 vaccination programme, with 96% of our employees double vaccinated by year-end. Through the Kenmare Moma Development Association (KMAD), Kenmare invested $2.3m in community initiatives and 198 hectares of mined land were rehabilitated as part of our progression rehabilitation programme. We were also named as the most transparent company in Mozambique for the second consecutive year.	As part of our commitment to reducing our environmental impact, Kenmare is installing a Rotary Uninterruptible Power Supply (RUPS), which is expected to improve power stability at the Mineral Separation Plant and be the most significant contributor to delivering a 12% reduction in Moma's already low carbon emissions by 2024. Looking further ahead, Kenmare has an ambition to become Net Zero by 2040. We continue to raise the environment, social, and governance standards we hold ourselves to and further details of Kenmare's sustainability targets for 2022 can be found on pages 52–61 and in our Sustainability Report.
We are focused on: • Realising the growth potential of our 100+ year Mineral Resources • Achieving 1.2 Mtpa safe and sustainable ilmenite production, with 20+ years mine life visibility • Moving into first quartile of industry revenue to cost curve	2021 was a record year for production and shipments. Moma achieved a record quarter of production in Q3 2021 and operated at a run rate of 1.2 Mtpa between May and October. Total cash operating costs were 3% above the top end of our guidance range at $189.7 million due to increased costs relating to repairs and maintenance, Heavy Mineral Concentrate (HMC) haulage from the Pilivili operations, and COVID-19. Cash operating costs per tonne decreased by 18% compared to 2020 to $154 per tonne, benefitting from higher production volumes.	During a five month period in 2021, Moma demonstrated that it could operate at its nameplate capacity of 1.2 Mtpa. In 2022 Kenmare's focus is on achieving this run rate on a safe and sustainable basis. With increasing production volumes and cost reduction initiatives underway, such as the RUPS, Kenmare continues to advance towards its target of becoming a first quartile producer on the industry revenue to cost curve. Moma has Mineral Resources of more than 100 years at a 1.2 Mtpa ilmenite production rate. Therefore the Company will continue to evaluate growth opportunities to maximise the Mine's value for all stakeholders.
We are focused on: • Maintaining a strong and flexible balance sheet • Continuing to make compelling shareholder returns • Developing value accretive growth opportunities	In 2021 Kenmare returned almost $100 million to shareholders through dividends and a share buy-back. This executed on our stated intention to increase shareholder returns following the completion of our major capital projects, supported by robust operational performance and commodity market strength. Kenmare also invested in the development of the RUPS. This project is Net Present Value positive and has an estimated cost of $18 million. The majority of the capital was incurred in 2021. We finished the year with a strong balance sheet and net debt of $82.8 million, primarily due to the shareholder returns made during 2021.	The RUPS began commissioning in Q1 2022 and is expected to deliver benefits relating to power stability and reduction in carbon emissions. We remain focused on delivering significant shareholder returns, supported by increasing production and cost reduction initiatives. A Pre-Feasibility Study in preparation for mining the Nataka ore zone is underway, which is due to be completed later in 2022. Wet Concentrator Plant A is expected to commence mining in Nataka in 2025. Kenmare's corporate development team continually assess opportunities for organic and inorganic growth.

KEY PERFORMANCE INDICATORS

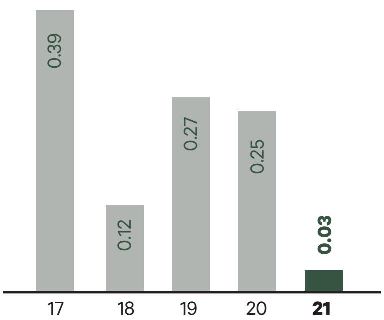
We use various financial and non-financial performance measures to help evaluate the on-going performance of our business.

Linked to our strategic objectives, the following measures are considered by management to be some of the most important in evaluating our overall performance year-on-year.

STRATEGIC

LTIFR
Lost Time Injury Frequency Rate.

0.03 (per 200k hours)



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

Performance
Kenmare's safety performance improved in 2021 to 0.03 per 200,000 hours worked. There was one lost time injury recorded during the year compared to nine in 2020. The Company achieved one year without a Lost Time Injury on 6 January 2022.

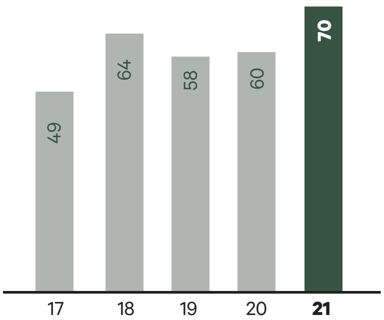
Outlook
Kenmare is committed to continual improvement. In 2022 we will reinforce our safety culture through improving safety leadership, as well through further strengthening hazard identification and risk assessment practices.

Link to strategy

Link to risks
3 8 9

GHG emissions
Scope 1 and 2 Greenhouse Gas (GHG) emissions.

70,437 tonnes



Relevance
We acknowledge the human contribution to climate change and aim to reduce emissions from our already low carbon intensity operations.

Performance
In 2021, several GHG Emissions reduction initiatives were progressed. While diesel consumption was 9% higher in 2021 at 24 million litres of diesel, carbon intensity, at 0.057 tCO_2e per tonne of mined product, reduced by 20%, reflecting some efficiencies in the emissions intensity of our operations.

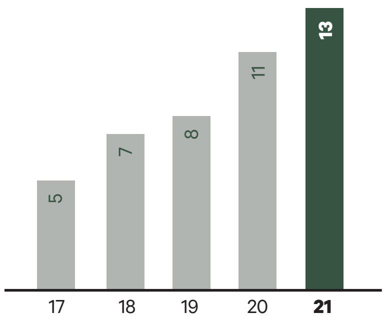
Outlook
Kenmare has an ambition to achieve Net Zero on its Scope 1 and 2 emissions by 2040, through decarbonisation of our operations and offsetting hard to abate residual emissions. The Rotary Uninterruptible Power Supply project is expected to further reduce diesel consumption and two new energy efficiency initiatives have been selected for further study and potential implementation in the next 12–24 months.

Link to strategy

Link to risks
3 6

Gender diversity
Percentage of women in the workforce at the Moma Mine.

12.5%



Relevance
We recognise the benefits to our business of supporting diversity, equity, and inclusion for long-term sustainable success. Increased gender diversity has been an important metric at the Mine.

Performance
Kenmare is working to increase the number of women in our workforce. At year-end, 12.5% of our Mine employees were women, compared with 10.6% in 2020, meeting our stretch gender diversity target for the year.

Outlook
In 2022 we are looking to increase female representation within our Moma workforce to 13%. Kenmare will progress its structured programme to increase diversity, including ensuring 70% of our Graduate Development Programme candidates are women, and supporting the Kenmare Women in Mining Forum to identify initiatives to further grow the representation of women in the workforce.

Link to strategy

Link to risks
N/A

Links to Strategy

Operate responsibly · Deliver long life, low cost production · Allocate capital efficiently

Risk key

Strategic · Operational · Financial

Risk key

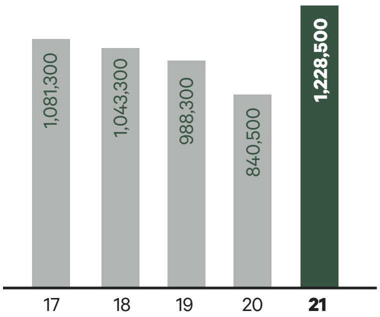
1 Grant and maintenance of licences · 2 Country risk · 3 Geotechnical risk · 4 Severe weather events · 5 Uncertainty over physical characteristics of the ore body · 6 Power supply and transmission risk · 7 Asset damage or loss · 8 COVID-19 · 9 Health, Safety and Environment (HSE) · 10 Mineral Resource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

OPERATIONAL

Processing

Finished products produced by the mineral separation process.

1,228,500 tonnes



Relevance

Provides a measure of production from the Mine.

Performance

Kenmare delivered record annual finished product volumes in 2021. Finished products production increased by 46% in 2021 compared to 2020, driven by increased Heavy Mineral Concentrate (HMC) processed. HMC production increased by 30% in 2021 to 1,555,900 tonnes (2020: 1,201,100 tonnes), primarily as a result of increased ore grades and excavated ore volumes.

Outlook

Production of all products in 2022 is expected to be higher than in 2021, due primarily to higher tonnes mined, more than offsetting a lower anticipated grade of 4.2%.

Link to strategy

Deliver long life, low cost production · Allocate capital efficiently

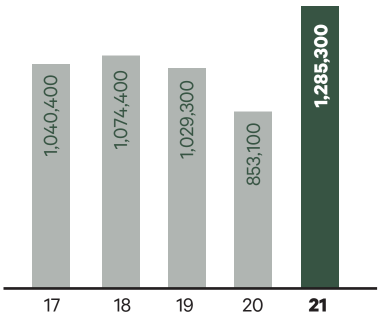
Link to risks

1 2 3 4 5 6 7 8 10

Shipments

Finished products shipped to customers during the period.

1,285,300 tonnes



Relevance

Provides a measure of finished product volumes shipped to customers.

Performance

2021 was a record year for shipments with a 51% increase in tonnes shipped compared to 2020, reflecting increased production in addition to a drawdown of finished product inventory. Shipments also benefitted from increased transshipment capacity resulting from the previously completed upgrades.

Outlook

Shipment volumes are expected to be lower than production in 2022 as a result of the scheduled dry dock of the Bronagh J transshipment vessel, which will temporarily reduce shipping capacity. The dry dock of the vessel will enable more efficient maintenance and positively impact availability going forward.

Link to strategy

Deliver long life, low cost production · Allocate capital efficiently

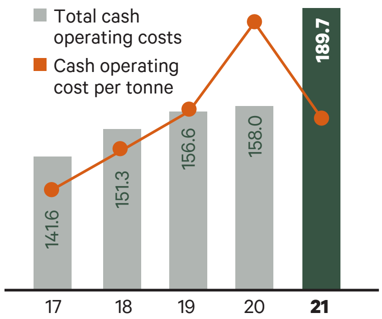
Link to risks

4 6 7 12 13 14

Cash costs

Total Group cost less freight and other non-cash costs, including inventory, excluding movement in the indirect tax provision. For cash operating costs per tonne this number is divided by the tonnes of finished products produced.

$189.7m



Relevance

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

Performance

Total cash operating costs increased by 20% in 2021 compared to 2020. The higher costs were offset by higher production volumes resulting in a 18% decrease in cash operating costs per tonne.

Outlook

Total cash operating costs are anticipated to increase in 2022 due to increased production and inflation. However, cash operating costs per tonne are expected to remain stable due to higher anticipated production volumes.

Link to strategy

Deliver long life, low cost production · Allocate capital efficiently

Link to risks

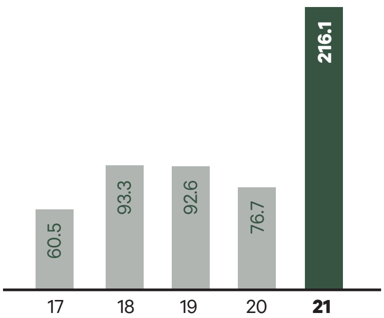
1 2 8 15 16

KEY PERFORMANCE INDICATORS CONTINUED

FINANCIAL

EBITDA
Earnings before interest, tax, depreciation and amortisation.

$216.1m



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

Performance
EBITDA increased by 182% in 2021, compared to 2020. Shipments of finished products increased by 51%, while average price per tonne FOB increased by 21%. This was partially offset by a 20% increase in total cash operating costs.

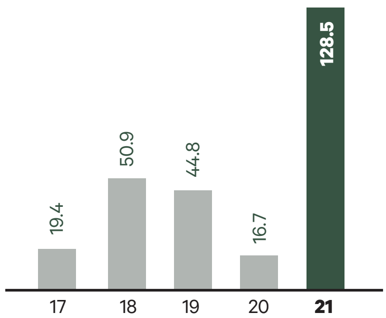
Outlook
Kenmare expects to generate strong EBITDA in 2022 on planned production levels and positive market outlook.

Link to strategy

Link to risks
1 2 3 4 5 6 7 8 13 14 15 16

Profit after tax
Profit after tax.

$128.5m



Relevance
Measures how well we are managing costs, increasing productivity and generating the most profit from our assets. It is also the basis on which our dividend payout ratio policy is applied.

Performance
We reported profit after tax of $128.5 million, up 669% on 2020, benefitting from the strong increase in underlying EBITDA.

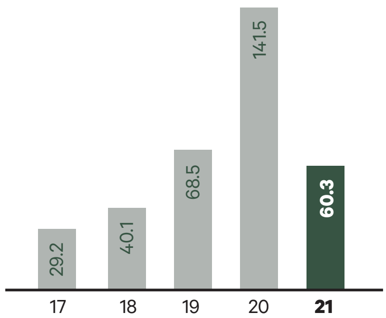
Outlook
We expect earnings to remain strong in 2022, benefitting from sustained higher production volumes and a strong commodity market outlook.

Link to strategy

Link to risks
1 2 3 4 5 6 7 8 13 14 15 16

Total capital expenditure
Additions to property, plant and equipment in the period.

$60.3m



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

Performance
Investment in property, plant and equipment decreased following the successful completion of a multi-year capital investment programme. Capital was incurred sustaining existing operations, investing in the Rotary Uninterruptible Power Supply (RUPS) project, and preparing for the relocation of WCP A to the Nataka ore zone in 2025.

Outlook
Expenditure on development projects and studies is expected to be approximately $28.5 million in 2022. These costs primarily relate to improvement projects, community resettlement, and a Pre-Feasibility Study on mining at Nataka. Sustaining capital costs in 2022 are expected to increase to approximately $33 million. This increase is principally due to the scheduled dry dock for the Bronagh J transshipment vessel, which will enable more efficient maintenance and positively impact availability going forwards.

Link to strategy

Link to risks
4 5 7 12 15 16

Links to Strategy

Operate responsibly | Deliver long life, low cost production | Allocate capital efficiently

Risk key

Strategic | Operational | Financial

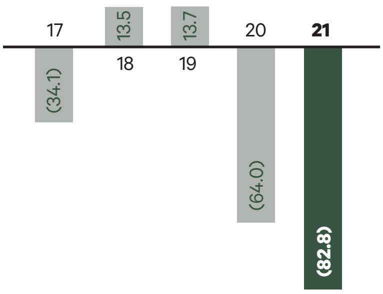
Risk key

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

Net cash/(debt)

Total cash and cash equivalents less bank loans.

$(82.8)m



Relevance

A measure of the Group's financial leverage. This measures how we are managing our balance sheet and capital structure. A strong balance sheet is essential for giving us flexibility to take advantage of opportunities as they arise, and for returning cash to shareholders.

Performance

At the year-end, gross debt amounted to $151.9 million (2020: $151.2 million). This consists of debt drawn of $150.0 million and loan interest of $1.9 million. Kenmare finished the year with $69.1 million (2020: $87.2 million) of cash and cash equivalents.

Outlook

Strong product markets in early 2022 are supportive of continued strong free-cash flow generation. In 2022, principal repayments of the Term Loan have commenced, while the Revolving Credit Facility is also due to be repaid this year. These factors should contribute to a lower gross and net debt by year end 2022.

Link to strategy

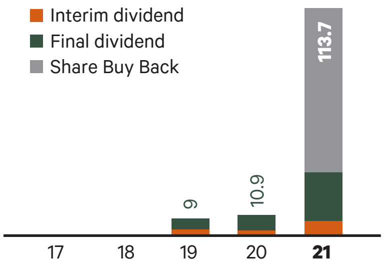
Link to risks

4 7 12 13 15 16

Shareholder returns

Dividends and share buy-backs.

$113.7m



Relevance

Shareholder returns comprise the 2021 interim dividend, the proposed 2021 final dividend to be approved by shareholders at the AGM, and the share buy back.

Performance

Shareholder returns increased by $102.8 million in 2021. They were comprised of the 2021 dividend of $32.1 million (2020: $10.9 million), and the share buy-back of $81.6 million, which was completed in December 2021.

Outlook

Kenmare will maintain a minimum dividend of 20% of profit after tax in 2022, in line with the dividend policy.

Additional capital returns will be considered against upcoming capital requirements (particularly the move of WCP A to Nataka), maintaining a strong balance sheet, and market conditions.

Link to strategy

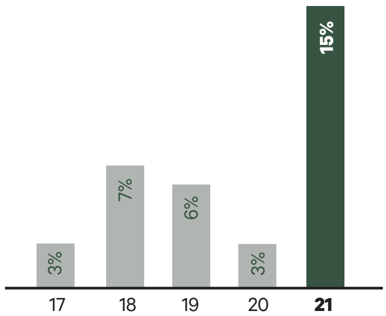
Link to risks

1 2 3 4 5 6 7 8 12 13 14 15 16

Return on Capital Employed

Return on capital employed (ROCE).

15%



Relevance

ROCE is a measure of the profits generated in the year in comparison to the capital investment that has been made in the Company.

Performance

ROCE increased significantly in 2021, driven by higher commodity prices and lower unit costs.

Outlook

We will continue to focus on maximising returns from the Moma Mine over the short, medium and long-term. We will also maintain our disciplined and rigorous approach and invest capital only in projects that we believe will deliver returns that are well above our cost of capital.

Link to strategy

Link to risks

1 2 3 4 5 6 7 8 12 13 14 15 16

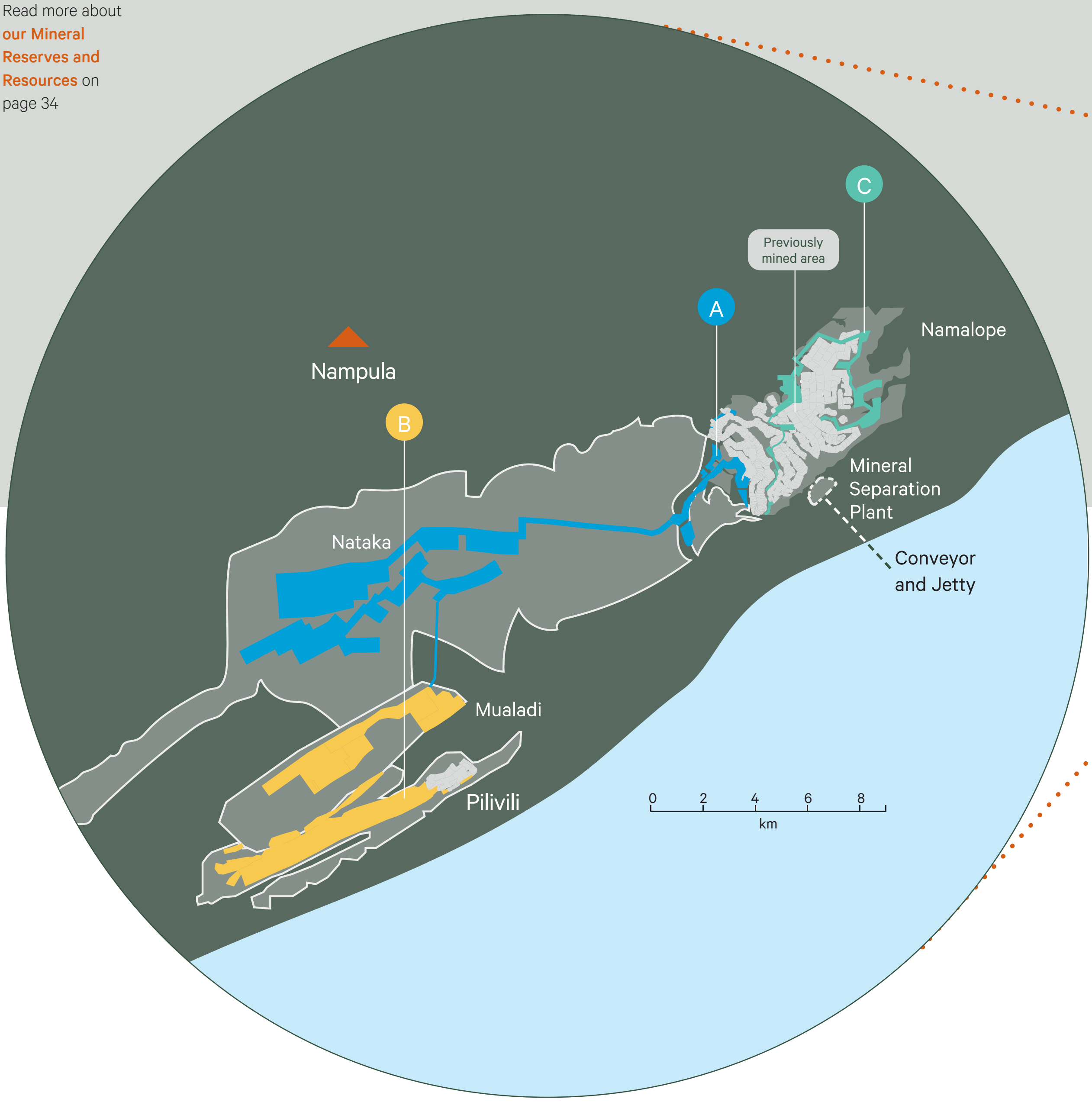
Kenmare's Moma Titanium Minerals Mine is located on the north east coast of Mozambique. It is one of the largest titanium minerals deposits in the world and began production in 2007.

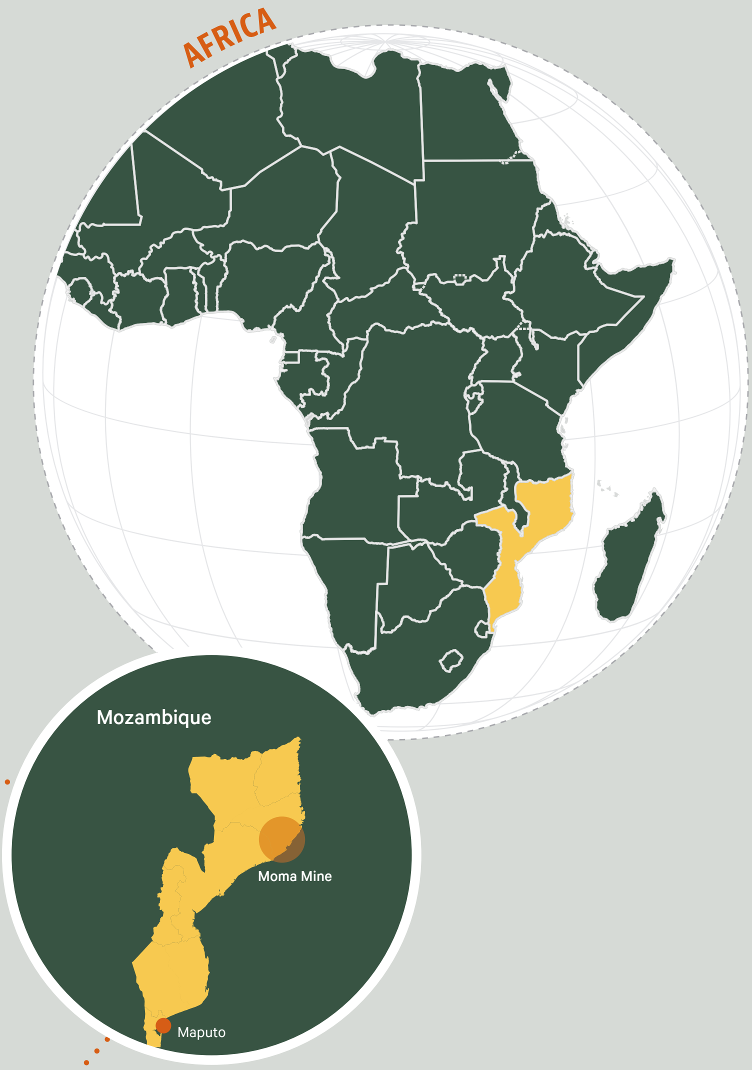
Moma has a low environmental impact, as Kenmare progressively rehabilitates the land as we mine. It also benefits from access to low-cost, renewable electricity (from the Cahora Bassa Hydroelectric Complex), to supply over 90% of the Mine's requirements.

Kenmare utilises three Wet Concentrator Plants (WCPs) to mine the Moma deposit, two of which are in the Namalope ore zone and one in the Pilivili ore zone.

Kenmare is targeting 1.2 Mtpa of ilmenite production (plus co-products) on a sustainable basis, which represents 8% of global titanium feedstock supply.

Read more about our Mineral Reserves and Resources on page 34





Mozambique

Kenmare began exploring for titanium minerals in Mozambique in 1987 and has had a presence in country for over 30 years. Mozambique lies on the south east coast of Africa, with an area of almost 800,000 km^2 and a coastline of 2,470 km.

Mozambique is a mining-friendly jurisdiction with a growing natural resources industry. In addition to titanium minerals, coal, gold and aluminium are all mined in Mozambique. The discovery of the Rovuma basin natural gas fields in the north of the country in 2011 is set to transform the economy in the coming decades, with an estimated $20+ billion investment underway from several multinational companies. The first offshore project in the Rovuma Basin commenced production in January 2022.

Working in partnership

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

Good governance

In 2021, Kenmare was named the most transparent company in Mozambique for the second consecutive year by the Centre for Public Integrity's Extractive Industry Transparency Index. Mozambique is one of 52 countries that implements the Extractive Industries Transparency Initiative (EITI) and Kenmare representatives have been on Mozambique's EITI coordinating committee since its inception in 2009.

Democracy in action

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

WCP A

WCP A has been mining the Namalope ore zone since 2007 and is scheduled to continue mining there until 2025, when it will move to Nataka. Nataka is the largest ore zone within Moma's portfolio. Within Nataka, a high grade mine path has been identified that WCP A will mine for 20 years. WCP A has a throughput capacity of 3,250 tonnes per hour (tph). Two dredges, named Catarina and Mary Ann, and two dry mines provide feed to WCP A.

WCP B

WCP B mined the Namalope ore zone from 2013 to August 2020. In September 2020, WCP B was relocated to the high grade Pilivili ore zone and it recommenced production two months later. Pilivili was chosen due to a number of favourable characteristics. WCP B has a throughput capacity of 2,400 tph, following the upgrade work undertaken in 2018. One dredge, named Deirdre, and one dry mine provide feed to WCP B.

WCP C

WCP C is the newest and smallest of the three Wet Concentrator Plants. It commenced production in February 2020 and it has a throughput capacity of 500 tph, representing one-fifth of the size of WCP B and one-sixth of the size of WCP A. WCP C is mining a high grade area of the Namalope ore zone, which is inaccessible to the two larger Wet Concentrator Plants. It has one dredge, named Julia.

Kenmare's operational process is well established and environmentally sound.

The Moma Mine is a low-cost, bulk mining operation that predominantly uses dredges to mine almost 40 million tonnes of titanium-rich sands per year.

1: MINING

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

2: WET CONCENTRATOR PLANT (WCP)

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

3: DUNE REHABILITATION

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

Read more about **how we rehabilitate land and hand it back to our host communities** on page 58

4: HEAVY MINERAL CONCENTRATE

HMC is pumped to the Mineral Separation Plant (MSP), where it is stockpiled prior to further processing. HMC consists of valuable heavy minerals (ilmenite, rutile, zircon and monazite, which is sold as part of our concentrates product stream), other heavy minerals and a small amount of other minerals (the bulk of which is silica sand).

MINING

>90%
ELECTRICITY FROM HYDROPOWER

0
TOXIC CHEMICALS USED IN OPERATIONS

198 ha
LAND REHABILITATED IN 2021

42,255
NATIVE TREES PLANTED IN 2021

Over 90% of Moma's electricity comes from hydropower and Kenmare uses progressive land rehabilitation practices to return mined land to communities in a timely manner.

5: WET HIGH INTENSITY MAGNETIC SEPARATION

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

6: MAGNETIC, GRAVITY AND ELECTROSTATIC SEPARATION

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

7: PRODUCT STORAGE WAREHOUSE

Ilmenite and rutile are stored in a 229,000 tonne capacity warehouse, which also contains an enclosed area to store the mineral sands concentrate product (containing monazite). Zircon is stored in a separate 35,000 tonne capacity warehouse to reduce the potential for cross-contamination. The warehouses load the products onto a 2.4 km-long overland conveyor.

8: CONVEYOR AND JETTY

The conveyor transports product to the end of a 400 metre-long jetty, where product is loaded onto transshipment vessels, at a rate of 850 tonnes per hour. Kenmare owns and operates two transshipment vessels, the Bronagh J and the Peg.

9: OCEAN-GOING BULK CARRIER

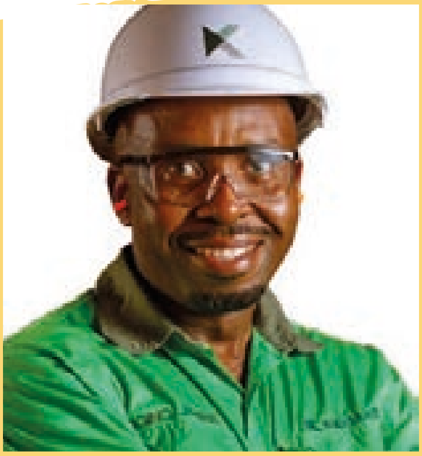
The vessels transport the products to a deep water transshipment point 10 km offshore, where they self-discharge into ocean-going third-party vessels. These vessels then transport the final products to multiple destinations around the world.

PROCESSING **STORAGE AND EXPORT**

OTHER INFRASTRUCTURE

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

BEN BAXTER
CHIEF OPERATIONS OFFICER



HIGINO JAMISSE
MOMA MINE GENERAL MANAGER

Targeting a safe and sustainable 1.2 Mtpa

2021 was a record year for Kenmare in terms of safety, production, and shipments. We achieved our lowest ever Lost Time Injury Frequency Rate of 0.03 per 200,000 hours worked for the 12 months to 31 December 2021. This represents more than six million hours worked, and an 88% improvement compared to 2020. We recorded only one Lost Time Injury (LTI) during the year, in early January 2021, and as a result, we achieved one year without a LTI on 6 January 2022.

This is a particularly significant achievement given that the Moma Mine continued to be impacted by COVID-19 during the year, particularly in H1. Kenmare's best ever safety performance comes as a result of improvements made to hazard identification and risk assessment, coupled with greater focus from site leadership on safety standards and creating an environment of care in the workplace. Important improvements in management experience and organisational development were realised at the Moma Mine in 2021, and this is contributing to improved levels of employee engagement and decision-making relating to both production and safety. Kenmare also increased its focus on measurement and management of sustainability outcomes in 2021 and more information about this can be found on pages 50 to 63.

Read more about our **sustainability performance** on page 50

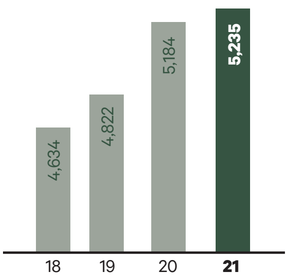
Kenmare's three development projects were largely completed by the end of 2020, which formed the bedrock of our strategy to expand production to 1.2 million tonnes per annum (Mtpa) of ilmenite, plus co-products. Ilmenite production increased by 48% in 2021 to 1,119,400 tonnes compared to 2020 and, between May and October, the operations delivered 600,000 tonnes of ilmenite production, confirming that Moma can achieve its 1.2 Mtpa nameplate capacity. Our focus is now on achieving this run rate on an annual and sustainable basis and reducing our unit costs, while maintaining our industry-leading safety performance.

Mining

Kenmare achieved record Heavy Mineral Concentrate (HMC) production in 2021 of 1,555,900 tonnes up 30% compared to 2020 (1,201,100 tonnes). This was due primarily to a 19% increase in ore grades to 4.63% as a result of Wet Concentrator Plant (WCP) B's relocation to the high grade Pilivili ore zone in Q3 2020. Grades are expected to normalise at around 4.2% in 2022.

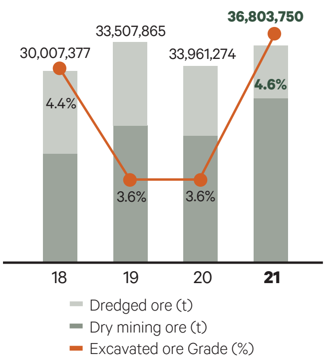
HMC production also benefitted from record excavated ore volumes (39.3 million tonnes), up 14% compared to 2020, primarily as a result of a full year of production from WCP B, compared to 2020 when two months were lost due to the move.

Mining throughputs

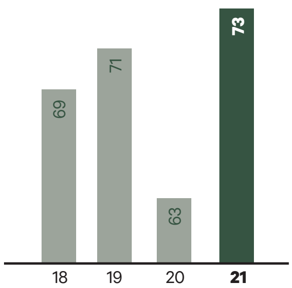


Spiral Feed Rate (t/hr)

Excavated ore (Mt) and grade (%HM)



Mine overall utilisation (%)



NB: Overall Utilisation weighted by WCP nominal capacity

Looking at the performance of each of Kenmare's three Wet Concentrator Plants (WCPs), WCP A had a challenging year, with steadily rising slimes levels in the ore impacting the operation. This came in combination with a loss of key skills and personnel in H1 2021 due to a spike in COVID-19 cases at site. In 2022, slimes levels are expected to remain high and consequently, extensive mitigation measures are underway. These include the installation of an additional cyclone for ore desliming, an extended flocculation trial following an encouraging initial trial in Q4 2021, and upgrades to the tailings infrastructure, so as to reduce slimes recirculation, improve metallurgical recoveries, and reduce limitations to mining throughputs.

Following WCP B's relocation to Pilivili in Q3 2020, the plant performed in line with expectations in 2021, delivering 54% of total HMC for the year. However, mining rates were reduced at times to accommodate very high grades and prevent metallurgical overloading in the plant, limiting excavated ore tonnes. Despite this, overall Mine throughputs improved slightly to 5,235 tonnes per hour (tph) for the year (2020: 5,184 tph).

2021 was WCP C's first full year of production and it exceeded expectations. The plant outperformed in terms of mining rates and utilisations, and remedial actions were successfully completed by the construction contractor to ensure limited ore losses and recoveries exceeding design expectations.

Utilisation rates at all three WCPs improved in 2021, averaging 73% and up 15% compared to 2020, with no major plant outages. This followed the completion of the Projecto Oitenta utilisation improvement project. Utilisations benefitted from adding an additional feed source (dry mining) to the WCP A operation, meaning that its two metallurgical circuits could be run for more of the time, and this partially offset the impact of harder mining conditions. Plant spares availability was also a concern in some areas, with manufacturing delays experienced, but overall the operations benefitted from improved critical spares stockholdings.

These improvements were partially offset by power disruptions, which impacted all three WCPs, particularly in Q4 2021. Although overall power reliability from the national grid was good, significant outages were experienced in October and early November 2021. This was due to the failure of voltage support equipment in the transmission network, coupled with insufficient balancing support from the power barge contracted by the state power company, Electricidade de Moçambique. These issues were resolved by mid-November, with a return to reliable supply, but they significantly reduced HMC production in Q4 2021. It also followed a period where we drew down our HMC stocks, so inventories were not available for processing, and this limited final product production in Q4 2021.

Recoveries at WCP B and WCP C were above expectation, but overall Mine recoveries were softened by the slimes impacts at WCP A, which negatively affected the efficiency of separation on the spirals.

The operations team is continuing to monitor HMC product grades to ensure that the Mineral Separation Plant (MSP) receives a consistent feedstock. Improvements have been made in metallurgical control, although product grade is impacted on occasion by disruptions in utilisation and by high slimes conditions affecting the quality of sampling and the grade itself. Nevertheless, HMC grade performance improved slightly, and as predicted, ilmenite content in HMC also improved relative to 2020.

Looking ahead, mining remains Moma's main constraint to production. Throughputs and utilisation rates have strengthened, delivering increased excavated ore, and further improvement work will be undertaken to ensure sufficient feedstock is delivered to the MSP, including measures to manage slimes levels.

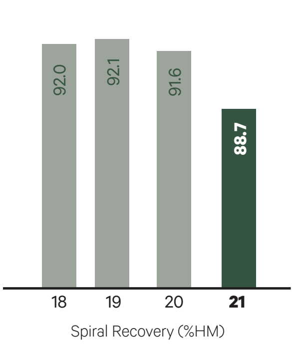
Processing

2021 was a record year for production of all products, with total finished products of 1,228,500 tonnes, up 46% on 2020 (840,500 tonnes). It was also the first year that Kenmare produced more than one million tonnes of ilmenite. Product volumes benefitted from increased HMC production, and consequently increased HMC processed, and the successful debottlenecking of the MSP.

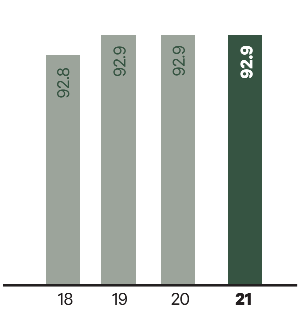
During the strongest period of HMC production during the year, the MSP operated consistently at a 1.2 Mtpa ilmenite run rate. HMC production was predicted to fall in Q4 2021 due to a lower grade area in the mine path. However, this was exacerbated by falling utilisation rates due to unplanned power disruptions. As a result, Q4 2021 finished products production was below expectations as there was limited HMC availability. 39,000 tonnes of HMC were drawn down from the stockpiles and processed during 2021 to partially offset the reduced HMC availability and this meant closing stocks of HMC at year-end were 11,600 tonnes (2020: 50,200 tonnes).

Kenmare produced 1,119,400 tonnes of Ilmenite in 2021, achieving our ilmenite production guidance for the year. Ilmenite production was up 48% on 2020, which was due primarily to a 30% increase in HMC production. It also benefitted from increased ilmenite content in the HMC following the relocation of WCP B to Pilivili. Additional resilience has been built into the MSP to ensure strong production levels are maintained and this brings added flexibility to the operations. Consequently, the ilmenite circuits performed well in 2021, with robust utilisation rates, up 23% on 2020, and throughputs increased by 17%.

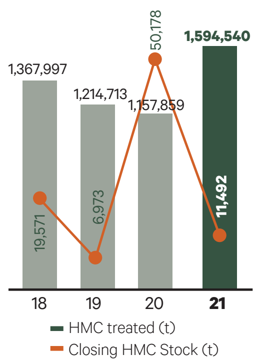
Mine recovery (%)



Mine HMC quality (%THM)



HMC treated (t)



Ilmenite recovery rates were in line with expectations during the year, averaging over 90%. Despite the impacts of COVID-19 limiting personnel availability, recoveries benefitted from more stable operations and the significant efforts made to reduce spillage.

Primary zircon production increased by 30% in 2021 to 56,300 tonnes (2020: 43,300 tonnes), achieving the mid-point of guidance. Kenmare's primary zircon is categorised for sale as higher grade standard zircon and lower grade special zircon. The ratio of standard zircon to special zircon remained at 48% in 2021, similarly to 2020, which is lower for standard zircon than historical levels, as a result of higher levels of aluminium silicates and fine rutile contaminating the feed. Improved metallurgical control was seen in the second half of the year and we expect the amount of standard zircon to improve going forwards.

Zircon and rutile production, which are more complex parts of the MSP circuit, were impacted more significantly in H1 2021 than ilmenite production as metallurgical and maintenance skills availability were compromised by the high number of COVID-19 cases at the Mine. Although primary zircon recoveries were in line with expectation at 59%, both primary zircon and rutile recoveries were negatively affected by this skills shortage. Conversely, concentrates production benefitted, with the unrecovered primary zircon and rutile captured in this product stream.

Record concentrates production was achieved in 2021, totalling 43,900 tonnes and up 25% compared to 2020. Concentrates production exceeded the upper end of the guidance range, benefitting from strong HMC availability, lower recoveries in the primary zircon and rutile product streams reporting to the concentrates product stream, and the processing plant delivered ahead of expectation.

Rutile production increased by 50% in 2021 to 8,900 tonnes, benefitting from increased HMC availability in the same way as our other products and as a result of a successful recovery improvement project. Rutile recovery rates increased by 20% compared to 2020, with an improving profile through the year. This improvement had the effect of retaining rutile in the higher value single product stream rather than capturing less value in the concentrates product stream. The rutile circuit in the MSP was impacted significantly by personnel and expertise shortages relating to COVID-19, which delayed delivery of the improvement project at the start of 2021. It was also negatively impacted by power disruptions in Q4 2021, which resulted in rutile production being 5% below the bottom end of the guidance range.

The outlook for processing will be driven by HMC production, as we have successfully debottlenecked the MSP and it can consistently operate at its nameplate capacity of 1.2 Mtpa of ilmenite production. In addition, the implementation of the Rotary Uninterruptible Power Supply (RUPS), which began commissioning in Q1 2022, will bring additional recovery improvements through consistency of operations. More information on the RUPS is included below.

2022 production guidance

Kenmare's 2022 guidance for production is as follows:

Production	Unit	2022 Guidance	2021 Actual
Ilmenite	tonnes	1,125,000–1,225,000	1,119,400
Primary zircon	tonnes	54,400–63,200	56,300
Rutile	tonnes	9,500–11,500	8,900
Concentrates[1]	tonnes	40,300–46,800	43,900

1 Concentrates include secondary zircon and mineral sands concentrate.

Production of all finished products in 2022 is expected to be higher than in 2021, due primarily to anticipated higher tonnes mined, more than offsetting a lower anticipated ore grade of 4.2%. Ilmenite production in 2022 is expected to be between 1.125 million and 1.225 million tonnes as we target 1.2 Mtpa of ilmenite production on a safe and sustainable basis.

Shipments are expected to be lower than production in 2022 as one of Kenmare's transshipment vessels, the Bronagh J, is due to go into its five-yearly dry dock for approximately 10 weeks during the year. This will temporarily reduce shipping capacity but it will enable more efficient maintenance and positively impact availability going forwards. It will also enable Kenmare's dedicated port facilities to consistently operate at 1.3 million tonnes per annum of shipping capacity going forwards.

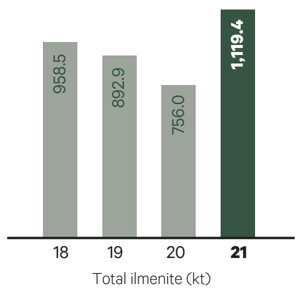
Development projects

Since 2018 Kenmare has progressed three development projects that together have the objective of increasing ilmenite production to 1.2 million tonnes per annum (plus co-products) on a sustainable basis. The first development project, a 20% expansion of WCP B, was commissioned successfully in late 2018.

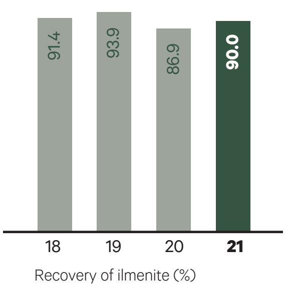
The second development project, the construction of WCP C, has delivered targeted throughput of 500 tonnes per hour on a consistent basis since Q1 2020. The previously highlighted outstanding items for completion of the WCP C project were satisfactorily resolved in H1 2021 and the project has been closed out, with a final cost of US$43.5 million versus the forecast cost of US$45 million.

The third capital project, the relocation of WCP B to Pilivili including associated infrastructure, was substantially completed in H1 2021. Work is underway to increase the utilisation rate of the pumping system to transport HMC from Pilivili to the MSP. Road haulage will continue to be reduced as these improvements take effect, which is expected to benefit operating costs. The overall forecast capital cost for the WCP B project remains in line with prior guidance of US$127 million.

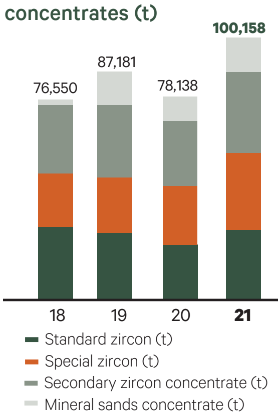
Ilmenite produced (kt)



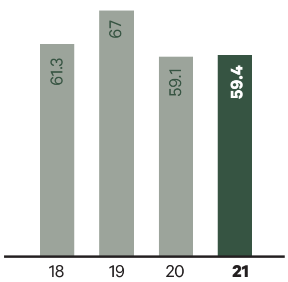
Ilmenite recovery (%)



Zircon production including concentrates (t)



Primary zircon recovery (%)



A Pre-Feasibility Study for mining the Nataka ore zone progressed during the year, which is due to be completed in 2022. WCP A is expected to commence mining in Nataka in 2025. Ore body characterisation works continue and will be combined with mining, processing and tails management studies. The environmental and social assessment process has also commenced.

Rotary Uninterruptible Power Supply

Historically the MSP has utilised diesel-powered electric generators during the Mozambican summer wet season (December to March). However, Kenmare believes that summer 2021–2022 will be the last time this is necessary as the RUPS began commissioning in Q1 2022. The installation of a RUPS was approved by Kenmare's Board in early 2021 and it is expected to improve the year-round reliability of the power supply to the MSP, benefitting mineral recovery, operating time, and operating costs. It is also anticipated to make the most significant contribution to Kenmare's short-term target to reduce carbon emissions by 12% by 2024, through lower diesel consumption. The estimated cost of the project is $18 million, which generates a positive Net Present Value using conservative assumptions.

Shipping

2021 was a record year for shipments, with 1,285,300 tonnes of finished products shipped during the year. This represented a 51% increase compared to 2020, due to significantly increased product volumes and a drawdown of finished product inventory. It also reflected strong demand from Kenmare's product markets. Shipments were comprised 1,186,900 tonnes of ilmenite, 52,900 tonnes of primary zircon, 3,700 tonnes of rutile and 41,800 tonnes of concentrates.

Record shipping volumes benefitted from the improved cycle time for the transshipment vessels, which was the culmination of significant work to strengthen both the reliability and effectiveness of the vessels in H1 2021, and improved land-based product loading processes.

Weather impacted operations at varying times in the year, however, this was mitigated by the improved cycle times and the strengthened resilience of the transshipment vessels.

A total of 48 ocean-going vessels visited Moma's dedicated port facilities during 2021.

Outlook

Delivering a record year for safety, production, and shipments was a huge achievement by the Moma team, especially given the challenges we were facing from COVID-19, so I would like to thank all of our employees for their contribution.

We are now focused on maintaining our strong safety performance during 2022 and I was delighted that we achieved eight million hours worked without a LTI in early March 2022. Our operations are continuing to ramp up to 1.2 Mtpa of ilmenite production on a safe and sustainable basis and through these higher volumes and our initiatives to reduce operating costs, we are advancing towards our goal of becoming a first quartile producer on the industry revenue to cost curve.

BEN BAXTER

CHIEF OPERATIONS OFFICER

OUR CONTINUING RESPONSE TO COVID-19

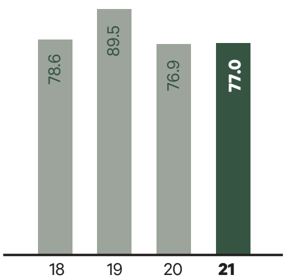
Kenmare had a challenging start to 2021 due to COVID-19 with a significant number of employees at the Moma Mine, including several members of the site leadership team, taken ill and isolating following a positive test result. Sadly, Kenmare lost three employees due to the impacts of COVID-19. Our sympathy goes to their families and we thank them for their service at Kenmare.

While there were no direct closures of operating areas as a result of personnel shortages, with production and shipments continuing throughout the year, operational efficiency, maintenance, and production volumes were also negatively impacted.

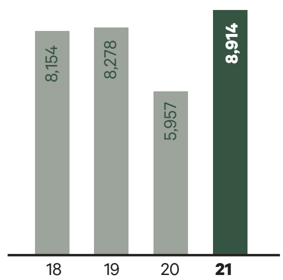
As a result of the spike in positive COVID-19 cases in H1 2021, Kenmare implemented blanket testing of the entire workforce every two weeks in order to identify positive cases more quickly and reduce the spread of the virus. A vaccination programme was rolled out at Moma in July 2021 and by year-end, 96% of Kenmare's 1,551 employees had received two doses. There here has been no serious illness due to COVID-19 among our employees since the vaccination programme was rolled out. The Company also donated 12,000 vaccines to our host communities.

In December 2021 there was a second significant spike in employees testing positive for COVID-19 as a result of the highly contagious Omicron variant. However, due to Kenmare's fortnightly testing programme and the double vaccinated status of the vast majority of our employees, none of our people were seriously ill. Kenmare continues to be vigilant against COVID-19, with various health protocols and mitigation measures in place, as protecting our employees and our host communities is our top priority.

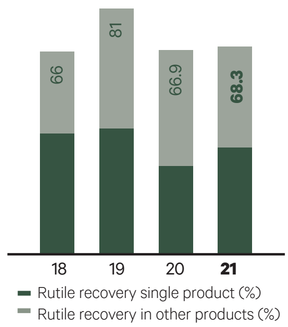
Overall zircon recovery (%)



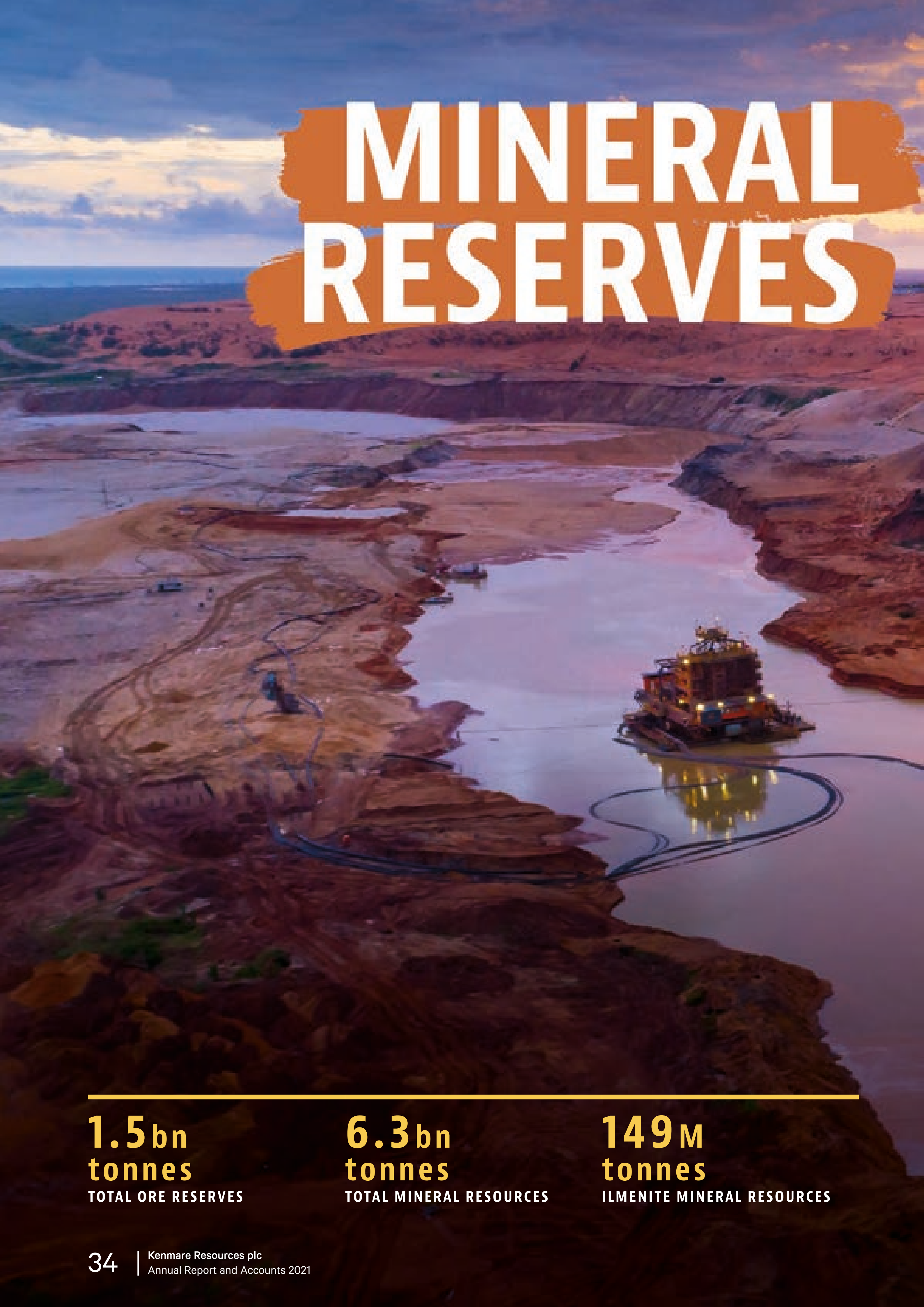
Rutile produced (t)



Rutile recovery including that sold in other products (%)



MINERAL RESERVES



1.5bn tonnes
TOTAL ORE RESERVES

6.3bn tonnes
TOTAL MINERAL RESOURCES

149M tonnes
ILMENITE MINERAL RESOURCES

AND RESOURCES

GLOBALLY SIGNIFICANT MINERAL RESOURCES

Introduction

Kenmare's Moma Mine is one of the largest titanium minerals deposits in the world. It is estimated that the Group's Mineral Resources contain approximately 149 million tonnes of ilmenite, which is equivalent to over 100 years' production at a rate of 1.2 million tonnes of ilmenite per annum, and associated co-products of zircon, rutile, and monazite, a rare-earth element.

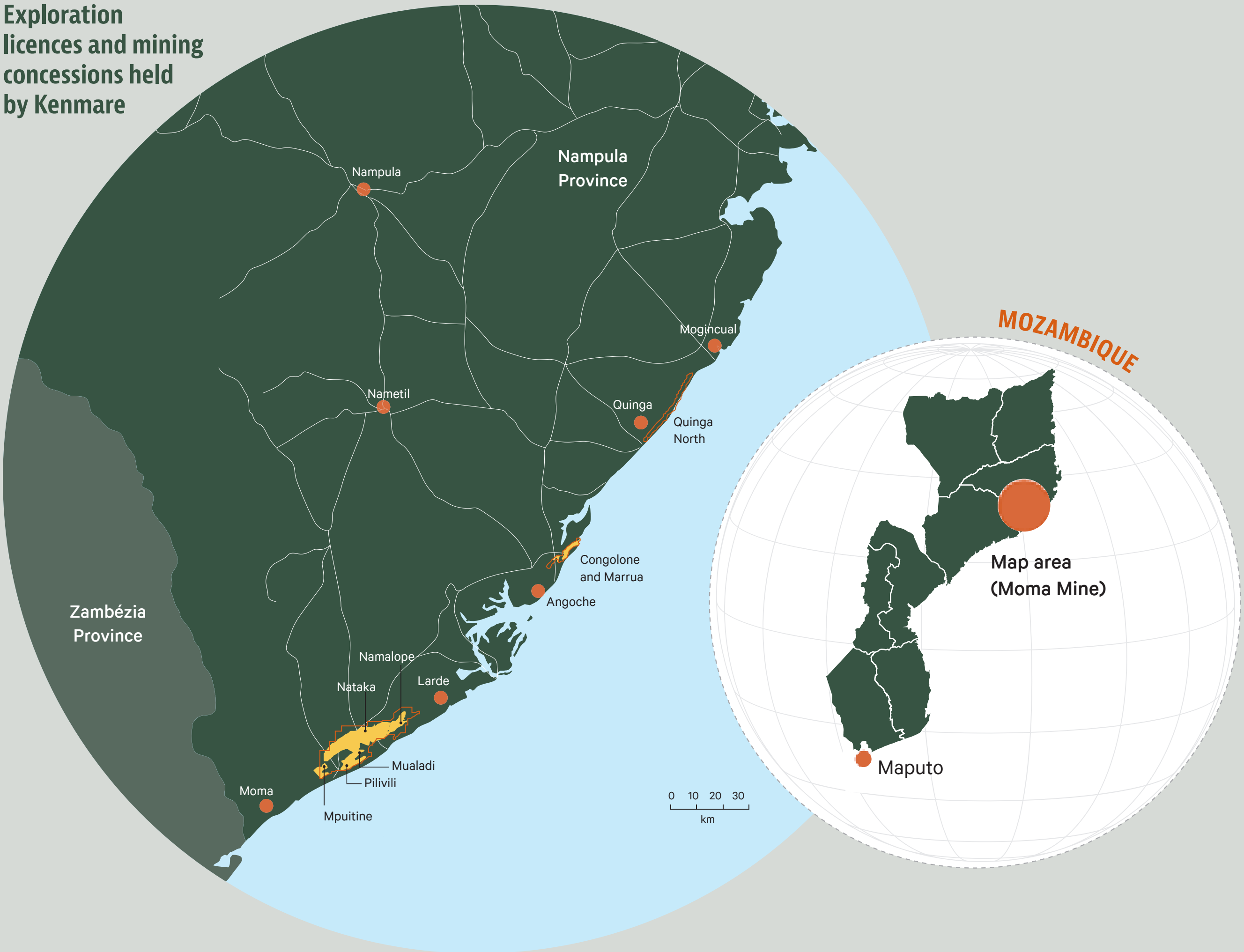
The nature of the Moma deposit, with abundant fresh water, no overburden, an economic ore grade and attractive minerals that do not have to be upgraded before being used, gives Kenmare the ability to mine, concentrate and separate its products with relatively low capital and operating costs, in part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

Summary of Ore Reserves and Mineral Resources

The total proved and probable Ore Reserves under the Namalope, Pilivili, and Nataka mining concession are estimated as at 31 December 2021 at 1,534 million tonnes (Mt), grading 2.7% ilmenite, 0.18% zircon and 0.059% rutile, containing 41 Mt of ilmenite, 2.7 Mt of zircon, 0.90 Mt of rutile, and 0.16 Mt of monazite. The total Mineral Resources (excluding Ore Reserves) held by the Group under a combination of exploration licences and mining concessions is estimated as at 31 December 2021 at 6.3 billion tonnes, grading 2.4% ilmenite, 0.16% zircon and 0.052% rutile, containing 149 Mt of ilmenite, 10 Mt of zircon and 3.3 Mt of rutile. Details are set out in the Ore Reserve-Mineral Resource table on page 37.

See page 38 to read about **our product markets**

Exploration licences and mining concessions held by Kenmare



In 2021 the Wet Concentrator Plant (WCP) A and WCP C mining operations continued to mine the Namalope ore zone and WCP B continued to mine the Pilivili ore zone. Reductions in the Ore Reserves statement relate to depletion from mining in 2021 and dredge path revisions that were made during the year to optimise the mine plan.

At year-end, Namalope Ore Reserves comprised 123 Mt of ore at 2.6% ilmenite, representing 3.2 Mt contained ilmenite, 0.18% zircon (0.22Mt) and 0.060% rutile (0.07Mt). Notably, the WCP C mining area was extended with an upgrade of 35 Mt of Mineral Resources to Ore Reserves. During the year, 18,886 metres (m) of drilling was undertaken at Namalope with the purpose of:

- Facilitating mineral fractionation analysis within the 2022 and 2023 mine paths to better understand ilmenite product quality
- Improving knowledge of the WCP A path in Namalope West to optimise the mining floor as WCP A is expected to travel through this previously poorly drilled area to reach the Nataka deposit

The Nataka ore zone represents a large, long-life mining opportunity for Kenmare. Ore Reserve status was unchanged in 2021, with probable Ore Reserves of 1,248 Mt of ore at 2.56% ilmenite, representing 32 Mt of contained ilmenite, 0.17% zircon (2.11Mt) and 0.06% rutile (0.70Mt). In 2021, work on the Pre-Feasibility Study (PFS) for mining Nataka continued, with the development of a 20-year high grade mining plan for WCP A following completion of its mine path in Namalope.

An economic assessment has yet to be completed as part of this PFS, and hence until completed, the mine path will not be upgraded into Ore Reserve category. A further 13,748 m of geotechnical and Mineral Resource drilling was completed during the year to complement this work.

The Pilivili Ore Reserves now comprise 163 Mt of ore at 3.4% ilmenite, representing 5.6 Mt of contained ilmenite, 0.24% zircon (0.4 Mt) and 0.08% rutile (0.13 Mt). The 2021 Pilivili drilling programme, which comprised 14,892 m, focused on improving ore body knowledge within the dry mining path and south western areas of the ore zone.

Across all ore zones within the Moma deposit, 123 piezometers were installed to assist with the development of water management plans, comprising 1,032 m of drilling.

No drilling activity was undertaken in the Congolone, Mpuitine or Quinga North ore zones during 2021. A conceptual study of mining potential in Quinga was however undertaken.

The following unaudited table sets out Kenmare's Ore Reserves and Mineral Resources as at 31 December 2021:

Zones	Category	Ore (Mt)	% THM*	% Ilmenite in THM	% Ilmenite in ore	% Rutile in ore	% Zircon in ore	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Reserves											
Namalope	Proved	66	3.2	81	2.6	0.06	0.18	2	1.7	0.04	0.12
Namalope	Probable	57	3.3	81	2.6	0.06	0.19	1.9	1.5	0.04	0.11
Pilivili	Proved	30	5.1	82	4.1	0.09	0.29	1.5	1.3	0.03	0.09
Pilivili	Probable	133	4.0	83	3.3	0.08	0.23	5.3	4.4	0.10	0.31
Nataka	Probable	1,248	3.1	82	2.56	0.06	0.17	39	32	0.70	2.11
TOTAL RESERVES	Proved & Probable	1,534	3.2	82	2.7	0.059	0.18	50	41	0.90	2.7

Resources	Category	Sand (Mt)	% THM*	% Ilmenite in THM	% Ilmenite in sand	% Rutile in sand	% Zircon in sand	THM (Mt)	Ilmenite (Mt)	Rutile (Mt)	Zircon (Mt)
Congolone	Measured	205	3.3	80	2.7	0.07	0.22	6.8	5.5	0.1	0.4
Namalope	Measured	102	3.3	81	2.7	0.06	0.19	3.4	2.7	0.1	0.2
Pilivili	Measured	8	3.2	81	2.6	0.06	0.17	0.2	0.2	0.0	0.0
Namalope	Indicated	100	2.8	81	2.2	0.05	0.16	2.7	2.2	0.0	0.2
Congolone	Indicated	55	3.8	79	3.0	0.08	0.23	2.1	1.7	0.0	0.1
Nataka	Indicated	1321	3.2	84	2.7	0.05	0.17	42.9	36.0	0.7	2.2
Pilivili	Indicated	99	3.0	76	2.3	0.05	0.16	3.0	2.3	0.1	0.2
Congolone	Inferred	24	2.4	78	1.9	0.05	0.13	0.6	0.4	0.0	0.0
Pilivili	Inferred	35	2.3	76	1.7	0.04	0.13	0.8	0.6	0.0	0.0
Mualadi	Inferred	327	3.2	80	2.6	0.06	0.21	10	8.4	0.2	0.7
Nataka	Inferred	3,637	2.6	82	2.1	0.04	0.14	93	77	1.6	5.0
Mpuitine	Inferred	287	3.6	80	2.9	0.07	0.24	10	8.3	0.2	0.7
Marrua	Inferred	54	4.1	80	3.3	0.19	0.19	2.2	1.8	0.1	0.1
Quinga North	Inferred	71	3.5	80	2.8	0.14	0.28	2.5	2.0	0.1	0.2
TOTAL RESOURCES		6,324	2.9	82	2.4	0.052	0.16	180	149	3.3	10

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

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

The competent person for the Kenmare mineral reserves and resources is Mouhamed Drame (MAusIMM). Mouhamed Drame is an employee of Kenmare and takes part in the Kenmare Resources Share Plan. Mouhamed Drame has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code 2012 edition. Mouhamed Drame consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

A market-leading position

CILLIAN MURPHY
MARKETING MANAGER

Kenmare produces two main product groups – titanium feedstocks (ilmenite and rutile) and zircon.

Titanium feedstocks and zircon are used to produce quality-of-life products such as paints, paper, plastic, and ceramic tiles. Titanium feedstocks are also used to produce titanium metal, playing a key role in reducing fuel consumption within the aerospace industry due to titanium metal's lightweight qualities. Kenmare also produces a mineral sands concentrate, which contains monazite, a rare-earth element.

TITANIUM FEEDSTOCKS

Kenmare supplies the global titanium feedstocks market through our production of ilmenite and rutile. Ilmenite is Kenmare's primary product, representing more than 70% of our revenues, and we are the largest supplier of merchant ilmenite in the world.

Titanium pigment accounts for ~90% of global demand for titanium feedstocks and is used in everyday items such as paint, plastics, and textiles for its brilliant whiteness, ultraviolet protection, and opacifying properties. These are considered quality-of-life products and their consumption increases as urban populations grow and disposable income rises.

Kenmare's ilmenite and rutile products are also used in the production of titanium metal, specialty glass and for welding electrode fluxes.

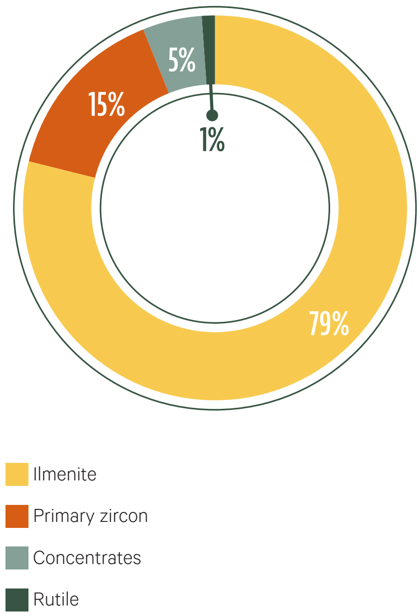
See more about our products and their uses on pages 6–7.

ZIRCON

Kenmare is the fifth largest supplier of zircon globally. The ceramics industry accounts for over 50% of global zircon demand, where it is the preferred raw material due to its unmatched opacifying qualities, high refractive index, and high melting point. Zircon is also used in the refractory and foundry industries, and zirconia chemicals.

Zircon sand production is largely concentrated in Australia and Africa and the major markets for zircon sand are Europe and China.

2021 revenue by product (%)



The macroeconomic environment

Global economic activity recovered well in 2021 following the contraction in 2020 caused by the COVID-19 pandemic. The World Bank estimates that gross domestic product grew by 5.5% in 2021. However, the recovery was unevenly distributed, with traded goods outpacing services spending, which supported strong titanium pigment consumption. The recovery has also been unequal regionally, with advanced economies recovering more quickly than emerging economies.

The World Bank is forecasting strong growth in 2022 and this is expected to result in positive demand growth in Kenmare's product markets. However, several major risks to global markets exist, with supply chain bottlenecks and high energy prices persisting into 2022, adding to global inflation concerns.

Market trends	How will this impact us?	How are we responding?
Record pigment production in China	2021 was another record year for titanium pigment production using the chloride process (chloride pigment production) in China, with additional capacity commissioned in late 2021 and early 2022. More imported ilmenite will be required to be upgraded to high-grade feedstocks to supply the growing Chinese pigment market as domestic ilmenite is not suitable.	Kenmare continues to partner with the strongest and most stable consumers of ilmenite in China, where we are a preferred supplier. We continue to support these customers during commissioning and ramp-up phases, while maintaining strong relations with consumers outside China.
Increasing demand from Chinese titanium metal market	The production of titanium sponge, which is a raw titanium metal that is a starting point for producing any metallic titanium product, has almost doubled since early 2019, requiring more ilmenite as feed for this chemical process. Domestic Chinese ilmenite is unsuitable for making titanium sponges so ilmenite must be imported to meet this growing demand.	Kenmare increased its sales to the titanium metal market in China in 2021 to meet the growing demand. We remain close to our customers and we are capable of increasing our supply to this market as it continues to grow.
Depleting global rutile supply	As global rutile production declines, consumers will need to consider using other products as feed for their plants. Beneficiated ilmenite, such as chloride slag and synthetic rutile, are the most likely products to replace rutile.	Kenmare produces high-quality ilmenite products for upgrading and we expanded our production in 2021 to meet growing demand. We have strong relationships with the customers and we expect to benefit from this trend.
Higher logistics costs	Kenmare ships all its product directly from the Moma Mine. Higher fuel costs and shipping bottlenecks have increased the cost of this. We expect this to ease as the bottlenecks are removed, but higher fuel costs are likely to remain, which is likely to impact Kenmare's cash operating costs.	Kenmare continues to try to limit the number of ships that visit Moma's dedicated port facilities by increasing the average size of the shipments. Where possible, we are also increasingly combining products for different customers on the same vessel to lower costs.
Growing supply of ilmenite concentrates	Ilmenite supplied to China in the form of low-quality concentrates for further processing is a growing trend in the market. Some of this material competes with Kenmare ilmenite in the Chinese market.	Kenmare continues to work closely with our customers in China to show them the value of purchasing high-quality Kenmare ilmenite. Through the relationships we have built, our customers also understand that Kenmare can offer stability in terms of quality and quantity.

Long-term market opportunities

Increasing chloride pigment production in China

- Growing global demand for titanium pigment is forecast to be met predominantly by increased chloride pigment production. This will require more high-grade chloride feedstocks.
- Kenmare ilmenite is a preferred product for upgrading to chloride slag and synthetic rutile and we are in a good position to continue to benefit from this market trend.

Changing trends in ceramic tiles

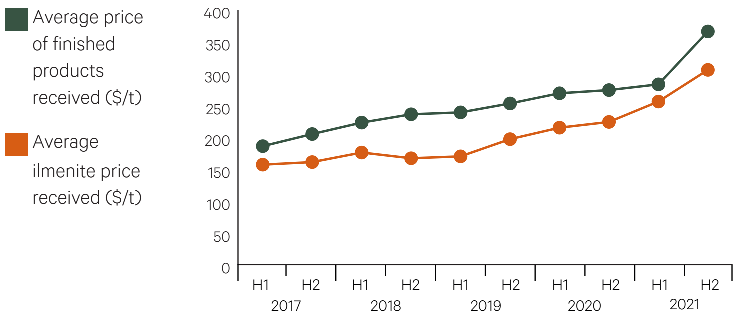
- Technical advancements have led to a growing trend to produce significantly larger ceramic tiles. Large ceramic tiles are increasingly penetrating alternative markets, such as surface counters, as they offer a high-quality alternative to other, more expensive materials, such as marble.
- Larger ceramic tiles tend to have increased zircon content due to zircon's high strength and aesthetic qualities. With supply constraints impacting global zircon production, Kenmare is well-positioned to benefit from this trend.

Increasing focus on reducing emissions

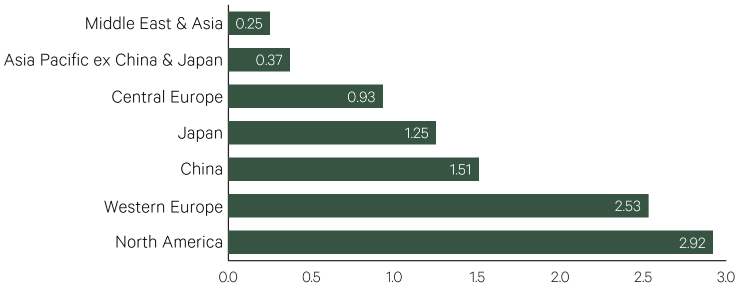
- Mineral sands have an important role to play in the transition to clean energy from fossil fuels.
- Titanium metal is increasingly consumed in the aerospace industry to reduce emissions as its high melting point and high strength to weight ratio makes aeroplanes more fuel efficient.
- Wind and nuclear energy consumption is expected to grow as the world becomes more carbon conscious. This will support demand for rare-earth elements and zircon, which are used in the construction of various renewable energy plants.

2021 was a strong year for all of Kenmare's product markets, resulting in record sales volumes at higher average received prices for all products, compared with 2020. Average received prices for ilmenite, our primary product, increased by 28% in 2021.

Strong momentum in our product markets ($/t)



2020 Apparent pigment consumption per capita (kg/capita)



TITANIUM FEEDSTOCKS (ILMENITE AND RUTILE)

Global titanium feedstocks market in 2021

The positive momentum of H2 2020 for the global titanium feedstocks market continued into 2021, with market conditions remaining tight.

As the global economy recovered from the temporary downturn caused by the COVID-19 pandemic, titanium pigment producers operated at high utilisation rates seeking to meet increasing demand. Pigment demand continued to benefit from the strong DIY paint market and the recovery of other major end-markets. Consequently, 2021 was a record year for titanium pigment production.

Chinese chloride pigment production, which is cleaner than the sulfate pigment production, continued to expand during the year. Chloride plants require imported ilmenite to feed them, as domestic ilmenite is unsuitable. Q4 2021 was a record quarter for chloride pigment production and further capacity has been added in early 2022. Kenmare benefitted from this trend in 2021 and is well-positioned to continue to see strong demand from this market going forwards. Ilmenite demand in China was further boosted by growth in titanium metal production, which also requires imported ilmenite.

Kenmare also experienced robust demand from customers in other regions. With little inventory in the supply chain, increased demand for titanium pigment in Europe, North America, and Asia (excluding China) quickly flowed through to demand for ilmenite, as economies recovered from the COVID-19 downturn in H1 2020. The titanium metal sector also strengthened in these regions. The combination of these factors drove strong demand for titanium feedstocks in 2021, with Kenmare achieving quarter-on-quarter ilmenite price increases.

Despite supply disruption in South Africa, global supply of titanium feedstocks increased in 2021, primarily from Kenmare, and producers in China and Norway. Following the completion of our growth projects, Kenmare's ilmenite shipments increased by 55% compared to 2020. There was also an increase in the export to China of low-quality ilmenite bearing concentrates from other producers in Mozambique.

However, the increase in supply was insufficient to meet increased demand, with Kenmare drawing down its inventories to below normal levels and global inventories decreasing during the year.

The ilmenite market ended 2021 stronger than at any other point during the year. Demand from all major regions and end-use markets remained firm and global inventories were well below normal levels, causing prices to accelerate in Q4 2021. This positive market momentum has continued into 2022. Demand for Kenmare ilmenite is exceeding our ability to supply, and this is likely to be exacerbated during the spring, which tends to deliver seasonally stronger demand for paint and coatings.

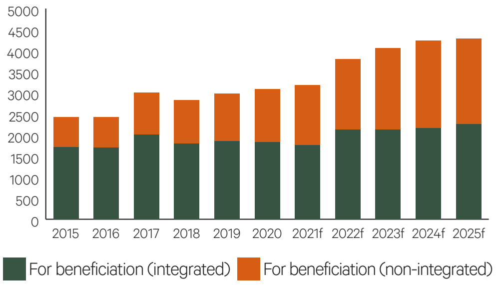
However the war in Ukraine, which began in late February 2022, has created significant uncertainties in global trade routes and the wider economy. While it is too soon to speculate on the overall effects on our markets, Ukraine is a significant supplier of titanium feedstocks but lower global growth as a result of the conflict could reduce demand for our products.

Key developments in 2021

1 GROWING TREND OF ILMENITE BENEFICIATION

2021 saw a continuation of the trend to upgrade ilmenite to high-grade chloride feedstocks. High-grade chloride feedstocks are essential in the production of chloride pigment and titanium metal. Natural high-grade chloride feedstocks, such as rutile, are depleting. Upgraded ilmenite products, namely chloride slag and synthetic rutile, are needed to replace natural rutile and also to meet growing demand for high-grade chloride feedstocks. Higher levels of chloride slag and synthetic rutile capacity is entering the market without an integrated ilmenite source and therefore ilmenite must be purchased from the merchant market. Kenmare ilmenite is a high-quality product that is well-suited to this purpose.

Ilmenite consumed for beneficiation ('000 TiO_2 units)

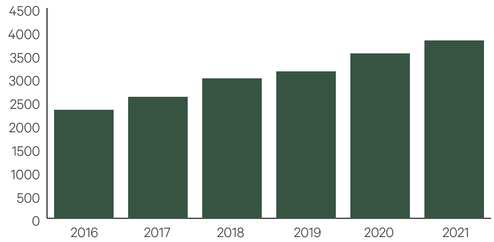


2 STRONG DEMAND FROM CHINA

2021 was another record year for pigment production in China. The domestic pigment market showed strong demand growth, while exports to other regions also increased as pigment producers from other regions struggled to meet demand. Although ilmenite production in China increased to meet the demand from the sulphate pigment market, further chloride pigment capacity was also added. This saw demand for imported ilmenite increase, as domestic ilmenite is unsuitable for upgrading.

We expect to see this market grow further in 2022 as three new chloride pigment plants have recently been commissioned, while some existing producers are also expected to increase production.

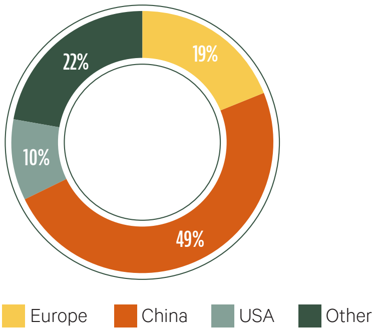
Pigment production in China ('000 tonnes)



3 DIVERSIFIED CUSTOMER BASE

In 2021, Kenmare sold its ilmenite and rutile products to over 20 customers in 13 different countries. We have built strong relationships with long-term customers, including several customers who have bought titanium feedstocks from Kenmare every year since the Moma Mine began production in 2007. We have also focused on finding new customers in different end-markets and regions, leading to an increased supply to the titanium metal sector in 2021. Our broad customer base has both regional and end-use diversification, providing protection against a downturn in any sector or geography.

2021 revenue by product (%)

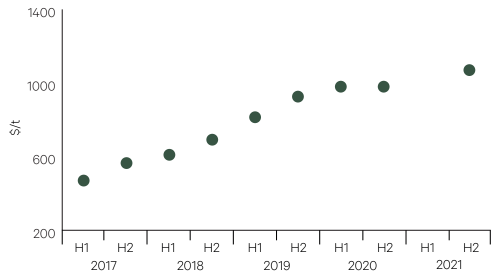


4 STRENGTHENING RUTILE MARKET

Rutile, a valuable co-product to our ilmenite production, has seen significant price appreciation in recent years. Rutile has a wide range of potential end-uses, including welding electrode fluxes, specialty glass, and titanium pigment. 2021 saw a strong increase in the market for medical glass for use in pharmaceutical packaging.

Global rutile supply is in decline and in 2021 there was also some supply disruption. This led to tight market conditions, which we expect to continue into 2022.

Increasing rutile prices received ($/t)[1]



1. Kenmare did not sell any rutile during H1 2021

ZIRCON

The zircon market in 2021

The zircon market recovered strongly in 2021 following a prolonged period of subdued market conditions. The rebound in the global economy led to an upturn in demand for zircon sand from all end-uses. The ceramics market led the way, with low interest rates supporting the construction industry, while government stimulus packages in major economies resulted in a significant increase in renovation projects. Refractory and foundry end-uses also experienced positive market conditions in 2021, benefitting from recovering economic activity.

Large zircon producers were able to increase zircon sand production and release some excess inventories into the market to meet demand. However, global supply chain bottlenecks, particularly a lack of shipping containers, caused huge disruption resulting in delays to zircon reaching customer plants and consequently, consumer inventories were drawn down. The supply disruption was exacerbated by the suspension of operations at a major zircon mine and zircon availability became a concern for the industry in H2 2021.

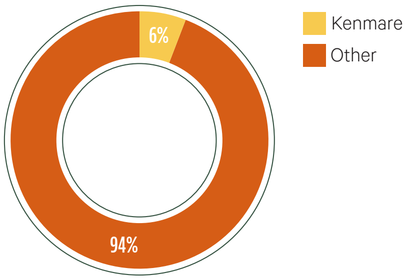
As a result, zircon market conditions became increasingly tight throughout the year. Kenmare saw a 23% increase in average received prices for its zircon compared to 2020 and achieved price increases in Q2, Q3, and Q4.

In China, zircon prices started to increase in Q1 2021 because of stronger demand. Zircon prices continued to improve in Q2 2021 and then accelerated in the third quarter as zircon availability concerns grew, before stabilising in Q4 2021.

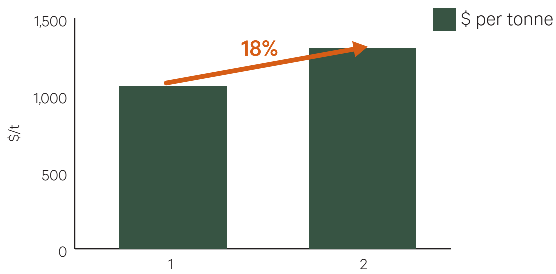
As we move into 2022, we see positive market conditions continuing for zircon. Global zircon inventories are low, and demand continues to grow in line with global economic activity.

A number of risks face the industry including higher energy costs in Europe and China, rising inflation in many parts of the world, and uncertainty in the Chinese real estate sector. It is not fully known how these risks will impact zircon demand. However, supply concerns also continue into 2022, due to on-going supply disruption and low global inventories, and consequently further price increases for Kenmare zircon in all regions were seen in Q1 2022.

Kenmare's zircon market share



Zircon prices recovered in 2021



RARE-EARTH ELEMENTS

The rare-earth elements market in 2021

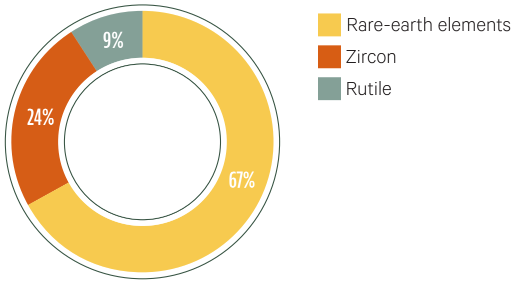
Kenmare entered the rare-earth elements market in 2019 when we commenced sales of our mineral sands concentrate (MSC) product, which contains valuable quantities of monazite, zircon, and rutile. Monazite is the highest value component of the MSC product due to the high value rare-earth elements contained in the product. The market conditions for our MSC product improved steadily through 2021 on the back of strong demand for the contained rare-earths.

Demand for Kenmare's MSC product was robust in 2021 primarily due to the growing demand from the permanent magnets market for Neodymium (Nd) and Praseodymium (Pr). NdPr permanent magnets are consumed in rapidly growing industries such as wind energy and electric vehicles. The transition towards renewable energy is supporting the rapid growth of industries consuming these permanent magnets.

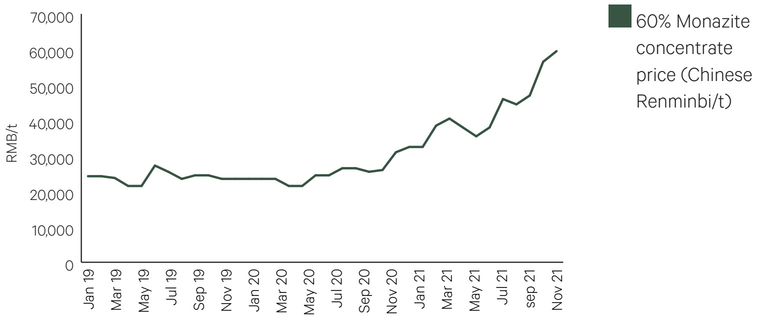
Kenmare is one of only a few suppliers of monazite in the world, however our production represents just a small part of the rare-earths market, which is dominated by Chinese production. Most rare-earths deposits are located in China and consequently, prices are dependent on Chinese supply.

Looking forward to 2022, we expect to see continued global demand growth for permanent magnets, driven by the electric vehicle and wind energy markets. As a result, we anticipate that robust market conditions for Kenmare's MSC will continue in the year ahead.

Mineral sands concentrate value composition



Monazite prices in China



Record financial performance with 51% EBITDA margin

TONY MCCLUSKEY
FINANCIAL DIRECTOR

Highlights

Kenmare delivered an outstanding financial performance in 2021, generating an 87% increase in revenues to $455.9 million (2020: $243.7 million) and a 182% increase in EBITDA to $216.1 million (2020: $76.7 million). Record revenues and profits were supported by a 46% increase in production, which in turn enabled us to achieve record shipment volumes and a 21% increase in the average price received for Kenmare's products.

We were delighted to return almost $100 million to shareholders during the year, through dividend payments and a share buy-back. This was comprised of the 2020 final dividend totalling $8.4 million, the 2021 interim dividend totalling $8.0 million, and the share buy-back of $81.6 million. The full year 2021 proposed dividend of USc32.71 per share represents a 227% increase on 2020. This is in line with the Company's increased 2021 target to return 25% of profit after tax to shareholders this year, above the 20% minimum policy.

Total cash operating costs increased by 20% to $189.7 million (2020: $158.0 million) in 2021 as a result of the 46% increase in finished product production, plus increased costs relating to repairs and maintenance, Heavy Mineral Concentrate (HMC) haulage from the Pilivili operations, and COVID-19 management. However, cash operating costs per tonne decreased by 18% to $154 per tonne (2020: $188 per tonne), benefitting from economies of scale with the increased production volumes.

Capital investment requirements reduced in 2021 to $60.3 million (2020: $158.0 million) as the third of Kenmare's three growth projects, to increase ilmenite production to 1.2 million tonnes per annum, was largely completed in 2020. Kenmare incurred $30.6 million of sustaining capital and $29.7 million of development capital during the year, which included investing in the construction of a Rotary Uninterruptible Power Supply (RUPS) to improve power stability and reduce the Moma Mine's carbon emissions.

Kenmare finished the year with cash of $69.1 million (2020: $87.2 million) and net debt of $82.8 million (2020: net debt of $64 million).

2021 results

The key financial metrics were as follows:

	2021	2020	FY change %
Revenue ($ million)	**455.9**	243.7	87%
Freight ($ million)	**(35.4)**	(12.2)	190%
Revenue FOB ($ million)	**420.5**	231.5	82%
Finished products shipped (tonnes)	**1,285,300**	853,100	51%
Average price per tonne FOB ($/t)	**327**	271	21%
Average ilmenite price per tonne FOB ($/t)	**282**	220	28%
Average zircon price per tonne (FOB) ($/t)	**1,185**	1,003	18%
Total operating costs[1] ($ million)	**303.0**	209.4	45%
Total cash operating cost ($ million)	**189.7**	158.0	20%
Cash operating cost per tonne of finished product ($/t)	**154**	188	(18%)
EBITDA ($ million)	**216.1**	76.7	182%
Profit after tax ($ million)	**128.5**	16.7	669%
Net debt ($ million)	**82.8**	64.0	28%
Full year dividend per share (USc)	**32.7**	10.0	227%

Notes to table:
Additional information in relation to these Alternative Performance Measures (APMs) is disclosed in the glossary.
1 Depreciation and amortisation are included in total operating costs.

Revenue

Revenue increased by 87% in 2021 to $455.9 million (2020: $243.7 million) due to a 51% increase in shipments and a 21% increase in the average price per tonne received (FOB). Shipments during the year comprised 1,187,000 tonnes (2020: 766,500 tonnes) of ilmenite, 52,900 tonnes (2020: 43,100 tonnes) of primary zircon, 41,800 tonnes (2020: 37,200 tonnes) of concentrates and 3,600 (2019: 9,500) tonnes of rutile.

Ilmenite revenue (FOB) increased by 98% to $335.0 million (2020: $168.9 million) in 2021, as a result of a 55% increase in shipment volumes and a 28% increase in average prices. The increase in shipment volumes was mainly attributable to increased production as a direct result of a multi-year capital investment programme and increased consumer demand. Primary zircon revenue (FOB) increased by 46% to $62.7 million (2020: $42.9 million) due to a 19% price increase and a 23% increase in shipment volumes. Freight costs in 2021 increased to $35.4 million (2020: $12.2 million), reflecting higher volumes shipped and elevated average freight rates during the year.

Read more about our operations on page 26

Read more about the RUPS on page 33

Operating costs

	2021 $m	2020 $m	FY change %
Cost of sales	**245.0**	179.1	37%
Other operating costs	**58.0**	30.3	91%
Total operating costs	**303.0**	209.4	45%
Freight charges	**(35.4)**	(12.2)	190%
Total operating costs less freight charges	**267.6**	197.2	36%
Non-cash costs			
Depreciation	**(63.1)**	(42.3)	49%
Share-based payments	**(3.5)**	(1.8)	94%
Indirect tax provision	**(2.0)**	–	100%
Mineral products inventory movements	**(9.3)**	4.9	(290%)
Total cash operating costs	**189.7**	158.0	20%
Finished product production (tonnes)	**1,228,500**	840,500	46%
Cash operating cost per tonnes of finished product ($/t)	**154**	188	(18%)

Total operating costs increased by 45% in 2021 to $303.0 million compared to 2020 ($209.4 million) and adjusted total cash operating costs increased by 20% to $189.7 million (2020: $158.0 million). This was due primarily to higher production volumes, in addition to increased repairs and maintenance costs, HMC haulage costs, and increased costs relating to COVID-19. Cash operating costs per tonne decreased by 18% to $154 per tonne in 2021 (2020: $188 per tonne), benefitting from the 46% increase in production of finished products.

Finance income and costs

The Group recognised finance income of $0.3 million in 2021 (2020: $0.6 million), consisting of interest on bank deposits. Finance costs were $12.1 million (2020: $11.3 million), including loan interest of $9.5 million (2020: $9.3 million), factoring and other fees of $1.4 million (2020: $0.7 million), lease interest of $0.2 million (2020: $0.3 million), commitment fees of $0.2 million (2020: $0.3 million), and unwinding of the discount on the mine closure provision of $0.7 million (2020: $0.7 million).

Exchange movements

An exchange loss of $3.9 million (2020: $1.0 million) arose during the year, principally relating to a sharp appreciation of the Mozambican Metical against the US Dollar and was contributed to by an adverse move by Sterling purchased to fund the share buy-back.

> **"Record revenues and profits were supported by record shipment volumes and a 21% increase in the average price received for Kenmare's products."**
>
> **TONY MCCLUSKEY**
> FINANCIAL DIRECTOR

Read more about the share buy-back on page 85

Tax

The tax charge for the year amounted to $8.8 million (2020: $6.0 million). The majority of this tax charge is payable by Kenmare Resources plc's mining subsidiary, Kenmare Moma Mining (Mauritius) Limited ("KMML") in Mozambique. KMML's tax charge amounted to $5.7 million (2020: $5.7 million) based on KMML's taxable profits of $16.2 million (2020: $16.4 million). The income tax rate applicable to taxable profits of KMML is 35% (2019: 35%).

The Company, Kenmare Resources plc had a tax charge of $3.0 million (2020: $0.3 million) in the financial year. The increase in taxable profits in the Company was largely due to a $20 million dividend received from Kenmare Moma Mining (Mauritius) Limited, which was subject to Irish corporation tax at an effective tax rate of 9.5%.

Dividends

Profit after tax increased by 669% to $128.5 million in 2021 (2020: $16.7 million) primarily as a result of significantly increased revenues only partially offset by higher total operating costs. In 2021 Kenmare increased its dividend payout target to 25% of profit after tax, above the 20% minimum policy, and delivered an interim dividend in line with this target. The Board is recommending a final dividend of USc25.42 per share, which is subject to shareholder approval at the AGM. This would give a full dividend of USc32.71 per share for 2021, which represents 25% of profit after tax and an increase of 227% per share on 2020. The financial statements do not reflect the final dividend that is being recommended for shareholders to approve at the 2022 AGM.

Share buy-back

Under the authority granted at the Company's Extraordinary General Meeting held on 9 December 2021, Kenmare completed a share buy-back. Kenmare re-purchased 14,814,412 ordinary shares of €0.001 each in the capital of the Company, representing 13.5% of the issued share capital for a total consideration of $81.6 million. The share buy-back executes on Kenmare's intention to increase shareholder returns after the successful completion of its major capital projects, supported by robust operational performance and commodity market strength in 2021.

All ordinary shares acquired by the Company were subsequently cancelled. Transaction costs associated with the transaction amounted to $1.5 million and were recognised as a deduction from equity.

Cash flows

Net cash generated from operations increased by 108% to $147.8 million in 2021 (2020: $70.9 million).

Investing activities of $60.3 million during the year, a decrease of 57% compared to 2020 ($139.3 million), represented additions to property, plant, and equipment.

Shareholder returns in 2021 totalled $98 million. They were comprised of the final 2020 dividend of USc7.69 per share (2020: USc5.52) totalling $8.4 million, the H1 2021 interim dividend of USc7.29 per share (2020: USc2.31) totalling $8.0 million, and the share buy-back totalling $81.6 million. Transaction costs of the share buy-back amounted to $1.5 million.

Lease repayments of $1.4 million (2020: $1.1 million) were made during the year.

Consequently, Kenmare finished the year with $69.1 million (2020: $87.2 million) of cash and cash equivalents, representing a decrease of $13.5 million before foreign exchange movements (2020: increase $4.6 million), primarily due to the significant shareholder returns made during 2021.

Balance sheet

In 2021 there were additions to property, plant, and equipment of $60.3 million (2020: $141.4 million). Additions consisted of $10.8 million (2020: $104.4 million) for the relocation of Wet Concentrator Plant (WCP) B to the Pilivili ore zone, $13.9m (2020: $nil) in relation to the investment in the RUPS, $5.0 million (2020: $nil) in relation to preparing for the relocation of WCP A to the Nataka ore zone, and $30.6 million (2020:$27.7 million) on sustaining capital.

Depreciation increased to $63.1 million in 2021 (2020: $42.3 million), primarily due to higher mining asset costs relating to the significant investment in new property, plant, and equipment in recent years and increased depreciation related to production. The mine closure provision decreased by $2.2 million in 2021 (2020: $10.9 million increase). This was due to an increase in the discount rate used to estimate the closure cost provision. Capital disposals amounted to $18.0 million (2020: $11.1 million), principally relating to heavy mobile fleet and other assets no longer operational and disposed of during the year.

87%
INCREASE IN REVENUE

182%
INCREASE IN EBITDA

51%
EBITDA MARGIN

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

Inventory at year-end amounted to $60.2 million (2020: $63.7 million), consisting of intermediate and finished mineral products of $22.2 million (2020: $31.4 million) and consumables and spares of $38.2 million (2020: $32.3 million). The increased investment in consumables and spares reflects increased stock holdings to maintain production in 2022 and additional holdings to maintain new plant and machinery. Closing stock of HMC at the end of 2021 was 11,500 tonnes compared with 50,200 tonnes at the start of the year. Closing stock of finished products at the end of 2021 was 100,200 tonnes (2020: 145,000 tonnes). The decrease in finished products at year-end was largely due to increased shipments in 2021, in response to strong customer demand.

Trade and other receivables amounted to $74.8 million (2020: $29.9 million), of which $66.2 million (2020: $23.1 million) was trade receivables from the sale of mineral products and $8.5 million (2020: $6.8 million) was comprised of prepayments and other miscellaneous debtors. The increase in trade receivables at year-end was mainly attributable to an increase in sales in Q4 2021 which was a record quarter for shipments, with 368,600 tonnes shipped. All trade receivables are current and an expected credit loss of $0.4 million (2020: $0.2 million) was recognised during the year.

Cash and cash equivalents decreased by $18.2 million (2020: increase of $6.1 million) during the year and at 31 December 2021 amounted to $69.1 million (2020: $87.2 million).

Lease liabilities amounted to $2.2 million (2020: $3.4 million) at year-end.

Tax liabilities amounted to $4.8 million (2020: $1.6 million) and trade and other payables amounted to $32.8 million (2020: $50.1 million). The decrease in trade and other payables is due to the decreased level of capital projects creditors and timing of payments.

At year-end, debt amounted to $148.1 million (2020: $145.8 million). This consisted of debt drawn of $150.0 million and loan interest of $1.9 million, net of transaction costs of $3.8 million. The weighted average interest rate on Group debt at year-end was 5.8% (2020: 5.8%).

INSIGHTS FROM TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) SCENARIO ANALYSIS

In 2021 Kenmare's management identified and assessed climate-related risks based on the recommendations of the TCFD, considering two major risk categories: physical risks, such as the increased probability of extreme weather events in the future, and transition risks associated with the move to a low-emission economy and society. We assessed risks using two temperature scenarios[1], comparing a business-as-usual case with an accelerated decarbonisation pathway, aligned to the goals of the Paris Agreement. Forecasts out to 2030 and 2050 for each temperature scenario were reviewed. Overall, management deemed Kenmare's strategy and operations as being resilient and noted the existence of robust mitigation measures designed to manage potential physical and transitional risks.

Physical risk

Kenmare has identified extreme weather events as a Principal Risk since 2009, with Mozambique being one of the most affected countries globally[2] by the impacts of extreme weather events. Notwithstanding this risk, Kenmare considers our controls to be strong, through our weather monitoring and regular emergency response exercises, as well as our financial mitigation controls, including insurance cover, and we therefore mitigate against this risk as far as is possible. Further information can be found in our Principal Risks section on page 67.

Transition risk and opportunity

Kenmare has a low carbon footprint and an intention to further decarbonise in line with our ambition to achieve Net Zero by 2040. This will align with stakeholders' expectations on decarbonisation and minimise the risk of potential carbon taxes. Additionally, there are opportunities to competitively position our products' low-emissions footprint with customers.

Demand for titanium metal and rare-earth elements is likely to grow as the world transitions to a low carbon economy. Given the small proportion of Kenmare's existing revenues attributable to sales of these products, this trend represents a moderate financial opportunity, providing some potential upside to Kenmare's cash flow.

In assessing the overall financial impact of climate-related risks on the business, management have concluded these considerations do not have a material impact on the financial reporting judgements and estimates, nor are they expected to have a significant impact on the Group's going concern or viability assessment. Further information can be found on page 67.

Kenmare has set out our full TCFD disclosures in our separate Climate Strategy Report, which provides additional context and a better understanding of our overall strategic response to climate change.

1 Temperature pathways used were International Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs) 4.5 and 8.5 and the International Energy Agency (IEA)'s Stated Policies and Sustainable Development Scenarios.

2 Global Climate Risk Index 2021.

Read more about **the Nataka Pre-Feasibility Study** on page 32

Read more about **our strategic priorities** on page 20

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union; therefore, the Group financial statements comply with Article 4 of the IAS Regulation. The parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Group and parent financial statements have also been prepared in compliance with the Irish Companies Act 2014.

The Group's significant accounting policies and details of the significant accounting judgements and critical accounting estimates are disclosed in Note 1 to the financial statements.

Financial outlook

Capital expenditure in 2022 is expected to continue at reduced levels relative to recent years during which we completed three major capital programmes that successfully delivered increased production.

Expenditure on development projects and studies is expected to be approximately $28.5 million in 2022, including a pre-feasibility study on mining at Nataka ($9.2 million), which represents the future mining for WCP A. Sustaining capital costs are expected to be approximately $33 million, which is above the average of recent years principally due to the scheduled five-yearly dry-dock for our Bronagh J transshipment vessel.

We will continue to focus on actively managing our operating cost base in a safe and sustainable manner, cognisant of the inflationary pressures and other risks that face our business during the coming year, in order to minimise unit costs. With supportive product markets, elevated production levels relative to recent years and initiatives to minimise unit costs, Kenmare continues to target becoming a first quartile producer on the industry revenue to cost curve. This will provide increased cash flow stability and the ability to remain cash flow positive throughout the market cycle.

Kenmare's strategic priorities are to operate responsibly, deliver long life, low-cost production, and to allocate capital efficiently, including developing accretive growth opportunities. We are focused on maintaining a robust and flexible balance sheet to enable us to deliver all of these goals, particularly to fund our capital investment requirements and to continue to make compelling shareholder returns.

TONY MCCLUSKEY
FINANCIAL DIRECTOR

$128.5m
PROFIT AFTER TAX

USc32.7
2021 DIVIDEND PER SHARE

227%
INCREASE IN 2021 DIVIDEND


TECHCRANE

SUSTAINABILITY STRATEGY

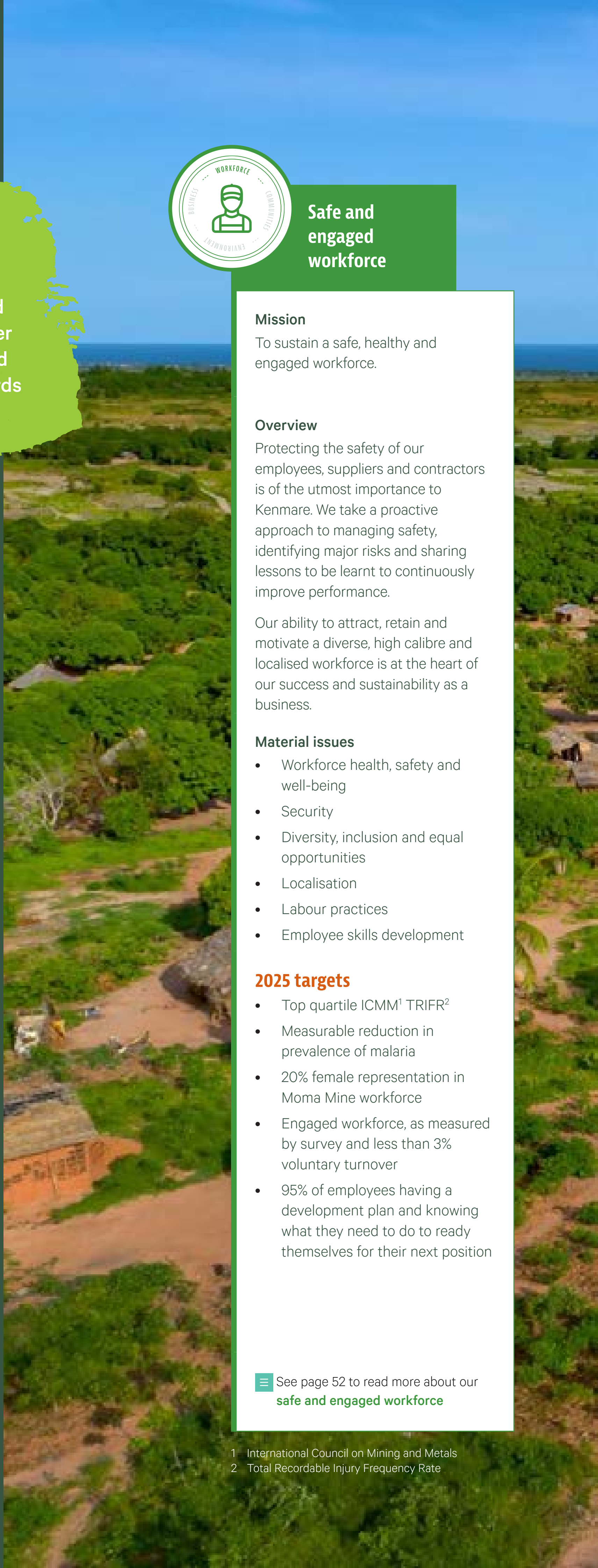
Kenmare's sustainability mission is to achieve a balance between the needs of our host communities, environmental conservation, and economic returns. In doing so, we aim to deliver increased value to Kenmare's shareholders and our host country Mozambique and work towards the individual missions outlined in each of our four strategic pillars opposite.

In 2021, Kenmare developed a Sustainability Strategy, which built on our 17-year track record of sustainable development, and set out a longer-term vision with measurable targets.

In developing this strategy, Kenmare considered the major macro and national sustainability themes that are likely to both influence Kenmare's operations and provide either risks or opportunities that Kenmare needs to consider.

These themes included:

- The global focus and urgent need to tackle climate change and reverse the loss of biodiversity
- A growing Mozambican population, adding pressure to existing socio-economic issues
- Understanding the root causes of insurgency in Cabo Delgado and their applicability to Kenmare
- The COVID-19 pandemic and its health and economic impacts



Safe and engaged workforce

Mission

To sustain a safe, healthy and engaged workforce.

Overview

Protecting the safety of our employees, suppliers and contractors is of the utmost importance to Kenmare. We take a proactive approach to managing safety, identifying major risks and sharing lessons to be learnt to continuously improve performance.

Our ability to attract, retain and motivate a diverse, high calibre and localised workforce is at the heart of our success and sustainability as a business.

Material issues

- Workforce health, safety and well-being
- Security
- Diversity, inclusion and equal opportunities
- Localisation
- Labour practices
- Employee skills development

2025 targets

- Top quartile ICMM[1] TRIFR[2]
- Measurable reduction in prevalence of malaria
- 20% female representation in Moma Mine workforce
- Engaged workforce, as measured by survey and less than 3% voluntary turnover
- 95% of employees having a development plan and knowing what they need to do to ready themselves for their next position

See page 52 to read more about our **safe and engaged workforce**

1 International Council on Mining and Metals
2 Total Recordable Injury Frequency Rate

Thriving communities

Mission

To increase the prosperity of Kenmare's host communities.

Overview

Kenmare is privileged to be able to use its presence in Moma to support the economic and social prosperity of our communities, which we take very seriously. We seek to operate in a safe, inclusive, and transparent way and engage openly with communities associated with our operations and activities.

Kenmare is committed to listening to communities' concerns and priorities, and constructively resolving any differences in a transparent manner.

Material issues

- Community relationships
- Socio-economic contributions
- Community health and safety
- Land use and food security
- Land acquisition and resettlement

2025 targets

- Increase in operating expenditure with Mozambique-based suppliers
- Positive measurable improvement in:
  - Repayment of loans by micro-business
  - Number of students passing school Grade 3
  - Water quality at community boreholes
- Progress against relevant SDGs[3] – see Sustainability Fact Book

See page 54 to read more about our **thriving communities**

A healthy natural environment

Mission

To create and sustain a positive environmental legacy.

Overview

We focus on reducing GHG[4] emissions from our own operations, ensuring our business is resilient to climate-related risks, and can capitalise on opportunities related to the transition to a low carbon economy.

Minimising or mitigating the impacts of our operations on the natural environment and biodiversity includes our progressive rehabilitation programme, water use, and management of waste, air emissions, noise, and dust.

Material issues

- Climate change
- GHG emissions
- Energy use
- Water stewardship
- Rehabilitation and closure
- Biodiversity and ecological impacts
- Tailings storage
- Waste management

2025 targets

- Progress against short and medium term climate targets
- Support designation and protection of Icuria forest as a sustainable community forest
- Balanced post-mining land use programme providing food security and biodiversity
- Complete implementation of water re-use infrastructure. Complete alignment of WAF[5] and accounting with ICMM guidelines
- No reportable tailings releases, no significant findings from six monthly audit

See page 56 to read more about our **healthy natural environment**

Trusted business

Mission

To drive improved ethics and transparency in our business and supply chain.

Overview

We aim to be a trusted business and support transparent disclosure, so we can be accountable for our actions and commitments. All our staff recognise their personal and collective responsibility in upholding Kenmare's business integrity. Our high standards are enshrined in our policies and the laws and regulations of Ireland, the UK and Mozambique. We also work with our suppliers to ensure our high sustainability standards are upheld.

Material issues

- Business transparency
- Anti-bribery and corruption (ABC)
- Protection of human rights
- Supply chain management and standards
- Legal and regulatory compliance

2025 targets

- External Risk Assessment of ABC risks in business and supply chain
- 85% compliance of on site suppliers with Kenmare's policies
- External Assurance of public security forces upholding the VPs[6]

See page 60 to read more about our **trusted business**

3 Sustainable Development Goals

4 Greenhouse Gas

5 Water Accounting Framework

6 Voluntary Principles on Security and Human Rights

SAFE AND ENGAGED WORKFORCE

Kenmare's Health and Safety Policy sets out our commitment to zero-harm, proactive management of safety risks, and maximising opportunities to enhance employee well-being. Our performance against these objectives is monitored by the Board and externally audited.

2021 Performance

88% reduction in Lost Time Injury Frequency Rate (LTIFR)	Achieved
Began roll out of THRIVE programme	Achieved
Implementation of Malaria Vector Control programme	Not Achieved
Achieved 12.5% female representation at Moma Mine	Achieved

Not Achieved Achieved

2022 Targets

20% LTIFR improvement against a three-year average (2019–2021)
On-going implementation of THRIVE programme
Implementation of Malaria Vector Control programme
13.5% female representation at the Moma Mine
Implement 2020 engagement survey actions and undertake second engagement survey

Safety performance

In 2021 Kenmare achieved its lowest ever LTIFR of 0.03 incidents per 200,000 hours worked, an 88% reduction compared to 2020. We had no work-related fatalities and one recorded Lost Time Injury (LTI) in January. We achieved one year without a LTI in early January 2022 and the milestone of eight million hours without a LTI in March 2022. The improved safety performance reflected a number of communication and leadership initiatives and improved engagement with contractors.

Health and well-being

COVID-19 response

In response to COVID-19 we implemented a range of stringent risk mitigation measures including on-site screening, social distancing measures, hygiene protocols, and the wearing of approved masks. We also provided for the voluntary double vaccination of our workforce and donated 12,000 vaccines to local communities. During 2021, there were close to 1,200 positive COVID-19 cases amongst our employees at the Moma Mine.

HIV/AIDS

In 2021 Kenmare continued to conduct HIV/AIDS awareness initiatives. Shirts printed with HIV/AIDS awareness messages were distributed to all employees, along with booklets and leaflets providing general awareness information, and KMAD volunteers carried out health education and awareness programmes in our host communities.

Malaria

The Moma Mine is situated in a malaria endemic region of Mozambique and Kenmare is committed to reducing the risk to our workforce and host communities. The overall incidence rate of malaria amongst our workforce reduced in 2021, with 1,314 cases throughout the year, compared to a five-year average of 1,492. The number of workdays lost to malaria cases was 3,942, which compared to 4,476 for the average between 2015-2020.

A community-agreed programme to spray the inside of every house, led to a 21% reduction in the prevelance of malaria, despite a 27% increase in testing. In 2022, Kenmare will conduct an epidemiological survey with academic experts to develop new tools and management strategies, which was delayed from 2021 largely due to COVID-19.

Security

During the year, Kenmare's security strategy was reviewed and provided a renewed focus on people protection, theft mitigation and insurgency monitoring. Since June 2021 the number of security incidents decreased by over 50%. There have been challenges, however, with the severity of threats and escalating violence used during attempted theft.

We also invested in building new external navy and police barracks and commissioned a navy security patrol boat, scheduled for delivery in 2022. This vessel will significantly enhance our sea-based operational security and mitigate potential insurgency risks.

Highlights

6 m
HOURS
without a Lost Time Injury

5 STAR
NOSA H&S RATING
for sixth consecutive year

27
STUDENTS SPONSORED
to study at Topuito Technical Training College on average each year

Read more about our record year for safety on page 30

Read more about how we engage with our workforce on page 18

Diversity, inclusion and equal opportunities

2021 KENMARE GENDER REPRESENTATION (MOMA MINE)	FEMALE	MALE	TOTAL
Senior management	**4** (24%)	**13** (76%)	**17**
Middle management	**4** (9%)	**41** (91%)	**45**
Professionals / specialists	**21** (17%)	**105** (83%)	**126**
Junior management	**11** (9%)	**105** (91%)	**116**
Artisans and maintainers	**45** (10%)	**419** (90%)	**464**
Operators and assistants	**109** (14%)	**674** (86%)	**783**
Total	**194** (12.5%)	**1,357** (87.5%)	**1551**

Board composition and diversity

Kenmare's Board is made up of 10 members, with female representation at 30%. Planned changes to the Board mean that, following the 2022 AGM, this will increase to 33.3%.

Kenmare is working to increase the number of women in our workforce. At year-end, 12.5% of our Mine employees were women, compared with 10.6% in 2020, meeting our stretch gender diversity target for the year. In 2021, women represented 20% of the Executive Committee, up from 11% in 2020.

To build the pipeline of future talent, Kenmare sponsors on average 27 female students per year to take a three-year course at the Technical Training College in Topuito and the first round of sponsored students will graduate in 2022. Kenmare also ensures that 70% of its Graduate Development Programme candidates are women. We aim to hire local people wherever possible and, in 2021, 97% of our workforce was Mozambican and 59% were from the local district or province.

Moma Mine workforce

	2017	2018	2019	2020	2021
Total Mozambican %	93%	95%	97%	97%	**97%**
District/Provincial %	51%	52%	52%	57%	**59%**
Expatriates %	7%	5%	3%	3%	**3%**
Total number of employees	**1,335**	**1,422**	**1,488**	**1,485**	**1,551**

Labour practices

Kenmare respects the right of all employees to freedom of association and the right to collective bargaining without interference and freedom from discrimination. Our commitments are set out in full in our Freedom of Association Policy. Of our Mozambican workforce, 52% are trade union members and throughout 2021, we enjoyed positive labour relations with no industrial action or disputes.

Training and development

Investing in training and development is key to equipping our people with the skills and knowledge they need to perform their work efficiently and safely, and to achieve the Company's goals. Kenmare invested $639,000 to provide more than 56,900 hours of training for our employees at the Moma Mine in 2021.

TOPUITO TECHNICAL TRAINING COLLEGE

Encarnacão Pastola is 24 years old and has been a recipient of the mechanical bursary for female students since 2019. She will complete her mechanical training course in mid-2022. She lives in Topuito with a local family, who are all subsistence farmers. Before joining the technical college, Pastola studied in Nampula where she completed her Grade 12 education. Her main ambition is to support her younger brothers and to continue studying. The Kenmare bursary helps her to pay for educational materials, photocopies, and food. From time to time, she also uses her bursary money to help the family she lives with. She says her challenge now is to continue learning and also start gaining some practical work experience. She enjoys studying the practices of safe working and she is thankful to Kenmare for the assistance she has received.

THRIVING COMMUNITIES

A key outcome of our sustainability programme is the positive social and economic uplift that Kenmare can bring to our host communities, ensuring the mine's presence is used as a force for good.

2021 Performance

Achieve annual procurement target in Mozambique	Achieved
93% delivery of the Kenmare Moma Development Association (KMAD) 3-year plan	Achieved

Not Achieved Achieved

2022 Targets

Kenmare and KMAD have a more comprehensive set of metrics and KPIs which are tracked. Go to the Sustainability Fact Book for more information.

6% increase in operating expenditure with local suppliers
Additional five contracts with local suppliers
Delivery of first year of KMAD 3-year plan (2022–2024)

Positive improvement on the following metrics:
1) repayment of loans by micro-businesses
2) number of pupils passing Grade 3
3) water quality in community boreholes

Community relationships

Our community engagement and social performance programmes aim to minimise risk and use our presence to maximise social and economic opportunities for local people to share in the benefits of the Moma Mine.

Our community team engages with communities and local authorities and Kenmare funds and oversees the work of KMAD. KMAD designs and implements development programmes and projects focusing on three core activities: livelihoods and economic development; healthcare development; and educational development. More information about KMAD's work can be found in the KMAD Annual Report 2021 and the Sustainability Report.

KMAD's work

In 2021, Kenmare invested $2.3 million in community programmes, benefitting approximately 27,000 people (6,000 families) living close to the Namalope operations and 29,600 people (6,700 families) living close to the Pilivili operations.

Having invested significantly in and established infrastructure required to deliver health and education services, KMAD's new 2022–2024 strategic plan reflects local input and focuses less on infrastructure building and more on capacity development of communities, teachers, medical staff, local authorities, and other key stakeholders. In addition, it will focus on improving water and sanitation.

KMAD 3-year strategic priorities (2022–2024)

Strategic pillar	Sustainable Development Goal	KMAD metrics to assess progress
Livelihoods and economic development	1 No Poverty; 2 Zero Hunger; 8 Decent Work and Economic Growth	• Revenues generated by KMAD-supported businesses • Direct/indirect participation in value chain • Vulnerable people supported
Healthcare development	3 Good Health and Well-Being	• People with access to healthcare provision • Infant mortality rates • Instances of HIV/AIDS and malaria • Teenage pregnancies
Educational development	4 Quality Education; 5 Gender Equality	• Literacy and numeracy rates amongst girls, vulnerable people, and adults • Children going on to higher education
Clean water and sanitation	6 Clean Water and Sanitation	• Water quality (measured by bacteria levels) • Community ownership for water quality

Highlights

$95.8m
OPERATING SPEND
with Mozambican suppliers (2020: $78.2M)

12k
COVID-19 VACCINES
donated to local communities

$673k
REVENUE GENERATED
by KMAD-sponsored entrepreneurs (2020: $557k)

Read more about **our 30+ year presence in Mozambique** on page 27

Read more about **our operating model** on page 28

Socio-economic contributions

Kenmare supports the socio-economic development of communities and businesses locally and across Mozambique in two ways. First, through Kenmare's Strategic Sourcing department, which works to develop a sustainable, resilient local supply chain through local procurement, and second, through KMAD's sponsorship of micro-businesses and entrepreneurs.

Local procurement

Throughout 2021, Kenmare continued to identify potential local procurement opportunities. These included the supply and repair of gear-boxes, water pumps, valves, and filters by local suppliers. In 2021, of our 1,074 active suppliers, 460 were Mozambique-based and 614 were international. Kenmare and our partners hosted two supplier forums attended by 150 existing and potential suppliers.

Procurement with Mozambican suppliers, as part of our operating expenditure, grew by 23% in 2021 to $95.8 million (2020: $78.2m). As a proportion of spend within our supply chain, operational expenditure with Mozambican suppliers reduced from 53% in 2020 to 49% in 2021 due to an increase in spend with a specialist international chartering agent providing logistical support and shipment of mineral sands. Spend with suppliers from Nampula province increased in 2021 by 22% to $16.8 million (2020: $13.8 million), due to increased maintenance support for higher heavy mineral concentrate production.

In 2021, KMAD provided interest-free loans and technical support to 23 businesses, which generated a combined income of over $673,000 during the year (2020: $557,000) providing employment or income to 376 beneficiaries.

Community health and safety

Water and sanitation

Access to clean water has been a major focus of KMAD's programmes. In 2021, Kenmare commissioned an independent third-party consultant to investigate the water, sanitation, and hygiene (WASH) issues in Topuito and Pilivili and an action plan for the partnership to take forward the WASH requirements is under discussion.

Access to education and skills

In 2021, KMAD supported the improvement of sanitary conditions in schools by funding the refurbishment of the Moma Secondary School's changing rooms. KMAD also constructed two schools in the Pilivili communities of Caneia and Hori.

Land use and food security

Conservation Agriculture

In 2021, 700 farmers participated in KMAD's Conservation Agriculture (CA) project, which aims to increase farming productivity. The 2021 production season showed that the CA techniques yielded 49% more crops than traditional production methods.

Land acquisition and resettlement

Kenmare conducts a comprehensive consultation process to involve our host communities and the Government in the planning process for our operations to identify and address any potential impacts. In 2021, the key focus of engagement was the Namalope West area, an extension of the existing Namalope mine plan that will facilitate the transfer of Wet Concentrator Plant (WCP) A to Nataka, a new ore zone that Kenmare will begin mining in 2025. The Namalope West area required an addendum to the original Environment, Safety and Health Impact Assessment and a new Resettlement Action Plan (RAP). During the development of the RAP, there was a 17% increase in the number of houses that were required to be relocated and eligible for compensation, resulting from organic population growth in that area.

Under the RAP for the Pilivili operations, which began production in 2020, the final homes were completed and compensation packages were finalised, which had been under negotiation during 2021.

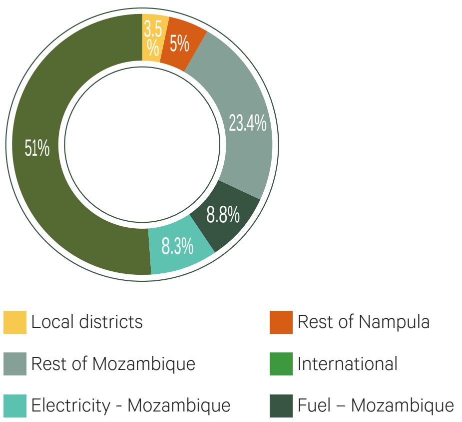
LOCAL SUPPLIER CASE STUDY

Destiny Limited is a Nampula-based company that has supplied general goods and services, such as protective clothing, stationery and mechanical engineering services, to Kenmare since 2013. On average, Kenmare spends $700,000 per year with this supplier. Over the years, Destiny has benefitted from many Kenmare-sponsored training programmes, including training on ISO certification procedures, finance, EHS, and quality control of their processes. Training has helped Destiny to grow its business and secure loans and financing. In 2021, Destiny received the Kenmare certificate for the highest capital investment ($78,000) and the highest number of jobs created at district level (17 local people).

"The training Kenmare provided was very helpful. Achieving an ISO9001 and 45000 certification will help us to uphold high standards of efficiency, production, and most of all service, which will ultimately position Destiny for better long-term growth."

Enoque Gadaga, Destiny's General Manager

Total procurement by category 2021



A HEALTHY NATURAL ENVIRONMENT

Kenmare aims to adopt, develop and promote good environmental practice across our business, in line with the environmental laws and standards of Mozambique, and IFC Performance Guidelines (2012), as well as to continually improve our environmental performance.

2021 Performance		2022 Targets
Identification of a Greenhouse Gas (GHG) reduction target	Achieved	Implementation of Rotary Uninterruptible Power Supply (RUPS) delivering short-term emissions reduction of 12% by 2024, with 2% delivery in 2022 Progress energy efficiency projects
Implementing a climate change programme aligned to the Task Force on Climate-related Financial Disclosures (TCFD)	Achieved	
198 hectares (ha) of land rehabilited, missing our target by 2 ha	Not Achieved	1) 154 ha of land rehabilitated 2) Successful execution of expanded agro-forestry and soil fertility trial 3) Update Environmental Management Plan (EMP) to create balance of biodiversity and food security
Implementing a Water Accounting Framework that aligns with the International Council on Mining & Metals (ICMM) principles	Achieved	Ongoing maturation of Water Accounting Framework in line with ICMM principles. Establish accurate current water reuse rate and set 2023 target to increase water reuse rate

Not Achieved   Achieved

We are committed to protecting the natural environment. We do this by setting challenging targets and monitoring our performance on a wide range of metrics, including the number of hectares of mined land we rehabilitate to return to host communities, water use, responsible waste management, and biodiversity protection. We also recognise the role all businesses and governments must take in reducing global GHG emissions and are exploring opportunities to reduce emissions from our already low carbon intensity operations.

Climate change and GHG emissions

Kenmare's Scope 1 and 2 emissions for 2021 were 70,437 tCO_2e, which represented an 18% increase compared to 2020 (59,521 tCO_2e) largely due to increased diesel consumption associated with higher production and additional reporting of fugitive emissions associated with refrigerant and air conditioning gases. Diesel consumption was 9% higher in 2021 at 24 million litres of diesel (2020: 22 million litres of diesel) largely due to higher consumption by the Mineral Separation Plant delivering a 46% increase in total finished products relative to 2020. Carbon intensity, at 0.057 tCO_2e per tonne of mined product, reduced by 20%, demonstrating some improved efficiencies in the emissions intensity of our operations.

We have begun accounting for our Scope 3 emissions and currently report against the six categories of: Purchased Goods and Services, Business Travel, Employee Commuting, Upstream and Downstream Transportation, and Waste Disposal. The most significant category of Scope 3 emissions is from the processing of our products downstream, which we will begin measuring in 2022. In 2021 our Scope 3 emissions were 104,203 tCO_2e, compared to 76,903 tCO_2e in 2020, due to shipping higher volumes of product.

In 2021, Kenmare's Board approved the Company's ambition to achieve Net Zero on its Scope 1 and 2 emissions by 2040, through decarbonisation of our operations and offsetting residual emissions which are hard to abate. In 2021, we made progress on the RUPS, an NPV positive project delivering security of energy to our Mineral Separation Plant (MSP) as well as associated diesel and carbon emissions savings. The RUPS began commissioning in Q1 2022. Its full benefit in terms of emissions saving is during the period of December to March each year, therefore, the first full calendar year of emissions savings will be delivered in 2023.

When Kenmare approved the RUPS project in 2020, it was anticipated to deliver a 15% reduction in diesel and associated emissions. The fundamentals of the RUPS project have not changed, however, since we initiated this project Kenmare's production profile and associated diesel consumption has grown and therefore the contribution of RUPS to reducing emissions will be 12%, delivered by 2024.

We are also investigating additional, incremental energy efficiency projects, with 70+ initiatives identified in total. Several projects have been identified for further study in the next 12–24 months including better monitoring and controls on diesel consumption from our heavy mobile equipment and reducing moisture from the product on the MSP belt filters, requiring less energy to dry the product later in the process.

Looking ahead to Kenmare's medium-term emissions profile, studies are on-going to establish the energy source and method to mine the Nataka ore body, anticipated to begin in 2025. The higher levels of slimes in this ore body and greater distances from the MSP will create a higher energy demand for the mine. If economically feasible, we will use low-carbon energy sources and mining methods.

Highlights

20%
REDUCTION IN CARBON INTENSITY

28%
IMPROVEMENT IN WATER EFFICIENCY

1,370
ICURIA DUNENSIS TREES PLANTED

Our long-term ambition is to achieve Net Zero by 2040 (Scope 1 and 2) and therefore we are committed to researching and investing in low-carbon technologies to enable us to reduce our operational emissions, where economically feasible.

Disclosures consistent with TCFD recommendations

Climate-related disclosures on governance, strategy, risk management, as well as metrics and targets, are integrated into this Annual Report. Given space constraints in this Annual Report, our 2021 Climate Strategy Report supplements the disclosures on climate-related governance, strategy, risk management, and metrics and targets that are made here to address the requirements under the TCFD Recommendations and Recommended Disclosures. The 2021 Climate Strategy Report provides additional context and a better understanding of Kenmare's approach to climate risk management and our overall strategic response to climate change, including our Energy and Climate Strategy and the results of a comprehensive risk and scenario analysis review, which we anticipate updating every three years.

The Company has not historically measured all Scope 3 GHG emissions from the processing of our products and therefore does not report all Scope 3 categories. Kenmare anticipates doing so from 2022. Otherwise, these disclosures together meet all the TCFD Recommendations and Recommended Disclosures. An index for the relevant Recommended Disclosures is set out on page 58. The Climate Strategy Report can be found at www.kenmareresources.com.

Energy use

Total energy consumption in 2021 from all sources of energy including:- diesel consumption for heavy mobile equipment, transshipment vessels and light vehicles; grid energy from Electricidade de Moçambique (EdM); Dublin office energy; petrol and LPG was 451,489 MWh.

Kenmare continues to source most of its electrical power from hydro-electricity and supplements this with electricity from diesel-powered generators. Total electricity used during 2021 was 223,188 MWh (2020: 206,900 MWh), of which over 90% was renewable energy supplied by EdM directly from the Hidroeléctrica de Cahora Bassa dam.

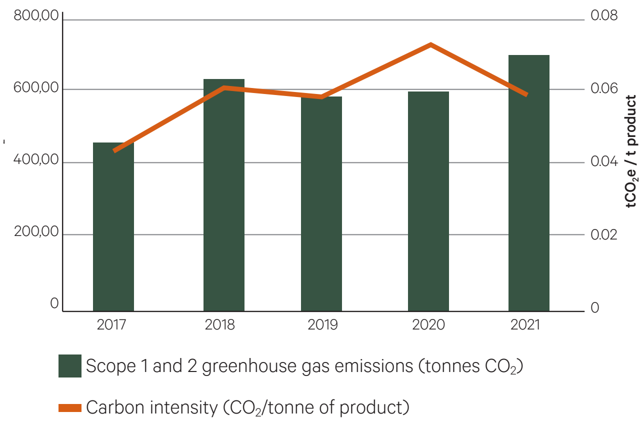
Water stewardship

Water is essential to mining operations and Kenmare's Water Stewardship Strategy guides the use of water in our operations. Through KMAD's work we ensure community access to water and improved sanitation.

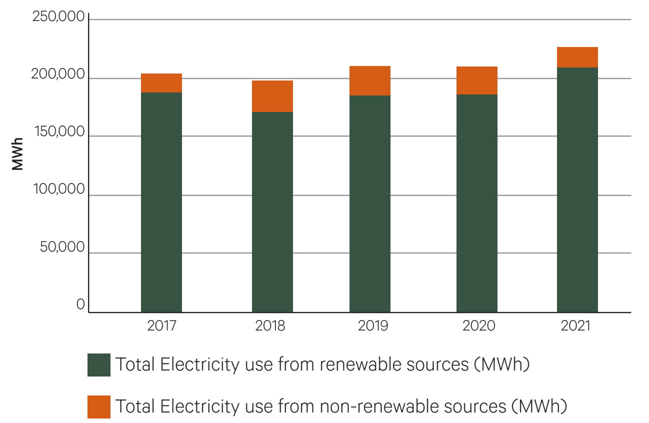
All water extracted for the Moma Mine is in an area identified as low baseline water stress. In 2021, Kenmare used 0.41 m^3 water per tonne of excavated ore use, a 28% improvement on the previous year. Water extraction licences for Pilivili and Namalope were not exceeded in 2021.

Kenmare believes transparent disclosure is critical for meaningful stakeholder engagement and to drive improved water stewardship across the industry. We are working with the University of Queensland's Sustainable Minerals Institute to achieve alignment with the "Towards Sustainable Mining" initiative established by the Mining Association of Canada, ICMM and the Global Reporting Initiative (GRI).

Scope 1 and 2 emissions (absolute and intensity)



Electricity from renewable and non-renewable sources (MWh)



TCFD disclosure index

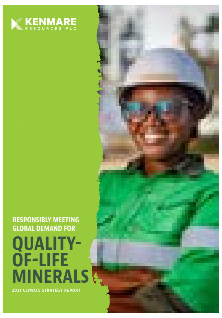
Our full climate-related financial disclosures addressing the four recommendations and 11 recommended disclosures set out by the Task Force on Climate-related Financial Disclosures (TCFD) are contained in our separate Climate Strategy Report, available at www.kenmareresources.com. The table below sets out where in our Climate Strategy Report those disclosures are to be found.

GOVERNANCE	CLIMATE STRATEGY REPORT PAGE REFERENCE
a) Describe the Board's oversight of climate-related risks and opportunities	3
b) Describe management's role in assessing and managing climate-related risks and opportunities	3
STRATEGY	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	12–18
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	6–9, 14–15, 17
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	12, 16
RISK MANAGEMENT	
a) Describe the organisation's processes for identifying and assessing climate-related risks	12
b) Describe the organisation's processes for managing climate-related risks	14–15, 17–18
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	12
METRICS & TARGETS	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	19
b) Disclose Scope 1, 2 and if appropriate Scope 3 greenhouse gas (GHG) emissions and the related risks	5
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	10–11

Rehabilitation and closure

Kenmare is a transitory custodian of the land we mine and as a responsible land manager, we work to minimise our impact on the land, protect biodiversity and rehabilitate disturbed areas effectively and efficiently.

In 2021, we rehabilitated 198 hectares (ha) of land, close to our target of 200 ha. We plant indigenous trees to support the restoration of native biodiversity. Our rehabilitated land included 22 ha of land planted with with 52,222 casuarina trees, a future potential commercial forestry crop, using community nurseries to supply saplings.



READ OUR CLIMATE STRATEGY REPORT 2021

Read Kenmare's Climate Strategy, scenario analysis, climate risks and opportunities in full and targets to address climate change.

Biodiversity and ecological impacts

In 2021, monitoring of the Biodiversity Management Plan took place to determine the impact of the Mine on the Primeiras and Segundas Archipelagos Protected Area. This will be repeated in 2022.

Surface water abstraction from the Mualadi River in 2021 was just under one million m^3, well within the annual abstraction limit of the Aquatic Ecosystem Management Plan. The plan's monitoring requirements will be reviewed in 2022, taking into account this year's data.

Waste management

Kenmare is committed to minimising the environmental footprint associated with our waste management. At the Moma Mine, our 2021 efforts focused on reducing waste, separation of waste at source, appropriate management of non-recyclable materials, and responsible management of landfill. Reclamation of recyclable materials diverted 570 tonnes from landfill.

CONSERVING AND RESTORING ICURIA DUNENSIS

Icuria dunensis is a tree species endemic to Mozambique and is listed as Endangered on the International Union for the Conservation of Nature Red List. A forest of Icuria dunensis of 220 ha falls within the Primeiras and Segundas Archipelagos Protected Area situated within our license area.

During 2021, Kenmare continued its work in partnership with the National Conservation Agency (ANAC) and the National Agrarian Research Institute (IIAM) to establish this Icuria forest as a Conservation Area for Sustainable Use.

In addition, we continued our work to restore and conserve the Icuria forest adjacent to our operations in Mulimuni. Kenmare is a member of, and the private sector representative on the Primeiras and Segundas Archipelagos Protected Area Management Committee, which is working to establish a Community Conservation Area. Work is on-going to:

- Demarcate the natural limits of the Mulimuni Icuria forest, in the Namalope area
- Promote natural regeneration. Kenmare's rehabilitation team planted Icuria saplings, propagated by Kenmare and community nurseries, on its outer limits
- Assess the status quo of the Icuria forest and collect seeds for propagation. Kenmare sponsored a botanical survey by Mozambique's Eduardo Mondlane University, which assessed the ecological status of the Icuria dunensis forest. The survey discovered new endemic species within the Icuria forest, and a taxonomic identification is being carried out at IIAM Herbarium.

Climate change

Net Zero
AMBITION BY 2040 (SCOPE 1 AND 2)

12%
EMISSIONS REDUCTION TARGET BY 2024

>90%
ELECTRICITY SOURCED FROM GRID (HYDROPOWER)

TRUSTED BUSINESS

Kenmare is committed to responsible management and oversight of our operations and business activities, which is essential to mitigating risk and creating long-term value for all our stakeholders.

2021 Performance	
Completed next phase of supply chain compliance audits	Achieved
Implemented tactical security plan	Achieved
Demonstrated security practices are in conformance with the VPs through training of internal security forces	Achieved
Developed and published Modern Slavery Statement	Achieved

Not Achieved   Achieved

2022 Targets
100% of on-site suppliers audited against sustainability questionnaire
Implement security strategy
Demonstrate security practices are in conformance with the VPs through training of external security forces

Sustainability and safety are integrated into all levels of the business, with key objectives outlined in our policies, standards, strategies, business, and incentive plans.

The Board's Sustainability Committee plays a key role in monitoring this work. It meets five times a year and conducts in-depth discussions on the strategies for mitigating Kenmare's top safety and sustainability risks, progress on internal metrics and public targets, and plans to continuously improve the Company's performance.

Business transparency

Kenmare has a values-based culture and our principles, values and standards set out in our policies guide how we perform our work. Our overarching policies cover: Business Ethics; Community Engagement and Investment; Environment; Climate; Freedom of Association; Health and Safety; Stakeholder Engagement; Anti-Bribery; Diversity and Inclusion; Employment (Labour Rights); Human Rights; and Whistleblowing. These policies state the minimum requirements for employees and those acting on behalf of Kenmare's business interests.

Moma employees undergo induction or annual refresher training, where they must show that they have read and understood the requirements of our Business Ethics Policy and internal code of conduct and that they will comply with them.

Kenmare subscribes to the Extractive Industries Transparency Initiative (EITI). In line with UK and Irish law and with the EITI, Kenmare discloses the payments it makes to governments annually. All payments disclosed have been made to national governments, either directly or through a ministry or department of the national government on a cash basis.

Kenmare is also actively involved in the efforts of the Mozambique branch of the EITI to promote revenue transparency and accountability, and we report on annual tax and royalty payments. For full details of Kenmare's EITI disclosure see our Sustainability Fact Book.

Political engagement

Kenmare maintains positive working relationships with Government stakeholders at national, regional, district and local levels to ensure they are aware of and can provide input to our activities and future plans. Kenmare does not make any form of political donation.

Anti-bribery and corruption

Kenmare has zero tolerance of bribery and we are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. Kenmare's business activities both in Ireland and in Mozambique are bound by Irish law, including the Criminal Justice (Corruption Offences) Act 2018. We also comply with Mozambican law on countering bribery and corruption. Employees receive annual training on our anti-bibery policy, and during inductions.

Whistleblowing

Kenmare's whistleblowing policy and procedure provides Kenmare employees, contractors and suppliers, as well as any member of the public, with the opportunity to independently and anonymously report conduct that is in contravention of any of Kenmare's policies. As the table opposite outlines, we received three cases via our confidential whistleblowing line, Safecall, two of which were escalated and are being further investigated. The third whistleblowing case related to a disputed late payment of a supplier invoice, which was resolved soon after being raised.

Protecting of human rights

We are committed to upholding the human rights of all our stakeholders. We recognise that the nature and context of our business – based in a remote area in a developing country – exposes our organisation and supply chain to the potential risk of adverse human rights impacts. We work to continually assess the extent of this risk and to take steps to ensure that modern slavery has no place in Kenmare's business or supply chain. We have not been informed of, nor are we aware of, any modern slavery or human trafficking issues in our supply chain or in our own operations.

Transparency

$27m
IN WAGES & BENEFITS
for Mozambican staff (2020: $25m)

$26.5m
PAYMENTS
to Mozambique Government (2020: $20m)

$311m
ECONOMIC VALUE[1]
distributed (2020: $335m)

[1] Economic value defined as operating costs, employee wages & benefits, capital spend, payments to government and community investment in Mozambique.

2021 ethics investigations	Total
New issues captured in third party whistleblowing line	3
Total number of issues investigated (substantiated and unsubstantiated)	2
Total substantiated cases	0*
2021 nature of ethics matters investigated	
Concerns about corruption	2
Total	2

*Investigations ongoing

Supply chain management

In 2021, we asked the 658 suppliers we did business with in that calendar year to reconfirm their adherence to Kenmare policies and sign a declaration that they have no conflicts-of-interest.

We also extended and enhanced our sustainability evaluation and audit process. Our 62 suppliers who operate on site were prioritised for audit, as they were deemed highest risk given their direct exposure to and influence over our operations. The supplier sustainability audit revealed evidence of strong support for and compliance with Kenmare's policies as well as some areas for improvement. Capacity building programmes have begun and a further 33 suppliers will be audited in the first half of 2022.

In early 2022, Kenmare's Board approved a new Supplier Code of Conduct, which sets out the minimum standards of responsible business conduct that we expect our suppliers to adhere to.

From 2022, suppliers who are selected for tender offers will also go through a forensic audit to ensure their business is financially viable and upholds strong business ethics prior to contract award.

Legal and regulatory compliance

Kenmare's Internal Audit function reviews and assures our systems and controls are reliable and secure, and reports to the Board's Audit & Risk Committee.

The Government of Mozambique requires a registered independent auditor to conduct annual environmental audits of the operation and conducts separate audits of completed Resettlement Action Plans (RAPs) to ensure commitments have been implemented. During 2021 Kenmare submitted regular Pilivili RAP monitoring reports to the Government. They found all aspects of the RAP were in conformance and commended Kenmare for the quality of the resettlement housing. Kenmare received zero fines or sanctions during the reporting period.

Sustainability supplier audit

90%
MOMA SUPPLIERS
confirming adherence to Kenmare policies

29/62
ON-SITE SUPPLIERS
audited on adherence to Kenmare policies

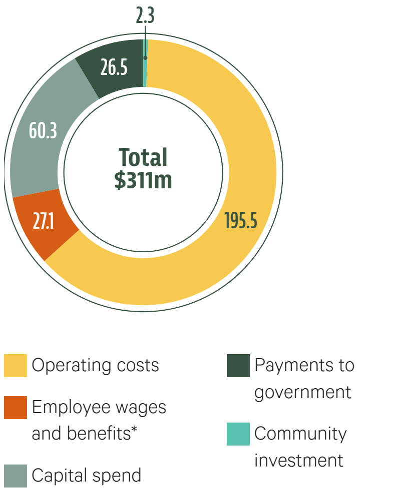
12
ON-SITE SUPPLIERS
progressing on capacity-building programmes

VOLUNTARY PRINCIPLES ON SECURITY & HUMAN RIGHTS

Kenmare is a supporter of the UN's Voluntary Principles (VPs) on Security and Human Rights and upholds the principles by providing annual training on the VPs and their application to our security management.

We also engage with our public security forces on the VPs and in 2021 Kenmare consulted with them on the application of the UN's rules of engagement and principles of peacekeeping. At the end of 2021 we were in the process of renegotiating an updated Memorandum of Understanding, which reinforces the public security forces' commitment to upholding the VPs, and from 2022 provides for external training and assurance of their understanding of the implementation of the VPs.

Economic value distributed, Mozambique ($)



* excludes payroll taxes

Read more about **our products** on page 6

Read more about **how we are mitigating climate risk** on page 67

EU taxonomy disclosures

The EU is committed to strong climate action and the EU taxonomy[1] regime classifies sustainable economic activities with the aim of promoting investment in them. It defines an economic activity as environmentally sustainable if it substantially contributes to achieving one or more of the following environmental objectives:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

At the same time, an economic activity must not significantly harm the other environmental objectives and must be carried out in compliance with the minimum social safeguards.

The EU Taxonomy Climate Delegated Act introduces the first set of technical screening criteria to determine which activities contribute significantly to achieving two of the environmental objectives set out above, namely climate change mitigation and climate change adaptation. The Delegated Act covers economic activities of about 40% of listed companies in sectors that account for nearly 80% of direct Greenhouse Gas emissions in Europe. These sectors include energy, forestry, manufacturing, transport, and buildings.

On review of the Delegated Act and associated technical screening criteria, Kenmare concludes that our economic activities are not currently covered by the categories within the Delegated Act and are consequently not taxonomy eligible. The share of taxonomy-eligible economic activities therefore accounts for 0% of our total sales, as well as 0% of related capital expenditures and operating expenses.

However, the technical screening criteria notes that mining is an important sector in terms of avoiding bottlenecks in the deployment of low-carbon technologies by providing the critical materials needed, as well as the value chain link with energy-intensive manufacturing sectors. The EU technical expert group (TEG) on sustainable finance did not complete the analysis of this sector due to time constraints and the complexity of the issues. However, further analysis is planned on the role the sector plays in terms of enhancing availability of the critical materials needed for current and future technologies to create a climate neutral, circular and resource efficient economy, while sourcing raw materials in a sustainable and responsible way.

Kenmare's products include titanium feedstocks, which are primarily used in the production of titanium dioxide (TiO_2) pigment, and a monazite-rich mineral sands concentrate, which includes rare-earth elements (REEs), both of which have a role to play in the transition to a low carbon economy. TiO_2 pigment enhances the durability and sustainability of construction products and buildings through its resistance to heat, ultraviolet degradation, and weathering. Consumption of raw materials as well as waste production is reduced with lower maintenance requirements. In plastics, TiO_2 pigment helps to protect and extend product lifetime, reducing plastic waste. TiO_2 pigment in paint also has a high refractive capability, reflecting heat generated by the infrared rays of the sun. When applied to the surfaces of buildings and cool roofs, paint can therefore also help to reduce heat build-up and avoid air conditioning requirements.

Titanium metal represents a small proportion (4–5%) of the total market for Kenmare's products, however, demand for titanium metal in low-carbon technologies such as geothermal, nuclear, and solar is growing. In addition, REEs are essential for permanent magnets in wind turbines and electric vehicle motors. In a scenario where temperature increases are limited to 1.5°C due to rapid decarbonisation of the economy, the projected growth for these metals is 60% for titanium metal and 80% for REE, relative to a business-as-usual case, where temperature increases continue their current trajectory.

We will, in due course, examine whether our economic activities are covered by the delegated acts yet to be adopted on the remaining four environmental objectives as well as categorisation of the various metals and minerals within the mining sector.

[1] Regulation (EU) 2020/852 of the European Parliament and of the Council of June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risk management framework

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

1st line of defence

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

2nd line of defence

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

3rd line of defence

- The Board delegates its risk management responsibilities to the Audit & Risk Committee, whereby the Audit & Risk Committee monitors the effectiveness of the Group's risk management and internal control systems.
- Internal audit provides assurance to the Board on how effectively the organisation assesses and manages its risks. It includes assurance on the effectiveness of the first and second lines of defence.

Risk assessment process

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

Departmental risk registers are consolidated into a Group Risk Register. The Executive Committee provides input to ensure that there is a top-down view of the key risks facing the Group. This includes consideration and assessment of any newly identified emerging risks. Following a review of the Group Risk Register by the Executive Committee, the principal risks identified for the Group and their mitigations are submitted to the Audit & Risk Committee and Board for review and approval.

As part of this review and approval process the Audit & Risk Committee provides a robust assessment of the emerging and principal risks faced by the Group. This is achieved by offering alternative viewpoints and challenging risk scoring assumptions as appropriate.

Risk appetite

Exploration for and the development of Mineral Resources, together with the construction and development of mining operations in Mozambique, are activities that involve high risk. Kenmare makes informed decisions prior to engaging in any associated activities which pose a significant risk to the Group. Where activities are undertaken, appropriate mitigations are put in place commensurate with the degree of risk that is faced. For some risks, such as country risk and industry cyclicality, these risks are inherent to the Company's business and there is a limit on the level of mitigation that can be put in place given the single jurisdiction and the single industry in which the Group operates. For catastrophic and operational risks, our risk appetite for areas which have safety implications is very low.

Emerging risks

Kenmare considers emerging risk as part of the risk assessment process within our risk management framework. An emerging risk is one that could potentially impact the Group; however, the risk is not yet fully understood, limiting our ability to fully assess the likelihood and impact of such risks. Such risks are closely monitored, enabling us to implement mitigations when necessary or appropriate. Emerging risks for the Group include geo-political developments that could impact our supply chain; our ability to make and complete sales of our products (including as a result of sanctions and disruptions to international shipping); and/or our customer markets. In particular, the conflict in Ukraine has become a key emerging risk for the Group with the potential to have a broad effect on our business. While it appears that the conflict could impact demand for our products and our ability to make and complete sales, further implications of the conflict (not currently understood or anticipated) may emerge.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

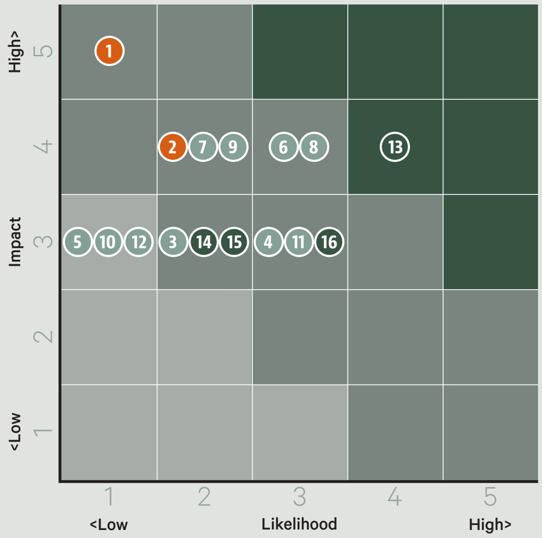
In line with regulatory reporting requirements, Kenmare used two alternate warming scenarios to evaluate climate-related risks applicable to our operations and business model. These included both physical risks and those related to the transition to a low carbon economy, such as policy, regulatory, technology, market and reputational risks.

We have set out our full climate risk analysis in a separate online Climate Strategy Report, however, the outcome of this analysis underlines the findings of our overall risk evaluation process, confirming that extreme weather events and in particular cyclones and storms present the most material climate-related risk to our business. The controls in place to mitigate this risk are set out on page 67. No other climate-risks have been identified as a principal risk and uncertainty.

Principal risks and uncertainties

Under Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007 and UK Disclosure and Transparency Rule 4, the Group is required to give a description of the principal risks and uncertainties that it faces. These risks are similar to those faced by many companies in the mining industry. A description of the principal risks and uncertainties, together with any mitigating factors and controls, are set out in the table on pages 66 to 71. This table is not prioritised nor is it an exhaustive list of all risks that may impact the Group, but rather the Board's view of principal risks at this point in time. There are additional risks which are not yet considered material or which are not yet known to the Board or fully understood but which may assume greater importance in the future. The Loan default risk identified in prior years has been removed as it is no longer regarded as a principal risk and uncertainty.

Risk heat map



Strategic

1 Grant and maintenance of licences

2 Country risk

Operational

3 Geotechnical risk

4 Severe weather events

5 Uncertainty over physical characteristics of the ore body

6 Power supply and transmission risk

7 Asset damage or loss

8 COVID-19

9 Health, Safety and Environment (HSE)

10 Mineral Resource statement risk

11 IT security risk

12 Development project risk

Financial

13 Industry cyclicality

14 Customer concentration

15 Foreign currency risk

16 Aggresive cost inflation

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC

DESCRIPTION	POTENTIAL IMPACT	HOW WE MANAGE THE RISK	RISK TREND
Grant, maintenance and renewal of licences			
The Group's mining and processing activities require licences, concessions and approvals to be in place in the relevant mining areas in northern Mozambique. The Group may not be granted, may not maintain, or may not obtain a renewal of necessary licences, concessions and approvals for it to operate in accordance with its plans. In addition, the costs associated with obtaining, maintaining or renewing a licence, concession or approval may be higher than expected.	A failure to obtain, maintain or renew a necessary licence, concession or approval would significantly affect the Group's ability to operate, its ability to generate cash and the valuation of the Group's assets. In addition, if the cost associated with obtaining, maintaining or renewing a licence, concession or approval are higher than expected, the financial performance of the Group may be adversely affected.	• Robust foundation agreement (Mineral Licensing Contract and Implementation agreement) provides rights to be issued a number of licences and approvals. • Maintenance of existing licences in good standing. • The Group continually demonstrates its commitment to the future long-term development of the Mine. • The Group maintains a positive working relationship with the Government of Mozambique through regular contact, promoting open and honest two-way communication. • Engagement with affected local communities to work towards obtaining the required environmental approvals.	Kenmare assesses the risk as unchanged from the previous year. The Namalope West Resettlement Action Plan (RAP) has been approved by authorities.
Country risk			
The Group's operations are located entirely in Mozambique. There may be potential adverse operational or financial impacts from changes in the political security or economic circumstances in Mozambique; in addition, changes in, or disputes over, the regulatory or tax regimes in Mozambique (including changes in the interpretation or application of those regimes to the Group) could also have an adverse impact.	Kenmare has operated in Mozambique since 1987; however, it remains subject to risks similar to those prevailing in many developing nations, including economic and social instability, the risk of insurgency, changing regulatory or tax regime (or the application thereof) or disputes with the authorities in relation to the same. These risks may cause significant disruption to the operation or cause an increase in costs in order to ameliorate their impact; increases in taxes could have an adverse effect on the Group's financial results.	• Binding foundation agreements are in place with legal and fiscal stability clauses and international arbitration provisions. • The Group maintains a positive working relationship with the Government of Mozambique, including the Ministry of Resources and Energy (MIREME) and the tax authorities. • Kenmare monitors closely any developments in the national environment. • Frequent engagement with the Mozambique Defence Department, navy marines, and police. • In-house monitoring of activities and on-going improvement of security strategy. • On-site diesel storage and power generation system sufficient to maintain processing and export activities in place to mitigate electrical supply infrastructure impacts. • Internal and external compliance reviews of Kenmare's tax administration.	The overall risk remains unchanged from the previous year.

Trend key

Risk is increased

Risk is unchanged

Risk is decreased

N New risk

OPERATIONAL

DESCRIPTION	POTENTIAL IMPACT	HOW WE MANAGE THE RISK	RISK TREND
Geotechnical risk			
An external berm failure at the Moma Mine could result in a major slimes/water spill into adjoining valleys, potentially impacting on local communities and/or the operating assets.	The nature of dredge mining gives rise to the creation of artificial ponds and a potential for failure of berm systems that surround the ponds. A failure of a berm could cause loss of life, damage to the operating assets and cessation of the operation of the Wet Concentrator Plants (WCPs) for a prolonged period.	• Permanently employed staff with geotechnical engineering skills. • Prudent geotechnical design and controls. • Daily inspections. • Interlocking external audits from two separate and independent geotechnical consultants. • Safety/diversion berm erected to protect downstream from pond berm failure. • On-going installation and monitoring of pipes on ponds to control excess water.	There have been no significant changes to the assessment of the risk.
Severe weather events			
Climate change and the location of the Group's operations on the Mozambican coast, gives rise to the risk from cyclone activity and severe wind/flooding. Such events pose risk to the safety of mine staff, contractors, and visitors, as well as to physical damage to the operational assets. For further information on the climate-related risks Kenmare faces, see our Climate Strategy Report.	In extreme weather circumstances, there is a risk of loss of life. There is a risk of physical damage to the operating assets of the Mine, which may result in an inability to operate the Mine. The probability of adverse weather events is considered low. They are also foreseeable, thereby allowing for disaster planning. Less severe adverse weather could impact supply logistics to and from the Mine.	• Mine and associated infrastructure designed to appropriate cyclone rating. • Designated cyclone-proofed buildings at the Mine. • On-going weather/cyclone monitoring. • Cyclone readiness plan covering land-based and marine assets. • Disaster management programme. • Insurance cover. • Adequate stocks of materials and supplies on site.	There have been no significant changes to the assessment of the risk.
Uncertainty over and/or changes in physical characteristics of the ore body			
Ore body characteristics, including slime levels, may not conform to existing geological or other expectations or may have an unanticipated effect on production. Ore body characteristics, including slime levels, in some of our ore bodies may differ from those previously mined and may require changes in mining methods and/or additional plant and equipment.	Physical characteristics of an ore body, including divergence from expectations, may cause reduced production levels or a necessity to incur increased operating or capital costs to maintain production at the intended level.	• Extensive sample testing. • Extensive ore body drill programme including introduction of cone penetration testing to measure ore body properties relating to hardness. • Test pits/trenching implemented. • Growing expertise in managing slimes and in managing unexpected mining conditions. • Dry mining operations. • Improved throughput modelling. • Pre-Feasibility Study for Nataka considering the impact of slimes on mining, processing, and tailings emplacement.	There have been no significant changes to the assessment of this risk.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL (continued)

DESCRIPTION	POTENTIAL IMPACT	HOW WE MANAGE THE RISK	RISK TREND
Power supply and transmission risk			
The Mine is reliant on the delivery of stable and continuous electric power from the Cahora Bassa Dam via a power transmission line to the Mine.	Significant disruption to, or instability in, the power supply at the Mine could have a material and adverse effect on the ability to operate the Mine or to operate it in the lowest cost manner, thereby adversely affecting production volumes and/or operating costs.	• On-going investment by Electricidade de Mocambique (EdM) in power supply and transmission infrastructure. • On-site diesel-powered generators to maintain part of the operations in the event of a loss of grid power. • Robust and open relationship with EdM, based on long-term power supply agreement. • Company's Synchronous Condenser (Dip Doctor) reducing the effect of grid power instability. • Construction of the Rotary Uninterruptible Power Supply (RUPS) project, with the aim of being operational during 2022, providing increased power reliability while maintaining the advantages of low-cost hydroelectrical power.	Risk is unchanged There have been no significant changes to the overall assessment of this risk. It is expected that the RUPS project, together with the EdM relationship and related infrastructure investments, will reduce this risk in the future.
Asset damage or loss			
The operation of a large mining and processing facility carries an inherent risk of technical failure of equipment, fires and other accidents. In addition, the assets are exposed to the risk of theft.	An occurrence of these risks could result in damage to, or destruction of, key mining, processing or shipping facilities at the Mine, such as the transshipment vessels, the jetty or product conveyor belt. Loss of such key assets could result in disruption to production and/or shipping, significant replacement cost and consequential monetary losses.	• Programme of inspections and planned maintenance with a team of specialist engineers. • Standard operating procedures. • Fire detection and suppression systems. • Annual external risk assessment and compliance audit. • Insurance cover. • Carrying sufficient strategic spares to continue operations.	Risk is increased This risk sees a marginal increase in terms of likelihood, as the Mineral Separation Plant is expected to run closer to full capacity. Related incidents therefore have more of an impact on the Mine.
COVID-19			
COVID-19 represents a risk to all personnel involved in our operations and to our host communities. COVID-19 could have an impact on the health and availability of workforce and contractors, and the health of the surrounding community.	Higher levels of COVID-19 in our workforce and contractors could result in reduced operations or delay in execution of projects due to staff being unable to work.	• COVID-19 management plan, which includes an on-site PCR testing facility. Proactive workforce testing and isolation protocols for new/returning employees prior to commencing work. • Completed vaccination programme during 2021.	Risk is decreased The risk presented by COVID-19 has decreased as a result of the successful mitigations, both at our Mine and globally (including testing, vaccines and treatments), which have reduced the likelihood of a material impact on our operations. However, management remain cognisant of the threat posed by new variants.

Trend key

- Risk is increased
- Risk is unchanged
- Risk is decreased
- N New risk

OPERATIONAL (continued)

DESCRIPTION	POTENTIAL IMPACT	HOW WE MANAGE THE RISK	RISK TREND
Health, Safety and Environment (HSE)			
The operation of a large mining and processing facility carries a potential risk to the health and safety of the workforce, visitors and the local community. Incidents carry potential for environmental damage to surrounding areas.	The improper use of machinery, technical failure of certain equipment or failure to meet and maintain appropriate safety standards could result in significant injury, loss of life or significant negative impact on the surrounding environment and/or communities. In addition, it is possible that a failure to comply fully with applicable regulations exposes the Mine to the risk of fines or other sanctions by a relevant regulator.	• Prioritisation of HSE by management. • Appropriately trained staff. • Standard operating procedures. • On-going hazard identification programme. • Health and Safety awareness programme implemented for the Company and community. • Mine clinic and evacuation procedures for staff. • Community investment and programmes including health clinic and education programmes. • Compliance with applicable HSE standards and legislation.	There have been no significant changes to the overall assessment of this risk.
Mineral Resource statement risk			
A material misstatement in the Ore Reserves and Mineral Resources statement.	A material misstatement could adversely impact the Company's valuation.	• JORC-compliant statement prepared by competent persons. • On-going drilling and sampling programme. • On-going reconciliation of mining results to Mineral Resource models.	There have been no significant changes to the overall assessment of this risk.
IT security risk			
The Group is dependent on the employment of advanced information systems and is exposed to risks of failure in the operation of these systems. Further, the Group is exposed to security threats through cybercrime.	A failure in these systems could lead to: • Disruption to critical business systems • Loss or theft of confidential information, competitive advantage, or intellectual property • Financial and/or reputational harm.	• Analysis by external certified IT specialists of Group information systems to ensure reliability and protected to top information security standards. • Third-party specialists provide network assurance. • On-going strategic and tactical efforts to address the evolving nature of cyber threats. • Increased user training and IT security awareness. • Increased management attention, including additional internal and external resources.	The additional focus by management and increased resources is regarded as addressing heightened perception of risk. Therefore, the overall assessment of this risk remains unchanged.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL (continued)

DESCRIPTION	POTENTIAL IMPACT	HOW WE MANAGE THE RISK	RISK TREND
Development project risk			
The Group's long-term plan is to deliver a significant increase in production capacity of ilmenite plus co-products through the implementation of a number of development projects. In addition, our large licence area means that from time to time our plants need to be moved to different parts of the ore body, which will entail further development projects. It is currently planned that WCP A will be moved in 2025 to the Nataka ore zone. All development projects include the risk of taking longer and costing more than anticipated.	The impact of potential delays and overruns of development projects is currently limited as the three projects designed to increase production are operational, with the exception of the positive displacement pumping (PDP) system at Pilivili.	In relation to existing development projects: • Appropriate management of PDP piping delivery. • Commissioning plans for PDP pump system. • Alternative trucking system in place. • Insurance cover in place. In relation to future development projects: • Project appraisal and design process, including Pre-Feasibility and Feasibility Studies. • Owner's team and use of industry experts with track records of delivery of development projects for Kenmare.	Given that there are no new active major development projects , the overall assessment of this risk remains unchanged.

FINANCIAL

DESCRIPTION	POTENTIAL IMPACT	HOW WE MANAGE THE RISK	RISK TREND
Industry cyclicality			
The Group's revenue generation may be significantly and adversely affected by declines in the demand for and prices of the ilmenite, zircon and rutile products that it produces. During rising commodity markets, there may be upward pressure on operating and capital costs.	Unfavourable product market events beyond its control and/or pressure on operating or capital costs may adversely affect financial performance.	• Global portfolio of customers. • Long-term contracts with certain key customers. • On-going cost control and disciplined financial management. • Industry analysis to develop suitable assumptions in our commodity price forecasting used for planning purposes.	There have been no significant changes to the overall assessment of this risk.

Trend key

Risk is increased

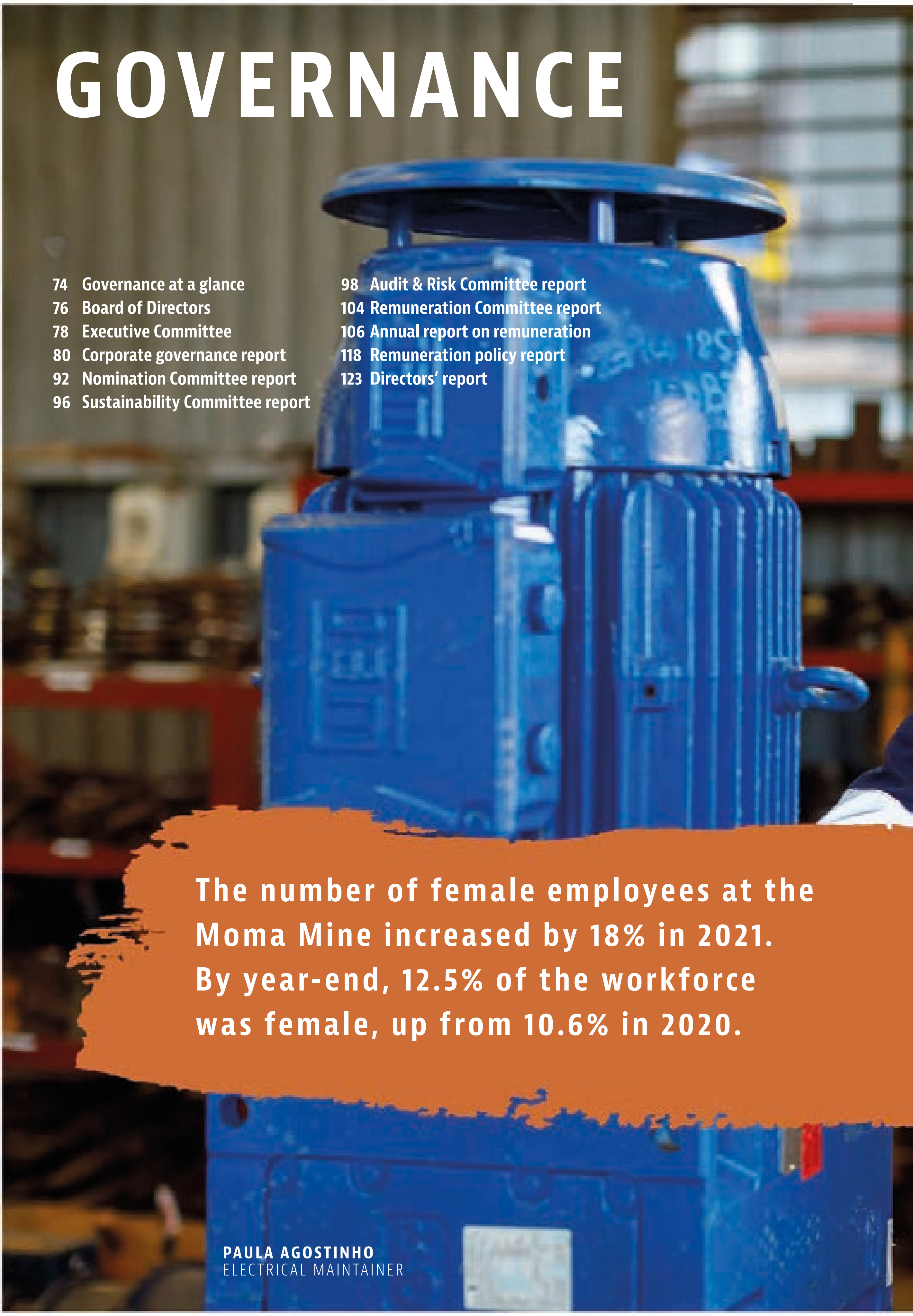
Risk is unchanged

Risk is decreased

N New risk

FINANCIAL (continued)

DESCRIPTION	POTENTIAL IMPACT	HOW WE MANAGE THE RISK	RISK TREND
Customer concentration			
The customer base for the Group's ilmenite, zircon, rutile and concentrate products is concentrated.	The Group's revenue generation may be significantly affected if there ceases to be demand for its products from major existing customers and it is unable to further expand its customer base in respect of the relevant product.	• Active management of existing customer relationships and development of new customers. • Market intelligence to track developments in customer demand. • Development of mineral sands concentrate as an additional co-product stream with a different customer base.	There have been no significant changes to the overall assessment of this risk.
Foreign currency risk			
The Group's revenues are entirely denominated in US Dollars, whereas costs are denominated in a number of currencies including South African Rand, Mozambican Meticais, Euros and US Dollars.	The nature and location of the Mine and the intrinsic volatility of exchange rates give rise to an on-going significant probability of occurrence of an adverse exchange rate fluctuation. The impact of such a fluctuation can be large across calendar years.	• Group debt is denominated in US Dollars. • A natural hedge exists between revenue receipts and US Dollar-denominated costs. • A further natural hedge exists between the value of US Dollars and commodity prices over the long-term. When commodity prices increase, the Group's non-US Dollar-denominated costs tend to increase in US Dollar terms. When commodity prices decrease, the Group's non-US Dollar-denominated cost tend to decrease in US Dollar terms.	There have been no significant changes to the overall assessment of this risk.
Aggressive cost inflation			
Inflationary related increase in operating or capital costs above expected inflation rates.	Aggressive inflation could have a negative impact on the Group's cash cost per tonne and profitability.	• Fixed price supply agreements where possible. • Multi-year labour agreements.	N



GOVERNANCE

The number of female employees at the Moma Mine increased by 18% in 2021. By year-end, 12.5% of the workforce was female, up from 10.6% in 2020.

PAULA AGOSTINHO
ELECTRICAL MAINTAINER

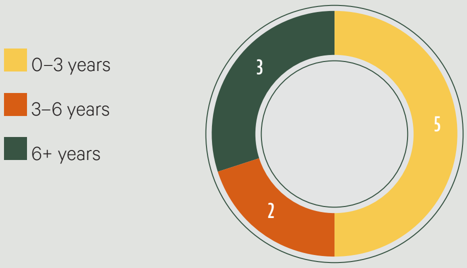

KENMARE

GOVERNANCE AT A GLANCE

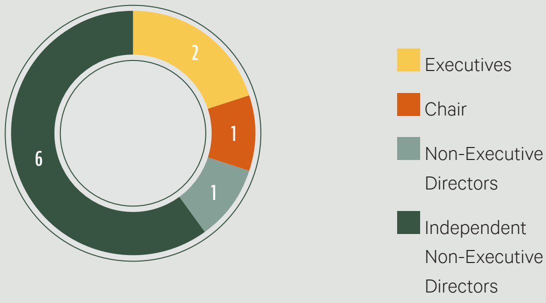
OUR BOARD

How the composition of our Board allows us to deliver long-term sustainable value for us and our stakeholders.

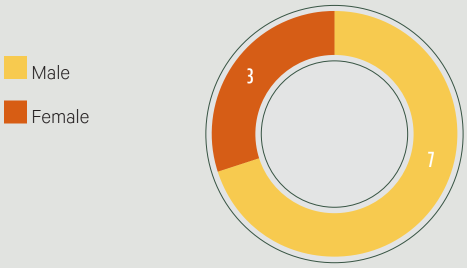
Length of tenure



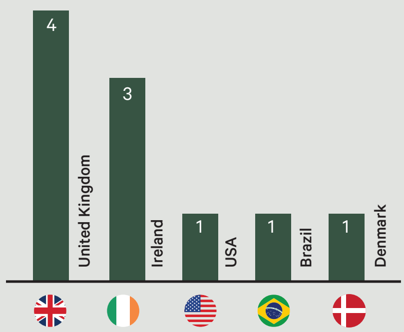
Composition



Board gender diversity



Nationality



Skills matrix

Kenmare requires that each Director is recognised as a person of the highest integrity and standing, both personally and professionally. Each Director must be ready to devote the time necessary to fulfil his or her responsibilities to the Company in accordance with the terms and conditions of his or her letter of appointment. Each Director should have demonstrable experience, skills and knowledge that enhance Board effectiveness and will complement those of the other Board members. This is to ensure an overall balance of experience, skills and knowledge and to create long-term sustainable value for the Company and its stakeholders.

Area	Qualifications, skills and experience required to create long-term sustainable value	No. of Board members
Executive management	Experience as a Director, CEO, CFO or other office holder or similar in medium to large entities.	
Specific industry knowledge	Senior executive, advisory or Board experience in a mining or resources organisation.	
Accounting & Finance	Senior executive experience in financial accounting and reporting, or business development or Board Remuneration and Nomination Committee experience.	
Sustainability	Experience and knowledge of working on sustainability activities directly or as part of operational responsibility.	
Legal & Governance	Experience in organisations with a strong focus on and adherence to governance standards.	
International Experience	An understanding of the complexities of operating in foreign jurisdictions.	

RESPONSIBLY MEETING GLOBAL DEMAND

How the Board has supported the Group to responsibly meet global demand for quality-of-life mineral sands.

DEVELOPING OUR CULTURE

Our values of integrity, commitment, accountability, respect, and excellence underpin everything we do and create the Kenmare culture. This means that we care for and nurture the well-being not only of our employees but also of the environment and our host communities. The Board receives regular briefings on relations with the workforce and the community to ensure that policy, practices, and behaviour throughout the business are aligned with the Group's purpose, values and strategy. Due to COVID-19 restrictions in 2021, it was not possible to visit the Mine but, in 2022, the Board had the opportunity to travel to Mozambique. When there, one of the Board's priorities was to meet with our employees and host communities. The Board met with a community women's group and visited community projects in Mutiticoma and Topuito as well as reviewing social aspects of mine planning. Our recent Board evaluation found that the Board and management had a deep commitment to "do the right thing". This is instilled in our people through our Business Ethics policy.

Please see page 15
for more information on our
vision, strategy, values, and purpose

ENGAGING WITH OUR STAKEHOLDERS

The Sustainability Committee actively engages with management and provides advice and oversight on matters such as health and safety, environment, community, security and human rights, all of which impact on the Group's relationships with stakeholders. Its meetings include in-depth discussion on strategies to ensure that both we and our stakeholders understand not only the context and impact of our operations but also the benefits. The Committee also reviews progress on internal sustainability metrics and public targets which provide an incentive to continuously improve engagement.

Please see pages 18 to 19
for more information about our
stakeholder engagement

Please see pages 96 to 97
for more information on
Sustainability Committee's activities during 2021

SUPPORTING OUR OPERATIONS TEAM TO ACHIEVE OUR GOALS

The Board provides feedback and constructive challenge to management in relation to operational performance and, through the Company's remuneration structure, sets targets to incentivise the executives to reach and maintain production targets and achieve market guidance. The Remuneration Committee reviews remuneration and related policies applicable to the wider workforce, ensuring that this is taken into account when setting the policy for executive remuneration. The aim across the Group is to provide a reward package that is aligned to shareholders' interests, supports the achievement of the Company's annual and strategic objectives, is competitive against the appropriate market and is consistent with our focus on performance and our core values.

Please see pages 104 to 105
for more information on the
Remuneration Committee's activities

Please see pages 118 to 122 for
information on our
current remuneration policy

BOARD OF DIRECTORS

STEVEN MCTIERNAN
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Age: 70 **Appointed:** 2013

Skills and experience: Steven McTiernan has over 45 years of diverse natural resources industry and investment banking experience with Amoco, BP, NatWest Markets, CIBC and Chase Manhattan Bank, where he was Senior Vice President. He served as Senior Independent Director of Tullow Oil plc and was a Non-Executive Director for 11 years until January 2013. He was an Independent Director at First Quantum Minerals Ltd until June 2012, and was an Independent Director at Songa Offshore SE until January 2014. He was Non-Executive Chairman of Hurricane Energy plc until 2021. He received an MA in Natural Sciences from the University of Cambridge.

External appointments: None

MICHAEL CARVILL
MANAGING DIRECTOR

Age: 62 **Appointed:** 1986

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

External appointments: Michael is a director of a number of privately-owned property and construction companies in Ireland and the UK.

TONY MCCLUSKEY
FINANCIAL DIRECTOR

Age: 57 **Appointed:** 1999

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

External appointments: None

S A N

ELAINE DORWARD-KING
NON-EXECUTIVE DIRECTOR

Age: 64 **Appointed:** 2019

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

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

A S R

CLEVER FONSECA
NON-EXECUTIVE DIRECTOR

Age: 68 **Appointed:** 2018

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

External appointments: None

SAMEER OUNDHAKAR
NON-EXECUTIVE DIRECTOR

Age: 48 **Appointed:** 2021

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

External appointments: Sameer is a Non-Executive director of Strategic and Precious Metals Processing LLC (SPMP), an antimony and gold plant in Oman, Nova S.A. an Argentina based crop protection products company and Kore Potash plc, a postash producing company listed on AIM, the ASX and the JSE.

R N S

GRAHAM MARTIN
NON-EXECUTIVE DIRECTOR
AND SENIOR INDEPENDENT DIRECTOR

Age: 68 Appointed: 2016

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

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

METTE DOBEL
NON-EXECUTIVE DIRECTOR

Age: 54 Appointed: 2022

Skills and experience: Mette Dobel is currently Regional President, Europe, North Africa, Russia/CIS for FLSmidth, an engineering, equipment and service solutions provider to the global mining and cement industries. She was previously a Director of FLSmidth A/S, and FLSmidth & Co. A/S which is listed on Nasdaq OMX Exchange in Copenhagen. She holds a Masters in Engineering and a Bachelor of Science (Commercial) from Københavns Teknikum.

External appointments: Mette is Regional President, Europe, North Africa, Russia/CIS for FLSmidth and is a Director of FLSmidth Rusland Holding A/S, FLSmidth Real Estate A/S and Matr. nr. 2055 A/S, all of which are Danish incorporated members of the FLSmidth group of companies.

Committee key

(A) Audit & Risk Committee
(N) Nomination Committee
(R) Remuneration Committee
(S) Sustainability Committee
● Committee Chair

A N R

DEIRDRE SOMERS
NON-EXECUTIVE DIRECTOR

Age: 55 Appointed: 2020

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

External appointments: Deirdre is a Non-Executive Director of a number of investment entities including iShares plc, BlackRock Institutional Pooled Funds plc, BlackRock Fixed Income Dublin Funds plc and Institutional Cash Series plc, both of which are listed on Euronext Dublin, Aquis Exchange plc which is listed on the Alternative Investment Market of the London Stock Exchange, M&G General Partner Inc. and Episode Inc.. She is also a Non-Executive Director of Cancer Trials Ireland Limited.

ANDREW WEBB
NON-EXECUTIVE DIRECTOR
AND CHAIR DESIGNATE

Age: 53 Appointed: 2021

Skills and experience: Andrew Webb was previously a Managing Director at Rothschild & Co. in the Global Advisory team, where he worked for 25 years until September 2018. During this time, Andrew advised governments, private and listed companies and joint ventures on strategy, fundraisings, debt financings, mergers, on and off-market acquisitions, disposals and restructurings. He currently acts as a non-executive director of several private companies and voluntary organisations and as a consultant to Berkeley Research Group. Andrew has a BA & MA in Natural Sciences from the University of Cambridge.

External appointments: Andrew is a Director of Alysium Consulting Limited, an IT consultancy, BG Sports Enterprises Limited, a sports memorabilia company, AdeptoMines Limited, a mining software company, Launcherley Tourism, a holiday apartment letting company as well as a number of community interest/not-for-profit companies in England. All are private unlisted companies. Andrew also acts as a consultant to Berkeley Research Group.

EXECUTIVE COMMITTEE

MICHAEL CARVILL
MANAGING DIRECTOR

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

TONY MCCLUSKEY
FINANCIAL DIRECTOR

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

BEN BAXTER
CHIEF OPERATIONS OFFICER

Ben Baxter joined Kenmare in 2015 and has over 25 years' experience in the mineral sands industry. He was previously employed by Rio Tinto at Richards Bay Minerals (RBM) in South Africa and QMM in Madagascar, where he held a broad range of geological, mine planning and leadership roles before being appointed General Manager Mining at RBM. Ben holds a BSc (Hons) in Applied Geology from the University of Leicester and an MSc in Mining Geology from the Camborne School of Mines.

ANNA BROG
HEAD OF SUSTAINABILITY

Anna Brog joined Kenmare in 2021. She was previously at Tullow Oil plc, whose assets are predominantly in Africa, where she led the development of the company's ESG programme as its Sustainability Manager. Prior to this she was head of Corporate Social Responsibility at Logica plc, a multinational IT and management consultancy company. Anna holds a post graduate Certificate in Sustainability from the University of Cambridge and a BA from the University of Sussex.

GARETH CLIFTON
MOZAMBIQUE MANAGER

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

JEREMY DIBB
CORPORATE DEVELOPMENT AND INVESTOR RELATIONS

Jeremy Dibb joined Kenmare in 2014, having previously covered the mining sector as an equity research analyst at Macquarie and Canaccord Genuity. Prior to this he worked in asset management at Cazenove Capital and Fidelity. Jeremy holds an MBA from Saïd Business School at the University of Oxford, a BA from the University of Nottingham, and is a CFA® charterholder. Jeremy is a Non-Executive Director of DP Poland plc.

TERENCE FITZPATRICK
GROUP GENERAL MANAGER-TECHNICAL

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

CHELITA HEALY
COMPANY SECRETARY

Chelita Healy graduated from University College Dublin with a Bachelor of Civil Law degree and a Masters in European Law. She qualified as a Solicitor in 1996. She then worked as a solicitor and, later, as a Partner, in a Dublin legal firm before joining Kenmare's Company Secretarial department in 2019. She was appointed Company Secretary in May 2021.

CILLIAN MURPHY
MARKETING MANAGER

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

RAJAN SUBBERWAL
GENERAL COUNSEL

Rajan Subberwal joined Kenmare in June 2013. He previously worked at Sullivan & Cromwell LLP since 2001, where he advised Kenmare on various commercial and financing aspects of the Moma Mine, and he trained with Clifford Chance LLP. Rajan has a BA from Oxford University, an LLB from London University, and an LLM from Harvard Law School.

CORPORATE GOVERNANCE REPORT

The Directors recognise the importance of corporate governance and ensure that appropriate corporate governance procedures are in place.

In the financial year under review, the Directors have complied with all relevant provisions of the 2018 UK Corporate Governance Code (the "Code") issued by the UK's Financial Reporting Council (FRC) in July 2018. A copy of the Code can be obtained from the Financial Reporting Council's website, www.frc.org.uk. This report, together with the other reports in the "Governance" part of this document, explains how the principles of the Code have been applied by the Company.

Board leadership and company purpose: our Governance framework

BOARD OF DIRECTORS

ROLE OF THE BOARD

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

The Board's responsibilities include:

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

MATTERS RESERVED FOR THE BOARD

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

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

This schedule is available at https://www.kenmareresources.com/en/about-us/corporate-governance

SUPPORTED BY

AUDIT & RISK COMMITTEE

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

NOMINATION COMMITTEE

Evaluates the composition of the Board to ensure an effective balance of skills and experience and considers succession planning for Directors and Senior Executives.

REMUNERATION COMMITTEE

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

SUSTAINABILITY COMMITTEE

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

Board and Committee meeting information flows

Stage 1

Chair agrees agenda with Company Secretary

The Board and each Committee has an annual workplan. This is supplemented with current issues and items proposed at previous meetings or by the Executive Committee. The Company Secretary prepares a draft agenda and this is reviewed and agreed with the relevant Chair and circulated to the Executive Committee for preparation of meeting papers.

Stage 2

Material is circulated ahead of the meeting

All Board and Committee papers are made available to Directors at least one week ahead of the relevant meeting via an electronic platform.

Stage 3

Board and Committee meetings

Speakers present their reports to the meeting and the Chair allows an opportunity for Directors to ask questions and make comments. Directors can also raise items for discussion under "Any Other Business". The Company Secretary takes minutes of each meeting.

Stage 4

Minutes are prepared, circulated and approved

The Company Secretary prepares draft minutes of each meeting and clarifies points with speakers, where necessary. The draft minutes are sent to the meeting Chair for approval and circulated to the Directors in the papers for the next meeting at which they are considered, amended, approved and signed.

Stage 5

Action lists are developed following key items

The Company Secretary prepares and circulates a list of key items discussed at each meeting that require any follow up action. This list is updated and its progress monitored.

Stage 6

Non-formal meetings, updates and progress reports following meetings

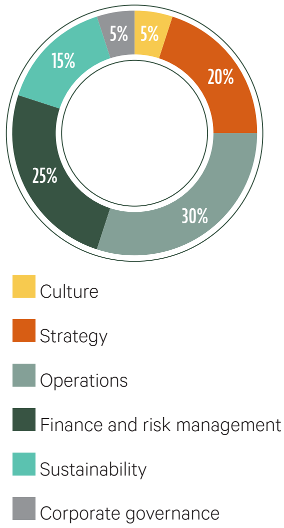
Management discusses any key issues that arose at the meetings, meeting with Directors if necessary to clarify issues. Any information requested is delivered and updates on issues provided either at the next meeting or, if the matter is urgent, by way of meeting/conference call.

Responsibilities of members of the Board

Director	Responsibilities
Chairperson	The Chairperson leads the Board and is responsible for its overall effectiveness in directing the Company. The Chairperson should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chairperson facilitates constructive Board relations and the effective contribution of all Directors, and ensures that Directors receive accurate, timely and clear information.
Managing Director	The responsibilities of the Managing Director are to manage the Company and the Group on a day to day basis within policy parameters set by the Board.
Financial Director	The responsibilities of the Financial Director are to contribute to the attainment of the Company's business objectives by providing strategic and financial guidance to ensure that the Company's financial commitments are met and by developing all necessary policies and procedures to ensure the sound financial management and control of the Company's business.
Senior Independent Director	The Senior Independent Director (SID) provides a sounding board for the Chairperson and serves as an intermediary for the other directors and shareholders.
Non-Executive Directors	The Non-Executive Directors' main responsibilities are to review the performance of management and the Group's financial information, assist in strategy development, and ensure that appropriate and effective systems of internal control and risk management are in place. They provide a valuable breadth of experience and independent judgement to Board discussions.

Summaries of the **responsibilities of the Chairman, Managing Director and Senior Independent Director** can be found at https://www.kenmareresources.com/en/about-us/corporate-governance

How the Board spent its time in 2021



For more details on the **Board's activities in 2021** see pages 83-84

Composition and operation of the Board

The Board consists of the Chairman and nine Directors, of whom two are Executive and seven are Non-Executive. Biographical details, including each Director's date of appointment, are set out on pages 76 and 77. The majority of the Board is made up of independent Non-Executive Directors. The Chairperson is required to be a Non-Executive.

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

A clear division of responsibility exists between the Chair, whose principal responsibility is the effective running of the Board and is not responsible for executive matters regarding the Group's business, and the Managing Director, whose principal responsibility is running the Group's business. A summary of the role and responsibilities of each of the Chairs and the Managing Director can be found on the Company website at www.kenmareresources.com/about-us/corporate-governance.

The Board has delegated some of its responsibilities to four Committees of the Board: Audit & Risk, Remuneration, Nomination and Sustainability. Each Committee has written terms of reference that set out its authorities and responsibilities. These terms of reference are available for review at the Company's registered office and on the Company's website at www.kenmareresources.com/about-us/corporate-governance.

In March 2021, Tim Keating resigned as a Director and Sameer Oundhakar was appointed to the Board having been nominated by African Acquisitions S.à.r.l, the Company's largest shareholder and a company controlled by the Oman Investment Authority (OIA). At the AGM in May 2021, Gabriel Smith retired from the Board. In December 2021, Peter Bacchus resigned as a Director and Graham Martin was appointed as the Senior Independent Non-Executive Director in his place. In December 2021, Andrew Webb was appointed as a Director and Chair Designate and, on 1 January 2022, Mette Dobel became a Director of the Company.

As a result, the Board is now comprised of three female and seven male directors. Steven McTiernan will retire from the Board at this year's AGM following which female Directors will comprise one third of the Board. The diversity policy on Board appointment is set out in the Nomination Committee report on page 93.

All Directors, save for Steven McTiernan who has completed his tenure of nine years with the Board, offer themselves for re-appointment or appointment, as the case may be, at the Company's AGM in May 2022.

Board meetings

The Board meets regularly to ensure that all its duties are discharged effectively. All Directors are expected to prepare for and attend meetings of the Board and the AGM. If a Director is unable to attend a Board meeting in person, teleconference arrangements are available to facilitate participation. As a result of the COVID-19 pandemic, most Board and Committee meetings in 2021 were held virtually. In the event that a Board member cannot attend or participate in the meeting, the Director may discuss agenda items with the Chairperson, Managing Director or Company Secretary in advance of the meeting.

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

During 2021, the Board held 10 meetings. Details of the Directors' and Secretary's attendance at Board and Committee meetings are set out below:

	Full Board		Audit & Risk Committee		Remuneration Committee		Nomination Committee		Sustainability Committee	
	A	B	A	B	A	B	A	B	A	B
Non-Executive Director										
Steven McTiernan	10	10								
Peter Bacchus[1]	10	10	6	6	5	5	4	4		
Elaine Dorward-King	10	10					4	4	6	6
Clever Fonseca	10	10	6	6					6	6
Tim Keating[2]	2	2							3	2
Graham Martin	10	10			5	5	4	4	6	6
Sameer Oundhakar[3]	8	6								
Gabriel Smith[4]	4	4	2	2	3	3	2	2		
Deirdre Somers	10	10	6	6	2	2				
Andrew Webb[5]	0	0								
Executive Directors										
Michael Carvill	10	10								
Tony McCluskey	10	10								
Company Secretary										
Deirdre Corcoran[6]	4	4	2	2	3	3	2	2	3	3
Chelita Healy[6]	6	6	4	4	2	2	2	2	3	3

1 Peter Bacchus resigned on 31 December 2021.

2 Tim Keating resigned on 16 March 2021.

3 Sameer Oundhakar was appointed on 16 March 2021. Sameer Oundhakar recused himself from two Board meetings which were held to consider and approve the Tender Offer as he was nominated to the Board by African Acquisition S.à.r.l. It was the largest shareholder in the Company at that time and so had an interest in the Tender Offer.

4 Gabriel Smith retired as a Director on 13 May 2021.

5 Andrew Webb was appointed as a Director on 2 December 2021.

6 In attendance only. Deirdre Corcoran resigned as Company Secretary on 13 May 2021 and Chelita Healy was appointed in her place.

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

Board activities in 2021

STRATEGIC	LINK TO STRATEGY	STAKEHOLDERS CONSIDERED
• Conducted an overall strategic review covering operational robustness, product markets, financial base case and internal growth options, power supply and transhipment, assessment of external opportunities, Company valuation and capital allocations • Developed and reviewed Board objectives for 2021 • Received a report at every Board meeting on Corporate Development opportunities and Investor Relations • Received a presentation from the Company's brokers on the stock market, investors and strategic options	Deliver long life, low-cost production Allocate capital efficiently	Shareholders, Lending Banks and Employees

OPERATIONS	LINK TO STRATEGY	STAKEHOLDERS CONSIDERED
• Received reports at every Board meeting from the Chief Operations Officer on operational performance covering mining, processing, power supply, security, shipping, human resources and community relationships. Received an expert report and internal briefings on the security situation in Mozambique. • Received updates at every meeting on the progress of development projects such as completion of the WCP B move and the RUPS project • Received updates on the progress of the pre-feasibility study for mining the Nataka ore zone • Received a report at every Board meeting from the Marketing Manager on product markets and customer relationships	Operate responsibly Deliver long life, low-cost production	Shareholders, Employees, Suppliers, Contractors and Communities

HEALTH & SAFETY	LINK TO STRATEGY	STAKEHOLDERS CONSIDERED
• Received reports at every Board meeting from the Chief Operations Officer on health and safety performance at the Mine including new risk assessment procedures, the management of COVID-19 infections and the rollout of vaccinations • Considered the report of Graham Martin (as Workforce Engagement Director) on his engagement with the workforce and on their remuneration	Operate responsibly	Employees, Communities

GOVERNANCE & CORPORATE	LINK TO STRATEGY	STAKEHOLDERS CONSIDERED
• Approved the appointments of Sameer Oundhakar, Mette Dobel and Andrew Webb to the Board • Approved the changes in composition of Committees and roles following the departure of Tim Keating, Gabriel Smith and Peter Bacchus during 2021 • Received and approved the report on arrangements for compliance with the Company's relevant obligations under section 225 of the Companies Act 2014 • Considered and approved Directors assuming additional Board appointments • Approved the discretionary underpin for KRSP awards made to the Executive Directors in 2021 • Commissioned an external Board evaluation • Approved a review of the Company's Market Abuse Regulation compliance • Approved awards under the KRSP to employees and the Executive Directors • Considered and approved the buy-back by the Company of 13.5% of its issued shares pursuant to the Tender Offer and convened an EGM at which shareholders approved the tender offer	Operate responsibly	Shareholders, Employees, Government & Regulators

FINANCE & RISK MANAGEMENT	LINK TO STRATEGY	STAKEHOLDERS CONSIDERED
• Received reports and presentations at every meeting from the Financial Director regarding the Group's financial performance • Approved the annual accounts for 2020 and the half year results to 30 June 2021 • Considered the Company's distributable reserves in the context of payment of dividends and the buyback of the Company's shares • Approved the Group's 2022 budget and operating plan • Approved the Company's Treasury Policy • Reviewed the principal risks and uncertainties facing the Group • Received regular updates on the Mozambican tax authority audit of the tax obligations of KMML Mozambique Branch • Received regular reports from the Chair of the Audit & Risk Committee	Allocate capital efficiently	Shareholders, Lending Banks and governments

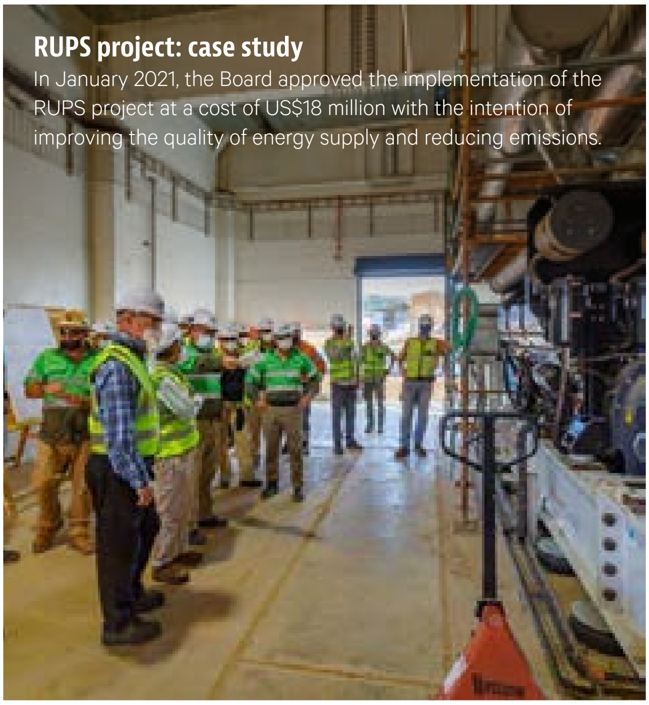
SUSTAINABILITY	LINK TO STRATEGY	STAKEHOLDERS CONSIDERED
• Considered Kenmare's Climate Policy and Energy & Climate Strategy • Received and discussed a report on shipping capacity and weather (including a study on Moma wind and wave climate) • Received a briefing on TCFD • Approved the RUPS project • Received updates from the Chief Operations Officer on environmental management, rehabilitation of land, power and water supply • Received regular updates from the Chair of the Sustainability Committee • Reviewed arrangements for the resettlement of the Namalope West community and its access to alternative farmland • Received updates from the Chief Operations Officer on relations with the local community	Operate responsibly	Communities, Government & Regulators, Shareholders

CULTURE	LINK TO STRATEGY	STAKEHOLDERS CONSIDERED
• Received regular briefings on employee and Community relations • Met with the Women in Mining group on the visit to Site in 2022 • Met with the Community Women's Group on the Site visit and discussed Community issues highlighted during 2021 • Visited Community projects in Mutiticoma and Topuito • Received regular updates on the Mozambican political situation • Received regular reports from the Chair of the Sustainability Committee • Considered the report of Graham Martin on Workforce engagement during 2021	Operate responsibly	Communities, Government & Regulators, Shareholders

Our Board in action this year

Tender offer: case study

In November 2021, the Board approved the Tender Offer to shareholders. In December 2021, following approval of shareholders at an EGM, the Company completed the buyback of 13.5% of its share capital returning approximately $81.6 million to eligible shareholders.



RUPS project: case study

In January 2021, the Board approved the implementation of the RUPS project at a cost of US$18 million with the intention of improving the quality of energy supply and reducing emissions.

Independence of Non-Executive Directors

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

In March 2021, Sameer Oundhakar was appointed to the Board by African Acquisition S.à.r.l, as provided for under the Subscription and Relationship Agreement entered into in 2016. As a result, Sameer Oundhakar is not considered to be independent. The Board is satisfied that each of the other current Non Executive Directors fulfils the independence requirements of the Code.

Steven McTiernan has been Chairman of the Company since June 2014. On his appointment as Chairman, Steven McTiernan met the independence criteria as set out in the Code. Having completed his tenure of nine years with the Board, he will retire at the AGM in May 2022 and Andrew Webb will then assume the role of Chairman. Andrew Webb meets the independence criteria as set out in the Code.

Senior Independent Director

Graham Martin is the Group's Senior Independent Director (SID). The principal role of the SID is to provide a sounding board for the Chairman and to act as an intermediary for other Directors and shareholders. The SID is responsible for the appraisal of the Chairman's performance throughout the year. He is also available to meet shareholders upon request, in particular if they have concerns that cannot be resolved through the Chairman or the Managing Director. A summary of the role of the SID can be found at https://www.kenmareresources.com/en/about-us/corporate-governance

Directors' Compliance Statement

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

Share ownership and dealing

Details of the Directors' interests in Kenmare shares are set out in the Annual Report on Remuneration on page 112. The Kenmare Resources plc Dealing Policy applies to the Directors and to all employees. Under this policy, Directors and employees may not deal in Kenmare shares while they are in possession of inside information about the Group. Kenmare also operates a Dealing Code which applies to the Directors and to employees who are able to access restricted information about the Group. Under the Dealing Code, Directors and relevant employees are required to obtain clearance from the Company before dealing in Kenmare shares and persons discharging managerial responsibilities are prohibited from dealing in the shares during closed periods, as defined by the Dealing Code.

Company Secretary & legal

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

Kenmare's General Counsel and Company Secretary provide advice, guidance and support to executive and operational management and work closely with them to provide training to our employees. Together they provide support on a range of matters including establishing policies and procedures, providing compliance training and communications, providing legal advice on compliance and business issues, monitoring and investigating whistleblower calls, and ensuring the Group is informed of any changes to regulation and/or reporting requirements. They work with the Head of Sustainability in relation to sustainability governance and, together with management at the Mine, review compliance and governance matters on a Group-wide basis. During 2021, workflows included third party due diligence, a supply chain audit, review of anti-bribery policies including gifts and hospitality and various sustainability policies and reporting.

Directors may take independent advice in the furtherance of their duties at the Company's expense.

Induction and development of Directors

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

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

Board evaluation

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually and facilitated externally every third year. In 2021, a comprehensive performance evaluation of the Board and all of its Committees was conducted by Board Excellence Limited (Board Excellence). The evaluation did not include Andrew Webb and Mette Dobel who were appointed subsequently.

Board Excellence is an international board consultancy and advisory practice based in Ireland and the UK and is a signatory to the Code of Practice for Board Reviewers (2021) issued by the Chartered Governance Institute. In selecting the evaluator and conducting the evaluation, the Company has followed the Chartered Governance Institute's Principles of Good Practice for Listed Companies Using External Board Reviewers.

Evaluation proposals were received from four evaluation firms. These were reviewed by the Nomination Committee and a recommendation made to the Board in this regard. The Board accepted this recommendation, subject to several Directors first engaging with Board Excellence to assess its suitability. Based on the proposal received and discussions with Board Excellence, the Board was satisfied that Board Excellence had the necessary skills and experience to carry out an evaluation of the Board. Following this, Board Excellence was appointed and its terms of engagement were agreed. The Company Secretary was designated as the person within Kenmare responsible for providing the external reviewer with the necessary access and support.

A summary of the main steps involved in the evaluation process is set out in the diagram "Board Evaluation process in 2021". The views of all the Directors, the Company Secretary, the Chief Operating Officer and Andrew Webb were sought as part of the evaluation.

Deirdre Somers sits on the boards of several BlackRock investment entities with Ros O'Shea, a partner in Board Excellence. Deirdre is a Director of Cancer Trials Ireland Limited, a company which was, until December 2021, chaired by Dr. Jonathan Westrup also a partner in Board Excellence. Neither Ros O'Shea nor Jonathan Westrup had any involvement in the Kenmare Board evaluation. Save for this, Board Excellence has no connection with the Company or individual Directors and has not conducted any previous evaluations for the Company.

Board Excellence's overall assessment was that the Kenmare Board is an effective board. It concluded that there is a highly capable international board in place with a diverse mix of sector specialists and generalists. Board Excellence found that "the standard of and commitment to corporate governance in the Kenmare Board is strong with a key focus not only on formal compliance with the Code but also the Directors "bringing to life" the spirit and intent of the code to ensure a genuine corporate governance core that underpins the functioning and effectiveness of the Board". The evaluator was of the opinion that "the Kenmare Board, Executive Team and Company are an exemplar in terms of culture, purpose and values with a deep commitment to "do the right thing" and excel on behalf of shareholders, employees and stakeholders." The report identified areas with scope for improvement and re-focus and, following an analysis of the evaluation report by Graham Martin (as SID) and the Nomination Committee, the Board approved an action plan for the areas which it agreed require improvement. This will be undertaken during 2022.

The description of the external evaluation process and the opinions of Board Excellence included in this section entitled "Board Evaluation Process in 2021" and in the various Committee reports have been agreed with Board Excellence.

The Chairman subsequently appraised the performance of each of the Non-Executive Directors by meeting each Director individually to review their knowledge and effectiveness at meetings and the overall time and commitment to their role on the Board. The appraisal process concluded that each Director is performing well and is committed to their role in terms of dedication of time and attendance at meetings.

In addition, Graham Martin, as SID, formally appraised the performance of the Chairman. This appraisal was similar to the Non-Executive Director evaluation process which included feedback from all Directors on the Chairman's performance during the year. The Chairman received unanimous praise from each Director for his performance throughout his tenure as Chairman with particular note being made of his deep knowledge of the business, in maintaining mutual respect on the Board and its cohesion during COVID-19 restrictions when physical meetings were not possible.

In reviewing the composition of the Board, Board Excellence concluded that, across the Non-Executive Directors, there is a strong blend of financial, investment finance, engineering/technology, natural resources, human resources, health and safety skills and experiences complemented by strong executive leadership and non-executive board experience. It suggested however that the Board could be further strengthened by a Non-Executive Director with robust operations experience in both the mineral sands area and potentially in other mining areas and by an Africa-based director. Currently, however, there are no plans to enlarge the Board and to appoint additional directors but this suggestion will be borne in mind should a vacancy arise on the Board. Given that several of the Directors were appointed to the Board in the last 18 months and that Andrew Webb will assume the role of Chairman in May 2022, it would be prudent to allow the appointees to settle into their roles and for a new Board dynamic to evolve before assessing whether any additional skills or experience are required.

As regards diversity, the evaluator was of the opinion that the Board has a reasonable level of diversity and that the Board has and continues to demonstrate strong commitment to improving diversity in terms of ethnicity/geography, gender and age.

The evaluation highlighted the need for a renewed focus by the Board and, in particular, the Nomination Committee, on management succession planning.

Board evaluation process in 2021

Stage 1

Familiarisation with the Company including discussions with the Chairman and Company Secretary, review of 12 months' Board and Committee papers and other information on areas such as risk, culture, governance.

Stage 2

Customisation of the Board questionnaire, completion of the questionnaire by the Directors and Company Secretary and analysis of the responses.

Stage 3

Individual interviews with the Directors, Company Secretary and Chief Operating Officer and attendance at Board meeting and meetings of the Audit & Risk Committee and Sustainability Committee in December 2021.

Stage 4

Submission to the Chairman of the draft evaluation report findings and engagement with him and the Company Secretary on the findings and proposed recommendations.

Stage 5

Presentation of the report's principal findings and recommendations at the Kenmare Board meeting in January 2022.

Stage 6

Report reviewed by Nomination Committee and Senior Independent Director and action plan drawn up and approved by Board.

Powers of the Directors

Under the Articles of Association of the Company, the business of the Company is to be managed by the Directors who may exercise all the powers of the Company subject to the provisions of the Companies Act, the Constitution of the Company and to any directions given by resolution of a General Meeting (not being inconsistent with the Companies Acts and the Articles of Association). The Articles of Association permit the Directors to delegate any of their powers, authorities and discretions to any committee provided that a majority of the members of a committee shall be Directors.

The Directors may also, from time to time appoint any company, firm or person to be the attorney(s) of the Company subject to such conditions as they may think fit.

The Articles of Association also provide that the Directors may establish any local or divisional boards or agencies for managing any of the affairs of the Company in any specified locality, either in Ireland or elsewhere, and may delegate to any such board or agent any of their powers, authorities and discretions upon such terms and subject to such conditions as the Directors may think fit.

Appointment and removal of Directors

The Articles of Association empower the Board to appoint Directors but require such appointees to retire and submit themselves for re-appointment at the first Annual General Meeting following their appointment.

Under the Articles of Association, a third of the Board must retire annually but may offer themselves for re-election. However, in accordance with the provisions contained in the Code, the Board has decided that all Directors should retire annually at the Annual General Meeting and offer themselves for re-election.

Directors may be removed by the shareholders in a General Meeting of the Company.

Memorandum of Association and Articles of Association

The Company's Memorandum of Association and Articles of Association set out the objects and powers of the Company and may be amended by shareholders at a General Meeting of the Company by special resolution (requiring the resolution to be passed by 75% of the eligible votes).

General meetings and shareholders' rights

Under the Articles of Association, the power to manage the business of the Company is generally delegated to the Directors. However, the shareholders retain the power to pass resolutions at a General Meeting of the Company which may give directions, not being inconsistent with the Companies Act and the Articles of Association, to the Directors as to the management of the Company.

The Company must hold a General Meeting each year as its Annual General Meeting, in addition to any other meetings in that year. The Annual General Meeting will be held at such time and place as the Directors determine. All General Meetings, other than Annual General Meetings, are called Extraordinary General Meetings. The Directors may at any time call an Extraordinary General Meeting. Extraordinary General Meetings shall also be convened by the Directors on the requisition of members holding, at the date of the requisition, not less than 5% of the paid-up capital carrying the right to vote at General Meetings.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Three persons entitled to attend and to vote upon the business to be transacted, each being a member or a proxy for a member, constitutes a quorum.

The shareholders have the right to receive notice of a General Meeting. In the case of an Annual General Meeting or of a meeting for the passing of a special resolution, twenty-one clear days' notice at the least, and in any other case fourteen clear days' notice at the least, needs to be given in writing in the manner provided for in the Articles to all the members (subject to any restrictions imposed on any shares), to the Directors, the Secretary and the Auditors and any other person entitled to receive notice under the Companies Act. The shareholders also have the right to attend, speak, vote and ask questions at General Meetings. In accordance with Irish company law, the Company specifies record dates for General Meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice of a General Meeting. Shareholders may exercise their right to vote on some or all of their shares by appointing a proxy or proxies, by electronic means or in writing. The requirements for the receipt of valid proxy forms are set out in the notes to the notice convening the meeting. A shareholder, or a group of shareholders, holding at least 3% of the issued share capital of the Company has the right to put an item on the agenda of the Annual General Meeting or to table a draft resolution for inclusion in the agenda of a General Meeting, subject to certain timing requirements prescribed by the Companies Act and any contrary provision of Irish company law.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has one vote regardless of the number of shares they hold. On a poll, every member who is present in person or by proxy has one vote for each share they hold. A poll may be demanded by the Chairman of the meeting or by at least three members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to and not less than one-tenth of the total sum paid up on all shares conferring that right.

Deadlines for exercising voting rights

Voting rights at General Meetings of the Company are exercised when the Chairman puts the resolution at issue to a vote of the meeting. Where a person is appointed to vote for a shareholder as proxy, the instrument of appointment must be received by the Company not later than the latest time approved by the Directors.

Audit, risk and internal control

Board's approach to risk management and internal control

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

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

Review and effectiveness of the risk management and internal control systems

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

Compliance policies & training

Kenmare insists on honesty, integrity and fairness in all aspects of its business and expects the highest standards of professionalism and ethical conduct to be maintained in all its activities. The Group has detailed policies and procedures in place on a range of relevant areas such as anti-bribery, diversity and inclusion, health and safety, environment, human rights and business ethics. Depending on the nature of their role, Directors and employees of the Group receive more detailed training on those policies both as part of their induction process and Kenmare's ongoing training programme. An e-Learning programme, which includes topics such as insider dealing, anti-bribery, market abuse regulation and whistleblowing, has been put in place.

Whistleblowing

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

Stakeholder engagement

Kenmare has adopted a Stakeholder Engagement Policy (available on its website at www.kenmareresources.com/sustainability/policies) pursuant to which it will, inter alia:

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

More details on stakeholder engagement can be found on page 18 and 19.

Community engagement

Kenmare values highly its strong relationship with its host communities. Our stakeholder engagement plan is updated annually and reflects the changing dynamics in the relationship between the Mine and the community. We work with local communities through the Kenmare Moma Development Association (KMAD). Read more on pages 54 and 55 or read the KMAD Annual Report 2021 at https://www.kenmareresources.com/en/sustainability/kmad

As a result of the COVID-19 pandemic and resulting travel restrictions, the Non-Executive Directors were unable to visit the Moma Mine in 2021 but in February 2022, Kenmare hosted a Mine visit for the Board and Executive Committee. The Directors took the opportunity to meet with management, staff and community members and to visit some of the projects being implemented by KMAD.

Workforce engagement

The Board has designated Graham Martin as the Non-Executive Director responsible for engagement with the Group's workforce. As a result of the COVID-19 pandemic, Graham was unable to visit the Mine in connection with this role but, in December 2021, he held video-conference calls with employee representatives at the Mine and met with staff in the Dublin office to discuss any concerns they might have or issues they wished to raise with the Board. In February 2022, the Board visited the Mine and Graham continued these discussions with the workforce. More details on workforce engagement are on page 91.

Shareholder engagement

Communications with shareholders are given high priority. Annual Reports and Accounts are sent to shareholders. Major transactions and production guidance are also notified to the market, and the Company's website www.kenmareresources.com, provides the full text of all announcements. The website also contains the annual reports, half year results and investor presentations. In addition, the Company maintains several social media accounts such as Twitter, LinkedIn and Facebook, which are regularly updated with operational, financial and sustainability-focused news.

The following Corporate Governance documents are available on the Company's website:

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

Our website contains the following information for investors:

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

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

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

Capital Markets days and Mine visits for major shareholders are held periodically and feature presentations by the Executive Committee and the site leadership team. In addition to shareholders, these events are attended by members of the Board, advisers, sell-side analysts and potential investors. Physical meetings were restricted during 2021 due to the COVID-19 pandemic but video-conference calls were held instead.

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

OIA relationship agreement

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

Substantial holdings

The Company is not owned or controlled directly or indirectly by any government or by any corporation or by any other natural or legal person severally or jointly. The major shareholders do not have any special voting rights. Details of the substantial holdings as at 31 December 2021 and 31 March 2022 are provided on page 126.

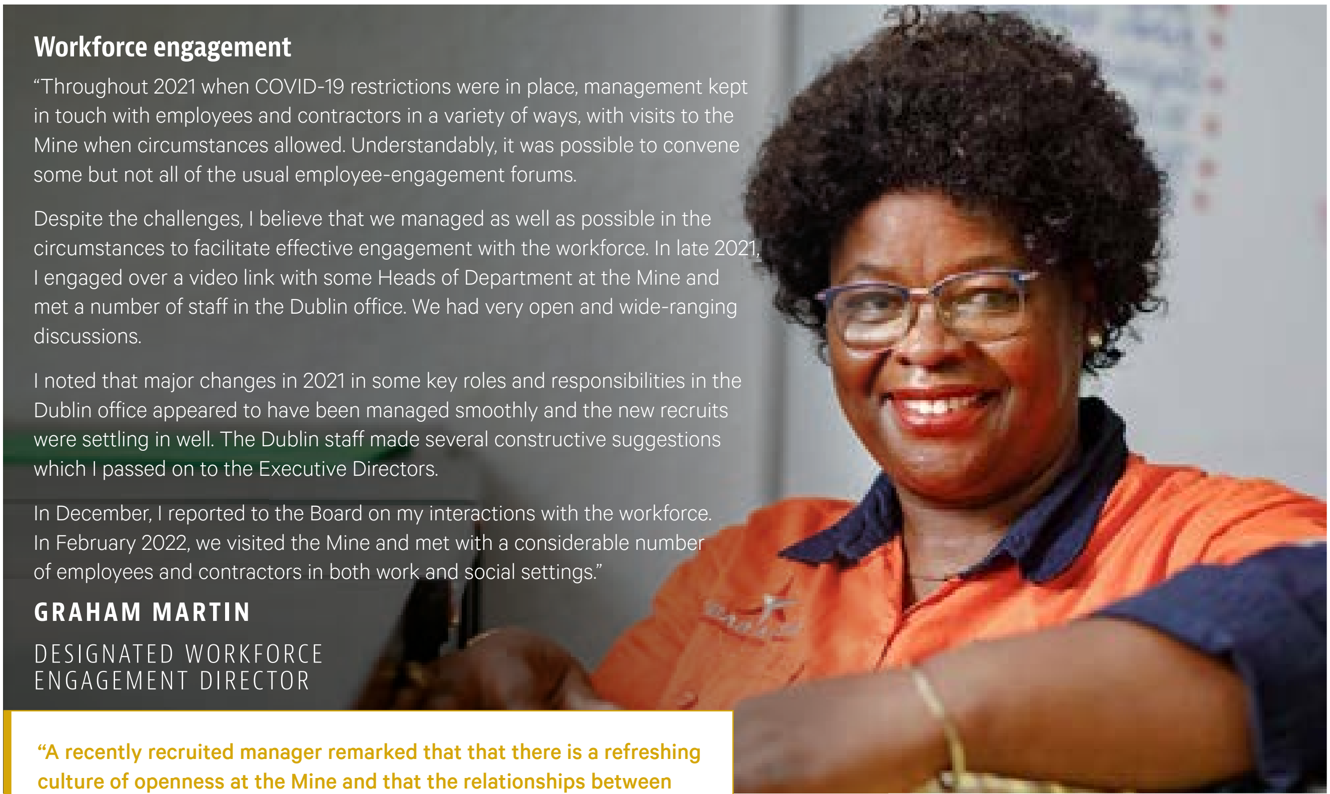
Stock exchange listings

Kenmare, which is incorporated in Ireland and subject to Irish company law, has a premium listing on the London Stock Exchange (LSE) and is subject to the Listing Rules of the UK Listing Authority.

Kenmare has a secondary listing on Euronext Dublin. For this reason, the Company is not subject to the same ongoing listing requirements as those which would apply to an Irish company with a primary listing on Euronext Dublin, including the requirement that certain transactions require the approval of shareholders. For further information, shareholders should consult their own financial adviser.

AGM update

The AGM is an opportunity for the Executive Directors to deliver presentations on the business and for shareholders, both institutional and private, to question the Board directly. Generally, all Directors attend the AGM and are available to meet with shareholders. Notice of the AGM, proxy statement and the Annual Report and financial statements are sent to shareholders at least 21 days before the meeting. A separate resolution will be proposed at the AGM on each separate issue including a particular resolution relating to the adoption of the Directors' Report and Auditor's Report and the financial statements. Details of the proxy votes for and against each resolution, together with details of votes withheld, are announced after the result of the votes by hand. These details are published on the Company's website following the conclusion of the AGM. At the AGM held on 13 May 2021, there were no material votes cast against any resolutions.



Workforce engagement

"Throughout 2021 when COVID-19 restrictions were in place, management kept in touch with employees and contractors in a variety of ways, with visits to the Mine when circumstances allowed. Understandably, it was possible to convene some but not all of the usual employee-engagement forums.

Despite the challenges, I believe that we managed as well as possible in the circumstances to facilitate effective engagement with the workforce. In late 2021, I engaged over a video link with some Heads of Department at the Mine and met a number of staff in the Dublin office. We had very open and wide-ranging discussions.

I noted that major changes in 2021 in some key roles and responsibilities in the Dublin office appeared to have been managed smoothly and the new recruits were settling in well. The Dublin staff made several constructive suggestions which I passed on to the Executive Directors.

In December, I reported to the Board on my interactions with the workforce. In February 2022, we visited the Mine and met with a considerable number of employees and contractors in both work and social settings."

GRAHAM MARTIN

DESIGNATED WORKFORCE ENGAGEMENT DIRECTOR

"A recently recruited manager remarked that that there is a refreshing culture of openness at the Mine and that the relationships between staff and supervisors were among the best she had seen in mining."

A diverse and effective Board

GRAHAM MARTIN
CHAIR OF THE NOMINATION COMMITTEE

PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE:

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

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

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

I am pleased to present the report of the Nomination Committee for 2021. During the year, the Committee met four times and the main areas of focus were changes to the Board, which included assessing the skills and experience of existing Board members, diversity on the Board, the composition of the Board's Committees, and Board and Committee evaluations. This report describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the UK Corporate Governance Code 2018.

MEMBERSHIP AND MEETINGS

In May 2021, Gabriel Smith retired from the Board. On 31 December 2021, Peter Bacchus resigned from the Board, Deirdre Somers joined the Committee in his place and I took over the Chair. As a result, the Nomination Committee now consists of myself, Elaine Dorward-King and Deirdre Somers, all of whom are Independent Non-Executive Directors. Gabriel Smith and Peter Bacchus attended all of the Committee meetings held in 2021 during the periods in which they were members of the Committee.

Committee membership

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Graham Martin	Chair	Yes	25/05/2017	4
Elaine Dorward-King	Member	Yes	13/05/2020	4
Deirdre Somers	Member	Yes	31/12/2021	N/A

Succession and changes to the Board this year

During 2021, the Committee considered the structure, size, skills and composition of the Board and its Committees. The Committee maintains a skills matrix of the current Board to identify areas for enhancement and to highlight skills that may be required, or which need to be replaced due to Board retirements. In early January 2021, the Committee considered that the Board would be enhanced by the appointment of an additional Director with suitable expertise in sub-Saharan Africa, natural resources technology or capital projects, all areas which it was felt would strengthen the Board.

An external recruitment consultant, The Effective Board LLP (which has no connection with the Company other than its involvement in previous searches), was engaged to assist in the process which resulted in the co-option of Mette Dobel to the Board with effect from 1 January 2022. This process is outlined on page 94. Mette is currently Regional President, Europe, North Africa, Russia/CIS for FLSmidth, an engineering, equipment and service solutions provider to the global mining and cement industries. She holds a Masters in Engineering and a Bachelor of Science (Commercial) from Københavns Teknikum.

In March 2021, Tim Keating, a Non-Executive Director, stepped down from his role with Oman Investment Authority (OIA), which controls African Acquisition S.à.r.l. (AAS) one of Kenmare's largest shareholders and which had nominated Tim to the Kenmare Board. As a result, he stepped down from the Kenmare Board and AAS nominated Sameer Oundhakar in his place. The Committee reviewed Sameer's suitability for the role and recommended that his appointment to the Board proceed. Sameer joined OIA in 2018 and is a Senior Manager in the Diversified Private Equity Investments department of OIA. He has a Bachelor's degree with distinction in Mechanical Engineering from VJTI Mumbai, a Post Graduate Diploma in Management from the Indian Institute of Management Lucknow and an MBA from INSEAD.

In 2021, the Committee together with the Managing Director also led the search for a new Chair of the Board noting that Steven McTiernan would have completed nine years on the Board on 11 March 2022. This was a long and important process as it was necessary to find a candidate who not only possessed the necessary leadership qualities and corporate expertise but who would also work well with the existing Board. The Effective Board LLP was also engaged to assist in this search which culminated in the appointment of Andrew Webb as a Non-Executive Director and Chair designate on 2 December 2021. Andrew brings extensive natural resources and financial advisory experience to the Board. He was previously a Managing Director at Rothschild & Co. in the Global Advisory team, where he worked for 25 years until September 2018. It has been agreed that Steven's tenure will be extended by two months to the Annual General Meeting of the Company in May this year to allow for Andrew to gain more experience of the operation of the Board and its Committees (especially given the difficulty in holding physical meetings due to COVID-19 restrictions).

These three appointments have brought mining technology and automation, private equity and financial advisory skills and expertise as well as additional gender and ethnic diversity and diverse geographical experience to the Board.

Ensuring that the Board continues to have the requisite skills to support the Company's strategy will remain a priority for my tenure as Chair. I will also focus on the strategy for further enhancing the Board's diversity. As shown on page 74, there is a good range of terms of tenure on the Board with five Non-Executive Directors in their first term of three years; two in their second term and Steven McTiernan completing his final term of three years.

Training

2021 saw the launch of an online training platform for Kenmare staff which was extended to Directors later in the year. This covers legal and regulatory areas such as market abuse regulation, data protection and whistleblowing as well as internal company policies and procedures. This will allow Directors to update and refresh their knowledge in their own time. Directors are also encouraged to undertake appropriate external training on relevant matters.

In addition, external experts may be invited to attend certain Board or Committee meetings to address the Board (or relevant Committee, as the case may be) on relevant industry matters and on developments in corporate governance, risk management and executive remuneration.

Succession

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

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

Committee composition

During the year, the Committee considered and made recommendations to the Board regarding several changes to the composition of the Board's Committees. In May, following the retirement of Gabriel Smith from the Board at the Annual General Meeting, Deirdre Somers took over the role of Chair of the Audit & Risk Committee and joined the Remuneration Committee as a member. Following the resignation of Peter Bacchus on 31 December 2021, I assumed the role of Chair of this Committee, Deirdre Somers became a member of this Committee, Clever Fonseca joined the Remuneration Committee, and Elaine Dorward-King joined the Audit & Risk Committee. The current committee memberships of each Director are set out on pages 76 to 77.

Diversity and inclusivity

Kenmare recognises the benefits of diversity and its objective to achieve greater diversity at Board and senior management level, as well as across the wider workforce. This is supported by the Group's Diversity and Inclusion Policy which can be found at https://www.kenmareresources.com/en/sustainability/policies.

The Board keeps this policy under review to ensure that it is effective in achieving diversity in its broadest sense, having regard to experience, age, gender, religious beliefs, sexual orientation, race, ethnicity, disability, nationality, background and culture and instructs any search consultants it engages to consider this in sourcing candidates. We recognise that

Read more about **diversity** on page 53

Read more about **the annual board evaluation** on page 86

diversity aids implementation of our strategy by providing the Board with different ways to tackle an issue, healthy debate and challenge of the Board and the executive team as well as making Kenmare more adaptable to changes in our environment.

While the Board will always seek to appoint candidates on merit against objective criteria, greater diversity is actively considered when making Board appointments. Gender and diversity will continue to be given careful consideration when shortlisting candidates as part of the process of Board refreshment and renewal, as it was in 2021. Following the appointment of Mette Dobel to the Board with effect from 1 January 2022 and following Steven McTiernan's retirement from the Board at the 2022 Annual General Meeting, female representation on the Board will be one third.

The recent external evaluation (details of which are on page 86) found that Board has a reasonable level of diversity and that the Board has and continues to demonstrate strong commitment to improving diversity in terms of ethnicity/geography, gender and age. The issue of diversity will be reviewed by the Board later in the year when it has completed a period of adjustment following the appointment of a new Chair and other Non-Executive Directors.

The Board and Executive Management is committed to increasing female representation in senior leadership positions across the Group. The Group is also making progress with this objective, with 20% of the Executive Committee being female and a further 6 women in their direct reports.

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

Additional Directorships

During the year, Peter Bacchus was appointed as a Non-Executive Director of Trident Royalties plc and Sameer Oundhakar was appointed as a Non-Executive Director of Kore Potash plc. Prior to accepting these appointments, both Peter and Sameer discussed the matter with either the Chairman of the Board or the Board itself which was satisfied that the responsibilities resulting from these new positions would not adversely impact on their respective time commitments to Kenmare, would not result in a conflict of interest and would be likely to enhance their respective abilities to contribute to the long-term success of the Group.

Board effectiveness

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually and facilitated externally every third year. In 2021, an external performance evaluation was conducted by Board Excellence. Further details of the evaluation, the process, outcomes and actions are set out on page 86 of the Corporate Governance section and are incorporated into this report by reference. The results of the 2021 evaluation process were largely positive but a number of areas for improvement were identified and an action plan has been drawn up for their implementation, which will be overseen by this Committee.

The evaluation suggested that the Board could be further strengthened by a Non-Executive Director with robust operations experience in both the mineral sands area and potentially in other mining areas and by an Africa based director. Currently, however, there are no plans to enlarge the Board and to appoint additional directors but this suggestion will be borne in mind should a vacancy arise on the Board. Given that several of the Directors were appointed to the Board in the last 18 months and that Andrew Webb will assume the role of Chairman in May 2022, it would be prudent to allow the appointees to settle into their roles and for a new Board dynamic to evolve before assessing whether any additional skills or experience are required.

Committee effectiveness and priorities for 2022

The Committee's performance and effectiveness was also considered as part of the external evaluation. The evaluator found that the Committee has scope for improvement particularly in the area of succession planning for both senior Executives and Non-Executive directors and this will be a key area of focus for this Committee in 2022.

Acknowledgments

I would like to thank the Committee members for their commitment and input to the work of the Committee in 2021. I would also like to acknowledge the contribution of both Gabriel Smith and Peter Bacchus to the Committee over the years and to thank them for their efforts and wish them well.

GRAHAM MARTIN
CHAIR OF THE NOMINATION COMMITTEE

4 April 2022

PROCESS FOR BOARD APPOINTMENTS:

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

02 An independent search agent is appointed

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

04 The preferred candidate is invited to meet with all Board members and due diligence is carried out

05 The Committee makes a recommendation to the Board for consideration

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

A record year for safety

ELAINE DORWARD-KING
CHAIR OF THE SUSTAINABILITY COMMITTEE

PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE:

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

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

MEMBERSHIP AND MEETINGS

In March 2021, Tim Keating, African Acquisition S.à.r.l.'s Board representative, stepped down from the Board. As a result, the Sustainability Committee now consists of myself as Chair, Clever Fonseca and Graham Martin, all of whom are Independent Non-Executive Directors. The committee met six times in 2021.

I am pleased to present the report of the Sustainability Committee for 2021. During the year, the Committee met six times. Unfortunately, due to COVID-19 restrictions, all but one meeting were held by video-conference but we were pleased to finally meet in person in December and to visit the Mine in February 2022. The main areas of focus for our meetings were as set out below. This report describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the UK Corporate Governance Code 2018.

2021 sustainability performance

We commend the team for their continued focus on health and safety and on the significant achievement of the lowest ever LTIFR the Company has recorded of 0.03 per 200,000 hours worked. The team recorded over six million hours worked without an LTI to the end of 2021 and achieved one year without an LTI on 6 January 2022. In addition, the Moma Mine retained a NOSA five-star accreditation for its health, safety and environmental performance for a sixth consecutive year.

The camp health clinic also successfully rolled out COVID-19 vaccinations, with 96% of employees double vaccinated by year-end and 12,000 vaccines donated to the local communities.

2021 also saw a significant focus on Kenmare's climate strategy and the Company drafted its first Climate Strategy Report aligned to the recommendations of TCFD, and set an ambition to achieve Net Zero Greenhouse Gas emissions by 2040 for Scope 1 & 2. In addition, the Company has set a short-term carbon emissions reduction target of 12% by 2024, which will be delivered largely by the RUPS project, due to begin commissioning in the first half of 2022. Achieving this emissions reduction will be dependent on reliable supply of electricity by EdM outside of the rainy season.

Committee membership

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Elaine Dorward-King	Chair	Yes	4/11/2019	6
Clever Fonseca	Member	Yes	2/10/2019	6
Graham Martin	Member	Yes	2/10/2019	6

Kenmare's commitment to local socio-economic development through KMAD continued, with 700 farmers participating in the Conservation Agriculture programme, delivering a productivity increase of 49% for those using this approach, and the construction of the Pilivili health centre, providing 27,000 community members with healthcare access.

Steady progress on improving the gender diversity of the Board, Executive Team and overall female representation at the Moma Mine continued and by the end of 2021, 12.5% of the workforce at the mine was female (2020: 10.6%). Our Mine workforce comprised 97% Mozambican employees and the number of employees living locally to the Mine grew to 70% (2020: 62%).

Areas of focus in 2021

AREA OF FOCUS	SUSTAINABILITY COMMITTEE ACTION
ESG strategy, targets and reporting	• Reviewed and approved the Company's sustainability strategy, including mid-term public ESG targets • Reviewed and approved Executives' 2022 ESG targets and progress against 2021 ESG targets • Approved the Sustainability Report for 2020 • Discussed TCFD and other sustainability reporting requirements and the Company's approach to these
Health and Safety	• Considered management's report on Health and Safety of Employees and the Community around the Moma Mine at every meeting • Reviewed management's plans to minimise COVID-19 exposure at the Moma Mine • Monitored the number of cases of COVID-19 at the Mine and the condition of infected employees • Reviewed the Mine's community safety management and incidents reporting • Reviewed a new wellness initiative at the Mine
Environment	• Reviewed and approved the Net Zero Climate Policy, and Climate-strategy following a review of climate-related risks & opportunities • Received and reviewed Land Management and Water Strategy updates • Discussed the Conservation Agriculture programme and food security for communities
Community and social affairs	• Considered management's report on Community and Social Affairs and Community Development at every meeting • Instigated an investigation into the viability of a river crossing in connection with the Namalope West resettlement plan and the socio-economic situation in Namalope West • Received and reviewed an update on external relations with local regional and national authorities in Mozambique • Reviewed plans for the sustainable development of the Moma/Larde area • Reviewed the KMAD three year Strategic plan 2022-2024 • Received updates on the political situation in Mozambique and its country risk factors
Employees	• Monitored health and safety incidents and initiatives at the Moma Mine
Human rights	• Reviewed results of the supply chain compliance audit • Approved the Modern Slavery Statement in respect to 2020
Security	• Reviewed procedures around the use and discharge of weapons at site • Approved the site security strategy
Terms of reference	• Considered its terms of reference to ensure they remain appropriate for the Group's needs. The terms of reference are available on the Kenmare website at https://www.kenmareresources.com/en/about-us/corporate-governance/sustainability-committee

Committee effectiveness and priorities for 2022

As outlined in the Corporate Governance Report, during 2021 there was an external evaluation of the Committee's performance and effectiveness. I am pleased to confirm that the Committee continues to operate effectively and in 2022 will enhance its focus on the longer term strategic sustainability related risks and their mitigation plans. Priorities for the Committee during 2022 will include evaluating the long-term risks associated with Kenmare's social licence to operate in Moma; an update to Kenmare's land rehabilitation strategy to better align the community and Kenmare's priorities with regards to food security, biodiversity and carbon sequestration; and overseeing KMAD's progress on its new strategic pillar of water and sanitation.

Conclusion

I would like to thank the Committee members for their commitment and input to the work of the Committee during 2021. In particular I would like to thank Michael Carvill, Managing Director, for his continued leadership, Ben Baxter and his operations team for their efforts, and the external affairs team led by Gareth Clifton for their dedication to strong social and environmental performance.

ELAINE DORWARD-KING
CHAIR OF THE SUSTAINABILITY COMMITTEE

4 April 2022

AUDIT & RISK COMMITTEE REPORT

Effective risk management and internal control

DEIRDRE SOMERS
CHAIR OF THE AUDIT & RISK COMMITTEE

PRINCIPAL RESPONSIBILITIES OF THE COMMITTEE:

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

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

See the Committee's terms of reference at https://www.kenmareresources.com/en/about-us/corporate-governance/audit-risk-committee.

I am pleased to present the report of the Audit & Risk Committee for 2021. During the year, the Committee met six times and the main areas of focus were as set out on page 101. This report describes how the Committee has fulfilled its responsibilities during the year under its terms of reference and under the relevant requirements of the UK Corporate Governance Code 2018.

MEMBERSHIP AND MEETINGS

In May 2021, Gabriel Smith retired from the Board and, in December 2021, Peter Bacchus resigned as a Director. The Audit & Risk Committee now consists of myself, as Chair, Clever Fonseca and Elaine Dorward-King, all of whom are Independent Non-Executive Directors. As outlined in the Directors' biographical details, members bring considerable accounting, corporate financial and mining industry experience to the work of the Committee. I am a Chartered Accountant and have been designated by the Board as the Committee's financial expert. Details of the skills and experience of the Committee members are set out on pages 76 and 77.

Both Gabriel Smith and Peter Bacchus attended all Committee meetings held prior to their respective departures from the Company.

Committee membership

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Deirdre Somers	Chair	Yes	19/08/2020	6
Clever Fonseca	Member	Yes	13/05/2020	6
Elaine Dorward-King	Member	Yes	31/12/2021	N/A

External audit

Independence and non-audit services

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

KPMG is the Group's external auditor and has confirmed to the Committee that it is independent from the Group under the requirements of the Irish Auditing and Accounting Supervisory Authority's (IAASA) Ethical Standards for Auditors. The Committee reviews and approves any appointment of an individual, within three years of having previously been employed by the current external auditor, to a senior managerial position in the Group.

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

KPMG was approved as auditor by the Company at the AGM in May 2019 and began its engagement in July 2019. From the commencement of KPMG's engagement, the lead audit partner was David Meagher and audit partner was Keith Watt. Following David's retirement in 2021, Keith assumed the role of lead audit partner.

In 2021, KPMG provided a number of audit services and non-audit services. The non-audit services consisted mainly of audit-related assurance concerning the review of the half-yearly financial statements and Mozambican tax compliance services and other related matters. The Committee is satisfied that the external auditor's knowledge of the Group was an important factor in choosing it to provide these services. The fee paid to KPMG in 2021 in respect of audit services and non-audit services was $166,000 and $92,000 respectively, a ratio of 1.8:1. KPMG has stated that it does not consider that these fees create a self-interest threat since the level of fees is not significant to the firm as a whole. The Committee is therefore satisfied that the non-audit work did not compromise KPMG's independence or objectivity and that it was in the interests of the Group to retain KPMG for those services. Details of the amounts paid to KPMG during the year for audit and other services are set out in Note 7 to the consolidated financial statements on page 150.

Effectiveness

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

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

Based on the above, the Committee is satisfied with the effectiveness of the external auditor for 2021.

Read more about our financial performance on page 44 to 48

Read more about our principal risks on page 64 to 71

Financial reporting and significant financial judgements

A key responsibility of the Committee is to consider the significant areas of complexity, management judgement and estimation that have been applied in the preparation of the financial statements. The Committee has reviewed the suitability of the accounting policies which have been adopted and whether management have made appropriate judgements and disclosures. The table on page 102 sets out the significant matters considered by the Committee in relation to the financial statements for the year ended 31 December 2021.

Under Provision 25 of the 2018 UK Corporate Governance Code, the Committee, upon request from its Board, should, *"provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy"*. The Board has tasked the Committee with this role, which is incorporated into the Committee's terms of reference. In line with the above, the Committee has undertaken a review of the 2021 Annual Report and Accounts and confirmed to the Board that it was the opinion of the Committee that, taken as a whole, the 2021 Annual Report and Accounts are fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In advance of providing such a confirmation to the Board, the Committee considered the adequacy of the systems and internal controls, the consistency of the various elements of the 2021 Annual Report and Accounts (taking into account reports received by the Board during the year), the level of information provided, the narrative reporting and the language used.

Risk management

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

Following a review of the Group risk register by senior management, the principal risks identified for the Group and their mitigations are submitted to the Audit & Risk Committee and Board for review and approval. These risks are included in the principal risks and uncertainties facing the Group as set out on pages 64 to 71. As part of the internal audit function, controls identified in the risk register are tested to ensure they are operating effectively.

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

Internal audit

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

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the Internal Audit function including its focus, plans, activities and resources. To fulfil its duties during 2021, the Committee:

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

On the basis of the above the Committee concluded that, for 2021, the Internal Audit function was performing well and is satisfied that the quality, experience and expertise of the function is appropriate for the Group.

Whistleblowing

The Company has a Whistleblowing Policy in place and a third-party service provider is engaged to provide a confidential 24/7 whistleblowing service available to all employees to report any wrongdoing in the workplace. The service does not replace the internal processes within the organisation, but seeks to provide an alternative for those employees who, for any reason, do not wish to use the internal processes. The Audit & Risk Committee Chair is also positioned to receive written complaints in confidence on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit & Risk Committee.

Three reports were received in 2021. Two are still under investigation as progress has been delayed for reasons outside Kenmare's control. A third report was dealt with satisfactorily by our finance team.

Areas of focus in 2021

AREA OF FOCUS	AUDIT & RISK COMMITTEE ACTION
Financial Reporting	• The Committee reviewed the 2020 Annual Report and Accounts in March 2021, the 2021 Half Yearly Financial Report issued in August 2021 and all formal announcements relating to these statements before submitting them to the Board of Directors with a recommendation to approve. • The Committee undertook a review of the 2020 Annual Report and Accounts and confirmed to the Board that it was the opinion of the Committee that, taken as a whole, the 2020 Annual Report and Accounts are fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. • The Committee reviewed management's impairment assessment together with the viability and going concern statements in the 2020 Annual Report and Accounts and 2021 Half Yearly Financial Report.
Distributable Reserves	• The Committee reviewed the Company's distributable reserves to ensure these were sufficient to pay the 2020 final dividend, the 2021 interim dividend and to buy back shares pursuant to the Tender Offer.
Risk Management and Internal Control	• The Committee reviewed the Group's risk management and internal control framework established for identifying, evaluating and managing key risks. • The principal risks facing the Group were reviewed and considered. • The Committee received updates on insurance renewals. • The Committee reviewed the Anti-Bribery and Whistleblower policies to ensure they remained appropriate for the Group's business. • The Group reviewed the Treasury Management Policy and recommended it for approval by the Board.
Internal Audit	• The Committee reviewed the internal audit charter and was satisfied that it remained appropriate for the Group. • The Committee approved the internal audit plan for 2021 and received quarterly updates on progress in this regard as well as in relation to ad hoc work undertaken during the year. • The Committee received quarterly reports from the internal auditor on Safecall (anonymous whistleblower line) reports received and resulting investigations. • The Committee reviewed internal audit reports during the year covering a review of the plant spares and consumables warehouse relocation plan, the mine's plant maintenance process and foreign currency payments process. The Committee also received reports on the investigations into the Safecall reports noted above, a report investigating impersonation of Kenmare as part of an alleged "scam" and a report on a procurement process-related issue. • The Committee reviewed the effectiveness of the internal audit function.
External Audit	• The Committee agreed the audit plan of the external auditor, KPMG, for their audit of the 2021 Annual Report and Accounts and their review of the 2021 Half Yearly Financial Report. • The Committee reviewed the independence and effectiveness of the external audit process including the safeguards designed to avoid the possibility that the auditor's objectivity and independence could be compromised. The Committee is satisfied that the appropriate policy is in place in respect of services provided by external auditors. • The Committee approved the non-audit services provided by KPMG to the Group in 2021. • Post completion of the 2020 audit and 2021 half year review, in conjunction with KPMG, review meetings were held with senior finance management and it was confirmed by both parties that no issues had arisen during the audit or review process. • The Committee received a presentation from KPMG on proposed UK audit reforms.
Mozambique Tax Authority Audit	• The Committee received regular updates on the Mozambican tax authority's audit of the tax obligations of KMML Mozambique Branch. • The Committee received input into the audit from local counsel in Mozambique. • The Committee reviewed financial reporting disclosures in relation to the audit.
Terms of Reference	• The Committee considered its terms of reference to ensure they remain appropriate for the Group's needs. The terms of reference are available on the Kenmare website at https://www.kenmareresources.com/en/about-us/corporate-governance/audit-risk-committee.

Estimates and judgements

The Committee reviewed in detail the following areas of significant judgement, complexity and estimation in connection with the 2021 financial statements. The Committee considered the report from the external auditor on the audit work undertaken and conclusions reached as set out in its audit report on pages 130 to 133.

AREAS OF JUDGEMENT	AUDIT & RISK COMMITTEE CONSIDERATIONS
Property, plant and equipment	The recovery of property, plant and equipment is dependent upon the successful operation of the Mine. The realisation of cash flow forecast assumptions would result in the recovery of such amounts. During the financial year the Group carried out an impairment review of property, plant and equipment. As a result of the review no impairment provision is required in the financial year 2021. Details of the impairment review, assumptions and judgements are included in Note 13 to the consolidated financial statements.
Revenue recognition	The Group sells its mineral products on the international commercial terms (Incoterms) FOB, CFR and CIF and has identified the performance criteria and recognition of revenue in relation to products, freight and insurance. Following discussions with management, the Audit & Risk Committee was satisfied that the revenue recognition methodology used by management is appropriate.
Other matters	The Committee considered and is satisfied with a number of other judgements and estimates which have been made by management including provisioning for tax matters, the mine closure and mine rehabilitation provision, units of production depreciation, considerations of the impact of climate change on amounts reported in the financial statements and the carrying amounts of the Parent Company's investments in subsidiary undertakings.

Audit & Risk Committee effectiveness and priorities for 2022

As outlined in the Corporate Governance Report, during 2021 there was an external evaluation by Board Excellence of the Board and its Committees' performance and effectiveness. I am pleased to confirm that the evaluator found that the Committee is working well, is highly effective, is well-led, and well supported by the Financial Director, Company Secretary and financial Team. The Committee will continue to focus on internal control, external audit planning and risk management during 2022.

The Committee would like to thank KPMG for their work on the 2021 financial statements. I would also like to thank my fellow Committee members for their commitment and input to the work of the Committee during 2021 and the financial team for their assistance, guidance and support. Lastly, I would like to thank both Gabriel Smith and Peter Bacchus for their contribution to the Committee and to wish them well in their future endeavours.

DEIRDRE SOMERS
CHAIR OF THE AUDIT & RISK COMMITTEE

4 April 2022

A remuneration policy that supports Kenmare's goals

GRAHAM MARTIN
CHAIR OF THE REMUNERATION COMMITTEE

Read more about **remuneration policy** on page 118 to 122

Read more about the **2021 bonus outcome** on page 110 to 111

Chair's Overview

On behalf of the Board, I am very pleased to present the Remuneration Committee's report for 2021 on Directors' remuneration.

This report is divided into three main sections:

- This statement, which provides a summary of the year under review and, together with the annual report on remuneration, describes how the Committee has fulfilled its responsibilities during the year under its Terms of Reference and under the relevant requirements of the UK Corporate Governance Code 2018;
- The annual report on remuneration which provides details of the remuneration earned by the Directors in the year ended 31 December 2021 and how the current Remuneration Policy will operate for the year ending 31 December 2022; and
- A summary of the remuneration policy which was approved by shareholders at the 2020 AGM, and which applies for the three-year period from the date of that approval.

Summary of the work of the Committee in 2021

In early 2021, most of the Committee's work focused on assessing the outcome of the key performance indicators (KPIs) under the Executive Directors' bonus scheme for 2020, and agreeing some modifications to those metrics for the application of the scheme in 2021.

We reviewed benchmarking reports prepared by PwC on the salaries, benefits and fees of the Executive Directors, the Company Secretary, and the Chairman and set their 2021 levels appropriately, while also reviewing and discussing with the Executive Directors the remuneration of the executive committee and senior Mine management.

We also agreed the amount of the annual award to the Executive Directors under the Group's long term share plan, the Kenmare Restricted Share Plan (KRSP), and the performance indicators to be considered under the performance underpin while at the same time agreeing the annual KRSP awards for other employees within the Committee's remit.

During the remainder of the year, the Committee monitored the performance of the Group against the KPIs on a quarterly basis and we provided regular feedback to the Executives.

The Committee also kept under review during the year the remuneration and benefits of the Executive Directors in the context of the remuneration of the Group's workforce as a whole. We received presentations from management on the remuneration structure for workers at the Mine and satisfied ourselves that our staff receive pay and benefits which are benchmarked appropriately, take into account local employment regulations and conditions as well as seniority, and afforded our workers the opportunity to share in the benefits from the success of the Group. We are particularly pleased to note that, following the extension in 2020 of KRSP awards to certain categories of employee at the Mine in Mozambique, this was extended to further categories of Mine staff in 2021. The Committee also notes that there is no discrimination between our male and female workers at the Mine in their pay and benefits for similar jobs.

The Committee also received a presentation on terms and conditions of employment of our Dublin, London, and Beijing based staff and satisfied itself that the remuneration and benefits of our employees remained appropriately benchmarked and that they also had opportunities through a bonus scheme and the KRSP to share in the success of the Group.

In December, we were delighted that COVID-19 restrictions had temporarily eased and allowed us to meet in person for the first time since early 2020. At that meeting, the Committee received a presentation from PwC with an update on current remuneration matters with particular focus on a review of the 2021 AGM season and investor feedback on remuneration issues.

Performance and reward for 2021

Under the current Directors' remuneration policy, the Executive Directors receive a base salary (which, apart from inflationary adjustments, has not been increased since 2010), pension contributions in line with market levels and the Irish workforce, certain other benefits, an award of shares under the KRSP, and the opportunity to earn a bonus depending on the outcome of the remuneration KPIs. In 2021, the Directors' remuneration policy operated in line with the intentions set out in the 2020 Annual Report on Remuneration.

As noted by the Chairman and the Managing Director in their respective reports, Kenmare delivered a record year for safety, production, and shipments with EBITDA increasing by 182% and almost US$100 million returned to shareholders during the year.

These results are reflected in the outcome of the KPIs and consequently the bonus earned by the Executive Directors.

The performance criteria set by the Committee under the bonus scheme reflected a mix of quantitative targets and qualitative targets and were set at stretching levels for the maximum award. The quantitative targets for 2021 comprised 72.5% (2020: 67.5%) of the maximum 100% opportunity and the qualitative targets 27.5% (2020: 32.5%).

The quantitative targets covered metrics reflecting mineral production, financial results and certain environmental, social and governance (ESG) targets. The qualitative targets included matters such as completion of an ore body knowledge plan for Nataka in preparation for a formal Pre-Feasibility Study, certain ESG targets, continuing COVID-19 management, and Executives' personal performance.

Outcome

The outcome of the Committee's assessment of performance against the quantitative and qualitative criteria resulted in each of the Executive Directors receiving a bonus of 60.38% of salary. In accordance with our remuneration policy, any bonus in excess of 50% of salary was paid in nil-cost share options granted under the KRSP, which will vest in three years and the balance was paid in cash. The Committee considers these outcomes a fair reflection of the corporate performance for the year and the respective individual performances of the Executives.

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

Implementation of the remuneration policy for 2022

The Committee believes that the current Directors' remuneration policy remains appropriate for 2022. We believe it remains easy to understand, is relatively simple, and remains motivating. It also allows sufficient discretion to the Committee to take account of all relevant matters affecting the Group or its performance in the year. Accordingly, for 2022 we are proposing to retain the existing structure subject to some changes to the performance metrics to reflect corporate priorities for the year including a focus on the long-term strategic plan. We have also agreed to increase the Executive Directors' salaries and all Non-Executive Directors' fees by 5% to reflect inflationary pressure. This aligns with wage increases already agreed this year for our corporate staff. Further details of the intended implementation of the remuneration policy for 2022 are set out on page 107.

Workforce engagement

As well as the management presentations noted above on the remuneration benefits of our world-wide staff, I personally had an opportunity in my capacity as "Workforce Engagement Director" to engage directly in 2021 with senior Mine staff and head office staff as noted more fully on page 91. In those discussions, I explained the role and responsibilities of the Remuneration Committee, in particular in setting the salaries and benefits of the Executive Directors.

We discussed our desire to ensure that executive pay is aligned in its short, medium and long term structure with our culture and values and with the incentives and rewards available to all of our staff and I took questions regarding employment conditions. Those discussions with the Mine staff took place over a video link but I was very pleased during our Board visit to the Mine in February 2022 to be able to have some follow up discussions in person.

In the wider context, management engaged with the workforce during the year in relation to performance reviews, salaries, bonus outcomes (which reflect personal and company performance) and awards made under the KRSP. As the KRSP has been recently introduced for senior Site employees, management there delivered a presentation to those employees on the operation and main features of the scheme and dealt with any queries arising. Unfortunately, due to COVID-19 restrictions some of these meetings had to be held virtually but we are now in a position to return to physical meetings which will aid communication and discussion.

Shareholder dialogue

Shareholders' views on executive remuneration are very important to the Board. Throughout the year we take every opportunity when engaging with our shareholders to invite them to raise any concerns or give any observations on executive remuneration, even when executive remuneration is not the specific purpose of the meeting. No specific concerns were raised by our shareholders in the course of 2021 and any observations which were made were either taken into account in the determination of outcomes in 2021 or will be considered in the context of the new three year remuneration policy to be put to shareholders for approval next year.

I hope you will vote in support of the vote on the Remuneration report at this year's AGM. Should you have any questions, comments or feedback on remuneration matters at Kenmare I would be very pleased to hear from you. I can be reached via the Company Secretary at chealy@kenmareresources.com.

Conclusion

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

I would like to thank our employees and contractors for all their efforts and hard work in what continued to be challenging circumstances owing to the residual presence of COVID-19. As ever, I am very grateful for the support and guidance given to me throughout the year by my fellow members of the Remuneration Committee, the support to the Committee by Chelita Healy, the Company Secretary, and I would, in particular, like to thank Gabriel Smith and Peter Bacchus for their much-valued contributions.

GRAHAM MARTIN
CHAIR OF THE REMUNERATION COMMITTEE

4 April 2022

ANNUAL REPORT ON REMUNERATION

Responsibilities of the Committee

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

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

The primary responsibilities of the Committee are to:

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

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

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

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

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

The Company Secretary acts as Secretary to the Committee. The Managing Director and Financial Director may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration.

The Remuneration Committee seeks independent advice when necessary from external remuneration consultants. In 2019, the Committee conducted a competitive tender process following which PwC, which has no other connection with the Group, Company or the Directors, were retained as independent external remuneration advisors. In 2020 and 2021, the Committee renewed their appointment. PwC is paid a fixed fee for a fixed scope of work and charges fees on a time and materials basis for work outside of the agreed scope. During the year ended 31 December 2021 the total fees payable to PwC in respect of these services was £35,500 (2020: £35,500). PwC is a member of the Remuneration Consultants Group and a signatory of that Group's Code of Practice for remuneration consultants. The Committee reviews the services and advice provided by PwC each year and is satisfied that the advice it receives is independent and objective.

Membership and meetings

In May 2021, Gabriel Smith retired from the Board and Deirdre Somers took his place on the Committee. Deirdre has attended all Committee meetings held since her appointment. On 31 December 2021, Peter Bacchus resigned from the Company and Clever Fonseca became a member of the Committee. Both Gabriel Smith and Peter Bacchus attended all Committee meetings held in 2021 during their respective periods of membership. The Remuneration Committee now consists of Graham Martin as Chair, Deirdre Somers, and Clever Fonseca. We are all Independent Non-Executive Directors. Biographical details for each of the Committee members and a description of their respective skills, expertise, and experience are set out on pages 76 and 77.

The Committee formally met five times during the year but there were also a number of less formal communications throughout the year on remuneration issues between members of the Committee and with the Executive Directors.

Committee membership

Name	Role	Independent	Date of Appointment to Committee	Meetings Attended
Graham Martin	Chair	Yes	14/10/2016	5
Deirdre Somers	Member	Yes	13/05/2021	2
Clever Fonseca	Member	Yes	31/12/2021	N/A

Consideration of employment conditions outside the Group

The Committee reviews the remuneration of the Executive Directors in light of the remuneration of the executive directors of other appropriate quoted companies. The Committee's advisers prepare annual reports benchmarking their remuneration (and that of the Non-Executive Directors) against peer companies and this assists the Committee in determining the appropriateness of the remuneration payable to the Executive Directors.

Implementation of the Directors' Remuneration Policy

In implementing the current remuneration policy, the Remuneration Committee considered the following factors set out in the Code:

- Clarity and simplicity – We believe that the remuneration package for our Executive Directors is clear and transparent, in particular the KRSP is a simple structure which cascades where appropriate down the organisation. The operation of the KRSP was simplified in 2020 by adjusting the vesting schedule so that all awards vest after three years subject to a further two-year holding period.
- Risk – The Remuneration Committee has a number of tools at its disposal to ensure that reputational and other risks are identified and mitigated. These include malus and clawback provisions on both the annual bonus and the KRSP (which have been extended in the new policy to cover a wider range of scenarios), the use of a minimum share price when determining KRSP awards to the existing Executive Directors and the introduction of a discretionary underpin on the vesting of KRSP awards. Furthermore, the Remuneration Committee has the discretion to amend the formulaic outcome of the annual bonus if the Committee believes this does not reflect the true underlying performance of the Group or the experience of shareholders. When determining the outcomes of the 2021 bonus, the Committee considered these factors and determined that the formulaic outcome was appropriate in light of the Group's record year for safety, production, and shipments and returns to shareholders.
- Predictability and proportionality – A range of potential remuneration outcomes under the policy can be calculated including a share price appreciation scenario. This enables shareholders to assess the impact of performance outcomes and share price appreciation on the value of remuneration for individual Directors. The 2021 bonus outcome reflected the Group's strong overall performance particularly in safety and production.
- Alignment to culture – The introduction of a discretionary underpin assessment ensures that the vesting level of KRSP awards takes into account the overall business performance, including non-financial factors such as environmental, social and governance considerations which are at the heart of our culture, values and strategy.

Directors' remuneration (audited)

The following tables set out the remuneration for Directors for the year ended 31 December 2021 and the prior year. The base salaries increased by 1.5% in 2021 reflecting an inflation adjustment.

	Michael Carvill				Tony McCluskey			
Executive Directors' remuneration	2021 $'000	2021 %	2020 $'000	2020 %	2021 $'000	2021 %	2020 $'000	2020 %
Fixed Pay								
Basic salary	**661**		619		**436**		409	
Benefits	**9**		7		**5**		4	
Pension	**66**		62		**44**		41	
Total fixed pay	**736**	**65%**	688	64%	**485**	**65%**	454	65%
Variable Pay								
Bonus [(i)]	**399**		382		**264**		243	
Long-term incentives								
- Kenmare Restricted Share Plan (KRSP) [(ii)]	**–**		–		**–**		–	
Total variable pay	**399**	**35%**	382	36%	**264**	**35%**	243	35%
Total single figure	**1,135**		1,070		**749**		697	

i The 2021 performance outcome of Michael Carvill and Tony McCluskey is 60.38% of salary. The bonus in excess of 50% of salary is paid in nil-cost share options granted under the KRSP, which will vest in three years and the balance (10.38%) is paid in cash.

ii The KRSP awards granted in 2021 include a performance underpin and will be reviewed at the end of the three-year vesting period.

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

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

ANNUAL REPORT ON REMUNERATION CONTINUED

Non-Executive Directors' remuneration[1,2,3]	Basic fee 2021 $'000	Basic fee 2020 $'000	Committee Chair & Membership fee 2021 $'000	Committee Chair & Membership fee 2020 $'000	Senior Independent Director fee 2021 $'000	Senior Independent Director fee 2020 $'000	Audited total 2021 $'000	Audited total 2020 $'000
Peter Bacchus	**68**	68	**25**	13	**11**	6	**104**	87
Elaine Dorward-King	**68**	68	**16**	25	**–**	–	**84**	93
Clever Fonseca	**68**	68	**13**	10	**–**	–	**81**	78
Elizabeth Headon	**–**	32	**–**	13	**–**	4	**–**	49
Tim Keating	**16**	68	**1**	3	**–**	–	**17**	71
Graham Martin	**68**	68	**27**	22	**–**	–	**95**	90
Steven McTiernan	**230**	214	**–**	–	**–**	–	**230**	214
Sameer Oundhakar	**55**	–	**–**	–	**–**	–	**55**	–
Gabriel Smith	**26**	68	**11**	24	**–**	–	**37**	92
Deirdre Somers	**68**	25	**20**	2	**–**	–	**88**	27
Andrew Webb	**6**	–	**–**	–	**–**	–	**6**	–
Total	**673**	679	**113**	112	**11**	10	**797**	801

1 The fees set out in the table above relate to the period of the directorship.

2 The Non-Executive Directors' remuneration is 100% fixed. In 2022, it was agreed to increase all Non-Executive Directors' fees by 5% to reflect inflation. Prior to this there had been no increase in basic fees since 2011. The underlying currency of the fees is Euros.

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

Total Directors' remuneration	Audited total 2021 $'000	Audited total 2020 $'000
Executive Directors		
Salary	**1,097**	1,028
Benefits	**14**	11
Bonus	**663**	625
Pension	**110**	103
Long-term incentive plan (LTIP)	**–**	–
Total Executive Directors' remuneration	**1,884**	1,767
Non-Executive Directors		
Fees	**797**	801
Total remuneration	**2,681**	2,568

Executive and Non-Executive Directors' remuneration and fees for services as Directors provided to the Company and the entities controlled by the Company are $1.9 million (2020: $1.8 million) and $0.8 million (2020: $0.8 million) respectively. These figures have been calculated based on the requirements of the UK's Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the "Regulations"), to which the Company has regard.

2021 annual bonus award (audited)

The performance metrics for the 2021 annual bonus award sought to deliver continuous and stretching progress in relation to operational performance, cost efficiency and capital expenditure management, health and safety initiatives, and corporate objectives. Different performance targets for corporate performance were set for each Executive Director according to their roles. The maximum opportunity under the annual bonus award for 2021 was 100% of base salary for the Managing Director and Financial Director.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Performance targets and outcomes for the 2021 financial year were as follows:

2021 annual bonus outcome		Weighting %	Performance needed for pay out at Threshold (25% of maximum vests)	Target (50% of maximum vests)	Stretch (100% of maximum vests
Operational	Ilmenite production (tonnes)	23.0	1,100,000	1,140,000	1,200,000
	Zircon (standard & special) production (tonnes)	5.0	53,100	55,500	57,900
	Rutile production (tonnes)	1.0	9,500	9,900	10,300
	Concentrates production (tonnes)	1.0	37,900	39,650	41,400
Financial	EBITDA ($m)	10.0	138.0	163.0	187.0
	Cash operating costs ($m)	10.0	184	175	166
	Cash operating cost per tonne ($/t)	5.0	146	139	132
	We confirm that we have included the climate related financial disclosures consistent with the four recommendations and eleven recommended disclosures set out by the Task Force on Climate-related Financial Disclosures (TCFD). Average share price in December 2021 (including dividends paid in 2021) (£ per share)	5.0	3.76	4.07	4.38
Environmental, Social and Governance (ESG)	Lost Time Injury Frequency Rate (LTIFR) per 200,000 hours worked	5.0	0.25	0.22	0.20
	Health and safety leading indicators	3.5	Risk assessment processes embedded through compliance audits, a new leadership programme initiated, a programme rolled out to destigmatise HIV and certain improvements in malaria controls.		
	Environment: greenhouse gas (GHG) emissions	3.0	With a goal of identifying a GHG reduction target, energy efficient projects were to be identified, the Rotary Uninterruptible Power Supply (RUPS) project to be implemented and two other GHG projects advanced.		
	Environment and social	3.5	The bonus threshold was for there to be no major community incidents from our activities and no material environmental incidents. Target added the implementation of water reporting in alignment with International Council on Mining and Metals (ICMM) water reporting guidelines and stretch further added the implementation of a climate change programme.		
	Environment: Annual rehabilitation target (ha)	2.0	180	200	220
	Social: Procurement in Mozambique ($m)	2.5	84.90	86.36	88.02
	Social: Gender diversity (%)	3.0	11.0	11.5	12.5
	Human Rights	2.5	Various targets including developing and publishing a Modern Slavery Statement, completing the next phase of supply chain compliance audits, demonstrating our security practices conform to the Voluntary Principles on Security and Human Rights and implementing a security tactical plan.		
Project Execution	Long-term strategy	5.0	Complete the Nataka orebody knowledge workplan to a sufficient degree to inform a Pre-Feasibility Study (PFS), with a Stretch target of being on course to achieving this by end Q1 2022.		
Corporate, Leadership, People		5.0	The Committee considered how each Executive performed in terms of the Board's expectations of his role, including: leadership, strategic vision and planning, business development, succession planning and alignment with the company's vision and values.		
COVID-19 Management		5.0	Continue to proactively and safely mitigate the impact of COVID-19 on the business, while taking into account the interest of all stakeholders.		
Total		100			

i Formulaic level of award equates to the weighting multiplied by the proportion of element vesting.

ii Average share price for December 2021 plus dividends per share paid in 2021.

	Performance achieved	Proportion of element	2021 %
	1,119,400	37.1	8.55
	56,300	66.6	3.33
	8,900	0.0	0.00
	43,900	100.0	1.00
	216.1	100.0	10.00
	189.7	0.0	0.00
	154	0.0	0.00
	4.47(ii)	100.0	5.00
	0.03	100.0	5.00
The embedding of the risk assessment processes scored well and clear results were seen from the leadership programme. The HIV destigmatisation programme was rolled out but is ongoing and while a review of the malaria control programme was completed it could not be implemented in full in the time period. The committee concluded that target performance had been met but stretch performance had not been met in full.		57.1	2.00
Over 70 energy efficiency initiatives were identified, a few of which will be studied in the coming months. A Net Zero ambition by 2040 has been agreed and various short-term steps toward that target identified. However the RUPS timetable slipped a little and some other GHG projects are still under review. The Committee determined that target but not the full stretch performance had been achieved.		66.7	2.00
There were no major environmental or community incidents. A climate change programme aligned with Taskforce for Climate-related Financial (TCFD) recommendations has been agreed and is being implemented. The water reporting is well underway with certain data gaps identified and some but not full alignment yet with ICMM guidelines. The Committee determined that performance almost reached Stretch.		92.9	3.25
	198	47.5	0.95
	95.8	100.0	2.50
	12.5%	100.0	3.00
The Modern Slavery Statement was published and the next phase of supply chain audits implemented. The business demonstrated through various means that our security practices conform to the Voluntary Principles and ~ 90% of the security tactical plan has been implemented. The Committee determined that Stretch performance had almost been achieved.		92.0	2.30
The PFS work proceeded well but with some impact from COVID-19 on personnel and logistics. Additionally, the scope of the PFS was extended in light of new information form certain tests and studies. The PFS work continues and the Committee determined that Target performance was achieved in the year.		50.0	2.50
Overall the Committee concluded that the leadership, vision and values of the Executive Directors led to a very successful year in terms of health and safety, operations, financial results and planning and our ESG agenda in the face of continuing challenges from COVID-19, and awarded 80% achievement in each case. Specifically noted in the case of Michael Carvill were: his leadership of and contribution to our record breaking safety record; our programmes for localisation and for coaching of current and future leaders, helping to instil a new organisational culture at the mine; and his continuing focus on the long term needs of our local communities. In the case of Tony McCluskey the Committee commended his financial stewardship throughout 2021 in what was a transitional year in terms of succession in certain key roles and in strengthening the financial team; the successful execution of the share buy-back; maintaining our key banking relationships; and a significant strengthening of our information and communications technology systems.		80.0	4.00
There was continuous, active management of COVID-19 during the year. There was significant organisational disruption but the measures taken kept this to a minimum with a steady fall in active cases. Of particular note was the vaccine rollout programme both at the Mine and in the community. The Committee determined that Stretch performance had been achieved.		100.0	5.00
			60.38

Overall, the outcome of the scorecard and therefore outcome for Michael Carvill and Tony McCluskey was 60.38% of maximum. The Committee believes this appropriately reflects the Executive Directors' performance during the year and the Group's results, and therefore has not applied further discretion to this outcome. 83% of the 2021 annual bonus award was delivered in cash (i.e. 50% of base salary) and the balance of 17% was deferred in shares for three years (as restricted shares under the KRSP), consistent with the Directors' remuneration policy.

Total pension entitlements

Pension provision for the Executive Directors was made in 2021 based on 10% of base salary, in line with the remuneration policy and the contributions for the Kenmare corporate staff. Fees paid to Non-Executive Directors are not pensionable. No Director has a prospective entitlement to a defined benefit pension by reference to their service as a Director.

Payments for loss of office (audited)

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

Payments to past Directors (audited)

Elizabeth Headon stepped down as a Director on 13 May 2020 and her appointment as a Director terminated on that date. Pursuant to a contract for services with Erzulie Limited (a company wholly owned by her), effective from 1 June 2020, Erzulie Limited was paid €2,500 for the period from 1 January 2021 to 1 April 2021 (€2,917 from 1 June 2020 to 31 December 2020) for consulting services provided to the Sustainability Committee.

Terence Fitzpatrick stepped down as a Director on 1 July 2018 but has remained an employee of the Company. His salary is for his services as an employee and not loss of office compensation. During the year contributions of $30,450 (2021: $30,450) were paid into his pension.

Directors' and Secretary's shareholdings (audited)

The interests of the Secretary and Directors who held office during 2021, their spouses and minor children, in the ordinary share capital of the Company, other than pursuant to share options or share awards, were as set out below:

	Shares held 31 March 2022	Shares held 31 December 2021	Shares held 1 January 2021
Peter Bacchus	–	–	–
Michael Carvill[1]	**363,320**	301,559	251,844
Clever Fonseca	**970**	970	–
Elaine Dorward-King	**10,000**	10,000	3,600
Tim Keating	**1,532**	1,532	–
Graham Martin	**100,000**	100,000	84,135
Tony McCluskey	**223,223**	182,463	134,953
Steven McTiernan	**228,607**	228,607	216,353
Sameer Oundhakar	–	–	–
Gabriel Smith	**30,078**	30,078	30,078
Deirdre Somers	**3,940**	3,940	–
Andrew Webb	–	–	–
Deirdre Corcoran (Former Secretary)	**32,045**	32,045	16,383
Chelita Healy (Secretary)	–	–	–

1 147,062 shares held by Rostrevor One Limited, a company controlled by Michael Carvill are included in his holding.

Share awards scheme (audited)

Name	Share Plan	At 1 Jan 2021	Awarded	Vested & exercised	Lapsed	At 31 Dec 2021	Date of grant	Exercise period	Market price at exercise £
		Number of nil cost options							
Michael Carvill	KRSP	53,786	1,329[1]	(28,222)	–	**26,893**	26 May 2017	26/05/2021-26/05/2024	£4.40
	KRSP	149,362	3,234[1]	(92,851)	–	**59,745**	15 March 2018	15/03/2021-15/03/2025	£4.35
	KRSP	152,074	–	–	–	**152,074**	15 March 2019	15/03/2022-15/03/2026	
	KRSP	157,206	–	–	–	**157,206**	13 May 2020	13/05/2023-13/05/2027	
	KRSP	–	133,930	–	–	**133,930**	28 April 2021	28/04/2024-28/04/2028	
		512,428	**138,493**	**(121,073)**	**–**	**529,848**			
Tony McCluskey	KRSP	35,497	876[1]	(18,625)	–	**17,748**	26 May 2017	26/05/2021-26/05/2024	£4.40
	KRSP	98,574	2,135[1]	(61,279)	–	**39,430**	15 March 2018	15/03/2021-15/03/2025	£4.02
	KRSP	100,364	–	–	–	**100,364**	15 March 2019	15/03/2022-15/03/2026	
	KRSP	103,750	–	–	–	**103,750**	13 May 2020	13/05/2023-13/05/2027	
	KRSP	–	86,632	–	–	**86,632**	28 April 2021	28/04/2024-28/04/2028	
		338,185	**89,643**	**(79,904)**	**–**	**347,924**			
Deirdre Corcoran	KRSP	31,094	1,536[1]	(32,630)	–	**–**	17 April 2018	17/04/2021-17/04/2025	£4.31
	KRSP	33,519	–	–	–	**33,519**	23 March 2019	23/03/2022-23/09/2022	
	KRSP	54,795	–	–	–	**54,795**	26 March 2020	26/03/2023-26/09/2023	
	KRSP	–	16,512	–	–	**16,512**	28 April 2021	28/04/2024-28/10/2024	
		119,408	**18,048**	**(32,630)**	**–**	**104,826**			
Chelita Healy	KRSP	–	**2,158**	–	–	**2,158**	28 April 2021	28/04/2024-28/04/2028	

1 Dividend equivalent entitlements relating to share awards vesting.

The aggregate gain on awards that vested during the year for Executive Directors was $1.2 million (2020: $0.5 million).

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

The 2021 awards for Michael Carvill and Tony McCluskey represent 100% of base salary based on a share price of £4.05; the actual share price at the date of award. The value of these awards totalled £0.5 million ($0.7 million) for Michael Carvill and £0.3 million ($0.4 million) for Tony McCluskey.

The Executive Directors' 2021 and 2020 KRSP awards vest, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant date. The vested KRSP awards are subject to a two-year holding period which may extend beyond an Executive Director's cessation of employment in accordance with the post-employment holding requirements of the 2020 remuneration policy.

In the case of Deirdre Corcoran, the above KRSP awards vest, on the third anniversary of grant date. In the case of Chelita Healy the above KRSP awards vest, subject to continued employment, on the third anniversary of grant date. Non-Executive Directors do not receive awards under share plans.

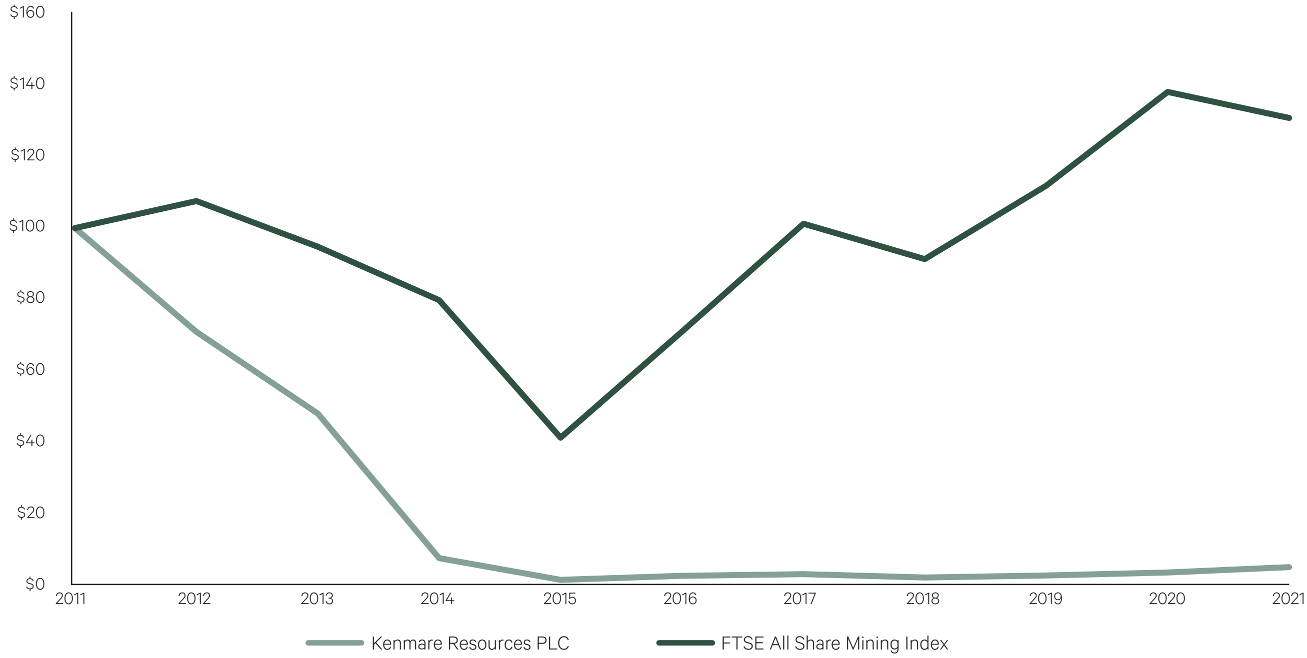
Executive Directors' shareholding requirement

In accordance with the current Remuneration Policy, the Executive Directors are required to build up shareholdings equal to 250% of their respective salaries by 25 May 2022. This requirement can be met both by shareholdings held by the Executive Directors (directly or indirectly) and, on a net of tax basis, by unvested share awards that are not subject to performance or underpin conditions. As of 31 December 2021, the shareholding of each of the Executive Directors exceeded this requirement.

Performance graph and table

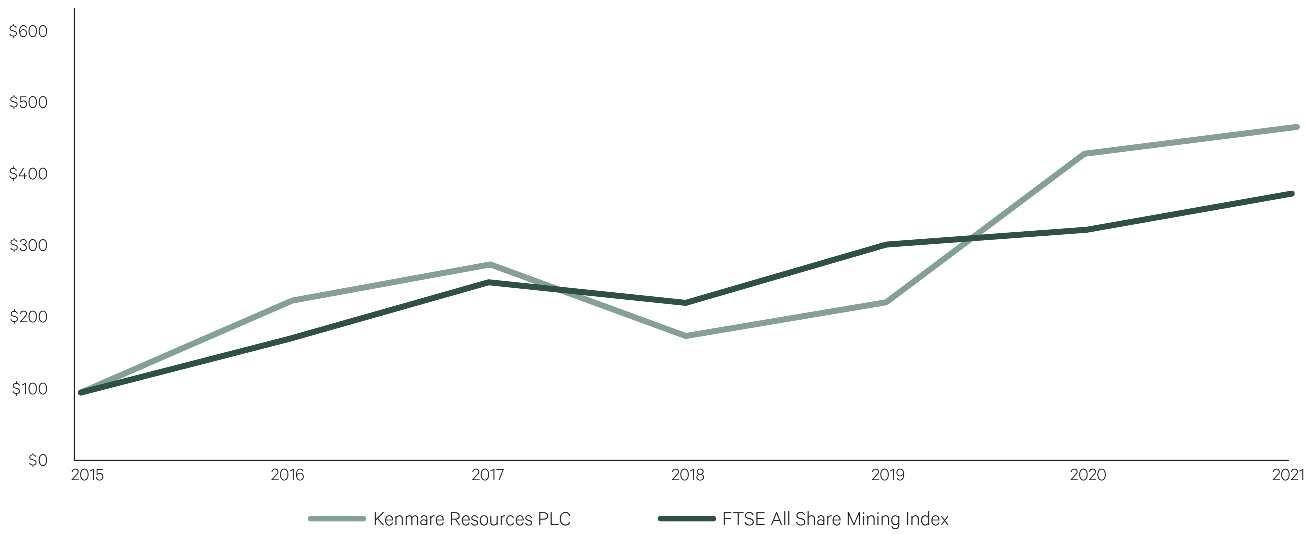
The value at 31 December 2021 of $100 invested in the Group in 2011 compared with the value of $100 invested in the FTSE All Share Mining Index, as this is a relevant sector index of which Kenmare is a constituent, is shown in the graph below.

Value at 31 December 2021 of $100 investment at 31 December 2011



The statutory chart above includes a period prior to the capital raise in 2016. The share price declined significantly during this period due to a number of factors, including challenging commodity markets. However, Kenmare's share price performance since the 2016 capital raise has been strong (with the share price as at 31 December 2021 being £4.64, 100% above the 2016 capital raise price of £2.32). As this performance is not easily visible in the statutory chart above, we therefore present a chart below prepared on the same basis but starting from 31 December 2015.

Value at 31 December 2021 of $100 investment at 31 December 2015



The remuneration paid to the Managing Director in the past 10 years is set out below:

		Single figure of total remuneration $'000	Bonus pay-out (as % maximum opportunity)	Long-term incentive vesting rates (as % maximum opportunity)
2021	Michael Carvill	1,135	60%	N/A
2020	Michael Carvill	1,070	62%	N/A
2019	Michael Carvill	1,444	47%	25%
2018	Michael Carvill	1,652	58%	83.3%
2017	Michael Carvill	1,528	59%	0%
2016	Michael Carvill	1,340	66%(i)	N/A
2015	Michael Carvill	744	22%(i)	N/A
2014	Michael Carvill	967	26%(i)	N/A
2013	Michael Carvill	809	0%	0%
2012	Michael Carvill	783	0%	N/A

(i) Amount shown reflects the cash and deferred share award under the Kenmare Incentive Plan (KIP), part of which is conditional on long-term performance.

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

Percentage change in remuneration and Company performance

Annual change	2021 %	2020 %
Directors' remuneration		
Executive Directors		
Michael Carvill, Managing Director(i)	**6%**	(26%)
Tony McCluskey, Financial Director(i)	**7%**	(28%)
Non-Executive Directors (ii)		
Peter Bacchus	**20%**	13%
Elaine Dorward-King	**(10%)**	29%
Clever Fonseca	**4%**	18%
Tim Keating	**(76%)**	8%
Graham Martin	**6%**	6%
Steven McTiernan	**7%**	0%
Sameer Oundhakar	**N/A**	N/A
Gabriel Smith	**(60%)**	0%
Deirdre Somers	**226%**	N/A
Andrew Webb	**N/A**	N/A
Group performance		
Net profit	**669%**	(63%)
Employee average remuneration on a full-time equivalent basis		
Employees of the Company Kenmare Resources plc	**10%**	7%

(i) The reduction in 2020 was driven by the introduction of the underpin in the KRSP which means the 2020 awards will be reflected in the single figure table at the time of vesting.
(ii) The changes in the Non-Executive Directors fees are a result of changes to Board and/or Committee composition and responsibilities during 2021.

Relative importance of spend on pay

Annual change	2021 $'000	2020 $'000	Change
Overall spend on pay including Directors	**46,712**	40,518	6,194
Profit distributed by way of dividend and share back	**97,983**	8,594	89,389
Group cash operating costs	**189,700**	158,000	31,700

Average numbers throughout the Group increased from 1,499 in 2020 to 1,551 in 2021.

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

Statement of implementation of policy in 2022 (audited)

Base salary

The base salaries for the forthcoming year are due to increase by 5.0% reflecting an inflation adjustment for the period and in line with agreed increases to Kenmare corporate staff and are set out below:

Executive Director	2021 $'000	2020 $'000	% Change
Michael Carvill	**684**	651	5.0
Tony McCluskey	**452**	430	5.0

The underlying currency of Michael Carvill and Tony McCluskey's base salaries is Euro. The US Dollar figures shown above for 2022 have been calculated using the average 2021 Euro to US Dollar exchange rate. The final US Dollar figure for 2022 will vary depending on exchange rate movements.

Annual bonus

The incentive opportunity for the Executive Directors under the incentive scheme for 2022 will be as follows:

Executive Director	On-target incentive (% of salary)	Maximum incentive (% of salary)
Michael Carvill	**50**	100
Tony McCluskey	**50**	100

The performance metrics for 2022 annual bonuses and their associated weightings are as follows:

Area	Measure	Weight[i]
Operational	Ilmenite, zircon, rutile and concentrates production volumes	30%
Financial	EBITDA	10%
	Total cash operating costs	10%
	Cash operating cost per tonne	5%
	TSR	5%
ESG	Safe & Engaged Workforce A Healthy, Natural Environment Thriving Communities Trusted Business	25%
Project execution		10%
Corporate		5%

i The respective weightings for the Managing Director and Financial Director will be the same for all metrics except for the corporate category, where the Remuneration Committee will determine appropriate splits reflecting their respective responsibilities and challenges in these areas in 2022.

The targets have not been disclosed due to commercial sensitivity but will be disclosed in the 2022 annual report on remuneration. The performance metrics as set out above seek to deliver ongoing progress in relation to operational performance, cost efficiency, ESG, and strategic corporate objectives. The performance targets associated with the quantitative measures are in line with guidance issued in January 2022.

Kenmare Restricted Share Plan

The maximum award level for the Executive Directors under the KRSP for 2022 will be 100% of base salary. For the current Executive Directors only, the share price used to determine the award levels will not be less than £2.32, the open offer price for the 2016 capital raise.

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

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

- Operational performance outcomes under the annual bonus scorecard over the three-year period;
- Share price performance since grant;
- ESG performance; and
- Major strategic or project decisions and return on investment.

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

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

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

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

Statement of voting at AGM

The table below shows the outcome of the advisory vote on the Directors' Remuneration Report at the 2021 AGM and the Directors' Remuneration Policy at the 2020 AGM

Item	Votes for	%	Votes against	%	Votes withheld
Advisory vote on 2020 Directors' Remuneration Report	78,022,305	98.02	1,572,956	1.98	34,776
Advisory vote on Directors' remuneration policy	70,960,538	91.02	6,997,155	8.98	11,440

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

GRAHAM MARTIN
CHAIR OF THE REMUNERATION COMMITTEE

4 April 2022

REMUNERATION POLICY REPORT

Introduction

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

Remuneration policy

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

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Base Salary	Supports the recruitment and retention of Executive Directors recognising the scope and responsibility of the roles and the individual's skills and experience.	Reviewed annually with increases generally effective from 1 January. When determining levels, consideration is given to: • Group performance; • the performance of the Executive Director over the previous 12 months; • the salary review budget for all employees for the coming year; • retention risk and the ability to replace higher value skills if needed in the market; • benchmarking data of other UK and Irish listed companies of similar market capitalisation and practice in the global mining sector; • inflation; and • the rewards, incentives and conditions available to the Group's workforce.	Base salary reviews for Executive Directors are at the discretion of the Remuneration Committee but will generally be increased with the cost of living and with consideration to general Group increases. The only exceptions to this rule are where: • there is a significant movement in the benchmarking data for that role; or • an individual is brought in below market level with a view to increasing base pay over time to reflect proven competence in role; or • there is a material increase in scope or responsibility of the Executive Director's role.	None.
Benefits	Provides market competitive benefits to support Executive Directors in carrying out their duties.	Benefits include holiday and sick pay, family health insurance, permanent health insurance, life assurance and an annual health check. The Managing Director has a company car. The Group also reimburses the Executive Directors in respect of all expenses reasonably incurred by them in the proper performance of their duties. The Group may introduce new benefits that are, or become, prevalent in a jurisdiction in which it operates and in which a Director is located.	Set at a level appropriate to the individual's role and circumstances. The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances.	None.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Pension	To provide a market competitive remuneration package by facilitating long-term saving for retirement.	Each Executive Director is entitled to receive a payment into the Company's group personal pension plan or their private pension arrangements, or alternatively a salary supplement in lieu of such a contribution.	The maximum pension contribution for Executive Directors is 10% of salary.	None.
Annual bonus	To ensure a market competitive package and to incentivise Executive Directors to achieve the Group's business objectives.	Based on the level of performance over the financial year, the annual bonus will be paid in cash shortly after the end of the relevant financial year up to a maximum cash payment of 50% of base salary. Where the annual bonus achieved exceeds 50% of base salary, Executive Directors will be granted restricted shares under the KRSP in respect of the excess outcome above this level, which will vest three years from grant date. If the Remuneration Committee, in exceptional circumstances, believes that payment in cash is not appropriate it will instead be able to make an award of shares under the KRSP of equivalent value. Such restricted shares would not be subject to forfeiture but would be subject to a minimum retention period. Clawback will apply to cash annual bonus awards for two years from the date of payment. Annual bonus awards made in the form of restricted shares will be subject to malus during the vesting period. Clawback will apply to these for two years post-vesting.	The maximum annual opportunity is 100% of base salary.	Performance is measured over the financial year. Performance metrics and targets are determined at the start of each year by the Remuneration Committee and will consist of a balanced scorecard of financial and non-financial measures. The Remuneration Committee has the discretion to vary the weighting of the metrics or to substitute different measures over the lifetime of the policy to take account of changes in business strategy and/or external market conditions, but a significant proportion of the bonus scorecard will be weighted towards financial and operational metrics. The targets and actual levels of performance will be disclosed retrospectively within the implementation section of the Annual Report on Remuneration. The Remuneration Committee will have the discretion to adjust the results of the outcome of the scorecard if it believes this does not accurately reflect the underlying performance or align with the experience of shareholders.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Share awards under the Kenmare Restricted Share Plan ("KRSP")	To increase shareholder alignment by providing Executive Directors with longer-term interests in shares.	Annual awards of shares will be made under the Kenmare Restricted Share Plan. The awards will vest on the third anniversary of grant subject to continued employment and the Remuneration Committee's assessment against a discretionary underpin. Vested shares are then subject to a further two-year holding period. Participants may sell sufficient shares at the point of vesting to cover their tax liabilities. Awards will be subject to malus during the vesting period. Clawback will apply for two years post-vesting. Awards made under the KRSP may carry an entitlement to dividend equivalents in respect of dividends paid between grant and vesting.	The maximum award level in any year is 100% of base salary.	The Remuneration Committee will use its discretion to consider the appropriate level of award (including making no award) if it believes this is appropriate in light of the Group's performance and that of the individual Executive Director at the time of making of the award. The share price used to determine the award levels will normally be the share price shortly before the date of grant. However, for the current Executive Directors only, the share price used will not be less than the open offer price for the 2016 capital raise (£2.32). Vesting of the award will be subject to a performance underpin based on a number of corporate indicators. The Committee will consider whether performance against such indicators has been adequately adjusted for under the annual bonus outcome when considering their use of discretion. The underpin has no predetermined targets and will be assessed retrospectively based on performance over the three-year vesting period. The Committee will provide a full disclosure of their assessment within the Annual Report on Remuneration.

Element of remuneration	How the element supports our strategic objectives	Operation of the element including any provision for malus or clawback	Maximum potential value	Performance metrics, weighting, minimum payout and time period (where applicable)
Shareholding requirement	To strengthen the alignment between the interests of Executive Directors and those of shareholders.	Executive Directors' shareholding measured after the five-year period from the 2017 AGM (or date of appointment if later).	Shareholding requirement during employment of 250% of salary. Post-cessation shareholding requirement of 100% of the in-employment shareholding requirement (or actual shareholding on departure if lower) for two years post-employment. Unvested shares which are not subject to performance or underpin conditions will count towards the shareholding requirement on a net of tax basis. The post-cessation shareholding requirement applies to awards granted after the 2020 AGM. This does not apply to shares purchased voluntarily from an Executive Director's own funds.	N/A
Non-Executive Director fees	To provide a level of fees to support recruitment and retention of Non-Executive Directors with the necessary experience and ability to make a significant contribution to the Group's activities.	The Non-Executive Directors are remunerated entirely through fees and associated benefits. They are not eligible to receive any performance-related remuneration nor do they hold share options.	The fees paid to the Non-Executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role.	None.

REMUNERATION POLICY REPORT CONTINUED

Performance measures and targets

The Remuneration Committee selects performance conditions for the Annual Bonus which reflect the Group's overall strategy and are the key metrics used by the Executive Directors to oversee the operation of the business. They are determined annually. They typically include both production, financial and non-financial performance criteria. In the past, they have, for example, related to areas such as community safety, environmental compliance, health and safety (both workforce and community related) and other ESG targets. The performance criteria for 2021 are described on pages 110 and 111 and those for 2020 are described on pages 104 and 105 of the 2020 Annual Report. The performance metrics for 2022 are set out on page 116.

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

Service Contracts

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

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

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

The Company has the right, or may be required in certain circumstances, to make a payment in lieu of notice of termination, the amount of that payment being base salary and benefits that would have accrued to the Executive Director during the contractual notice period. In addition, the Remuneration Committee reserves the right to allow continued participation in the Company's incentive arrangements during the notice period.

Upon a change of control, each Executive Director has the right to terminate his employment by notice and be entitled to receive an amount equal to 12 months' salary, cash equivalent of benefits and pension contributions, subject to such amount being reduced by the equivalent amounts in respect of any months worked by the Executive Director after his giving of notice. Such payment would be in settlement of all claims that the Executive Director may have against the Group, but shall not affect the Executive Director's entitlement to accrued but unpaid salary, deferred bonus or similar incentive payments and certain other amounts.

Michael Carvill serves as a Director for a number of private companies but receives no fee for his services. Tony McCluskey does not serve as a Non-Executive Director elsewhere.

Non-Executive Directors' remuneration

Non-Executive Directors' appointment may be terminated by either party giving to the other one month's prior written notice. The Non-Executive Directors are remunerated entirely through fees. They are not eligible to receive any performance-related remuneration nor do they hold share options. The fees paid to the Non-Executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group's activities, while also reflecting the time commitment and responsibility of the role. Additional per diem rates may be paid to Non-Executive Directors when the meeting load has significantly exceeded what would be expected in the normal course of business.

None of the Non-Executive Directors had a beneficial interest in any contract to which the Company or any of its subsidiary undertakings was a party to during the financial year.

Non-Executive Directors are not entitled to any compensation on the termination of their appointment. All Directors are subject to annual re-election. No compensation is payable to Non-Executive Directors if they are not re-elected.

DIRECTORS' REPORT

The Directors present their report below and the audited financial statements for the financial year ended 31 December 2021.

Principal activities

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

Strategic report

The Strategic Report, including a financial and risk review and a review of the likely future developments of the Group, set out on pages 8 to 71, forms part of the Directors' Report and is incorporated by reference.

Statement of results and key performance indicators

The consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 are set out on page 134. The financial review on pages 44 to 48 contains a detailed business review including an analysis of the key performance indicators used to measure the Group's performance and is incorporated by reference.

Dividends

In May 2021, the Company paid a final 2020 dividend of $8.4 million representing USc7.69 per share (2020: USc5.52). In October 2021, the Company paid a 2021 interim dividend of USc7.29 (H1 2020: USc2.31) per ordinary share, totalling $8.0 million. The Board is recommending a final dividend of USc25.42 (2020: USc7.69) per share. This would give a total dividend in respect of 2021 of USc32.71 (2020: USc10.00) per share. It is proposed to pay the final dividend on 1 June 2022 to shareholders registered at the close of business on 29 April 2022.

Principal risks and uncertainties

Under Section 327 of the Companies Act 2014, the Directors are required to give a description of the principal risks and uncertainties facing the Group. These principal risks and uncertainties are set out on pages 64 to 71 and are incorporated by reference.

Directors and Company Secretary

The names of the Directors and Company Secretary who held office during 2021 and a biographical note on each appear on pages 76 and 77. In accordance with the UK Corporate Governance Code, all Directors submit to re-election at each AGM. However, Steven McTiernan, who has completed his tenure of nine years on the Board, will retire at the AGM in May 2022 and not submit himself for re-election.

Directors' and Company Secretary's shareholdings and share awards

The interests of the Directors and Secretary of the Company, their spouses, and minor children in the ordinary share capital of the Company, and details of the share awards granted in accordance with the rules of the Kenmare Restricted Share Plan (KRSP), are detailed in the Annual report on remuneration on pages 112 to 113.

Share option and share award schemes

At 31 December 2021, there were options in respect of 2,284,429 Ordinary Shares in issue. These are nil cost options to subscribe for Ordinary Shares and were granted pursuant to the KRSP. There were no outstanding interests under any previous share award schemes.

Non-financial reporting statement

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

Reporting Requirements	Page Reference	Our Policies	Risk Assessment
Environmental matters	Pages 56 to 59	Environmental	Environmental risk is included in the risk entitled "Health, Safety and Environment ("HSE") described in the "Principal risks and uncertainties" section on page 69.
Social and employee matters	Page 53 Pages 52 Page 60	Diversity Health and safety Whistleblowing Conflicts of interest Employment Community engagement and investment	Health and safety risk is included in the risk entitled "Health, Safety and Environment ("HSE") described in the "Principal risks and uncertainties" section on page 69. Community engagement and investment is relevant to the risk entitled "Grant and maintenance of licences", described in the "Principal risk and uncertainties" section on page 66. Otherwise, although the risks associated with social and employee matters are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Human rights	Page 61	Human rights Freedom of association	Although the risks associated with human rights abuses are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Anti-bribery and corruption	Page 60	Anti-bribery Business ethics	Although the risks associated with bribery and corruption are actively monitored, the Group does not believe these risks meet the threshold of a principal risk for our business.
Description of business model	Pages 16 and 17		
Non-Financial key performance indicators	Included in KPIs on pages 22 to 23 and the Sustainability report on pages 50 to 51		

Read more about our financial performance on page 44 to 48

Read more about our sustainability performance on page 50 to 62

DIRECTORS' REPORT

Read more about the **Audit & Risk Committee** on page 98 to 102

Read more about **our principal risks** on page 64 to 71

Share capital

The Company's authorised share capital consists of 181,000,000 ordinary shares of €0.001 each ("Ordinary Shares"). The Company's ordinary shares rank equally in all respects and carry no special rights. They carry voting and dividend rights. There are no restrictions on the transfer of the Company's shares or voting rights and the Company has not been notified of any agreements between holders of securities in this regard.

At the AGM held on 13 May 2021,

- the Company was granted an authority to make market purchases, within a set price range, of up to 10% of its own shares; and
- the Directors were given the authority by shareholders to allot shares up to an aggregate nominal amount equal to €36,578.

The authorities referenced above will expire at the conclusion of this year's AGM at which shareholders will be asked to grant new authorities to the Company.

At an EGM held on 9 December 2021, the Company was authorised for the purposes of section 1074 of the Companies Act 2014 to make one or more market purchases and overseas market purchases (within the meaning of section 1072 of the Companies Act 2014) of Ordinary Shares in connection with the Tender Offer, discussed below, at a price of £4.17 per share provided that the maximum number of Ordinary Shares authorised to be purchased was 14,814,412. This authority expired on 31 March 2022 and was in addition to that granted at the AGM and referred to above.

On 10 December 2021, the Company purchased 14,814,412 Ordinary Shares which had been acquired by Peel Hunt LLP pursuant to the Tender Offer. These Ordinary Shares were cancelled on that date resulting in an issued share capital of 94,921,970 Ordinary Shares after the transaction.

Save for the foregoing, the Company did not issue, hold, purchase, sell or cancel any Ordinary Shares during 2021 and no member of the Group held any Ordinary Shares during 2021.

Going concern

The Directors have evaluated the appropriateness of the going concern basis in preparing the 2021 Consolidated Financial Statements for a period of at least twelve months from the date of approval of these financial statements (the 'period of assessment'). The evaluation is based on the Group's cash flow forecast ("the Group Forecast").

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 8 to 71. The financial position of the Group, its cash flows, liquidity and borrowing position are described in the Financial Review on pages 44 to 48. Note 28 to the financial statements includes the Group's policy for managing its capital.

The Group Forecast has been prepared by management with best estimates of production, pricing and cost assumptions over the period of assessment. The Group recognises the principal risks which can impact on the outcome of the Group Forecast and have therefore applied sensitivity analysis to the assumptions to test the robustness of the cash flow forecast for changes in market prices, shipments, 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 scenarios.

Having assessed the principal risks facing the Group, together with the Group's cash flow forecast, the Directors have a reasonable expectation that the Group has adequate resources for the foreseeable future and can continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Viability statement

In line with Provision 31 of the UK Corporate Governance Code, the Directors have assessed the prospects of the business and have a reasonable expectation that the Group can meet its liabilities as they fall due over the three year period 2022 to 2024. The Directors concluded that three years is an appropriate period for the assessment as they have reasonable clarity over the Group Forecast assumptions over this period.

Key assumptions upon which the Group Forecast is based include a mine plan covering production using the Namalope, Nataka, Pilivili and Mualadi Ore Reserves and Mineral Resources as set out in the unaudited Mineral Reserves and Resources table on page 37. Production levels for the purpose of the forecast are approximately 1.2 million tonnes per annum of ilmenite plus co-products (zircon, concentrates and rutile) over the next three years. Assumptions for product sales prices are based on contract prices as stipulated in marketing agreements with customers or, where contract prices are based on market prices or production is not presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations. Operating costs are based on approved budget costs for 2022, taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Capital costs are based on the capital plans and include escalation at 2% per annum.

Sensitivity analysis is applied to the assumptions above to test the robustness of the cash flow forecasts. The Group has performed a range of scenario analyses which supports the viability statement. The scenario analysis considered include reductions in sales price, reductions in production, increases in operating costs and a combined case of the aforementioned factors. In addition, the Group considered the impact of a reduction in shipping capacity due a prolonged dry docking of the Bronagh J. The analysis takes into account potential mitigating measures available to the Group, including the ability to reduce capital expenditure and the potential to avail of existing debt facilities. The Board is satisfied that sufficient financial headroom exists to address the potential negative impacts arising from the events considered.

The Directors have also carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity.

As a result of these assessments, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The Directors have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and the Companies Act 2014.

Under company law the Directors must not approve the Group and parent company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities, and financial position of the Group and parent company and of the Group's profit or loss for that year. In preparing each of the Group and parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the assets, liabilities, financial position, and profit or loss of the Group and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement as required by the transparency directive and UK corporate governance code:

Each of the Directors, whose names and functions are listed on pages 76 and 77 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- The Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and the Companies Act 2014, give a true and fair view of the assets, liabilities, and financial position of the Group and parent company at 31 December 2021 and of the profit of the Group for the year then ended;
- The Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risk and uncertainties that they face; and
- The Annual Report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model, and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the parent company's position and performance, business model, and strategy.

Takeover directive

In the event of a change in control, directly or indirectly, of the Company, the Project Companies or any other subsidiary which is a borrower under the debt facilities, such facilities will be cancelled and all outstanding amounts together with accrued interest shall become immediately due and payable. The KRSP contains change of control provisions that provide for accelerated crystallisation of awards and vesting of shares (including by way of exercise of nil-paid options) in the event of a change of control of the Company. Other than as described in the Remuneration Policy Report on pages 118 to 122, there are no agreements between the Company and its Directors or employees providing for predetermined compensation for loss of office or employment that would occur in the event of a bid for the Company, save that certain employees, not being Directors, have service contracts that either provide for extended notice periods and/or fixed payments on termination following a change in control of the Company.

Corporate Governance Statement

For the purpose of Section 1373 of the Companies Act 2014, the Directors have prepared a Corporate Governance Statement in respect of the financial year ended 31 December 2021, which is set out on pages 80 to 91 and is incorporated into this report by reference.

Diversity and Inclusion

The Diversity and Inclusivity Report, which is within the Nomination Committee Report on page 93, is incorporated into this report by reference.

Taxonomy Regulation

For the purposes of the EU Taxonomy Climate Delegated Act, the Directors have prepared a taxonomy disclosure in respect of the financial year ended 31 December 2021, which is set out on page 62 and is incorporated into this report by reference.

Substantial interests

As at 31 March 2022 and 31 December 2021, the Company had been notified of the following shareholdings in excess of 3% of the issued ordinary shares of the Company:

	As at 31 March 2022		As at 31 December 2021	
	No. of ordinary shares	% of issued share capital	No. of ordinary shares	% of issued share capital
African Acquisition S.à.r.l.	20,381,795	21.47	20,381,795	21.47
M&G plc[1]	18,013,408	18.98	18,013,408	18.98
FIL Limited	8,823,420	9.29	8,823,420	9.29
Premier Miton Group plc	7,547,068	9.25	7,547,068	9.25
Nortrust Nominees Ltd, London UK	5,388,201	5.68	5,388,201	5.68
J O Hambro Capital Management Limited	3,660,576	3.3	3,660,576	3.3

1 Share figures provided directly by M&G as its most recent disclosure did not reflect the number of shares held following completion of the Tender Offer

Accounting records

The Directors have employed appropriately qualified accounting personnel and have maintained appropriate accounting systems to ensure that proper accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014. The books of account are kept at the Company's office at 4th Floor, Styne House, Hatch Street Upper, Dublin 2, Ireland.

Audit & Risk Committee

The Board of the Company has established an Audit & Risk Committee. See pages 98 to 102 for the Audit & Risk Committee Report for the financial year under review.

Subsidiary undertakings and branches

The subsidiary undertakings of the Company at 31 December 2021 are outlined in Note 5 to the Company financial statements. Each of the subsidiary undertakings Kenmare Moma Mining (Mauritius) Limited, Kenmare Moma Processing (Mauritius) Limited and Mozambique Minerals Limited operates branches in Mozambique. In addition, the Company established and maintains a branch in the UK registered at UK Companies House.

Political donations

There were no political donations made during 2021 that require disclosure under the Electoral Act 1997 (as amended).

UK Listing Rule 9.8.4

No information is required to be disclosed in respect of Listing Rule 9.8.4.

Risk exposure

The exposure of the Group to credit, liquidity, market, currency and cash flow risk is detailed in Note 27. Capital management is detailed in Note 28.

Events since the financial year end

Details of events since the financial year end are set out in Note 35 to the consolidated financial statements.

Auditors

KPMG, a global chartered accounting firm, was first appointed statutory auditor on 14 May 2019 and has been reappointed annually since that date and pursuant to Section 383(2), of the Companies Act 2014 will continue in office. The financial statements on pages 134 to 177 have been audited by KPMG.

Disclosure of information to statutory auditor

In accordance with the provisions of Section 330 of the Companies Act 2014, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as each Director is aware, there is no relevant audit information (as defined in the Companies Act 2014) of which the statutory auditor is unaware; and
- Each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to ensure that the statutory auditors are aware of such information.

Statutory compliance statement

The Directors acknowledge that they are responsible for securing the Company's compliance with the Company's "relevant obligations" within the meaning of Section 225 of the Companies Act 2014 (described below as "Relevant Obligations").

The Directors confirm that they have:

b. Drawn up a compliance policy statement setting out the Company's policies (that are, in the opinion of the Directors, appropriate to the Company) in respect of the Company's compliance with its Relevant Obligations;

c. Put in place appropriate arrangements or structures that, in the opinion of the Directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and

d. During the financial year to which this report relates, conducted a review of the arrangements or structures that the Directors have put in place to ensure material compliance with the Company's Relevant Obligations.

Notice of Annual General Meeting and special business

Notice of the Annual General Meeting, together with details of special business to be considered at the meeting, is set out in a separate circular to be sent to shareholders and will also be available on the Group's website, www.kenmareresources.com.

On behalf of the Board:

M. Carvill	**T. McCluskey**
Director	**Director**
4 April 2022	4 April 2022

GROUP FINANCIAL STATEMENTS

CLAUDE PILLAY
MANAGER – ENGINEERING AND MARINE

Kenmare achieved record shipments in 2021. This was facilitated by improved reliability and effectiveness of the trans-shipment vessels and strengthened land-based product loading processes.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KENMARE RESOURCES PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kenmare Resources plc ('the Company') and its consolidated undertakings ('the Group') for the year ended 31 December 2021 set out on pages 134 to 177, and contained within the reporting package 635400ETHWP1EKJMDO16-2021-12-31-en which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Parent Company Statement of Financial Position, Parent Company Statement of Changes in Equity, and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law, including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format (ESEF) and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework issued by the UK's Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 14 May 2019. The period of total uninterrupted engagement is the three years ended 31 December 2021. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

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

We evaluated the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's and Company's business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. There were no risks identified that we considered were likely to have a material adverse effect on the Group's and Company's available financial resources over this period.

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follow:

Group key audit matter

Impairment of property, plant, and equipment $954.6m (2020: $958.5m)

Refer to page 141 (accounting policy) and pages 152 to 153 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Directors have developed an impairment assessment model which they use to determine if the net present value of future cash flows will be sufficient to recover the Group's carrying value of Property, Plant & Equipment ('PP&E'), principally the Group's mine in Mozambique. Key assumptions used in the model include the useful life of the mine, future sales prices, costs of production and sustaining capital expenditure and the discount rate, including the country risk premium. There is a risk that incorrect key inputs or inappropriate assumptions could be included in the impairment model leading to an impairment charge not being correctly identified and recognised in the Group financial statements	Our audit procedures included: • We gained an understanding and documented management's process used to calculate the recoverable amount of PP&E, in particular understanding the assumptions made, including changes in the model from prior periods. • We tested the design and implementation of controls in place over the impairment of PP&E. • We assessed, through discussions with management and where applicable agreed back to source documentation and third party evidence, the key assumptions used by management for reasonableness including the useful life of the mine, future sales prices, costs of production and sustaining capital expenditure and the discount rate, including the determination of the applicable country risk premium. • We compared key inputs to external industry specific and general economic data sources including the discount rate and inflation rate applied in the impairment model. • We considered the appropriateness of the country risk premium used in the weighted average cost of capital calculation by assessing how the Group determined the country risk premium and confirming that the approach taken in this regard was consistent with prior periods. • We performed sensitivity analysis by changing certain assumptions including the discount rate, sales prices and costs, and their impact on the carrying value of the assets. • We engaged an internal KPMG valuation specialist to review the Group's key assumptions in determining the weighted average cost of capital which is applied in the impairment model. • We considered the gap between the market capitalisation of the Group and its consolidated net asset position and its impact on the carrying value of PP&E. • We assessed the appropriateness of the disclosures set out in the financial statements with respect to their compliance with the requirements of the relevant accounting standards. Based on evidence obtained, we found that management's key assumptions and key inputs were reasonable. We found the disclosures to be adequate in providing an understanding of the basis of impairment.

Revenue recognition $455.9m (2020: $243.7m)

Refer to page 139 (accounting policy) and pages 147 to 148 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group sells products under a variety of contractual terms with multiple element deliverables. Revenue is recognised when the control is transferred to customers which is generally when mineral products have been delivered in line with the terms of the individual customer contracts. There is a risk of fraud at year end that revenue has not been recorded in the correct period in the consolidated financial statements. There is a risk that it has been misstated intentionally for performance targets or in error through the recording of a sale intentionally in the incorrect period, specifically at year end.	Our audit procedures included: • We assessed the appropriateness of the allocation of contract revenue to multiple element deliverables and tested the operating effectiveness of related controls. • We tested the design and implementation of controls in place over the recognition of revenue and manual journals posted to revenue line by key management personnel. • We assessed, on a sample basis, whether sales transactions either side of the balance sheet date as well as credit notes issued after year end are recognised in the correct period by performing cut-off procedures. We assessed if revenue has been recorded correctly through the review of shipment terms, shipment dates bills of lading and letters of credit. • We examined any new significant contractual arrangements entered into and inquire whether terms have changed with any significant existing customers, where there could be an impact on the timing of revenue recognition. • We assessed the adequacy of the Group's disclosures in respect of the relevant accounting standards. Based on the procedures performed, we did not identify any material misstatements. We found the disclosures in respect of revenue to be appropriate.

Company key audit matter

Investment in subsidiaries $801.1m (2020: $798.4m)

Refer to page 172 (accounting policy) and page 175 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The investment in subsidiary undertakings is carried by Kenmare Resources plc Company only at cost less impairment. There is a risk in respect of the carrying value of these investments if future cash flows and performance of these subsidiaries is not sufficient to support the Company's investment.	Our audit procedures included: • We obtained and documented the process for impairment considerations and tested the design and implementation of the relevant controls therein. • We considered management's assessment of impairment indicators. • We compared the carrying value of investments to the net assets of the subsidiary financial statements. • We considered the audit work performed in respect of the subsidiaries, including the judgements and assumptions used in determining the valuation of Property, Plant & Equipment. • We reviewed the disclosures in the Company financial statements. Based on the procedures performed, we found management's assessment of the carrying value of the investment in subsidiary undertakings to be appropriate. We found the disclosures to be adequate in providing an understanding of the basis of impairment.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KENMARE RESOURCES PLC

Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at $9.4m (2020: $9.0m), determined with reference to a benchmark of net assets ((of which it represents 1% (2020: 1%)). Materiality for the Company financial statements as a whole was set at $8 million (2020: $5.8 million), determined with reference to a benchmark of net assets ((of which it represents approximately 1% (2020: 1%)). We concluded that net assets was the most appropriate benchmark as it best reflects the operations of the Group and Company.

We reported to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding $0.47m for the Group and Company financial statements (2020: $0.45m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

We applied materiality to assist us in determining the overall audit strategy, what risks were significant risks of misstatement and key audit matters, and the audit procedures to be performed in response.

The Group's principal activity, its mining operation in Mozambique, is carried out through two components. These components were subject to full scope audits for Group audit purposes, using materiality levels of $3m each (2020: $3m). The Group team instructed our component auditor in Mozambique as to the significant areas to be addressed, including the relevant risks detailed above, and the information to be reported.

Taken together, the Company and the mine components accounted for 100% of Group revenue (2020: 100%) and 97% of Group net assets (2020: 98%).

Other information

The Directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report and the non-financial statements included on the company's website at www.Kenmareresources.com and the Business Overview, Strategic Report and Governance sections of the Annual Report, as well as the Directors' Responsibility Statement, Shareholder profile, Glossary – alternative performance measures, Glossary – terms, and General information.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit, we report that, in those parts of the directors' report specified for our consideration:

- we have not identified material misstatements in the directors' report; and
- in our opinion, the information given in the directors' report is consistent with the financial statements; and in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the directors' confirmation within the Viability Statement on page 124 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- Fair, balanced and understandable: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Report of the Audit & Risk Committee: if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit & Risk Committee;
- Statement of compliance with UK Corporate Governance Code: if the directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules of Euronext Dublin and the UK Listing Authority for our review; and
- If the directors' statement relating to Going Concern required under the Listing Rules of Euronext Dublin and the UK Listing Authority set out on page 124 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 80 to 91, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Corporate Governance Statement contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year 31 December 2021; and
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended for the financial year 31 December 2021 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

The Listing Rules of Euronext Dublin and the UK Listing Authority require us to review:

- the Directors' Statement, set out on page 124, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 80 to 91 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 125, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for-audit.pdf.

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

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Keith Watt
J and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

4 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Revenue	2	**455,944**	243,746
Cost of sales	4	**(244,986)**	(179,103)
Gross profit		**210,958**	64,643
Other operating costs	5	**(57,977)**	(30,250)
Operating profit		**152,981**	34,393
Finance income	8	**265**	642
Finance costs	9	**(12,053)**	(11,301)
Foreign exchange loss		**(3,897)**	(980)
Profit before tax		**137,296**	22,754
Income tax expense	10	**(8,770)**	(6,015)
Profit for the financial year and total comprehensive income for the financial year		**128,526**	16,739
Attributable to equity holders		**128,526**	16,739

		$ per share	$ per share
Profit per share: basic	11	**1.18**	0.15
Profit per share: diluted	11	**1.16**	0.15

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Assets			
Non-current assets			
Property, plant and equipment	13	**954,558**	958,508
Right-of-use assets	14	**2,136**	3,220
Deferred tax asset	15	**–**	202
		956,694	961,930
Current assets			
Inventories	16	**60,219**	63,670
Trade and other receivables	17	**74,747**	29,915
Cash and cash equivalents	18	**69,057**	87,244
		204,023	180,829
Total assets		**1,160,717**	1,142,759
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	19	**104**	120
Share premium	20	**545,950**	545,950
Other reserves	21	**230,539**	231,350
Retained earnings	22	**154,050**	123,083
Total equity		**930,643**	900,503
Liabilities			
Non-current liabilities			
Bank loans	23	**74,757**	144,554
Lease liabilities	14	**971**	2,028
Provisions	24	**38,999**	40,430
		114,727	187,012
Current liabilities			
Bank loans	23	**73,342**	1,217
Lease liabilities	14	**1,207**	1,360
Trade and other payables	25	**32,768**	50,122
Current tax liabilities	26	**4,808**	1,631
Provisions	24	**3,222**	914
		115,347	55,244
Total liabilities		**230,074**	242,256
Total equity and liabilities		**1,160,717**	1,142,759

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvill	T. McCluskey
Director	Director
4 April 2022	4 April 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Called-Up Share Capital $'000	Share Premium $'000	Retained Earnings $'000	Undenominated Capital $'000	Share-Based Payment Reserve $'000	Total $'000
Balance at 1 January 2020	215,046	545,729	93,851	11,336	25,866	891,828
Total comprehensive income for the year						
Profit for the financial year	–	–	16,739	–	–	16,739
Total comprehensive income for the year	–	–	16,739	–	–	16,739
Transactions with owners of the Company						
Share-based payments	–	–	–	–	530	530
Unvested and expired share-based payments (Note 31)	–	–	21,087	–	(21,087)	–
Shares issued	–	221	–	–	(221)	–
Deferred shares cancelled	(214,926)	–	–	214,926	–	–
Dividends paid (Note 22)	–	–	(8,594)	–	–	(8,594)
Total contributions and distributions	(214,926)	221	12,493	214,926	(20,778)	(8,064)
Balance at 1 January 2021	120	545,950	123,083	226,262	5,088	900,503
Total comprehensive income for the year						
Profit for the financial year	–	–	128,526	–	–	128,526
Total comprehensive income for the year	–	–	128,526	–	–	128,526
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,137	1,137
Unvested and expired share-based payments (Note 31)	–	–	1,964	–	(1,964)	–
Share buy back (Note 19)	(16)	–	(81,589)	16	–	(81,589)
Share buy back transaction costs (Note 22)	–	–	(1,540)	–	–	(1,540)
Dividends paid (Note 22)	–	–	(16,394)	–	–	(16,394)
Total contributions and distributions	(16)	–	(97,559)	16	(827)	(98,386)
Balance at 31 December 2021	**104**	**545,950**	**154,050**	**226,278**	**4,261**	**930,643**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit for the financial year after tax		**128,526**	16,739
Adjustment for:			
Foreign exchange movement		**3,897**	980
Share-based payments		**3,420**	1,759
Finance income	8	**(265)**	(642)
Finance costs	9	**12,053**	11,301
Income tax expense	10	**8,770**	6,015
Depreciation	13, 14	**63,136**	42,294
		219,537	78,446
Change in:			
Provisions	24	**2,372**	614
Inventories	16	**3,451**	(11,824)
Trade and other receivables	17	**(44,832)**	10,536
Trade and other payables	25	**(15,681)**	10,675
Cost of equity-settled share-based payments		**(2,283)**	(1,229)
Cash generated from operating activities		**162,564**	87,218
Income tax paid		**(6,284)**	(8,498)
Interest received		**265**	642
Interest paid		**(7,147)**	(7,474)
Factoring and other fees	9	**(1,431)**	(720)
Debt commitments fees paid	9	**(161)**	(317)
Net cash from operating activities		**147,806**	70,851
Investing activities			
Additions to property, plant and equipment	13	**(60,342)**	(139,347)
Net cash used in investing activities		**(60,342)**	(139,347)
Financing activities			
Dividends paid	22	**(16,394)**	(8,594)
Share buy back	19	**(81,589)**	–
Share buy back transaction costs	22	**(1,540)**	–
Drawdown of debt	23	**20,000**	82,742
Repayment of debt	23	**(20,000)**	–
Payment of lease liabilities	14	**(1,449)**	(1,065)
Net cash generated (used in)/from financing activities		**(100,972)**	73,083
Net (decrease)/increase in cash and cash equivalents		**(13,508)**	4,587
Cash and cash equivalents at the beginning of the financial year		**87,244**	81,177
Effect of exchange rate changes on cash and cash equivalents		**(4,679)**	1,480
Cash and cash equivalents at the end of the financial year	18	**69,057**	87,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Statement of accounting policies

Kenmare Resources plc (the "Company") is domiciled in the Republic of Ireland. The Company's registered address is Styne House, Hatch Street Upper, Dublin 2. The Company has a premium listing on the Main Market of the London Stock Exchange and a secondary listing on Euronext Dublin. These consolidated financial statements comprise the Company and its subsidiary undertakings (the "Group"). The principal activity of the Group is the operation and further development of the Moma Titanium Minerals Mine in Mozambique.

The significant accounting policies adopted by the Group are set out below.

Adoption of new and revised standards

Standards adopted in the current financial year

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

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

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

Standards to be adopted in future accounting periods

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective. The Group will apply the relevant standards from their effective dates. The standards are mandatory for future accounting periods but are not yet effective and have not been early-adopted by the Group.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37) effective 1 January 2022
- Annual Improvements to IFRS Standards 2018–2020 effective 1 January 2022
- Property, Plant and Equipment: Proceeds before Intended Use (Amendment to IAS 16) effective 1 January 2022
- Reference to the Conceptual Framework (Amendments to IFRS 3) effective 1 January 2022
- Classification of Liabilities as Current or Non-current (Amendment to IAS 1) effective 1 January 2023
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts effective for accounting periods on or after 1 January 2023
- Accounting Policies, Changes in Accounting Estimates and Errors: definition (Amendments to IAS 8) effective 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) effective 1 January 2023
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements effective 1 January 2023

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods.

Basis of preparation

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

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have or will have adequate resources to continue in operational existence for the foreseeable future. Based on the Group's cash flow forecast, liquidity and solvency position the Directors have a reasonable expectation that the Group has adequate resources for the foreseeable future and, therefore, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group forecast has been prepared by management with best estimates of production, pricing and cost assumptions over the period. Key assumptions upon which the Group forecast is based include a mine plan covering production using the Namalope, Nataka, Pilivili and Mualadi reserves and resources as set out in the unaudited mineral reserves and resources table on page 37. 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 twelve months. 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 2022, taking into account the current running costs of the Mine and escalated by 2% per annum thereafter. Capital costs are based on the capital plans and include escalation at 2% per annum.

Sensitivity analysis is applied to the assumptions above to test the robustness of the cash flow forecasts for changes in market prices, shipments and operating and capital cost assumptions. Changes in these assumptions affect the level of sales and profitability of the Group and the amount of capital required to deliver the projected production levels. As a result of this assessment, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next 12 months.

1. Statement of accounting policies CONTINUED

Basis of accounting

The financial statements are presented in US Dollars under the historical cost convention except for certain trade receivables and share-based payments, which are recorded at fair value.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and its subsidiaries branches. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

The results of subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets, less liabilities of the subsidiary. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Determination of ore reserve estimates

The Group estimates its ore reserves and mineral resources based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the "JORC Code"). Ore reserves and mineral resources determined in this way are used in the calculation of depreciation, amortisation and impairment charges, the assessment of life of mine and for forecasting the timing of the payment of close-down costs, restoration costs and clean-up costs. In assessing the life of a mine for accounting purposes, mineral resources are taken into account only where there is a high degree of confidence of economic extraction. There are numerous uncertainties inherent in estimating ore reserves and mineral resources and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of final products, production costs or recovery rates may change the economic status of ore reserves and mineral resources and may ultimately result in the reserves being revised.

Accounting for climate change

Management have considered the impact of climate change on amounts reported within the financial statements, including the potential financial impact of the physical and transitional risks identified in the Strategic Climate Report in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures. Assumptions in respect of climate related matters have been made on a number of key estimates and judgements including:

- the estimate of future cash flows used in the determining the recoverable amount of the Moma Titanium Minerals Mine cash-generating unit;
- the mine closure provision and mine rehabilitation provision; and
- the useful lives of property, plant and equipment.

These assumptions did not have a material impact on the financial reporting judgements and estimates, nor are they expected to have a significant impact on the Group's going concern or viability assessment.

Whilst the Group has set ambitions to be Net Zero by 2040, the financial impact is still being assessed as the Group considers how it will work towards meeting these targets. Management continues to monitor future uncertainty around climate change risks and are continually developing the Group's assessment of the impact that climate change has on the amounts recognised in the financial statements. It is, therefore, likely that the future carrying amounts of assets or liabilities may change as the Group's judgments and estimates evolve as the Group responds to its climate change targets.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and represents amounts receivable for mineral products provided in the normal course of business, net of discounts and related sales taxes. The Group recognises revenue when the Company transfers control of mineral products to a customer. Control of mineral products passes from the Group to customers on delivery. Typically, delivery takes place when the product is loaded on the ocean-going vessel chartered by either the customer or the Group, with most sales being made on either a "free on board" (FOB), "cost, insurance and freight" (CIF), or a "cost and freight" (CFR) basis. For FOB sales the customer is responsible for the cost of shipping and handling. For CIF and CFR sales amounts billed to customers in respect of shipping and handling are classed as revenue where the Group is responsible for shipping and handling. All shipping and handling costs incurred by the Group are recognised as operating costs. If the Group is acting solely as an agent for a customer in respect of shipping and handling, amounts billed to customers for shipping and handling are offset against the relevant costs.

1. Statement of accounting policies CONTINUED

The Group has a mixture of long-term contracts and spot contracts with customers for the sale of mineral products ilmenite, zircon, concentrates and rutile. Contracts stipulate price and/or quantity commitments. Long-term contracts range for periods from one to three years. Spot contracts are in respect of one-off sales. The performance obligations in relation to the sale of mineral products are similar under all contracts and stipulate that the Group deliver the specified product to the customer.

Finance income

Finance income represents deposit interest earned. Deposit interest is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Finance costs

Finance costs consist of interest on bank borrowings, interest on lease liabilities, trade receivable facilities fees, debt commitment fees and the unwinding of the mine closure provision. The accounting policies applicable for these finance costs are set out in borrowing costs, leases, financial assets and provisions. Debt commitment fees are recognised in the period to which they relate for undrawn facilities.

Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due.

Foreign currency

The individual financial statements of each Group entity are prepared in their functional currency, which in each case is US Dollars. The presentation currency for the consolidated financial statements is also US Dollars.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at rates prevailing on such reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the financial year in foreign exchange gain/loss and are not part of the operating profit or loss.

Borrowing costs

All borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Taxation

The tax expense represents the sum of the current tax and deferred tax.

Current tax payable is based on the best estimate of the tax amount expected to be paid and reflects uncertainty related to income taxes, if any. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against deductible temporary differences which can be utilised.

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiary undertakings, if the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is released and reflects uncertainty related to income taxes, if any. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and tax liabilities on a net basis.

Operating profit/loss

Operating profit or loss is stated after charging all costs arising from continuing operations, other than those permitted to be capitalised, but before finance income, finance costs, foreign exchange gain or loss and taxation.

1. Statement of accounting policies CONTINUED

Property, plant and equipment

The cost of property, plant and equipment comprises any costs directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated closure costs associated with the asset. This includes the cost of moving plant and associated infrastructure to the orebodies under the Group's mining concessions which form part of the Group's life of mine plan.

Construction in progress expenditures for the construction and commissioning of property, plant and equipment are deferred until the facilities are operational, at which point the costs are transferred to property, plant and equipment and depreciated at the applicable rates.

Property, plant and equipment are depreciated over their useful life on a straight-line basis, or over the remaining life of the Mine if shorter, or on a units of production basis. The major categories of property, plant and equipment are depreciated as follows:

Plant and equipment	Units of production basis
Development expenditure	Units of production basis
Other assets	
Vessels	Five to twenty five years
Buildings and airstrip	Twenty years
Mobile equipment	Three to five years
Fixtures and equipment	Three to ten years

Units of production depreciation is calculated using the quantity of heavy mineral concentrate extracted from the Mine for processing in the period as a percentage of the total quantity of heavy mineral concentrate planned to be extracted in current and future periods based on the mining reserve. The mining reserve is updated on an annual basis for results of drilling programmes carried out, mining activity during the year, and other relevant considerations. The unit of production depreciation rate is adjusted as a result of this update and applied prospectively.

Capital spares consist of critical plant spares with estimated useful lives greater than one year and are included in property, plant and equipment. Capital spares are stated at cost less accumulated depreciation.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Changes to the estimated residual values or useful lives are accounted for prospectively.

Development expenditure

Project development costs for a mine, including finance costs and lender and advisor fees incurred during the period before such mine is capable of operating at production levels in the manner intended by management are deferred and included in property, plant and equipment. In addition, expenses including depreciation net of revenue earned during commissioning of the Mine in the period before it is capable of operating in the manner intended by management are deferred. These costs include an allocation of costs, including share-based payments, as determined by management and incurred by Group companies. Interest on borrowings relating to the Mine construction and development projects are capitalised until the point when the activities that enable the Mine to operate in its intended manner are complete. Once the Mine is operating in the manner intended by management, the related costs are written off over the life of the estimated ore reserve of such mine on a unit of production basis. Where the Mine project is terminated or impairment of value has occurred, related costs are written off immediately.

Development expenditure is depreciated on a unit of production basis over its useful life, or the remaining life of the Mine, if shorter.

Exploration and evaluation expenditure

Exploration and evaluation expenditure activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation expenditure is charged to the statement of comprehensive income as incurred, except where the existence of a commercially viable mineral deposit has been established and it is expected that the deposit will be mined. Capitalised exploration and evaluation expenditure considered to be tangible is recognised as a component of property, plant and equipment at cost less impairment charges. Until such time an asset is available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment as part of development expenditure. To the extent that capitalised expenditure is not expected to be recovered, it is charged to the statement of comprehensive income.

Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost (being the present value of the lease liabilities), and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are depreciated over their lease term.

The lease liability is initially measured at the present value of the future lease payments, discounted using the Group's incremental borrowing rate. The Group has applied judgement to determine the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

1. Statement of accounting policies CONTINUED

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases including heavy mobile rental at the Mine. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Impairment of non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the fair value for the Mine is difficult to determine, the Group uses its value in use in estimating the recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Product inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and overheads, including depreciation, incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale. Quantities are assessed primarily through surveys and assays.

Consumable spares are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises the purchase price and related costs incurred in bringing the inventories to their present location and condition. Consumable spares identified as obsolete are recognised as an expense immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The financial assets of the Group consist of cash and cash equivalents and trade receivables.

1. Statement of accounting policies CONTINUED

Classification of financial assets

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are initially measured at fair value and are subsequently measured at amortised cost. They are held by the Group to collect deposit interest and to meet the liquidity requirements of the Group.

The Group has a trade finance facility with Absa Bank for three of the Group's customers. In accordance with this facility, the bank purchases 80% of the receivable without recourse and therefore assumes the credit risk. Derecognition of the trade receivables and the receipt of cash occurs when the customer's invoices are factored by Absa Bank.

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 assumes the credit risk. 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.

These facilities assist the Group in managing its liquidity for funding of operations. Trade receivables which are not factored are initially measured at fair value and subsequently measured at amortised cost as they are held by the Group in order to collect receipts under the credit terms of the sales contracts i.e. solely payment of principal and interest (SPPI). Trade receivables which are factored or letters of credit which are always confirmed and discounted are initially measured at fair value and subsequently measured at fair value through profit or loss (FVTPL). Trade receivables or letters or credit where it is not known at initial recognition if they will be factored or confirmed and discounted as the case may be are classified as fair value through other comprehensive income (FVOCI). This is because their cash flows are generated through a combination of collection and sales (by factoring or confirming and discounting letters of credit).

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest income is recognised in profit or loss and is included in the "finance income" line item.

Equity instruments

The Group does not hold any equity financial assets.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the "foreign exchange gains and losses" line. All trade receivables are denominated in US Dollars and so there are no foreign exchange gains or losses to be determined at the end of the reporting periods.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables that are not measured at fair value through profit or loss. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable. When determining whether the credit risk of a trade receivable has increased the Group considers credit risk ratings where available, the Group's historical credit loss experience, adjusted for factors that are specific to the customers, general economic conditions and an assessment of both the current as well as the forecast conditions at the reporting date. Sales to certain customers are undertaken on a letter of credit basis thereby reducing the credit risk of these customers.

The Group considers a trade receivable to be in default when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings. The Group considers a trade receivable to be credit impaired when there is evidence that the customer is in significant financial difficulty and the debt is more than 90 days past due.

Financial liabilities and equity

The financial liabilities of the Group consist of bank borrowings, leases and trade payables. The equity of the Group consists of share capital issued by the Company.

Classification of issued debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1. Statement of accounting policies CONTINUED

Issued equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The only equity instrument of the Company are ordinary shares.

Repurchase of the Company's own equity instruments are recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

The financial liabilities of the Group are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss in the "foreign exchange gains and losses" line.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

When the Group exchanges with an existing lender one debt instrument for another with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between the carrying amount of the liability before the modification and the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

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 one, three, six and twelve months USD LIBOR settings immediately following the LIBOR publication on Friday 30 June 2023, and (ii) all other LIBOR settings, including the one week and two months USD LIBOR settings, immediately following the LIBOR publication on Friday 31 December 2021. The Group plans to modify 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.

Derivative financial instruments

The Group has not entered into any derivative financial instruments during the financial year.

Dividends

Dividends are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1. Statement of accounting policies CONTINUED

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are recognised when the Group has a possible obligation and the existence of which will only be confirmed by uncertain future events that are not wholly within the control of the Group.

Mine closure provision

The Mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site, excluding reclamation of areas disturbed by mining activities, which is covered under the Mine rehabilitation provision. A corresponding amount equal to the provision is recognised as part of property, plant and equipment and depreciated over its estimated useful life. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The Mine closure provision is determined as the net present value of such estimated costs discounted at a risk-free rate. The Group uses rates as provided by the US Treasury extrapolated to the duration of the Mine life. This is deemed the best estimate to reflect the current market assessment of the time value of money on a risk-free basis. Risks specific to the liability are included in the cost estimate. Changes in the expected costs or estimated timing of costs are recorded by an adjustment to the provision and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the Mine closure provision is recognised as a finance cost.

Mine rehabilitation provision

The Mine rehabilitation provision represents the Directors' best estimate of the liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised in each period in the statement of comprehensive income based on the area disturbed in such period.

Share-based payments

The Group makes share awards to certain employees and consultants. In the case of the Executive Directors and certain employees, the Kenmare Restricted Share Plan (KRSP) awards made prior to 2020 vest, subject to continued employment, 60% on the third anniversary of grant date, 20% on fourth anniversary and 20% on fifth anniversary. The Executive Directors and certain employees' KRSP awards made in 2020 and thereafter vest, subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant. For other Group employees, awards under the KRSP vest, subject to continued employment, on the third anniversary of award.

The share price used to determine the award levels will normally be the share price shortly before the date of grant. The fair value determined at the grant date is based on the share price and is recognised as an expense with a corresponding increase in equity over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the value of awards which are expected to be met at the vesting date.

Where a share-based payment is directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, its fair value is added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Segmental reporting

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported by the Executive Committee to the Group's Board for the purposes of resource allocation and assessment of segment performance. The principal categories for disaggregating revenue are by product type and by country of the customer's location. The product types are ilmenite, zircon, rutile and concentrates. Concentrates includes secondary zircon and mineral sands concentrates.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Property, plant and equipment

The recovery of property, plant and equipment is dependent upon the successful operation of the Mine. The realisation of cash flow forecast assumptions would result in the recovery of such amounts. During the financial year, the Group carried out an impairment review of property, plant and equipment. In performing the impairment review, a significant level of judgement is required in determining the key assumptions which have a significant impact on the impairment model. The assumptions are set out in Note 13. As a result of the review, no impairment provision is required in the financial year.

1. Statement of accounting policies CONTINUED

Key sources of estimation uncertainty

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date. The nature of estimation means the actual outcomes could differ from those estimates. The main areas subject to estimation uncertainty are detailed below.

Provisions

Mine closure and mine rehabilitation provision

The Mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site, excluding reclamation of areas disturbed by mining activities, which is covered under the Mine rehabilitation provision. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The Mine closure provision is estimated based on the net present value at the risk-free rate of estimated future Mine closure costs. Mine closure costs are a normal consequence of mining, and the majority of such costs are incurred at the end of the life of mine.

The Mine rehabilitation provision represents the Directors' best estimate of the Group's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised in each period based on the area disturbed in the period and an estimated cost of rehabilitation per hectare, which is reviewed regularly against actual rehabilitation cost per hectare. Actual rehabilitation expenditure is incurred approximately 12 months after the area has been disturbed.

There is significant estimation uncertainty in the calculation of the mine closure and mine rehabilitation provision and cost estimates can vary in response to many factors including:

- Changes to the relevant legal or local/national government requirements and any other commitments made to stakeholders;
- Additional remediation requirements identified during the rehabilitation;
- The emergence of new restoration techniques;
- The impact of climate change;
- Change in the expected closure date;
- Change in the discount rate; and
- The effects of inflation.

The quantitative inputs and sensitivity information relating to the mine closure and mine rehabilitation provision are detailed in Note 24.

Tax provision

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 scope of the audit included both income taxes and indirect taxes. The Group is liaising with the Tax Authority to address matters raised during the audit.

In assessing whether these claims should be provided for in the financial statements, management has considered them in the context of Mozambican laws and applicable contracts established with the Government of Mozambique and the Group. Management has applied judgement in assessing the likely outcome of the claims and has estimated the financial impact based on external tax and legal advice.

A provision of $2.3 million (2020: $nil) is included in the financial statements in relation to a potential indirect tax liability. As the matter is still outstanding, it is possible that on conclusion the outcome may differ from management's estimates. Other tax matters raised during the audit are likewise still outstanding. No provision has been made in these financial statements in relation to the other tax matters as the Group does not consider that there is any material future probable loss.

Units of production depreciation

Units of production depreciation is calculated using the quantity of heavy mineral concentrates extracted from the Mine for processing in the period as a percentage of the total quantity of heavy mineral concentrates planned to be extracted in current and future periods based on the mining reserve as detailed in the unaudited mineral reserves and resources table on page 37.

The Group estimates its ore reserves and mineral resources based on information compiled by a Competent Person as defined in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (the "JORC Code"). There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of final products, production costs or recovery rates may change the economic status of reserves and may ultimately result in the reserves being revised.

2. Revenue

	2021 $'000	2020 $'000
Sale of mineral products	455,944	243,746

During the financial year, the Group sold 1,285,300 tonnes (2020: 853,100 tonnes) of finished products ilmenite, rutile, zircon and concentrates to customers at a sales value of $455.9 million (2020: $243.7 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

	2021 $'000	2020 $'000
Ilmenite	359,135	175,587
Zircon	87,372	45,708
Concentrates	5,529	16,320
Rutile	3,908	6,131
Total	455,944	243,746

Geographical information

In the following table, revenue is disaggregated by primary geographical market. The Group allocates revenue from external customers to individual countries and discloses revenues in each country where revenues represent 10% or more of the Group's total revenue. Where total disclosed revenue disaggregated by country constitutes less than 75% of total Group revenue, additional disclosures are made on a region basis until at least 75% of the Group's disaggregated revenue is disclosed. There were no individual countries within Europe or the Rest of the World with revenues amounting to greater than $46 million during the year.

	2021 $'000	2020 $'000
Revenue from external customers		
China	222,351	107,824
Europe	81,754	61,697
USA	44,312	19,955
Rest of the World	107,527	54,270
Total	455,944	243,746

2. Revenue CONTINUED

Information about major customers

	2021 $'000	2020 $'000
Revenue from external customers		
Largest customer	**65,500**	40,299
Second largest customer	**62,285**	32,979
Third largest customer	**50,642**	30,179
Fourth largest customer	**42,029**	24,725
Total	**220,456**	128,182

All Group revenues from external customers are generated by the Moma Titanium Minerals Mine in Mozambique, the non-current assets of which are $952.2 million (2020: $959.7 million). Sales to and from Ireland were $nil (2020: $nil) in the year.

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

	2021 $'000	2020 $'000
Moma Titanium Minerals Mine		
Revenue	**455,944**	243,746
Cost of sales	**(244,986)**	(179,103)
Gross profit	**210,958**	64,643
Other operating costs	**(44,596)**	(24,441)
Segment operating profit	**166,362**	40,202
Other corporate operating costs	**(13,381)**	(5,809)
Group operating profit	**152,981**	34,393
Finance income	**265**	642
Finance expenses	**(12,053)**	(11,301)
Foreign exchange loss	**(3,897)**	(980)
Profit before tax	**137,296**	22,754
Income tax expense	**(8,770)**	(6,015)
Profit for the financial year	**128,526**	16,739
Segment assets		
Moma Titanium Minerals Mine assets	**1,153,919**	1,101,808
Corporate assets	**6,798**	40,951
Total assets	**1,160,717**	1,142,759
Segment liabilities		
Moma Titanium Minerals Mine liabilities	**225,853**	236,695
Corporate liabilities	**4,221**	5,561
Total liabilities	**230,074**	242,256
Other segment information		
Depreciation		
Moma Titanium Minerals Mine	**62,841**	41,958
Corporate	**295**	336
Total	**63,136**	42,294
Additions to non-current assets		
Moma Titanium Minerals Mine	**60,342**	141,466
Corporate	**–**	–
Total	**60,342**	141,466

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

	2021 $'000	2020 $'000
Opening stock of mineral products	31,373	26,493
Production costs	179,214	146,431
Depreciation	56,426	37,552
Closing stock of mineral products	(22,027)	(31,373)
Total	244,986	179,103

Mineral products consist of finished products and heavy mineral concentrate as detailed in Note 16. Mineral stock movement in the year was a decrease of $9.3 million (2020: $4.9 million decrease). Included in production costs are $0.4 million (2020: $0.1 million) share-based payments relating to staff of the mine.

5. Other operating costs

	2021 $'000	2020 $'000
Distribution costs	11,631	9,820
Freight and demurrage costs	37,248	14,185
Administration costs	9,098	6,245
Total	57,977	30,250

Distribution costs of $11.6 million (2020: $9.8 million) represent the cost of running the Mine's finished product storage, jetty and marine fleet. Included in distribution costs is depreciation of $6.4 million (2020: $4.4 million). Freight costs of $35.4 million (2020: $12.2 million) arise from sales to customers on a CIF or CFR basis. Demurrage costs were $1.8 million (2020: $2.0 million) during the financial year. Administration costs of $9.1 million (2020: $6.2 million) include depreciation of $0.3 million (2020: $0.3 million) and a share-based payment expense of $3.0 million (2020: $1.7 million).

6. Profit for the financial year

The profit for the financial year has been arrived at after charging/(crediting) items detailed below.

	2021 $'000	2020 $'000
Staff costs	46,712	40,518
Repairs and maintenance	43,208	37,927
Power and fuel	30,400	27,414
Freight and demurrage	37,248	14,185
Other production and operating costs	91,605	51,895
Movement of mineral products inventory	(9,346)	(4,880)
Depreciation of property, plant and equipment and right-of-use assets	63,136	42,294
Finance income	(265)	(642)
Finance costs	12,053	11,301
Foreign exchange loss	3,897	980
Total	318,648	220,992

7. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2021 $'000	2020 $'000
Audit fees		
Audit of the Company's financial statements	**15**	15
Audit of the Company's subsidiary undertakings	**151**	149
Total audit fee	**166**	164
Non-audit fees		
Other assurance services	**61**	61
Taxation compliance services	**15**	10
Other non-audit services	**16**	11
Total non-audit fees	**92**	82
Total fees	**258**	246

$94,500 (2020: $94,500) of the audit fee was paid to KPMG Dublin and $163,500 (2020: $151,100) of the fee was paid to KPMG Maputo.

8. Finance income

	2021 $'000	2020 $'000
Interest on bank deposits	**265**	642

9. Finance costs

	2021 $'000	2020 $'000
Interest on bank borrowings	**9,475**	9,288
Interest on lease liabilities	**239**	312
Factoring and other fees	**1,431**	720
Commitment and other fees	**161**	317
Unwinding of discount on mine closure provision	**747**	664
Total	**12,053**	11,301

All interest has been expensed in the financial year. The Group has classified factoring and other fees associated with the Absa Bank and Barclay's Bank trade facilities in net cash from operating activities in the Consolidated Statement of Cashflows. In 2020, these fees were included in the movement in trade and other receivables.

10. Income tax expense

	2021 $'000	2020 $'000
Corporation tax	**8,770**	5,748
Deferred tax	**–**	267
Total	**8,770**	6,015
Reconciliation of effective tax rate		
Profit before tax	**137,296**	22,754
Profit before tax multiplied by the applicable tax rate (12.5%)	**17,162**	2,844
Non-deductible expenses	**331**	315
Differences in effective tax rates on overseas earnings	**(8,723)**	2,589
Recognition of deferred tax asset	**–**	267
Total	**8,770**	6,015

During the year, Kenmare Moma Mining Limited – Mozambique Branch had taxable profits of $16.2 million (2020: $16.4 million), resulting in an income tax expense of $5.7 million (2020: $5.7 million) being recognised. The income tax rate applicable to taxable profits of KMML Mozambique Branch is 35% (2020: 35%).

Kenmare Moma Mining Limited – 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. There are no tax losses carried forward at 31 December 2021.

During the year, Kenmare Resources plc had taxable profits of $8.5 million (2020: $4.2 million), resulting in an income tax expense of $3.1 million.

11. Earnings per share

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

	2021 $'000	2020 $'000
Profit for the financial year attributable to equity holders of the Company	**128,526**	16,739

	2021 Number of shares	2020 Number of shares
Weighted average number of issued ordinary shares for the purpose of basic earnings per share	**108,843,459**	109,709,003
Effect of dilutive potential ordinary shares:		
Share awards	**2,185,857**	1,993,422
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**111,029,316**	111,702,425

	$ per share	$ per share
Earnings per share: basic	**1.18**	0.15
Earnings per share: diluted	**1.16**	0.15

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares acquired during the year.

12. Employee numbers and benefits

The average number of persons employed by the Group (including Executive Directors) in 2021 was 1,551 (2020: 1,499) and is analysed below:

	2021 Number	2020 Number
Management and administration	**331**	246
Operations	**1,220**	1,253
	1,551	1,499

The aggregate payroll costs incurred in respect of these employees comprised:

	2021 $'000	2020 $'000
Wages and salaries	**40,092**	35,903
Share-based payments	**3,420**	1,759
Social insurance costs	**2,597**	2,287
Retirement benefit costs	**603**	569
	46,712	40,518

Included in the payroll cost above are Executive and Non-Executive Director emoluments (inclusive of share-based payments) of $3.5 million (2020: $3.3 million).

13. Property, plant and equipment

	Plant and Equipment $'000	Development Expenditure $'000	Construction In Progress $'000	Other Assets $'000	Total $'000
Cost					
At 1 January 2020	814,258	250,326	88,170	67,249	1,220,003
Additions during the financial year	1,831	–	139,635	–	141,466
Transfer from construction in progress	171,004	(355)	(175,389)	4,740	–
Disposals	(2,209)	–	–	(8,875)	(11,084)
Adjustment to mine closure cost	10,972	–	–	–	10,972
At 31 December 2020	995,856	249,971	52,416	63,114	1,361,357
Additions during the financial year	784	–	59,558	–	60,342
Transfer from construction in progress	29,586	8,201	(50,544)	12,757	–
Disposals	(6,557)	–	–	(11,440)	(17,997)
Adjustment to mine closure cost	(2,240)	–	–	–	(2,240)
At 31 December 2021	**1,017,429**	**258,172**	**61,430**	**64,431**	**1,401,462**
Accumulated depreciation					
At 1 January 2020	208,506	130,626	–	33,143	372,275
Charge for the financial year	25,992	4,527	–	10,688	41,207
Disposals	(2,057)	–	–	(8,576)	(10,633)
At 31 December 2020	232,441	135,153	–	35,255	402,849
Charge for the financial year	44,229	6,336	–	11,487	62,052
Disposals	(6,557)	–	–	(11,440)	(17,997)
At 31 December 2021	270,113	141,489	–	35,302	446,904
Carrying amount					
At 31 December 2021	**747,316**	**116,683**	**61,430**	**29,129**	**954,558**
At 31 December 2020	763,415	114,818	52,416	27,859	958,508

In 2021, the Group changed the classification of right of use assets in order to discloses separately from property, plant and equipment as detailed in Note 14.

An adjustment to the mine closure cost of $2.2 million (2020: $11.0 million) was made during the year as a result of an update in the discount rate as detailed in Note 24.

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 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 31 December 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 year. No impairment was recognised in the prior financial year. Given the historic volatility in product pricing and sensitivities of the forecast to the discount rate and to a lesser extent operating costs, the impairment loss of $64.8 million, which was recognised in the consolidated statement of comprehensive income in 2014, was 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% (2020: 10.0%).

13. Property, plant and equipment CONTINUED

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 (in particular the risk-free rate) resulting in a discount rate of 10.5% (2020: 10.0%). 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 $384.0 million (2020: $260.2 million). The discount rate is a significant factor in determining the recoverable amount. A 5.8% increase in the discount rate to 16.3% reduces the recoverable amount by $384.0 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 partially offset by an increase in the discount rate from 10.0% to 10.5%.
- A mine plan is based on the Namalope, Nataka, Pilivili and Mualadi proved 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 (2020: 1.2 million tonnes) of ilmenite and co-products zircon, rutile and concentrates over the life of the Mine and remains unchanged from the prior year review. 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.
- 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 over the life of mine from the prior year-end review as a result of revised forecast pricing. A 12% reduction in average sales prices over the life of mine reduces the recoverable amount by $384.0 million.
- Operating costs are based on approved budget costs for 2022 taking into account the current running costs of the Mine and estimated forecast inflation for 2022. From 2023 onwards, operating costs are escalated by 2% per annum. Average forecast operating costs have increased from the prior year-end review as a result of increased production and inflation. A 14% increase in operating costs over the life of mine reduces the recoverable amount by $384.0 million.
- Capital costs are based on a life of mine capital plan including inflation at 2% per annum from 2022. 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.

14. Right-of-use assets and lease liabilities

	Plant and Equipment $'000	Land and Buildings $'000	Total $'000
At 1 January 2020	2,491	1,816	4,307
Depreciation expense	(831)	(256)	(1,087)
At 31 December 2020	1,660	1,560	3,220
Depreciation expense	(830)	(254)	(1,084)
At 31 December 2021	**830**	**1,306**	**2,136**

On 1 January 2019, the Group recognised lease liabilities of $5.0 million in respect of right-of-use assets being its head office at Styne House, Dublin and electricity generators at the Mine. The Styne House lease has a term of 10 years commencing August 2017 and rental payments are fixed for five years. This lease obligation is denominated in Euros.

The lease for the electricity generators was renewed in November 2017 for a five-year period and rental payments are fixed for the five years. This lease obligation is denominated in US Dollars.

In February 2019, the Group recognised a lease liability of $0.4 million for its Mozambican country office in Maputo. The lease has a seven-year term commencing February 2019 and rental payments are fixed for seven years. This lease obligation is denominated in US Dollars. The Group has discounted lease payments using its incremental borrowing rates. The weighted average rate applied is 7%.

At each reporting date, the Company assesses whether there is any indication that right-of-use assets may be impaired. No impairment indicators were identified as at 31 December 2021 or 31 December 2020.

Set out below are the carrying amounts of lease liabilities at each reporting date:

	2021 $'000	2020 $'000
Current	**1,207**	1,360
Non-current	**971**	2,028
Total	**2,178**	3,388

The consolidated income statement includes the following amounts relating to leases:

	2021 $'000	2020 $'000
Depreciation expense	**1,084**	1,087
Interest expense on lease liabilities	**239**	312
Total	**1,323**	1,399

15. Deferred tax asset

	2021 $'000	2020 $'000
Deferred tax asset	**–**	202

At the reporting date, Kenmare Resources plc had estimated unutilised tax losses of $nil (2020: $1.6 million) available for offset against future profits. Kenmare Moma Mining Limited – Mozambique Branch has no unused tax losses. A deferred tax asset of $nil (2020: $0.2 million) has been recognised in respect of these losses.

16. Inventories

	2021 $'000	2020 $'000
Mineral products	**22,027**	31,373
Consumable spares	**38,192**	32,297
	60,219	63,670

At 31 December 2021, total final product stocks were 100,200 tonnes (2020: 145,500 tonnes). Closing stock of heavy mineral concentrate was 11,500 tonnes (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 year, there was a write-down of $0.5 million (2020: $0.4 million) to mineral products to value them at net realisable value.

17. Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables	**66,204**	23,112
VAT receivable	**790**	–
Prepayments	**7,753**	6,803
	74,747	29,915

18. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash and cash equivalents	**69,057**	87,244

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.

19. Called-up share capital

	2021 €'000	2020 €'000
Authorised share capital		
181,000,000 ordinary shares of €0.001 each	**181**	181
	181	181

	2021 $'000	2020 $'000
Allotted, called up and fully paid		
Opening balance		
109,736,382 (2020: 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
Issued during the year		
Nil (2020: 78,902) ordinary shares of €0.001 each	**–**	–
Acquired and cancelled		
14,814,412 (2020: Nil) ordinary shares of €0.001 each	**(16)**	–
Nil (2020: 2,781,905,503) deferred shares of €0.059995 each	**–**	(214,926)
Closing balance		
94,921,970 (2020: 109,736,382) ordinary shares of €0.001 each	**104**	120
Total called-up share capital	**104**	120

No ordinary shares were issued during the year (2020: 78,902).

19. Called-up share capital CONTINUED

On 10 December 2021, under the authority granted at the Company's extraordinary General Meeting held on 9 December 2021, and in accordance with Section 105(1) and Section 106(1) of the Companies Act 2014 and article 47 and article 48 of the Articles of Association, the Company completed a tender offer buy back of 14,814,412 ordinary shares of €0.001 each in the capital of the Company representing 13.5% of the then called-up share capital of the Company for a total cash consideration of $81.6 million. All ordinary shares acquired by the Company were subsequently cancelled. Transaction costs associated with the transaction amounted to $1.5 million and were accounted for as a deduction from retained earnings.

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.

20. Share premium

	2021 $'000	2020 $'000
Opening balance	545,950	545,729
Shares issued during the year	–	221
Closing balance	545,950	545,950

There were no additions to share premium during the year (2020: $0.2 million).

21. Other reserves

	Undenominated Capital $'000	Share-Based Payment Reserve $'000	Total $'000
Balance at 1 January 2020	11,336	25,866	37,202
Recognition of share-based payments	–	1,759	1,759
Cost of equity-settled share-based payments	–	(1,229)	(1,229)
Shares issued during the year	–	(221)	(221)
Unvested and expired share-based payments	–	(21,087)	(21,087)
Deferred shares cancelled	214,926	–	214,926
Balance at 1 January 2021	226,262	5,088	231,350
Recognition of share-based payments	–	3,420	3,420
Cost of equity-settled share-based payments	–	(2,283)	(2,283)
Unvested and expired share-based payments	–	(1,964)	(1,964)
Share buy back (Note 19)	16	–	16
Balance at 31 December 2021	226,278	4,261	230,539

Share-based payment reserve

The share-based payment reserve arises on the grant of shares under the Group share-based payment schemes as detailed in Note 31.

Undenominated capital

Undenominated capital consists of the capital conversion reserve fund and the capital redemption reserve fund. The movement in undenominated capital during the year relates to the share buy back as detailed in Note 19.

Capital conversion reserve fund

The capital conversion reserve fund totalling $0.8 million arose from the renominalisation of the Company's share capital from Irish Punts to Euros.

Capital redemption reserve fund

The capital redemption reserve represents the nominal value of share capital repurchased. At 31 December 2021, the reserve balance stands at $225.5 million (2020: $225.5 million).

22. Retained earnings

	2021 $'000	2020 $'000
Opening balance	**123,083**	93,851
Profit for the financial year attributable to equity holders of the Parent	**128,526**	16,739
Share buy back (Note 19)	**(81,589)**	–
Share buy back transaction costs (Note 19)	**(1,540)**	–
Unvested and expired share-based payments	**1,964**	21,087
Dividends paid	**(16,394)**	(8,594)
Closing balance	**154,050**	123,083

Retained earnings comprise the accumulated profit and losses in the current and prior financial years net of dividends, share buy backs and related costs paid and funding of market purchases of the Company's shares by the employee benefit trust and after adjustments relating to share-based payment reserves.

In May 2021, the Company paid a final 2020 dividend of $8.4 million representing USc7.69 per share (2020: USc5.52). In October 2021, the Company paid a 2021 interim dividend of USc7.29 (H1 2020: USc2.31) per ordinary share, totalling $8.0 million.

23. Bank loans

	2021 $'000	2020 $'000
Borrowings	**148,099**	145,771
The borrowings are repayable as follows:		
Less than one year	**73,342**	1,217
Between two and five years	**78,572**	150,000
	151,914	151,217
Transaction costs	**(3,815)**	(5,446)
Total carrying amount	**148,099**	145,771

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").

The debt facilities comprise a $110 million Term Loan Facility and a $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 $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 $190 million. The transaction costs for arrangement of the debt facilities amounted to $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 Mozambique SA for $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 $66.9 million as at 31 December 2021 (2020: $87.0 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.

23. Bank loans CONTINUED

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.

At 31 December 2021, total debt of $148.1 million (2020: $145.8 million) was recognised by the Group, being the drawdown of $150.0 million before unamortised transaction costs of $3.8 million (2020: $5.4 million) plus interest amortised of $2.0 million (2020: $1.2 million).

Reconciliation of movements of debt to cash flows arising from financing activities	2021 $'000	2020 $'000
Bank loans		
Balance at 1 January	145,771	60,903
Cash movements		
Loan interest paid	(7,147)	(7,162)
Principal paid	(20,000)	–
Loan drawn down	20,000	82,742
Transaction costs	–	–
Non-cash movements		
Loan interest accrued	9,475	9,288
Balance at 31 December	148,099	145,771

Covenants

All covenants have been complied with during the year. The key financial covenants are detailed below:

	As at 31 December 2021	As at 31 December 2020		Covenant
Interest Coverage Ratio	21.8:1	9.75:1	Not less than	4.00:1
Net Debt to EBITDA	0.38:1	0.83:1	Not greater than	2.00:1
Debt Service Coverage Ratio	22.3:1	11.55:1	Not less than	1.20:1
Liquidity	$69,057,000	$87,244,000	Not less than	$15,000,000
Reserve Tail Ratio	78%	79%	Not less than	30%

The definition of the covenants under the debt facilities are set out below:

- Interest Coverage Ratio is defined as the ratio of EBITDA to Net Interest Cost.
- Net Debt is defined as total financial indebtedness excluding leases less consolidated cash and cash equivalents.
- The Debt Service Coverage Ratio is the ratio of cash and cash equivalents at the beginning of a reporting period plus available facilities plus cash generated in the period to debt repayments in the period.
- Liquidity is defined as consolidated cash and cash equivalents plus undrawn amounts of the Revolving Credit Facility.
- Reserve Tail Ratio means the reserve tail ratio, expressed as a percentage of the termination date reserves (estimated remaining reserves in March 2025) divided by the initial reserves (estimated reserves in December 2019).

24. Provisions

	2021 $'000	2020 $'000
Mine closure provision	35,959	37,451
Mine rehabilitation provision	3,998	3,893
Other provisions	2,264	–
	42,221	41,344
Current	3,222	914
Non-current	38,999	40,430
	42,221	41,344

24. Provisions CONTINUED

	Mine Closure Provision $'000	Mine Rehabilitation Provision $'000	Other Provisions	Total $'000
At 1 January 2020	25,815	3,279	–	29,094
Increase in provision during the financial year	10,972	1,406	–	12,378
Provision utilised during the financial year	–	(792)	–	(792)
Unwinding of the discount	664	–	–	664
At 1 January 2021	37,451	3,893	–	41,344
(Decrease)/Increase in provision during the financial year	(2,239)	470	2,264	495
Provision utilised during the financial year	–	(365)	–	(365)
Unwinding of the discount	747	–	–	747
At 31 December 2021	**35,959**	**3,998**	**2,264**	**42,221**

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 $0.7 million (2020: $0.7 million) has been recognised in the statement of comprehensive income for the financial year.

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

- a discount rate of 2.9% (2020: 2.0%);
- an inflation rate of 2% (2020: 2%);
- an estimated life of mine of 40 years (2020: 40 years). It is assumed that all licences and permits required to operate will be renewed or extended during the life of mine; and
- an estimated closure cost of $34.1 million (2020: $34.1 million) and an estimated post-closure monitoring provision of $3.9 million (2020: $3.9 million).

The life of mine plan is based on the Namalope, Nataka, Pilivili and Mualadi reserves and resources as set out in the reserve and resources table. Specific resource material is included only where there is a high degree of confidence in its economic extraction. The Mine closure provision has decreased by $2.2 million to reflect a change in the discount rate from 2.0% to 2.9%.

The discount rate is a significant factor in determining the Mine closure provision. The discount rate increased to 2.9% (2020: 2.0%) as a result of movements in the US Treasury rates. Thirty-year US Treasury yields are the longest period for which yields are quoted. A 40-year rate to align with the estimated life of mine has been calculated by taking the average of the increase in yield from 10 to 20 years and the increase in yield from 20 to 30 years and adding this average to the 30-year treasury rate to arrive at an estimated extrapolated rate for 40 years. This discount rate is deemed to provide the best estimate of the current market assessment of risk-free time value of the money. Risks specific to the liability are included in the cost estimate. A reasonable possible increase of 1% in the estimated discount rate results in the Mine closure provision decreasing to $24.0 million. A 1% decrease in the estimated discount rate results in the Mine closure provision increasing to $54.0 million.

The Mine rehabilitation provision represents the Directors' best estimate of the Company's liability for rehabilitating areas disturbed by mining activities. Rehabilitation costs are recognised based on the area disturbed and estimated cost of rehabilitation per hectare, which is reviewed regularly against actual rehabilitation cost per hectare. Actual rehabilitation expenditure is incurred approximately 12 months after the area has been disturbed. During the financial year, there was a release of $0.4 million (2020: $0.8 million) to reflect the actual mine rehabilitation costs incurred, and an addition to the provision of $0.5 million (2020: $1.4 million) for areas newly disturbed.

Other provisions comprise an amount of $2.3 million (2020: $nil) in relation to a potential indirect tax liability. As the matter is still outstanding, it is possible that on conclusion the final outcome may differ from management's estimate.

25. Trade and other payables

	2021 $'000	2020 $'000
Trade payables	**7,186**	24,352
Accruals	**25,582**	25,770
	32,768	50,122

Included in accruals at the financial year end is an amount of $1.6 million (2020: $1.0 million) for payroll and social insurance taxes.

26. Current tax liabilities

	2021 $'000	2020 $'000
Current tax liabilities	**4,808**	1,631

Refer to Note 10 for further information on the Group's tax expense.

27. Financial instruments

	2021			2020		
	Carrying amount $'000	**Fair value $'000**		Carrying amount $'000	Fair value $'000	
Financial assets at fair value through profit and loss						
Trade receivables	**37,086**	**37,086**	**Level 2**	6,202	6,202	Level 2
Financial assets at fair value through OCI						
Trade receivables	**14,539**	**14,539**	**Level 2**	8,871	8,871	Level 2
Financial assets not measured at fair value						
Trade receivables	**14,579**	**14,579**	**Level 2**	8,039	8,039	Level 2
Cash and cash equivalents	**69,057**	**69,057**	**Level 2**	87,244	87,244	Level 2
	135,261	**135,261**		110,356	110,356	
Financial liabilities not measured at fair value						
Bank loans	**148,099**	**148,827**	**Level 2**	145,771	146,247	Level 2

The carrying amounts and fair values of financial assets and financial liabilities including their levels in fair value hierarchy are detailed above. The table does not include fair value information for other receivables, 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 which are factored through the Absa Bank facility or letters of credit which are always confirmed and discounted through the Barclays Bank facility are initially measured at fair value and subsequently measured at fair value through profit or loss (FVTPL). Trade receivables or letters or credit where it is not known at initial recognition if they will be factored are classified as fair value through other comprehensive income (FVOCI). The Group derecognises the original receivable to which the arrangement applies when payment is received from the bank as the terms of the arrangement are non-recourse. The payment to the bank by the Group's customers are considered non-cash transactions. Trade receivables not measured at fair value are receivables whose payment is received under the sale contract credit terms.

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

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

Risk management framework

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

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.

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 that would merit reducing exposure to any particular customer. The Group does not require collateral in respect of trade receivables.

27. Financial instruments CONTINUED

The exposure to credit risk for trade receivables by geographic region was as follows:

	2021 $'000	2020 $'000
China	**36,836**	8,625
Europe	**15,410**	7,180
USA	**8,547**	1,583
Rest of the World	**5,411**	5,724
Total	**66,204**	23,112

At 31 December 2021, $41.3 million (2020: $7.2 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:

	2021 $'000	2020 $'000
External credit ratings at least Baa3 (Moody's)	**37,535**	11,249
External credit ratings Ba3 to Ba1 (Moody's)	**19,051**	1,595
Other	**10,042**	10,467
Total gross carrying amount	**66,628**	23,311
Loss allowance	**(424)**	(199)
	66,204	23,112

The following table provides ageing information relevant to the exposure to credit risk for trade receivables from individual customers. No balances were considered credit impaired at 31 December 2021 or 31 December 2020.

	Current $'000	More than 90 days past due $'000	Total $'000
2021	**66,133**	**71**	**66,204**
2020	23,097	15	23,112

Expected credit loss assessment of trade receivables

For trade receivables measured at fair value through OCI and trade receivables measured at amortised cost, 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 following table provides information about the exposure to credit risk and expected credit losses as at 31 December 2021.

Equivalent to Moody's credit rating	**Weight average loss rate**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**	**Credit impaired**
Baa3 to AAA	**0.30%**	**25**	**–**	**No**
Ba3 to Ba1	**1.30%**	**19,051**	**248**	**No**
Other	**1.75%**	**10,042**	**176**	**No**
		29,118	**424**	

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

Equivalent to Moody's credit rating	Weight average loss rate	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Baa3 to AAA	0.35%	2,595	9	No
Ba3 to Ba1	0.77%	1,571	12	No
Other	1.40%	12,744	178	No
		16,910	199	

27. Financial instruments CONTINUED

The movement in expected credit losses in respect of trade receivables where measured at amortised cost or fair value through other comprehensive income during the year was as follows:

	2021 $'000	2020 $'000
Balance at 1 January	199	215
Net remeasurement of loss allowance	225	(16)
Balance at 31 December	424	199

Cash and cash equivalents

The credit risk on cash and cash equivalents is limited because funds available to subsidiaries are deposited with banks with high credit ratings assigned by international credit rating agencies. For deposits in excess of $50 million the Group requires that the institution has an A- (S&P)/A3 (Moody's) long-term rating. For deposits in excess of $15 million, the Group requires that the institution has a BB- (S&P)/Ba3 (Moody's) long-term rating.

At 31 December 2021 and 2020 cash was deposited with the following banks:

	2021			2020		
	Long-term credit rating			Long-term credit rating		
	$ million	S&P	Moody's	$ million	S&P	Moody's
Barclays Bank plc	60.8	A Positive	A-1 Stable	60.0	A Negative	A-1 Stable
FirstRand Bank Limited	5.1	BBB- Stable	Ba2 Negative	15.0	BBB- Stable	Ba2 Negative
Nedbank Limited	–	BB- Stable	Ba2 Negative	10.0	BB- Stable	Ba2 Negative
HSBC Bank plc	0.8	A+ Stable	A1 Stable	1.7	A+ Stable	A1 Stable
Absa Bank Limited	2.0	BBB– Stable	Ba2 Negative	–	BBB- Stable	Ba2 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 that it will have sufficient liquidity to meet its liabilities when they are due.

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

The Group has a trade finance facility with Absa Bank for three of the Group's largest customers. In accordance with this facility, the bank purchases 80% of the receivable without recourse. The facility is for a maximum amount of $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 under this agreement. At the year end, trade receivables amounting to $14.5 million (2020: $8.9 million) may be factored under this facility and are therefore included in trade receivables as at 31 December 2021. The cost of this facility for the period, which amounted to $0.2 million (2020: $0.2 million), is included in finance costs in the statement of comprehensive income and in net cash from operating activities in the statement of consolidated cash flows.

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 assumes the credit risk. 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. During the period, trade receivables of $224.4 million (2020: $88.3 million) were discounted under this facility. At the year end, there were $37.1 million (2020: $6.2 million) of trade receivables which may be discounted under this facility. The cost of this facility for the period, which amounted to $0.1 million (2020: $0.1 million), is included in finance costs in the statement of comprehensive income and in net cash from operating activities in the statement of consolidated cash flows.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2021 based on the gross contractual undiscounted payments:

Financial liabilities	Total $'000	Less than one year $'000	Between two and five years $'000	More than five years $'000
Bank loans	164,331	79,136	85,195	–
Lease liabilities	2,684	1,207	1,317	160
Trade and other payables	32,768	32,768	–	–
	199,783	113,111	86,512	160

27. Financial instruments CONTINUED

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 based on the gross contractual undiscounted payments:

Financial liabilities	Total $'000	Less than one year $'000	Between two and five years $'000	More than five years $'000
Bank loans	171,479	7,149	164,330	–
Lease liabilities	4,044	1,359	2,251	434
Trade and other payables	50,122	50,122	–	–
	225,645	58,630	166,581	434

As disclosed in Note 23, 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.

Risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. Details of concentration of revenue are included in Note 2.

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 Group companies. The functional currency of all Group entities is US Dollars. The presentational currency of the Group is US Dollars. Sales and bank loans are denominated in US Dollars, which significantly reduces the exposure of the Group to foreign currency risk. Payable 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 three to 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 2021 is as follows.

	US Dollar $'000	**Mozambican Metical $'000**	**South African Rand $'000**	**Euro $'000**	**Sterling $'000**	**Australian Dollar $'000**	**Renminbi $'000**
Trade and other receivables	**69,408**	**2,717**	**1,275**	**928**	**55**	**364**	**–**
Cash and cash equivalents	**64,831**	**1,030**	**2,337**	**479**	**338**	**6**	**36**
Bank loans	**(151,914)**	**–**	**–**	**–**	**–**	**–**	**–**
Leases	**(650)**	**–**	**–**	**(1,528)**	**–**	**–**	**–**
Trade and other payables	**(14,283)**	**(14,082)**	**(1,905)**	**(2,395)**	**(35)**	**(68)**	**–**
Net exposure	**(32,608)**	**(10,335)**	**1,707**	**(2,516)**	**358**	**302**	**36**

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

	US Dollar $'000	Mozambican Metical $'000	South African Rand $'000	Euro $'000	Sterling $'000	Australian Dollar $'000	Renminbi $'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 and 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

27. Financial instruments CONTINUED

Sensitivity analysis

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

Profit or loss	Mozambican Metical $'000	South African Rand $'000	Euro $'000	Sterling $'000	Australian Dollar $'000	Renminbi $'000
31 December 2021						
Strengthening	**(103)**	**17**	**(25)**	**4**	**3**	**–**
Weakening	**103**	**(17)**	**25**	**(4)**	**(3)**	**–**
31 December 2020						
Strengthening	(82)	(33)	(13)	2	(9)	–
Weakening	82	33	13	2	9	–

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% (2020: 5.8%). The interest rate profile of the Group's loan balances at the financial year end was as follows:

	2021 $'000	2020 $'000
Variable rate debt	**151,914**	151,217

Under the assumption that all other variables remain constant, a reasonable possible change of 1% in the six-month LIBOR rate results in a $1.5 million (2020: $1.5 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.

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 one, three, six and twelve months USD LIBOR settings immediately following the LIBOR publication on Friday 30 June 2023, and (ii) all other LIBOR settings, including the one week and two months USD LIBOR settings, immediately following the LIBOR publication on Friday 31 December 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 31 December 2021 was $148.1 million (31 December 2020: $145.8 million).

28. Capital management

The Group's capital management objective is to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The principal activity of the Group is the operation of the Mine. The Group therefore manages its capital to ensure existing operations are adequately funded and, based on planned mine production levels, that the Mine will continue to achieve positive cash flows allowing returns to shareholders.

At 31 December 2021, the Group had total debt facilities in place of $150 million (2020: $150 million), details of which are set out in Note 23.

The Board periodically reviews the capital structure of the Group, including the cost of capital and the risks associated with each class of capital. The Group manages and, if necessary, adjusts its capital structure taking account of the underlying economic conditions. Any material adjustments to the Group's capital structure in terms of the relative proportions of debt and equity are approved by the Board. The Group is not subject to any externally imposed capital requirements.

The definition of capital/capital structure of the Group consists of debt (which includes bank borrowings as disclosed in Note 23 and leases as disclosed in Note 14) and equity attributable to equity holders of the Company, comprising issued capital, reserves, retained profits and other reserves as disclosed in Notes 19 to 22.

29. Capital commitments

	2021 $'000	2020 $'000
Contracts for future expenditure authorised by the Board:		
Capital authorised and contracted	**18,921**	25,921
Capital authorised and not contracted	**6,370**	4,300

Capital authorised and contracted represents the amount authorised and contracted at 31 December of the relevant financial year to be spent on mine operations-related approved capital projects.

Capital authorised not contracted represents the amount not contracted but authorised at 31 December of the relevant financial year to be spent on mine operations-related approved capital projects.

30. Retirement benefit plans

The Company contributes to a Company pension plan or individual pension schemes on behalf of certain employees. Contributions to the schemes are charged in the period in which they are payable to the scheme.

	2021 $'000	2020 $'000
Contributions	**603**	569

31. Share-based payments

The Group, under its incentive plan known as the Kenmare Restricted Share Plan (KRSP), awards annually long-term share awards to staff. Share awards under the KRSP vest, subject to continued employment on the third anniversary or, in the case of awards to Executive Directors and certain other staff prior to 2020, on each of the third, fourth and fifth anniversaries of award. Awards made to the Executive Directors and certain other staff following approval of the 2020 Remuneration Policy, vest subject to continued employment and to the Remuneration Committee's assessment against a discretionary underpin, on the third anniversary of grant. Vested shares are then subject to a further two-year holding period.

	Number of shares 2021	Number of shares 2020
Outstanding at the beginning of the financial year	**2,040,151**	1,528,376
Issued during the financial year	**692,879**	895,551
Exercised during the financial year	**(418,997)**	(374,618)
Lapsed	**(29,604)**	(9,158)
Outstanding at the end of the financial year	**2,284,429**	2,040,151
Exercisable at the end of the financial year	**56,980**	15,744

In 2021, options in respect of 692,879 shares were granted to employees under the 2021 KRSP award. The estimated fair value of the shares awarded is $3.0 million. In 2020, options in respect of 895,551 shares were granted to employees under the 2020 KRSP award. The estimated fair value of the shares awarded is $2.2 million. The fair value is determined using the share price on the date of the award.

During the financial year, the Group recognised a share-based payment expense of $3.4 million (2020: $1.6 million) as a result of the KRSP awards.

The Company previously made share awards to certain employees under a share option scheme. The last award under the share option scheme was made in 2014. During the financial year, 11,500 share options exercisable under the scheme lapsed. As at 31 December 2021, no further options were outstanding under this scheme.

32. Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2021 $'000	2020 $'000
Short-term employee benefits	**2,571**	2,465
Post-employment benefits	**110**	103
Share-based payments	**–**	–
Total benefits	**2,681**	2,568

Further information about the remuneration of individual Directors and payments to former Directors is provided in the Directors' annual report on remuneration on pages 106 to 117 and is deemed to be incorporated in this note to the financial statements.

33. 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 the 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.

A provision of $2.3 million (2020: $nil) is included in the financial statements in relation to a potential indirect tax liability. As the matter is still outstanding, it is possible that on conclusion the outcome may differ from management's estimates. Other tax matters raised during the audit are likewise still outstanding. No provision has been made in these financial statements in relation to the other tax matters as the Group does not consider that there is any material future probable loss.

34. Kenmare Resources plc

Kenmare Resources Public Company Limited is a public limited company. The place of registration is Ireland and the registered office address is Styne House, Hatch Street Upper, Dublin 2. The registered number is 37550.

35. Events after the statement of financial position date

Proposed dividend

On 22 March 2022, the Board proposed a final dividend of USc25.42 per share. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect this dividend.

36. Approval of financial statements

The financial statements were approved by the Board on 4 April 2022.

COMPANY FINANCIAL STATEMENTS

LINO ALFREDO
REHABILITATION ASSISTANT

In 2021, Kenmare rehabilitated 198 hectares of mined land as part of our progressive rehabilitation programme. We also planted over 52,000 casuarina trees during the year.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 $'000	2020 $'000
Assets			
Non-current assets			
Property, plant and equipment	2	**599**	696
Right-of-use assets	3	**1,086**	1,284
Deferred tax asset	4	**–**	202
Investments in subsidiaries	5	**801,098**	798,370
		802,783	800,552
Current assets			
Amounts due from subsidiary undertakings	6	**79,302**	25,255
Trade and other receivables	7	**583**	342
Cash and cash equivalents	8	**7,284**	36,692
		87,169	62,289
Total assets		**899,952**	862,841
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	9	**104**	120
Share premium	9	**545,950**	545,950
Other reserves	9	**230,539**	231,350
Retained earnings		**51,716**	27,028
Total equity		**828,309**	804,448
Non-current liabilities			
Lease liabilities	3	**882**	1,139
Amounts due to subsidiary undertakings	10	**54,106**	53,106
		54,988	54,245
Current liabilities			
Amounts due to subsidiary undertakings	10	**1,169**	1,486
Lease liabilities	3	**274**	274
Current tax liabilities	12	**2,752**	–
Trade and other payables	11	**2,460**	2,388
		6,655	4,148
Total liabilities		**61,643**	58,393
Total equity and liabilities		**899,952**	862,841

The accompanying notes form part of these financial statements.

On behalf of the Board:

M. Carvill	**T. McCluskey**
Director	**Director**
4 April 2022	4 April 2022

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Called-Up Share Capital $'000	Share Premium $'000	Retained Earnings $'000	Undenominated Capital $'000	Share-Based Payment Reserve $'000	Total $'000
Balance at 1 January 2020	215,046	545,729	13,355	11,336	25,866	811,332
Total comprehensive income for the year						
Profit for the financial year	–	–	1,180	–	–	1,180
Total comprehensive income for the year	–	–	1,180	–	–	1,180
Transactions with owners of the Company						
Share-based payments	–	–	–	–	530	530
Unvested and expired share-based 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 1 January 2021	120	545,950	27,028	226,262	5,088	804,448
Total comprehensive income for the year						
Profit for the financial year	–	–	122,247	–	–	122,247
Total comprehensive income for the year	–	–	122,247	–	–	122,247
Transactions with owners of the Company						
Share-based payments	–	–	–	–	1,137	1,137
Unvested and expired share-based payments	–	–	1,964	–	(1,964)	–
Share buy back	(16)	–	(81,589)	16	–	(81,589)
Share buy back transaction costs	–	–	(1,540)	–	–	(1,540)
Dividends paid	–	–	(16,394)	–	–	(16,394)
Total contributions and distributions	(16)	–	(97,559)	16	(827)	(98,386)
Balance at 31 December 2021	**104**	**545,950**	**51,716**	**226,278**	**4,261**	**828,309**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Statement of accounting policies

The Company Financial Statements of Kenmare Resources plc (the "Company") are prepared on a going concern basis under the historical cost convention, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101') and the Companies Act 2014.

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS) 100 issued by the Financial Reporting Council (FRC). Accordingly, in the year ended 31 December 2021, the Company transitioned from reporting under International Financial Reporting Standards adopted by the European Union (IFRS) to FRS 101 Reduced Disclosure Framework as issued by the FRC. The transition was not considered to have had a material effect on the financial statements.

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- A cash flow statement and related notes;
- Comparative period reconciliations for tangible fixed assets and share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS; and
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of the Group are prepared in accordance with IFRS as adopted by the EU and include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 2 Share-Based Payments;
- Certain disclosures required by IFRS 13 Fair Value Measurement;
- The disclosures required by IFRS 7 Financial Instruments: Disclosures; and
- Certain disclosures required by IFRS 16 Leases.

In accordance with Section 304(2) of the Companies Act 2014, the Company is availing of the exemption from presenting its individual statement of comprehensive income to the Annual General Meeting and from filing it with the Companies Registration Office. The Company's profit for the financial year determined in accordance with IFRS is $122.2 million (2020: $1.2 million). The profit consists of marketing and management services fee income and income from shares in Group undertakings less administration and other costs.

The financial statements have been prepared in US Dollars and are rounded to the nearest million.

The principal accounting policies adopted are the same as those set out for the Group financial statements except as noted below. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Accounting policies applying only to the Company financial statements

Investments in subsidiaries

Investments in subsidiary undertakings are accounted for under IAS 27 Separate Financial Statements. Investments in subsidiaries are recognised at cost less impairment.

Equity-settled share-based payments granted by the Company to employees of subsidiary companies are accounted for as an increase or decrease in the carrying value of the investment in subsidiary companies and the share based payment reserve.

Impairment of investments in subsidiaries

At each reporting date, the Company reviews the carrying amounts of its investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised as income immediately.

1. Statement of accounting policies CONTINUED

Amounts due from subsidiary undertakings

Amounts due from subsidiaries comprise of loans and borrowings and other receivables. All loans and borrowings are initially recorded at fair value, net of transaction costs and allowances for expected credit losses. Loans and borrowings are subsequently stated at amortised cost. Interest income is recognised using the effective interest method calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest income is recognised in profit or loss and is included in the "finance income" line item.

Other receivables due from subsidiaries are initially recognised at their transaction value and subsequently carried at amortised cost, net of allowance for expected credit loss.

Impairment of amounts due from subsidiary undertakings

The Company recognises a loss allowance for expected credit losses on financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. When determining whether the credit risk of a financial asset has increased the Company considers credit risk ratings where available, the Company's historical credit loss experience, adjusted for factors that are specific to the counterparts, general economic conditions and an assessment of both the current as well as the forecast conditions at the reporting date.

The Company considers a financial asset to be in default when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered into bankruptcy proceedings. The Company considers a financial asset to be credit-impaired when there is evidence that the debtor is in significant financial difficulty and the debt is more than 90 days past due.

Amounts due to subsidiary undertakings

Amounts due to subsidiary undertakings are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Critical judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Impairment of non-current assets

Where there are indicators of impairment of non-current assets, the Company performs impairment tests based on fair value less costs to sell or a value-in-use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget and do not include restructuring activities that are not yet committed to or significant future financial assets that will enhance performance of the financial assets being tested. The value-in-use calculation is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Additionally, in some instances the Company obtains a third-party valuation of a financial asset and relies on this source if the valuation is current.

2. Property, plant and equipment

	Fixtures and Fittings $'000	Motor Vehicles $'000	Total $'000
Cost			
At 1 January 2021	934	131	1,065
At 31 December 2021	**934**	**131**	**1,065**
Accumulated depreciation			
At 1 January 2021	238	131	369
Charge for the financial year	97	–	97
At 31 December 2021	**335**	**131**	**466**
Carrying amount			
At 31 December 2021	**599**	**–**	**599**
At 1 January 2021	696	–	696

At each reporting date, the Company assesses whether there is any indication that property, plant and equipment may be impaired. No impairment indicators were identified as at 31 December 2021.

3. Right-of-use assets

	Land & Buildings $'000
At 1 January 2020	1,485
Depreciation expense	(201)
At 31 December 2020	1,284
Depreciation expense	(198)
At 31 December 2021	**1,086**

On 1 January 2019, the Group recognised lease liabilities of $5.0 million in respect of right-of-use assets being its head office at Styne House, Dublin. The Styne House lease has a term of 10 years commencing August 2017 and rental payments are fixed for five years. This lease obligation is denominated in Euros.

At each reporting date, the Company assesses whether there is any indication that right of use assets may be impaired. No impairment indicators were identified as at 31 December 2021 or 31 December 2020.

Set out below are the carrying amounts of lease liabilities at each reporting date:

	2021 $'000	2020 $'000
Current	**274**	274
Non-current	**882**	1,139
Total	**1,156**	1,413

The income statement includes the following amounts relating to leases:

	2021 $'000	2020 $'000
Depreciation expense	**198**	201
Interest expense on lease liabilities	**99**	110
Total	**297**	311

4. Deferred tax asset

	2021 $'000	2020 $'000
Deferred tax asset	**–**	202

At the reporting date, the Company had estimated unutilised tax losses of $nil (2020: $1.6 million) available for offset against future profits. A deferred tax asset of $nil (2020: $0.2 million) has been recognised in respect of these losses.

5. Investments in subsidiaries

	2021 $'000	2020 $'000
Opening balance	**798,370**	798,293
Capital contribution	**2,320**	–
Share awards	**408**	77
Closing balance	**801,098**	798,370

The investment balance of $801.1 million (2020: $798.4 million) comprises an investment in Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, collectively known as "the Project Companies", in the amount of $794.9 million, initial investments of less than $500 in the other subsidiary undertakings of the Company and share awards of $6.1 million (2020: $5.9 million) relating to staff of subsidiary undertakings.

On 29 October 2021, the Company's subsidiary Kenmare Moma Processing (Mauritius) Limited distributed by way of return of capital an amount of $100 million to its shareholders, the Company and Congolone Heavy Minerals Limited. The return of capital was settled by way of an intercompany loan payable of $100 million, documented under an intercompany loan agreement entered into by the Company, Congolone Heavy Minerals Limited and Kenmare Moma Processing (Mauritius) Limited. The loan may be repaid by Kenmare Moma Processing (Mauritius) Limited in whole or in part at any time and shall be repaid in full no later than 29 April 2022. The interest on the loan is 0.36% per annum. As at 31 December 2021, the outstanding principle on the loan was $50 million.

5. Investments in subsidiaries CONTINUED

The terms of the loan, specifically the below market interest rate, were considered favourable to Kenmare Moma Processing (Mauritius) Limited resulting in the Company recognising an additional investment in Kenmare Moma Processing (Mauritius) Limited in the amount of $1.3 million, representing the difference between the loan amount and its fair value discounted at a market rate of interest of 5%.

The Company has provided three other loans to the Project Companies at rates considered favourable to the borrowers. As a result, the Company recognised a capital contribution amounting to $1.0 million (2020: $nil) representing the difference between the loan amounts and their fair value discounted at a market rate of interest of 5%.

On 21 June 2021, the Company's subsidiary Kenmare Moma Mining (Mauritius) Limited declared a dividend in the amount of $20 million payable to its shareholders. The dividend was paid in full on 6 October 2021.

The subsidiary undertakings of the Company as at 31 December 2021 are as follows:

	Place of Incorporation	Place of Operation	Percentage Ownership
Kenmare Minerals Limited	Ireland	Ireland	100%
Kenmare C.I. Limited	Jersey	Jersey	100%
Congolone Heavy Minerals Limited	Jersey	Mozambique	100%
Kenmare Moma Mining (Mauritius) Limited	Mauritius	Mozambique	100%
Kenmare Moma Processing (Mauritius)	Mauritius	Mozambique	100%
Mozambique Minerals Limited	Jersey	Mozambique	100%

Each of the subsidiary undertakings has issued ordinary shares only. The activities of the above subsidiary undertakings are mining, mineral exploration, management and development.

The registered office of the Irish company is Styne House, Hatch Street Upper, Dublin 2, D02 DY27. The registered office of the Jersey companies is Zedra Trust Company (Jersey) Limited, 50 La Colomberie, St. Helier, Jersey. The registered office of the Mauritian companies is 10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.

The Company carried out an impairment review of investments in subsidiary undertakings as at 31 December 2021. As a result of the review, two indicators of impairment were identified in the Company's investment in Kenmare Moma Processing (Mauritius) Limited and one indicator of impairment was identified in the Company's investment in Kenmare Moma Mining (Mauritius) Limited. In accordance with IAS 36, management calculated the recoverable amount of both investments, which, for the purposes of the impairment test were considered collectively to form part of a cash-generating unit, namely the Moma Titanium Minerals Mine. As a result of the impairment review, management concluded that the recoverable amount of the cash-generating unit exceeded the carrying amount and as such no impairment loss was recorded.

6. Amounts due from subsidiary undertakings

	2021 $'000	2020 $'000
Loans and borrowings	76,289	13,000
Other payables	3,013	12,255
Closing balance	79,302	25,255

Under the terms of a management services agreement and marketing services agreement between the Company and the Project Companies, the Company earned $7.5 million (2020: $6.8 million) in respect of management services provided during the year to both Project Companies and $12.6 million (2020: $6.9 million) in respect of marketing services provided during the year to Kenmare Moma Processing (Mauritius) Limited. The collective amount outstanding at the year-end date in relation to these services is $3.0 million (2020: $12.2 million).

During the year, the Project Companies drew down three unsecured loans, repaid one loan and refinanced one loan as set out below. Interest accrued amounted to $0.3 million at 31 December 2021.

	2021 $'000	2020 $'000
Interest at 0.61%, repayable on 6 May 2022	8,014	–
Interest at 0.61%, repayable on 4 June 2022*	10,026	10,000
Interest at 0.61%, repayable on 8 June 2022	10,026	–
Interest at 0.36%, repayable on 29 April 2022	50,000	–
Interest at 0.21%, repaid on 28 February 2021	–	3,000

* This loan was refinanced during the year and the original repayment date was extended to 4 June 2022

The carrying amount due from subsidiary undertakings represents the maximum credit exposure. Amounts due from subsidiary undertakings are current (i.e. not overdue). The expected credit losses provided against amounts due from subsidiary undertakings is $1.1 million (2020: $0.1 million).

7. Trade and other receivables

	2021 $'000	2020 $'000
Prepayments	583	342

8. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand	7,284	36,692

9. Share capital, share premium and other reserves

Relevant disclosures on the Company's share capital, share premium and other reserves are given in Notes 19, 20 and 21 to the consolidated financial statements.

10. Amounts due to subsidiary undertakings

	2021 $'000	2020 $'000
Loans and borrowings	36,636	36,636
Other payables	18,639	17,956
Closing balance	55,275	54,592
Non-current	54,106	53,106
Current	1,169	1,486
Closing balance	55,275	54,592

Loan amounts owed to subsidiary undertakings consist of an amount due to Kenmare C.I. Ltd of $36.6 million (2020: $36.6 million) at the period end as a result of a Novation and Subscription Deed entered into in 2019. In addition, other payables include an amount of $17.4 million (2020: $16.5 million) due to Kenmare C.I. Ltd as a result of subsequent inter-group funding. The amounts due to Kenmare C.I. Limited are interest free and unsecured. Kenmare C.I. Ltd does not intend to demand repayment of the amounts due within one year from the year end.

During the year, costs of $1.5 million (2020: U$1.1 million) were recharged to the Company by Kenmare C.I. Limited under a group cost agreement. The amount due to Kenmare C.I. Ltd under the group cost agreement is $0.8 million (2020: $1.1 million) at the year end.

During the year costs of $0.4 million (2020: $0.4 million) were recharged to the Company by its subsidiary, Mozambique Minerals Limited under a group cost agreement. The amount due to Mozambique Minerals Ltd is $0.4 million (2020: $0.4 million) at the year end.

11. Trade and other payables

	2021 $'000	2020 $'000
Trade payables	99	93
Accruals	2,361	2,295
	2,460	2,388

12. Tax liabilities

	2021 $'000	2020 $'000
Tax liabilities	2,752	–

13. Dividends

The dividends paid in respect of ordinary share capital were as follows:

	2021 $'000	2020 $'000
Dividends	16,394	8,594

In May 2021, the Company paid a final 2020 dividend of $8.4 million representing USc7.69 per share (2020: USc5.52). In October 2021, the Company paid a 2021 interim dividend of USc7.29 (H1 2020: USc2.31) per ordinary share, totalling $8.0 million.

14. Events after the statement of financial position

Proposed dividend

On 22 March 2022, the Board proposed a final dividend of USc25.42 per share. This proposed dividend is subject to approval by the shareholders at the Annual General Meeting. These financial statements do not reflect this dividend.

15. Approval of financial statements

The financial statements were approved by the Board on 4 April 2022.

OTHER INFORMATION

PRISCILLA NEL
MINERAL SEPARATION PLANT MANAGER

In 2021, employees at the Moma Mine received over 21,100 hours of training, including a programme for site leadership to further develop their mentorship skills.

SHAREHOLDER PROFILE
BASED ON THE REGISTER AS AT 31 MARCH 2022

Size of holdings

	No. of shareholders	No. of shares held
1–1,000	3,759	206,962
1,001–5,000	60	118,020
5,001–25,000	16	167,668
25,001–100,000	1	42,179
100,001–250,000	1	143,318
250,001–500,000	–	–
500,001–750,000	–	–
Over 750,000	1	94,243,823
Total	3,838	94,921,970

Geographic distribution of holdings

	No. of shareholders	No. of shares held
Republic of Ireland	1,460	323,612
Northern Ireland and Great Britain	2,259	94,564,007
Other	119	34,351
Total	3,838	94,921,970

GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures set out in the Annual Report to 31 December 2021 are not defined under International Financial Reporting Standards (IFRS), 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 and the indirect tax provision, 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
ROCE	Return on capital employed	ROCE measures how efficiently we generate profits from investment in our portfolio of assets.
Shareholder returns	Dividends and share buy backs	Shareholder returns comprise the 2021 interim dividend, the proposed 2021 final dividend to be approved by shareholders at the AGM and the share buy back.

Revenue

	2017 $m	2018 $m	2019 $m	2020 $m	**2021 $m**
Revenue	208.3	262.2	270.9	243.7	**455.9**
Freight	(5.4)	(16.3)	(15.4)	(12.2)	**(35.4)**
Revenue (FOB)	202.9	245.9	255.5	231.5	**420.5**

EBITDA

	2017 $m	2018 $m	2019 $m	2020 $m	**2021 $m**
Operating profit	28.5	62.9	59.2	34.4	**153.0**
Depreciation	32.0	30.4	33.4	42.3	**63.1**
EBITDA	60.5	93.3	92.6	76.7	**216.1**

EBITDA margin

	2017 $'m	2018 $'m	2019 $'m	2020 $'m	**2021 $'m**
EBITDA	60.5	93.3	92.6	76.7	**216.1**
Revenue (FOB)	202.9	245.9	255.5	231.5	**420.5**
EBITDA margin (%)	30	38	36	33	**51**

GLOSSARY – ALTERNATIVE PERFORMANCE MEASURES CONTINUED

Cash operating cost per tonne of finished product

	2017 $'m	2018 $'m	2019 $'m	2020 $'m	**2021 $'m**
Cost of sales	156.6	168.3	178.4	179.1	**245.0**
Other operating costs	23.2	31.0	33.3	30.3	**58.0**
Total operating costs	179.8	199.3	211.7	209.4	**303.0**
Freight charges	(5.5)	(16.3)	(15.4)	(12.2)	**(35.4)**
Total operating costs less freight	174.3	183.0	196.3	197.2	**267.6**
Non-cash costs					
Depreciation and amortisation	(32.0)	(30.4)	(33.4)	(42.3)	**(63.1)**
Share-based payments	(1.0)	(1.4)	(1.8)	(1.8)	**(3.5)**
Mineral product inventory movements	0.3	0.1	(4.5)	4.9	**(9.3)**
Indirect tax provision	0.0	0.0	0.0	0.0	**(2.0)**
Total cash operating costs	141.6	151.3	156.6	158.0	**189.7**
Final product production tonnes	1,081,300	1,043,300	988,300	840,500	**1,228,500**
Cash operating cost per tonne of finished product	$131	$145	$158	$188	**$154**

Cash operating cost per tonne of ilmenite

	2017 $'m	2018 $'m	2019 $'m	2020 $'m	**2021 $'m**
Total cash operating costs	141.6	151.3	156.6	158.0	**189.7**
Less FOB revenue from co-products zircon, rutile and mineral sands concentrate	(50.4)	(75.1)	(84.5)	(63.2)	**(85.8)**
Total cash costs less co-product revenue	91.2	76.2	72.1	94.8	**103.9**
Ilmenite product production tonnes	998,200	958,500	892,900	756,000	**1,119,400**
Cash operating cost per tonne of ilmenite	$91	$79	$81	$125	**$93**

Net cash/debt

	2017 $'m	2018 $'m	2019 $'m	2020 $'m	**2021 $'m**
Bank debt	(102.9)	(83.5)	(60.9)	(145.8)	**(148.1)**
Transaction costs	–	–	(6.6)	(5.4)	**(3.8)**
Gross debt	(102.9)	(83.5)	(67.5)	(151.2)	**(151.9)**
Cash and cash equivalents	68.8	97.0	81.2	87.2	**69.1**
Net cash/(debt)	(34.1)	13.5	13.7	(64.0)	**(82.8)**

Return on Capital Employed

	2017 $'m	2018 $'m	2019 $'m	2020 $'m	**2021 $'m**
EBIT	28,465	62,936	59,223	34,393	**152,981**
Total Equity and Non-Current Liabilities	895,937	932,699	984,006	1,087,515	**1,045,370**
ROCE	3%	7%	6%	3%	**15%**

GLOSSARY – TERMS

Term	Description
AI	All injuries. Provides the number of injuries at the Mine in the year
AGM	Annual general meeting
CIF	The seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the cost and freight necessary to bring goods to named port of destination. Risk of loss and damage are the same as CFR. Seller also has to procure marine insurance against buyer's risk of loss/damage during the carriage. Seller must clear the goods for export. This term can only be used for sea transport.
CFR	This term means the seller delivers when the goods pass the ship's rail in port of shipment. Seller must pay the costs and freight necessary to bring the goods to the named port of destination, but the risks of loss or damage, as well as any additional costs due to events occurring after the time of delivery, are transferred from seller to buyer. Seller must clear goods for export. This term can only be used for sea transport.
The Company or Parent Company	Kenmare Resources plc.
DFS	Definitive feasibility studies are the most detailed and will determine definitively whether to proceed with the project. A definitive feasibility study will be the basis for capital appropriation, and will provide the budget figures for the project. Detailed feasibility studies require a significant amount of formal engineering work and are accurate to within approximately 10–15%.
EdM	Electricidade de Moçambique.
EGM	Extraordinary general meeting
EPCM	Engineering, Procurement and Construction Management.
FOB	Free on Board means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means the buyer has to bear all costs and risks to the goods from that point. The seller must clear the goods for export. This term can only be used for sea transport.
Free Cash Flow	Free Cash Flow is the cash generated by the Group in a reporting period before distributions to shareholders.
Gender diversity	Percentage of females in the workforce at the Moma Mine. We recognise the benefits to our business of supporting diversity, equity, and inclusion for long-term sustainable success. Increased gender diversity has been an important metric at the Mine.
GHG emissions	Scope 1 & 2 Greenhouse Gas emissions. We acknowledge the human contribution to climate change and aim to reduce emissions from our already low carbon intensity operations.
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).
KRSP	Kenmare Restricted Share Plan
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").
LTI	Lost time injury. Measures the number of injuries at the mine that result in time lost from work.
LTIFR	Lost time injury frequency rate. Measures the number of injuries causing lost time per 200,000 man hours worked on site
Marketing – finished products shipped	Finished products shipped to customers during the period. Provides a measure of finished products shipped to customers
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
Moma, Moma Mine or the Mine	The Moma Titanium Minerals Mine consisting of a heavy mineral sands, processing facilities and associated infrastructure, which mine is located in the north east coast of Mozambique under licence to the Project Companies.
Mine Closure Guarantee Facility	$40 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
MTA	Mozambique Ministry of Land and Environment.
MSP	Mineral Separation Plant.
Mtpa	Million tonnes per annum.
NOSA	National Occupational Safety Association
OIA	Oman Investment Authority formerly the State General Reserve Fund of the Sultanate of Oman.
Ordinary Shares	Ordinary shares of €0.001 each in the capital of the Company.
PFS	A feasibility study is an evaluation of a proposed mining project to determine whether the mineral resource can be mined economically. Pre-feasibility study is used to determine whether to proceed with a detailed feasibility study and to determine areas within the project that require more attention. Pre-feasibility studies are done by factoring known unit costs and by estimating gross dimensions or quantities once conceptual or preliminary engineering and mine design has been completed.
PM	Atmospheric particulate matter – also known as particulate matter (PM) or particulates – are microscopic solid or liquid matter suspended in the Earth's atmosphere.
Processing – finished products produced	Finished products produced by the mineral separation process. Provides a measure of finished products produced from the processing plants
Project Companies	Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited, wholly owned subsidiary undertakings of Kenmare Resources plc, which are incorporated in Mauritius.
Projecto Oitenta	A utilisation improvement programme aimed at increasing operating times throughout the mine and processing plants to 80%.
Revolving Credit Facility	$40 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
RUPs	Rotary uninterruptible power supply
TCFD	Task Force on Climate Related Financial Disclosures

GLOSSARY – TERMS CONTINUED

Term	Description
Tender Offer	The invitation by the Company to eligible shareholders to tender Ordinary Shares for purchase on-market by Peel Hunt LLP on the terms and subject to the conditions set out in the circular dated 16 November 2021.
Term Loan Facility	$110 million debt facility dated 11 December 2019 between the Lenders and KMML Mozambique Branch and KMPL Mozambique Branch.
THM	Total heavy minerals in the ore of which ilmenite (typically 82%), rutile (typically 2.0%) and zircon (typically 5.5%) total approximately 90%.
UK	United Kingdom
WCP	Wet Concentrator Plant.
WCP A	The original WCP which started production in 2007.
WCP B	The second WCP which started production in 2013.
WCP C	The third WCP which started production in 2020.
WHIMS	Wet High Intensity Magnetic Separation Plant.

GENERAL INFORMATION

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Chelita Healy

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