

# Kenmare Resources plc Half-Yearly Financial Report for the six months to 30 June 2022 and interim dividend

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[Kenmare Resources plc](#) ("Kenmare" or "the Company" or "the Group") (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, today publishes its Half-Yearly Financial Report for the six month period ended 30 June 2022 ("H1 2022") and announces its interim dividend for 2022.

## Statement from Michael Carvill, Managing Director:

"In H1 2022, strong market conditions for all Kenmare's products continued, leading to a record average received price of \$429 per tonne and supporting record first half revenues. EBITDA increased 28%, resulting in a 30% increase in profit after tax, and giving us confidence to increase our interim dividend to US\$10.98 per share. This represents a 51% increase compared to last year's interim dividend, benefitting from the share buy-back completed in December 2021.

After a challenging first five months of the year, production improved in late May and this has continued for the 12 weeks since then. At this run rate, we remain on track to achieve guidance, albeit at the bottom of the range.

We ended the first half of the year with a robust balance sheet, having reduced net debt by \$17.3 million. We expect that our financial position will continue to strengthen in H2 2022, as shipments are anticipated to increase and our order book is largely committed."

## H1 2022 overview Financials and markets

- Interim dividend of US\$10.98 per share, a 51% increase on H1 2021 (US\$7.29), in line with Kenmare's target dividend payout ratio of 25% of profit after tax for 2022
- Revenue on a free on board ("FOB") basis of \$182.1 million in H1 2022, a 9% increase compared to H1 2021 (\$167.8 million), due to a higher average price received for Kenmare's finished products more than offsetting lower shipment volumes
- EBITDA of \$105.5 million, a 28% increase compared to H1 2021 (\$82.3 million), and profit after tax of \$62.5 million, a 30% increase (H1 2021: \$48.0 million)
- Record average price received on an FOB equivalent basis for all finished products of \$429 per tonne in H1 2022, a 52% increase compared to H1 2021 (\$282 per tonne), benefitting from strong market conditions for all products
- Cash operating cost per tonne of finished product of \$184 per tonne, a 29% increase compared to H1 2021 (\$143 per tonne), due to lower production volumes and cost inflation
- Cash operating cost per tonne of ilmenite (net of co-products) of \$105 per tonne, a 7% decrease compared to H1 2021 (\$113 per tonne), benefitting from increased co-product revenues
- At the end of H1 2022, net debt reduced to \$65.5 million (31 December 2021: \$82.8 million), as a result of the first principal repayment of the Term Loan Facility (\$15.7 million) and the repayment in full of the Revolving Credit Facility ("RCF") (\$40 million). The RCF has been extended for a year and now has a maturity date of 11 December 2023
- Strong market conditions for all of Kenmare's products continued in H1 2022 and demand is remaining robust in Q3, supported by low global inventories

## Operations

- Lost Time injury Frequency Rate ("LTIFR") of 0.00 per 200,000 hours worked for the 12 months to 30 June 2022 (30 June 2021: 0.14) and it is now 18 months since the last Lost Time Injury
- Heavy Mineral Concentrate ("HMC") production of 738,300 tonnes in H1 2022, an 8% decrease compared to H1 2021 (798,500 tonnes), due primarily to higher slimes levels, with a 7% reduction in ore grades and a 2% reduction in excavated ore tonnes
- Total finished product production of 550,700 tonnes, a 10% decrease compared to H1 2021 (612,100 tonnes), broadly in line with the 9% reduction in HMC processed
- Total shipments of 424,300 tonnes, a 29% decrease compared to H1 2021 (594,100 tonnes), due primarily to poorer weather conditions and reduced shipping capacity as a result of the Bronagh J transshipment vessel undergoing its planned five-yearly dry dock maintenance work
- Rotary Uninterruptible Power Supply ("RUPS") project began operation in May 2022 and has proved successful at mitigating electrical supply disruptions
- Work is continuing on the Pre-Feasibility Study ("PFS") for Nataka, where Wet Concentrator Plant ("WCP") A is due to be relocated in 2025. While the PFS is not yet finalised, initial estimates suggest the capital cost will not be less than \$225 million
- At the run rate delivered during the 12 weeks from late May to mid-August, Kenmare still expects to achieve the bottom of 2022 production guidance for all finished products

### **Analyst and investor conference call and webcast**

Kenmare will host a conference call and webcast for analysts, institutional investors, and media today at 9:00am UK time. Participant dial-in numbers for the conference call are as follows (a pin code is not required to access the call):

UK: +44 208 610 3526

Ireland: +353 1 582 2030

US +1 (240) 789-2714

The webcast will be available at [www.kenmareresources.com](http://www.kenmareresources.com) and playback of the webcast will be available at: [www.kenmareresources.com/investors/reports-and-presentations](http://www.kenmareresources.com/investors/reports-and-presentations).

### **Private investor webinar**

There will also be a separate webinar for private investors tomorrow, Thursday, 18 August 2022, at 12:30pm UK time. To access the webinar, please register in advance by clicking [here](#).

The Half-Yearly Financial Report for the period ended 30 June 2022 is also available at [www.kenmareresources.com/investors/reports-and-presentations](http://www.kenmareresources.com/investors/reports-and-presentations).

### **For further information, please contact:**

#### [Kenmare Resources plc](#)

Jeremy Dibb / Katharine Sutton

Investor Relations

Tel: +353 1 671 0411

Mob: + 353 87 943 0367 / +353 87 663 0875

Murray (PR advisor)

Doug Keatinge

Tel: +353 1 498 0300

Mob: +353 86 037 4163

### **About Kenmare Resources**

Kenmare Resources plc is one of the world's largest producers of mineral sands products. Listed on the

London Stock Exchange and the Euronext Dublin, Kenmare operates the Moma Titanium Minerals Mine in Mozambique. Moma's production accounts for approximately 8% of global titanium feedstocks and the Group supplies to customers in more than 15 countries. Kenmare produces raw materials that are ultimately consumed in everyday quality-of life items such as paints, plastics and ceramic tiles.

All monetary amounts refer to United States dollars unless otherwise indicated.

## Forward Looking Statements

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

## INTERIM MANAGEMENT REPORT

### Group results

Operational and financial results for H1 2022 were as follows:

	H1 2022	H1 2021	% Change			
Production (tonnes)						
HMC produced	738,300	798,500	-8%			
HMC processed	740,600	814,400	-9%			
Finished products production						
Ilmenite	499,700	559,000	-11%			
Primary zircon	26,500	28,200	-6%			
Rutile	4,000	4,200	-5%			
Concentrates <sup>2</sup>	20,500	20,700	-1%			
Total finished products	550,700	612,100	-10%			
Financials						
Revenue (\$ million)	197.3	178.2	11%			
Freight (\$ million)	15.2	10.4	46%			
Revenue FOB (\$ million) <sup>1</sup>	182.1	167.8	9%			
Finished products shipped (tonnes) <sup>1</sup>		424,300		594,100	-29%	
Average price received (FOB) per tonne (\$/t)				429	282	52%
Total operating costs (\$ million) <sup>3</sup>		122.3		119.5	2%	
Total cash operating costs (\$ million) <sup>4</sup>				101.2	87.3	16%
Cash operating cost per tonne						
of finished product (\$/t) <sup>1</sup>	184	143	29%			
Cash operating cost per tonne of ilmenite						
(net of co-products) (\$/t) <sup>1</sup>	105	113	-7%			
EBITDA (\$ million) <sup>1</sup>	105.5	82.3	28%			
Profit before tax (\$ million)	68.6	50.6	36%			
Profit after tax (\$ million)	62.5	48.0	30%			

### Notes

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

### Operations

Kenmare's rolling 12-month LTIFR was 0.00 per 200,000 hours worked to 30 June 2022 (30 June 2021:

0.14), with zero Lost Time Injuries recorded during the first half of the year. The Company is focused on maintaining its strongest ever safety performance, with more than 18 months since the last Lost Time Injury.

During H1 2022, Kenmare mined 19.5 million tonnes of ore at an average ore grade of 4.35%. Excavated ore tonnes decreased by 2% compared to H1 2021 (19.9 million tonnes) and ore grades decreased by 7% (H1 2021: 4.67%).

HMC production in H1 2022 was impacted by increased slimes levels during Q2, most significantly at WCP A, and compounded by two tropical storms passing close to Moma in Q1.

A tight turn in WCP A's mine path in 2021 led to reduced space for the plant's slimes settling paddocks, which are necessary for slimes management. To increase paddock settling capacity, Kenmare reduced high grade supplemental dry mining in H1 2022 and increased dredge mining, therefore negatively impacting ore grades. Normal dry mining operations resumed in June as pond slimes levels had been stabilised, resulting in increased HMC production, and these production improvements have been maintained in the first six weeks of Q3 2022.

As stated in the Q2 and H1 2022 Production Update, as part of the PFS, WCP A is expected to have a desliming circuit installed to more efficiently mine the Nataka ore zone. A cost-benefit analysis is being conducted to investigate the acceleration of the installation of the desliming circuit ahead of the move. This has the potential to increase the effective capacity of WCP A and better mitigate against the slimes levels at the end of the Namalope mine path.

Production of all finished products decreased by 10% to 550,700 tonnes in H1 2022 compared to H1 2021 (612,100 tonnes), broadly in line with the 9% reduction in HMC processed.

Ilmenite production was 499,700 tonnes, an 11% decrease compared to H1 2021 (559,000 tonnes), due primarily to the reduction in HMC processed and slightly exacerbated by reduced HMC quality. Primary zircon production was 26,500 tonnes, a 6% decrease compared to H1 2021 (28,200 tonnes) and rutile production was 4,000 tonnes, a decrease of 4% compared to H1 2021 (4,200 tonnes). Concentrates production was 20,500 tonnes, a 1% decrease compared to H1 2021 (20,700 tonnes). For primary zircon and rutile, the reduction in HMC processed was partially offset by improved recoveries. Concentrates production was less impacted by reduced HMC processed due to the draw of intermediate stockpiles.

Following robust production between late May and mid-August, the Company is still expected to achieve the bottom of 2022 production guidance for all finished products.

Kenmare shipped 424,300 tonnes of finished products during the period, a 29% decrease compared to H1 2021 (594,100 tonnes). This was due primarily to poorer weather conditions and reduced shipping capacity in Q2, as the Bronagh J transshipment vessel left site in early May 2022 for its five-yearly dry dock maintenance work. This reduction will continue during Q3 until the Bronagh J returns to service, which is expected in August. However, there will be sufficient capacity to catch up when both transshipment vessels are operating, with finished product inventories expected to return to normal levels during H1 2023.

In H1 2022 shipments comprised 382,200 tonnes of ilmenite, 20,500 tonnes of primary zircon, 4,800 tonnes of rutile and 16,800 tonnes of concentrates.

Closing stock of HMC at the end of H1 2022 was 9,200 tonnes, compared with 11,600 tonnes at the end of 2021, due to a drawdown of HMC stockpiles during the period to compensate for reduced HMC production. Closing stock of finished products at the end of H1 2022 was 214,900 tonnes, compared to 88,700 tonnes at the end of 2021, reflecting the lower shipping capacity.

## **Capital projects**

In May 2022, the Rotary Uninterruptible Power Supply project completed its commissioning phase and began operation. The objective of the RUPS is to improve power stability at the Mineral Separation Plant and make a significant contribution to Kenmare's goal of reducing its greenhouse gas emissions by 12% by 2024. Since becoming operational, the RUPS has proved successful at mitigating electrical supply disruptions in accordance with this objective. The capital cost of the RUPS is estimated to be \$20 million, up slightly from the previous estimate of approximately \$18 million.

Work is continuing on the PFS for the Nataka ore zone, where WCP A is expected to commence mining in 2025. Some elements of the PFS are significantly advanced so work towards the Definitive Feasibility Study has commenced in those areas. Other results have led Kenmare to continue to conduct further investigations at PFS level and some important capital decisions, like mining method, are yet to be finalised. The

hydromining trial conducted in Namalope and Nataka was successful and is contributing to the work to optimise mining at Nataka. The PFS is expected to be completed later in 2022, with an update provided in early 2023. Initial estimates suggest that the capital cost of the move is not likely to be less than \$225 million.

## Market update

Demand for titanium feedstocks and zircon strengthened throughout H1 2022, which allowed Kenmare to achieve consecutive price increases in Q1 and Q2 and a record average received price of \$429 per tonne for H1. Positive market fundamentals have continued into Q3 2022.

Global demand for ilmenite grew further during the half year due to robust downstream demand for titanium pigment, with pigment producers continuing to operate at high utilisation rates, particularly outside of China. In Q2, economic activity in China was impacted by several city-wide COVID-19 related lockdowns, which reduced demand for titanium pigment and therefore ilmenite. Despite this, chloride pigment production continued to increase in China, resulting in growing demand for ilmenite of Kenmare's quality.

Global production of titanium feedstocks expanded in H1, although it remained insufficient to meet demand. Pigment production was therefore constrained by feedstock availability and low inventories. Despite the tight supply of titanium feedstocks, major new projects are making limited progress, which may constrain ilmenite supply over the medium term.

Notwithstanding recent uncertainty regarding the outlook for global growth, demand from our customers remains robust and inventories remain below normal levels in the supply chain. As a result, pricing momentum for ilmenite has continued into Q3 and Kenmare's order book for H2 is strong. However, demand for ilmenite is linked to global economic growth and market forecasts for world GDP have been reducing.

The zircon market tightened further in H1 2022 as inventories in the global supply chain were largely drawn down in 2021. Demand has been strong in all major regions except China, which was also impacted by severe COVID-19-related lockdowns. With no significant new supply entering the market, zircon remains in short supply and prices increased throughout H1 2022. Tight market conditions for zircon have continued into Q3 2022.

## Financial review

In H1 2022, Kenmare delivered a strong financial performance, generating a 9% increase in revenue (FOB) to \$182.1 million (H1 2021: \$167.8 million) and a 28% increase in EBITDA to \$105.5 million (H1 2021: \$82.3 million). Record first half revenues and profits were supported by robust markets for all finished products.

Kenmare's balance sheet strengthened during the period, with net debt reducing by \$17.3 million to \$65.5 million (31 December 2021: \$82.8 million), after paying the \$24.1 million 2021 final dividend. The Company is targeting a full year dividend payout ratio of 25% of profit after tax for 2022, subject to prevailing product market and other conditions, and is pleased to announce a 2022 interim dividend of US\$10.98 (H1 2021: US\$7.29) per share. This represents a 51% increase compared to the 2021 interim dividend, benefitting from the share buy-back completed in December 2021.

## Revenue

Revenue (FOB) increased by 9% in H1 2022 to \$182.1 million (H1 2021: \$167.8 million), driven by a 52% increase in the average received price (FOB) to \$429 per tonne (H1 2021: \$282 per tonne). This average received price (FOB) represents a new half-yearly company record. It was due to both price increases for individual products and a change in product mix, with an increased proportion of higher value products (primary zircon and rutile) sold relative to H1 2021. The increase in revenue was despite a 29% reduction in shipments.

Freight costs in H1 2022 increased to \$15.2 million (H1 2021: \$10.4 million), reflecting a tighter freight market due to strong global demand for commodities.

Ilmenite revenue (FOB) decreased by 7% to \$133.5 million in H1 2022 (H1 2021: \$143.9 million), as a result of a 32% decrease in ilmenite shipment volumes, offset by a 36% price increase to \$349 per tonne (H1 2021: \$256 per tonne). Primary zircon revenue (FOB) increased by 69% to \$32.5 million (H1 2021: \$19.2 million) due to an 11% increase in primary zircon shipment volumes and a 52% price increase.

## Operating costs

Total operating costs in H1 2022 were \$122.3 million, a 2% increase compared to H1 2021 (\$119.5 million). Costs reflect increased depreciation of \$30.5 million, up 30% (H1 2021: \$23.5 million), due to asset additions in the 12 month period to the end of June 2022, and amended depreciation rates on certain assets, offset by reduced depreciation on assets depreciated on a unit of production basis, as a result of lower HMC production in the period. However, a \$27.8 million increase of finished product inventory, due to reduced shipping capacity, decreased total operating costs for the period. The increased finished product inventory is expected to unwind as product shipments normalise in H1 2023.

Total cash operating costs were \$101.2 million, a 16% increase compared to H1 2021 (\$87.3 million). This was due primarily to general inflationary increases and higher mining royalties and processing taxes due to increased sales and pricing. Combined with a 10% decrease in production of finished products, this resulted in a 29% increase in cash operating costs per tonne of finished product to \$184 per tonne in H1 2022 (H1 2021: \$143 per tonne). Cash operating cost per tonne of ilmenite decreased by 7% to \$105 per tonne as a result of higher co-product revenues and a favourable product mix.

### **Finance income and costs**

Kenmare recognised finance income of \$0.08 million in H1 2022 (H1 2021: \$0.04 million), consisting of interest on bank deposits. Finance costs were \$5.7 million in H1 2022 (H1 2021: \$6.1 million), including loan interest of \$4.4 million (H1 2021: \$4.9 million). The decrease in loan interest year-on-year reflects the lower principal outstanding following the commencement of principal repayments in H1 2022, offset by higher US LIBOR interest rates. Factoring and other fees were \$0.7 million in the period (H1 2021: \$0.8 million) and the unwinding of the mine closure provision amounted to \$0.4 million (H1 2021: \$0.4 million). Commitment fees under the debt facilities were \$0.2 million (\$0.02 million) and lease interest was \$0.1 million (H1 2021: \$0.1 million).

### **Tax**

The tax charge for H1 2022 amounted to \$6.1 million (H1 2021: \$2.6 million). Kenmare's subsidiary, Kenmare Moma Mining (Mauritius) Limited, had taxable profits of \$16.1 million (H1 2021: \$6.6 million), resulting in an income tax charge of \$5.6 million (H1 2021: \$2.3 million). Kenmare Resources plc incurred a tax charge of \$0.5 million (H1 2020: \$0.3 million).

### **Cash flows**

Net cash from operations in H1 2022 was \$66.8 million (H1 2021: \$33.2 million), reflecting higher profitability. Working capital movement of \$28.6 million (H1 2021: \$42.4 million) reflects primarily increased finished product inventories as a result of decreased shipments during the period.

Investing activities of \$24.2 million (H1 2021: \$31.8 million) represented additions to property, plant and equipment. \$55.7 million of debt repayments were made (H1 2021: \$20.0 million) and a final dividend for 2021 of \$24.1 million (H1 2020: \$8.5 million) was paid in May 2022. Lease repayments of \$0.6 million (H1 2021: \$0.5 million) were also paid in the period.

Consequently, Kenmare finished H1 2022 with \$30.7 million of cash and cash equivalents, representing a decrease of \$38.4 million compared to year-end 2021 (\$69.1 million).

### **Balance sheet**

In H1 2022 there were additions to property, plant and equipment of \$24.2 million (H1 2021: \$31.8 million). Additions consisted of \$5.4 million development expenditure, \$4.6 million in relation to preparing for the relocation of WCP A to the Nataka ore zone, \$3.0 million in relation to the Namalope West resettlement plan and \$11.2 million in relation to sustaining capital.

As stated above, depreciation of \$30.5 million, was up 30% (H1 2021: \$23.5 million). The mine closure provision asset was reduced by \$13.5 million in H1 2022 (H1 2021: \$2.2 million). This was due to an increase in the discount rate used to estimate the closure cost provision from 2.1% to 3.2%.

The Group conducted an impairment review of property, plant and equipment at the period-end and the key assumptions of this review are set out in Note 9 of the financial statements. No impairment provision is required as a result of this review.

Inventory at period-end amounted to \$91.2 million (31 December 2021: \$60.2 million), consisting of intermediate and finished mineral products of \$49.9 million (31 December 2021: \$22.0 million) and consumables and spares of \$41.4 million (31 December 2021: \$38.2 million). As anticipated, the Group carried a higher level of mineral product inventory at period-end due to reduced shipment capacity as a result of the Bronagh J dry dock.

Trade and other receivables amounted to \$67.8 million (31 December 2021: \$74.7 million). This was comprised of \$50.6 million (31 December 2021: \$66.2 million) of trade receivables from the sale of mineral products, \$14.6 million (31 December 2021: \$7.8 million) of supplier prepayments and other miscellaneous debtors, and \$2.6 million (31 December 2021: \$0.8 million) of VAT receivable. Trade receivables are a function of shipments made before period-end and credit terms specific to the relevant customer. There have been no credit impairments during the period. An expected credit loss of \$0.2 million (H1 2021: \$0.1 million) was recognised during the period.

Cash and cash equivalents decreased by \$38.4 million in the period and at 30 June 2022 amounted to \$30.7 million (31 December 2021: \$69.1 million).

Lease liabilities amounted to \$1.7 million (31 December 2021: \$2.2 million) at period-end.

Tax liabilities amounted to \$4.4 million (31 December 2021: \$4.8 million) and trade and other payables amounted to \$28.5 million at period-end (31 December 2021: \$32.8 million). The decrease in trade and other payables is due to the reduction in expenditure incurred with suppliers for development projects.

### **Debt facilities**

At the start of 2022, Kenmare's debt facilities comprised a \$110 million Term Loan Facility and a \$40 million RCF. The RCF was repaid in full during the period and remains available to be redrawn by the Group if needed. The first semi-annual principal repayment (\$15.7 million) under the Term Loan Facility was paid in March 2022.

At period-end, reported debt amounted to \$93.2 million (31 December 2021: \$148.1 million). This consists of the Term Loan Facility of \$94.3 million, loan interest and amortisation of \$1.8 million, net of transaction costs of \$2.9 million. The Group is in compliance with all debt covenants as at 30 June 2022.

On 20 July 2022, the RCF was extended for a year and has a final maturity date of 11 December 2023, extendable by up to a further 12 months at the lenders' discretion. Current interest on the RCF is at LIBOR plus 5.00% per annum reducing to 4.25% from 11 December 2022.

### **Financial outlook**

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

Kenmare will continue to manage its operating cost base in a conservative and sustainable manner, cognisant of inflationary pressures and other risks that face its business, in order to minimise unit costs. With supportive product markets and elevated production levels, Kenmare continues to target a first quartile position on the industry revenue to cost curve. This provides the business with increased cash flow stability and the ability to remain cash flow positive throughout the market cycle.

Based on a positive market outlook we expect strong financial performance in H2, with the balance sheet continuing to strengthen.

### **Interim dividend**

Kenmare generated record first half profit after tax of \$62.5 million in H1 2022 (H1 2021: \$48.0 million). The Board has therefore approved an interim 2022 dividend of US\$10.98 per share (H1 2021: US\$7.29), for a total distribution of \$10.4 million (H1 2021: \$8.0 million). The 2022 interim dividend has been calculated as 66.6% of 25% of H1 2022 profit after tax (\$62.5 million), in line with the intention to target a one-third/two-thirds interim/final dividend split. The financial statements do not reflect this interim dividend.

The Company will pay the interim dividend on 21 October 2022 to shareholders of record at the close of

business on 23 September 2022. Irish Dividend Withholding Tax (25%) must be deducted from dividends paid by the Company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrar.

The dividend timetable is as follows:

Announcement of interim dividend	17 August 2022
Ex-Dividend Date	22 September 2022
Record Date	23 September 2022
Currency election cut-off date	27 September 2022
Payment Date	21 October 2022

### **Principal risks and uncertainties**

There are a number of potential risks and uncertainties that could have a material impact on Kenmare's performance over the remaining six months of the 2022 financial year and which could cause actual results to differ materially from expected and historic results.

These principal risks and uncertainties are disclosed in Kenmare's Annual Report for the year ended 31 December 2021. A detailed explanation of these principal risks and uncertainties and how Kenmare seeks to mitigate these risks, can be found on pages 64 to 71 of the Annual Report 2021 under the following headings: grant and maintenance of licences, country risk, geotechnical risk, severe weather events, uncertainty over physical characteristics of the orebody, power supply and transmission risk, asset damage or loss, COVID-19, health, safety and environment, mineral resource statement risk, IT security risk, development project risk, industry cyclicalities, customer concentration, foreign currency risk and aggressive cost inflation.

In addition, Kenmare believes that the risks relating to global geo-political developments, which were identified as emerging risks in the Annual Report 2021, are increasing. Whilst the conflict in Ukraine was specifically identified as an emerging risk with potentially broad effect on Kenmare's business, geo-political developments elsewhere, such as tensions between China and the USA and/or Taiwan, could also affect Kenmare's business (for example, the ability to transport product to China). In addition, whether as a result of geo-political developments or otherwise, supply chain risks have increased, such that the ability of the Company to carry out capital projects may be affected both in relation to the timing of those projects and the costs entailed; supply chain issues may also affect the availability of critical spare parts and, in consequence of longer lead times, capital commitments may have to be brought forward.

### **Related party transactions**

There have been no material changes in the related party transactions affecting the financial position or the performance of the Group in the period since publication of the 2021 Annual Report other than those disclosed in Note 22 to the condensed consolidated financial statements.

### **Going concern**

As stated in Note 1 to the condensed consolidated financial statements, based on the Group's forecasts and projections, the Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Events after the Statement of Financial Position Date

### **Interim dividend**

An interim dividend for the year ended 31 December 2022 of US\$10.98 per share was approved by the Board on 16 August 2022. The dividend payable of \$10.4 million has not been included as a liability in these financial statements. The interim dividend is payable to all shareholders on the Register of Members on 23 September 2022.

There have been no other significant events since 30 June 2022 that would have a significant impact on the financial statements of the Group.

## **Forward-looking statements**

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

On behalf of the Board,

M. CARVILL, Director  
16 August 2022

T. MCCLUSKEY, Director  
16 August 2022

Independent Review Report to Kenmare Resources plc (“the Entity”)

## **Conclusion**

We have been engaged by the Entity to review the Entity’s condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of other comprehensive income, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows, the condensed consolidated interim statement of changes in equity, a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as adopted by the EU and the Transparency (Directive 2004/109/EC) Regulations 2007 (“Transparency Directive”), and the Central Bank (Investment Market Conduct) Rules 2019 (“Transparency Rules of the Central Bank of Ireland”).

## **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity (“ISRE (Ireland) 2410”) issued for use in Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

## **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the Directors have inappropriately adopted the going concern basis of accounting, or that the Directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (Ireland) 2410. However, future events or conditions may cause the Entity to cease to continue as a going concern, and the

above conclusions are not a guarantee that the Entity will continue in operation.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

The Directors are responsible for preparing the condensed set of consolidated financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

As disclosed in note 1, the annual financial statements of the Entity for the year ended 31 December 2021 are prepared in accordance with International Financial Reporting Standards as adopted by the EU.

In preparing the condensed set of consolidated financial statements, the Directors are responsible for assessing the Entity'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 the Directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

### **Our responsibility**

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

Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

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

This report is made solely to the Entity in accordance with the terms of our engagement to assist the Entity in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Entity those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Entity for our review work, for this report, or for the conclusions we have reached.

Keith Watt  
KPMG  
16 August 2022  
Chartered Accountants  
1 Stokes Place, St.Stephen's Green  
Dublin 2

### **Group condensed consolidated statement of comprehensive income For the financial period ended 30 June 2022**

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<https://www.globenewswire.com/en/news-release/2022/08/17/2499683/0/en/Half-Yearly-Financial-Report-for-the-six-months-to-30-June-2022-and-interim-dividend.html>

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