

Q2 and H1 2023 Production Report

13.07.2023 | [GlobeNewswire](#)

[Kenmare Resources plc](#)

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

13 July 2023

Q2 and H1 2023 Production Report

[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 pleased to provide a trading update for the quarter and half year ending 30 June 2023 ("Q2 2023" and "H1 2023").

Statement from Michael Carvill, Managing Director:

"Production in H1 2023 has unfortunately been lower than our expectations as mining experienced lingering effects of the severe lightning strike in Q1 and power reliability impacts in Q2. We are therefore updating guidance for ilmenite production for the full year. However, guidance for other products remains unchanged. We anticipate significantly stronger production in H2 2023, supported by higher grades and increased tonnes mined.

Cash generation has remained strong, supported by product pricing and shipments. In addition to paying record dividends and scheduled debt repayments, the business has continued to build cash. In line with our capital allocation policy, we are considering a share buyback of approximately \$30 million. A further update will be provided with our H1 2023 results in mid-August."

Q2 2023 overview

- Lost Time Injury Frequency Rate ("LTIFR") of 0.18 per 200,000 hours worked for the 12 months to 30 June 2023 (30 June 2022: 0.0)
- Heavy Mineral Concentrate ("HMC") production of 318,900 tonnes in Q2 2023, a 10% decrease compared to Q2 2022 (353,600 tonnes), due to lower grades and mining rates impacted by power interruptions
- Ilmenite production of 221,300 tonnes in Q2 2023, a 9% decrease compared to Q2 2022 (242,900 tonnes), although better than the 12% reduction in HMC processed, benefitting from the processing of stockpiled magnetic concentrate
- Primary zircon production of 11,600 tonnes, a 15% decrease compared to Q2 2022 (13,600 tonnes), due to the processing of stockpiles in the prior period
- Total shipments of finished products of 285,100 tonnes, a 48% increase compared to Q2 2022 (192,800 tonnes) supported by the drawdown of finished product stockpiles
- Updated 2023 ilmenite production guidance range of 980,000 tonnes to 1,040,000 tonnes; no changes to guidance for zircon, rutile or concentrates or total cash operating costs
- Ilmenite prices were stable in Q2 2023, although a weaker titanium pigment market is feeding into lower ilmenite prices in Q3 2023
- Global macroeconomic conditions are also affecting demand for zircon with spot prices moving below contracted prices
- At the end of H1 2023, net cash increased to \$42.2 million (31 December 2022: \$25.7 million), supported by a drawdown of finished products and robust pricing
- Kenmare continues to generate strong free cashflow and in line with its capital allocation policy, the Company is considering a share buyback of approximately \$30 million, subject to trading conditions, business performance and necessary approvals. A further update to be provided at the H1 2023 results in mid-August

Operations update

Production from the Moma Mine in Q2 2023 and H1 2023 was as follows:

	Q2 2023 tonnes	Q2 2022 % variance	Q1 2023 % variance	H1 2023 tonnes	H1 2022 % variance
Excavated ore ^{1,2}	9,606,000	-5%	9%	18,380,000	-3%
Grade ^{1,2}	4.03%	-5%	-8%	4.19%	-4%
Production					
HMC production	318,900	-10%	1%	633,900	-14%
HMC processed	322,900	-12%	3%	637,600	-14%
Ilmenite	221,300	-9%	8%	425,500	-15%
Primary zircon	11,600	-15%	2%	23,000	-13%
Rutile	1,900	-10%	12%	3,600	-10%
Concentrates ³	10,400	6%	3%	20,500	0%
Shipments	285,100	48%	5%	556,800	31%

1. Excavated ore tonnage and grade prior to any floor losses.
2. Excavated ore volumes and grade for Q1 2023 are restated as 8,774,000 tonnes and 4.36% from 9,258,000 tonnes and 4.13% to exclude tailings excavated by WCP C.
3. Concentrates include secondary zircon and mineral sands concentrate.

Kenmare's rolling 12-month LTIFR to 30 June 2023 was 0.18 per 200,000 hours worked (Q2 2022: 0.0), with one Lost Time Injury recorded during Q2 2023. Kenmare is committed to building a strong, employee-led safety culture at Moma and is focused on improving safety leadership and ensuring best practices for identifying, assessing and mitigating risks at Moma are fully implemented.

HMC production was 318,900 tonnes in Q2 2023, representing a 10% decrease compared to Q2 2022 (353,600 tonnes). This was a product of a 5% decrease in ore grades to 4.03% (Q2 2022: 4.23%) and a 5% decrease in excavated ore volumes to 9.6 million tonnes (Q2 2022: 10.1 million tonnes).

HMC production in Q2 was impacted by:

- Poor power quality as interruptions from the grid and unplanned maintenance by Electricidade de Moçambique reduced mining operating hours.
- Lower recoveries at WCP A due to high slimes levels; recoveries have improved since June due to the introduction of supplementary clean water to the spirals, aiding separation efficiency.
- WCP B was unable to operate in a fully automated mode in Q2 because of a shortage of spares following the lightning strike in Q1. This impacted recoveries from mining, as did lower-than-expected grades. WCP B is now operating on a fully automated basis. Mining rates and recoveries were also impacted by buried root matter; while these conditions are not expected to recur in 2023, screening improvements have been implemented and successfully addressed this issue.
- WCP C undertook a planned transition through a tailings area from March 2023 to reach a new mining zone: this took longer than expected but was completed in June.

Kenmare expects higher HMC production in H2 2023 benefitting from higher grades at WCP A, full production at WCP C and the resolution of the issues detailed above.

All transportation of HMC from WCP B to the Mineral Separation Plant ("MSP") is now being undertaken by the positive displacement pumps. H1 2023 has seen a significant improvement in the performance of the pumps which have consistently run at design throughputs and utilisations, eliminating the need for trucking of HMC.

Ilmenite production was 221,300 tonnes, a 9% decrease compared to Q2 2022 (242,900 tonnes), benefitting from drawdown of magnetic intermediate stocks compared to the 12% reduction in HMC processed.

The Mine has experienced an under-recovery of ilmenite in the HMC at WCP B. The higher-grade fraction of ilmenite in an area of Pilivilil appears more weathered, reducing the apparent density and magnetism of the material, impacting recoveries to final product. Further test work and calibration of equipment is ongoing to maximise the recoveries of this high TiO₂ ilmenite.

Primary zircon production was 11,600 tonnes in Q2 2023, a 15% decrease compared to Q2 2022 (Q2 2022: 13,600 tonnes). Despite higher zircon grades in feed, particularly from WCP B, zircon production was affected by lower HMC availability. There was also a build of non-magnetic intermediate stocks, reducing zircon production, which is expected to unwind in H2 2023.

The Rotary Uninterruptible Power Supply ("RUPS") has not been operational in Q2, due to the failure of some electrical equipment. This has meant that grid power instability has impacted recoveries in the MSP. Design corrections have been identified and the RUPS is expected to fully resume operations in July.

Rutile production was 1,900 tonnes, down 10% (Q2 2022: 2,100 tonnes). As with zircon, this reflects lower HMC processed, offset by increased rutile in feed.

Concentrates production was 10,400 tonnes, up 6% (Q2 2022: 9,800 tonnes), with higher content of monazite. Higher recoveries were also achieved in the secondary zircon circuit.

Total shipments in Q2 2023 were 285,100 tonnes, a 48% increase compared to Q2 2022 (192,800 tonnes), benefitting from increased shipping capacity in the period. Shipments comprised 258,100 tonnes of ilmenite, 11,200 tonnes of primary zircon, 3,500 tonnes of rutile, and 12,300 tonnes of concentrates. Shipments for H1 2023 were up 31% on the prior year to 556,800 tonnes (H1 2022: 424,300 tonnes).

Closing stock of HMC at the end of Q2 2023 was 15,000 tonnes, compared to 19,000 tonnes at the end of Q1 2023. Closing stock of finished products at the end of Q2 2023 was 129,000 tonnes, compared to 169,300 tonnes at the end of Q1 2023, reflecting a drawdown of finished product inventories in Q2 2023.

2023 guidance

In the Q1 2023 Production Report, Kenmare indicated that it expected ilmenite production to be at the bottom of the original guidance. However, due to lower-than-expected production in Q2 2023, ilmenite guidance for 2023 is now updated as follows:

	Unit	Updated 2023 Guidance	Original 2023 Guidance
Production			
Ilmenite	tonnes	980,000 - 1,040,000	1,050,000 - 1,150,000
Primary zircon	tonnes	No change	51,000 - 57,000
Rutile	tonnes	No change	8,000 - 9,000
Concentrates ¹	tonnes	No change	37,000 - 41,000
Costs			
Total cash operating costs	\$m	No change	208 - 228

1. Concentrates include secondary zircon and mineral sands concentrate.

H2 2023 is anticipated to be a much stronger period of production, benefitting from increased grades and tonnes mined.

It is expected that the shortfall in ilmenite will be partially offset by the increased content of zircon and rutile in feed, particularly from WCP B. The lower end of the revised ilmenite guidance range includes a conservative allowance for unexpected impacts on production.

Total cash operating costs are anticipated to be in line with original guidance. Cash operating costs per

tonne will be a function of lower production volumes and total cash operating costs.

Market update

Ilmenite prices and sales volumes remained stable in H1 2023.

Downstream titanium pigment demand was subdued in Q2, as higher interest rates globally affected industrial activity and the housing markets in many regions. Underlying demand in China has not rebounded as quickly as expected, but domestic pigment production remains robust. As a result, pigment producers outside China are facing increased competition from Chinese pigment exports.

Sustained production of pigment in China has supported the ilmenite market in Q2 2023. However, slower pigment market conditions reduced demand for high-grade feedstocks, due to lower chloride pigment utilisations. There has been continued disruption to and depletion of titanium feedstock mine supply globally; however, an increase in concentrates for processing in China has kept the market in balance.

Lower demand for titanium pigment is likely to continue in the short term; however, Kenmare has contracted a high proportion of ilmenite sales in Q3 2023.

Challenging macroeconomic conditions have softened demand for zircon. Ceramics producers are operating at reduced utilisation levels, leading to higher inventories. Reported zircon sand prices have remained stable, although spot prices for shipments to China and India softened in Q2 2023 and remain below contracted prices moving into Q3.

Finance update

On 19 May 2023, Kenmare paid its record 2022 final dividend of US\$43.33 per share. This was the balancing payment of a 2022 full year dividend of US\$54.31 per share, representing a dividend payout ratio of 25% of profit after tax, and up 66% from 2021.

Following the 2022 final dividend distribution of \$44.1 million and debt principal repayments of \$15.7 million, cash and cash equivalents were \$108.8 million as at 30 June 2023 (31 December 2022: \$108.3 million), while gross bank loans and lease obligations, including accrued interest, were \$66.6 million (31 December 2022: \$82.6 million).

Accordingly, as at 30 June 2023, Kenmare's net cash increased by \$16.5 million to \$42.2 million, compared to \$25.7 million net cash at 31 December 2022.

Kenmare continues to generate strong free cashflow and in line with its capital allocation policy, the Company is considering a share buyback of approximately \$30 million, subject to trading conditions, business performance and Board and other necessary approvals. A further update will be provided on 15 August 2023 with the interim results for the six months ended 30 June 2023.

For further information, please contact:

[Kenmare Resources plc](#)

Jeremy Dibb / Michael Starke
Investor Relations
ir@kenmareresources.com
Tel: +353 1 671 0411
Mob: +353 87 943 0367

Murray (PR advisor)
Paul O'Kane
pokane@murraygroup.ie

Tel: +353 1 498 0300
Mob: +353 86 609 0221

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.

Dieser Artikel stammt von [Rohstoff-Welt.de](#)

Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/448290--Q2-and-H1-2023-Production-Report.html>

Für den Inhalt des Beitrages ist allein der Autor verantwortlich bzw. die aufgeführte Quelle. Bild- oder Filmrechte liegen beim Autor/Quelle bzw. bei der vom ihm benannten Quelle. Bei Übersetzungen können Fehler nicht ausgeschlossen werden. Der vertretene Standpunkt eines Autors spiegelt generell nicht die Meinung des Webseiten-Betreibers wieder. Mittels der Veröffentlichung will dieser lediglich ein pluralistisches Meinungsbild darstellen. Direkte oder indirekte Aussagen in einem Beitrag stellen keinerlei Aufforderung zum Kauf-/Verkauf von Wertpapieren dar. Wir wehren uns gegen jede Form von Hass, Diskriminierung und Verletzung der Menschenwürde. Beachten Sie bitte auch unsere [AGB/Disclaimer!](#)

Die Reproduktion, Modifikation oder Verwendung der Inhalte ganz oder teilweise ohne schriftliche Genehmigung ist untersagt!
Alle Angaben ohne Gewähr! Copyright © by Rohstoff-Welt.de -1999-2026. Es gelten unsere [AGB](#) und [Datenschutzrichtlinien](#).