

Capital Markets Day

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[Kenmare Resources plc](#)

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

26 April 2023

Capital Markets Day

[Kenmare Resources plc](#) (LSE:KMR, ISE:KMR), one of the leading global producers of titanium minerals and zircon, which operates the Moma Titanium Minerals Mine (the "Mine" or "Moma") in northern Mozambique, is today hosting a Capital Markets Day.

Statement from Michael Carvill, Managing Director:

"Over 70% of Moma's mineral resources are located at the Nataka ore zone and we are excited to be outlining our plans for this world-class asset. Wet Concentrator Plant (WCP) A will commence its move to Nataka in 2025, and also undergo a fundamental upgrade of existing equipment.

Mining capacity has been specified at 110% of requirements in the hardest parts of the ore zone, delivered through the replacement of both existing dredges and the integration of hydromining with the new dredges. An upfront desliming circuit on the Wet Concentrator Plant and the introduction of a Tailings Storage Facility will reset the operational capabilities at WCP A to deliver consistently at design capacity for decades to come.

Capital expenditure for WCP A is estimated to be \$247 million over the period 2023-25 and is expected to maintain low operating costs, retaining Kenmare's first quartile industry position.

Separately, we have identified an opportunity to accelerate the upgrade of WCP B, previously anticipated in 2027, at an estimated cost of \$41 million. This would enable us to maintain production of 1.2 million tonnes of ilmenite per annum as WCP A mines the transition between Namalope and Nataka, delivering a compelling payback of approximately two years.

Kenmare enters this investment phase in a strong financial position and following a period of steadily improving financial performance and shareholder returns. We are comfortable with the current absolute level

of dividends for the medium term and are revising the payout range to between 20% and 40% of Profits After Tax".

Overview

- WCP A to complete mining in Namalope in 2025 with an 18-month transition to Nataka

- Estimated capital expenditures of \$247 million over 2023-25, including \$37 million in contingencies

- Key capital investments include the replacement of two existing dredges at WCP A, installation of a desliming circuit and introduction of a Tailings Storage Facility (TSF)

- Studies underway to assess potential upgrade of WCP B capacity from 2,400 tonnes per hour ("tph") to 3,400 tph at an estimated capital cost of \$41 million

- Dividend policy revised to a payout ratio of 20% to 40% of underlying Profit After Tax

Capital Markets Day

A presentation for analysts and investors will be held today at 10:00am. A copy of the presentation will be available on the Company's website, and a replay of the event will be available shortly afterwards. No new material information or trading update, other than that contained in this announcement, will be provided at the event.

Capital Projects

The transition of WCP A to Nataka is expected to commence in 2025. Over an 18-month period, WCP A will mine its way to the Nataka ore zone. Following this, WCP A will continue to mine in Nataka for the remainder of its economic life, which is estimated to exceed 20 years.

Capital expenditure for the transition of WCP A to Nataka is estimated at \$247 million, including a \$37 million contingency. This capital is expected to be phased over a three year period from 2023 to 2025, with the majority of the expenditure incurred in 2024 and 2025. A significant proportion of the expenditure covers the cost of replacing WCP A's two existing dredges, the addition of a desliming circuit and the implementation of a TSF. During 2026 and 2027, a further \$23 million of capital expenditure will be required for additional pumping infrastructure along with up to \$25 million on power infrastructure upgrades, the latter subject to ongoing studies.

Kenmare has also identified an opportunity to upgrade WCP B utilising one of the redundant dredges from WCP A and increasing the processing capacity of the wet concentrator plant. This would increase the

capacity of WCP B from 2,400 tph to 3,400 tph and provide sufficient Heavy Mineral Concentrate (HMC) to maintain production at 1.2 million tonnes per annum ilmenite as WCP A is transitioning to Nataka from 2025. Based on prefeasibility studies, the capital cost is estimated at \$41 million, incurred in 2025 and 2026. A decision to progress to Definitive Feasibility Study is expected imminently.

The Company plans to fund capital expenditure requirements from existing resources and operating cash flows whilst maintaining conservative gearing levels. Separately, Kenmare in conjunction with its lenders is investigating the refinancing of existing bank facilities.

Dividend policy

In 2018, Kenmare announced its maiden dividend policy with a payout ratio of at least 20% of Profit After Tax. Since then, the Company has made cumulative returns to shareholders of \$186 million through both normal dividends and a share buyback in 2021. This included dividend payouts of 25% of Profit After Tax in both 2021 and 2022.

Based on Kenmare's current and anticipated financial performance and strong balance sheet position, the Company believes that dividend payments should be sustainable at or about their current absolute level. Consequently, to ensure that the Company can have the flexibility to adapt to market conditions Kenmare intends to evolve its dividend policy towards a payout range of 20% to 40% of underlying Profit After Tax. Special dividends and further share buybacks may also be considered, subject to market conditions, balance sheet position and capital requirements.

Prior to 2022, Kenmare primarily utilised a combination of trading profits and reserves arising from intra group capital reconstruction to create distributable reserves. Looking forward, the principal source of distributable reserves will be via intragroup dividends from trading subsidiaries. Based on the current structure of the Group, these dividends are likely to attract a charge to Irish tax based on the difference between the effective rate in Mozambique and the relevant Irish rate of 25%. The Group is actively investigating options to mitigate this exposure, which may include a restructure of the Kenmare Group. Further updates will be provided in due course.

For further information, please contact:

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About Kenmare Resources

[Kenmare Resources plc](#) is one of the world's largest producers of mineral sands products. Listed on the London Stock Exchange and the Euronext Dublin, Kenmare operates the Moma Titanium Minerals Mine in Mozambique. Moma's production accounts for approximately 7% of global titanium feedstocks and the Company supplies to customers operating in more than 15 countries. Kenmare produces raw materials that are ultimately consumed in everyday quality-of-life items such as paints, plastics and ceramic tiles.

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.

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