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Kenmare Resources plc (“Kenmare” or “the Company”)

30 April 2015

Interim Management Statement

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, provides a trading and debt update, including for the first quarter ending 31 March 2015.

Overview

- Debt amendment signed in April
- Sales of finished products up 8% to 209,600 tonnes (Q1 2014: 193,900 tonnes)
- Grid power outage during Q1 was mitigated by operation of generator sets
- Ore mined down 57% to 3,211,000 tonnes (Q1 2014: 7,543,000 tonnes)
- Production of heavy mineral concentrate down 50% to 144,500 tonnes (Q1 2014: 287,000 tonnes)
- Production of ilmenite down 39% to 129,000 tonnes (Q1 2014: 210,800 tonnes)
- Production of primary zircon up 19% to 9,200 tonnes (Q1 2014: 7,700 tonnes)
- Retrenchment programme finalised

Statement from Michael Carvill, Managing Director:

“Operations were severely impacted by power outages brought about by severe flood damage. In the face of these challenges the dip doctor and diesel gensets operated flawlessly through the quarter, helping to maintain shipment volumes without grid power. Cost efficiency work continued with the implementation of a retrenchment programme and review of employee allowances, which will yield an annualised US\$12.5million benefit. I would like to thank all employees for their continued drive and commitment through this period.”

Operations

Production and shipments from the Moma Mine for Q1 2015 were as follows:

	Q1-2015	Q1-2014	Variance	Q4-2014	Variance
	tonnes	tonnes	%	tonnes	%
Excavated Ore *	3,211,000	7,543,000	-57%	8,820,000	-64%
Grade*	5.85%	4.21%	39%	5.24%	-12%
Production					
Heavy Mineral Concentrate ("HMC")	144,500	287,000	-50%	366,600	-61%
Ilmenite	129,000	210,800	-39%	188,800	-32%
Zircon	10,400	8,800	18%	14,800	-30%
of which primary	9,200	7,700	19%	12,500	-26%
of which secondary	1,200	1,100	9%	2,300	-48%
Rutile	1,400	1,100	27%	1,700	-18%
Shipments	209,600	193,900	8%	217,800	-4%

* Excavated Ore and grade are prior to any floor losses.

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As previously reported, the power supply to the Moma Mine from the grid was impacted by the severe flooding in Northern Mozambique which resulted in physical damage to the power lines and outages totalling seven weeks during the first quarter. Kenmare worked closely with the Mozambique state electrical utility, Electricidade de Moçambique (EdM), during this period to help the restoration of a stable power supply which has been effective since 29 March 2015.

Notwithstanding difficult operating conditions associated with the power outages during the first quarter, Kenmare mined 3,211,000 tonnes of ore at a grade of 5.85% and produced 144,500 tonnes of HMC in Q1 2015, compared with 7,543,000 tonnes of ore at a grade of 4.21% and production of 287,000 tonnes of HMC in Q1 2014. The grade variation reflects known variability in the mine paths.

The key operating parameters at the mine, including throughput and recoveries, were at or above budgeted levels, excluding operating time lost to the power outages. As the quarter progressed, the Moma Mine saw a decline in the volume of finished product produced, due to the severe power issues, following the consumption of HMC stockpiles.

Production of ilmenite was down 39% to 129,000 tonnes, compared with 210,800 tonnes in Q1 2014. Production of primary zircon was up 19% to 9,200 tonnes, compared with 7,700 tonnes in Q1 2014. The increase in zircon and rutile production compared to the prior year period was due to the increased recoveries and utilisation levels of these circuits in the Mineral Separation Plant.

Sales of total finished products were up 8% to 209,600 tonnes in Q1 2015, compared with 193,900 tonnes in Q1 2014. Sales comprised 205,600 tonnes of ilmenite and 4,000 tonnes of zircon. Closing stock of finished products at 31 March 2015 was 150,800 tonnes.

Despite the difficult conditions, safety performance remained strong with no lost time injuries in Q1. The Moma Mine has now operated for ten months without an LTI.

Market

Although softer pigment market conditions have persisted into Q1 2015, positive macroeconomic trends indicate that demand should improve over the course of 2015. Leading economists forecast improved global GDP growth in 2015 driven by stronger growth in developed economies. The big drop in oil prices in recent months has provided a boost to import dependent developed economies and should assist to boost consumer spending and improve industry competitiveness.

On the TiO₂ feedstock supply side, the current ilmenite over-supply situation is fragile with the likelihood of further reduction in Chinese and other production in 2015, which should lead to tighter market conditions emerging in the coming months.

Since early February 2015, in response to downward pressure on iron ore prices, there is evidence that a number of Chinese mines have either reduced or suspended production, which is expected to materially impact on ilmenite supply in 2015. This has yet to impact on the supply/demand pricing dynamics as pigment plant operating rates have remained low over the winter months and Lunar New Year period, and inventories need to be worked down, but this reduction in supply is expected to become evident in the coming months. Meanwhile supply of ilmenite and concentrates for reprocessing from other regions, notably Vietnam, continues to decline further in 2015 due to poor mining economics.

On the demand side, higher pigment plant operating rates and materially increased demand for ilmenite from new slag producers in China and the Middle East will also have a major impact on the ilmenite supply/demand balance in 2015. Additionally, some existing slag producers outside of China have also entered the market to buy ilmenite, which will absorb additional significant volumes of merchant ilmenite.

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There is renewed confidence in the major European markets of a stronger 2015 for zircon markets, supported by reduction in energy costs and the weakening euro which is helping boost exports of ceramic tiles and sanitary ware. Expectations are for continued moderate demand growth of around 3% in 2015.

Finance

In April 2015, Kenmare reached agreement with lenders which will provide additional liquidity and create a stable financial platform for the Group, details of which are available in our 2014 Annual Report.

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The Directors of Kenmare accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement is in accordance with the facts and does not omit anything likely to affect the import of such information.

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A person interested in 1% or more of any class of relevant securities of Kenmare or Iluka may have disclosure obligations under Rule 8.3 of the Irish Takeover Rules, effective from 26 June 2014, the date of the commencement of the offer period for Kenmare under the Irish Takeover Rules.

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