KENMARE

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Kenmare Resources plc ("Kenmare" or "the Company")

29 April, 2016

Update on Proposed Deleveraging Plan

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 the following update on its proposals to materially reduce the Group's outstanding debt (from outstanding debt of US$367.8 million as of 31 December, 2015 to not more than US$100 million); to provide the Group with additional liquidity from part of the net proceeds of a capital raise; and to amend the terms of residual loans. It is expected that existing events of default under the current debt facilities would also be remedied upon implementation of the proposals.

These proposals represent the components of a material deleveraging plan ("Deleveraging Plan") required to be delivered to the Group's lenders (the "Lenders") under the terms of the project loan amendment agreement entered into in April 2015 ("the April 2015 Amendment"). While it was a requirement of the April 2015 Amendment that a Deleveraging Plan be delivered to, and agreed with, Lenders by 31 January, 2016, a Deleveraging Plan has not yet been agreed. However, significant progress has been made on such a plan and the Lenders continue to work with the Group on satisfaction of the pre-conditions necessary for the implementation of a Deleveraging Plan.

Deleveraging Plan and Summary Details of the Capital Restructuring

The Deleveraging Plan includes the following key elements (together "the Capital Restructuring"):

(i) A US$100 million placing of new ordinary shares with State General Reserve Fund, a sovereign wealth fund of the Sultanate of Oman ("SGRF"), and a US$100 million placing of new ordinary shares with King Ally Holdings Limited ("King Ally") (in aggregate US$200 million) ("the Cornerstone Placing") and an additional firm placing, at the same issue price ("Issue Price") as the Cornerstone Placing, of not less than US$75 million ("Firm Placing") for which participation commitments will be sought from a number of new and existing institutional shareholders;

(ii) Application of US$200 million of the proceeds of the Cornerstone Placing and Firm Placing to repay US$250 million of debt, together with the discharge of an amount equal to interest accruing on project loans (excluding the Super Senior Facility) from 25 November, 2015 until the date of receipt of Lender approvals, with the balance of the net proceeds (after expenses of the issue and of the Capital Restructuring) of the Cornerstone Placing and Firm Placing being retained by the Company for working capital purposes;

(iii) An open offer ("Open Offer") to existing shareholders to subscribe for new ordinary shares on the same terms as under the Cornerstone Placing and Firm Placing. The maximum size of the Open Offer will be such as to enable the discharge of all remaining outstanding indebtedness in the event of full subscription under the Open Offer on the basis that for every US$3 raised under the Open Offer US$4 of debt obligations are extinguished;

(iv) To the extent that subscriptions under the Open Offer are insufficient to reduce outstanding indebtedness to US$100 million, the amount of debt in excess of US$100 million will be equitised at the Issue Price;

(v) A share capital reorganisation will also be proposed as part of the Capital Restructuring pursuant to which ordinary shares in issue will be consolidated, with all new ordinary shares to be issued under the Capital Restructuring being on a post-consolidation basis.

The net effect of these arrangements will be that the amount of debt remaining outstanding following the completion of the Capital Restructuring will not be more than US$100 million and (dependent on the level of subscription for new ordinary shares under the Open Offer) could be less.

The participants in the Cornerstone Placing are each expected to hold new ordinary shares representing a maximum of 29.9% in the enlarged issued share capital of the Company following completion of the Capital Restructuring. The actual percentage represented by their respective interests will depend on the funds raised in excess of the required minimum of US$275 million. Similarly, the percentage of equity (if any) owned by the Lenders following completion of the Capital Restructuring will depend, amongst other things, on the funds raised in excess of the required minimum of US$275 million.

Objectives of the Capital Restructuring

The primary objectives of the Capital Restructuring are to:

(i) achieve a new and simplified capital structure for the Group, with a strengthened balance sheet and a more appropriate debt service and maturity profile, taking account of the difficult trading conditions which have characterised the titanium dioxide feedstocks industry in the period from 2013 to 2016 (inclusive);

(ii) ensure the Group has sufficient resources to meet its general corporate and working capital needs;

(iii) allow the Group to conserve cash resources pending a recovery in product prices (there will be no principal repayments (semi-annual) in respect of outstanding debt following completion of the Restructuring until 1 February, 2018));

(iv) recognise and respect the interests of the stakeholders of the business, in particular the senior lenders, the subordinated lenders and the shareholders;

(v) avail of the conditional commitment from King Ally and the expected commitment from SGRF to make a material investment in the Company.

(vi) provide other institutional investors with the opportunity to invest, in aggregate, not less than US$75 million at the same Issue Price;

(vii) provide all shareholders (subject only to jurisdictional selling restrictions) with an opportunity, alongside, and at the same price as, the participants in the Cornerstone Placing and the Firm Placing, to re-invest in the Company and the Mine with a right-sized debt structure, with such investment reducing (and potentially eliminating) the proportion of new ordinary shares which would otherwise be held by Lenders on completion of the fundraising, and in certain circumstances reducing (and potentially eliminating) total outstanding debt; and

(viii) deliver the material deleveraging required by the Lenders under the April 2015 Amendment

The Capital Restructuring has been structured so as to recognise the primacy of cash investment and maximise the debt reduction achieved at this time. Accordingly, the application of the first US$200 million of proceeds raised under the capital raise will be applied to repay US$250 million of debt and discharge an amount equal to certain interest accrued; and, to the extent that additional cash (supplemental to the US$75 million under the Firm Placing, which will be used to discharge expenses and for working capital purposes), is raised this will retire additional debt at a ratio of 4:3.

All of the characteristics of Moma which enabled its original development and its subsequent expansion in 2010, and which formed the basis for the additional accommodations and investments since made by the Lenders and shareholders respectively, still subsist. Moma constitutes a resource large enough to support very long mine life, is capable of being mined at low operating cost with surface mineralisation enabling dredge mining, has access to relatively low cost hydro power, has a coastal location requiring minimal over land transportation and the ability to mine and export directly using a dedicated shipping terminal, and has a diversified worldwide customer base and significant co-product revenue stream and ilmenite products suitable for both sulphate and chloride pigment processes without further beneficiation.

The Board believes that, with the implementation of the Capital Restructuring and the attendant material deleveraging and near-term risk mitigation in relation to the financial position of the Group, together with the benefit of the considerable operational experience gained, efficiencies and improvements being implemented at Moma over recent years (including in relation to mitigating poor power reliability issues, increasing the effectiveness of the rutile and zircon circuits and decreasing operating costs primarily through reductions in the cost and size of the workforce), the Group will be well placed to benefit from a recovery in product pricing. While the timing of any such recovery cannot be foreseen with accuracy, both supply and demand dynamics (further detail in relation to which is set out in the Kenmare Annual Report published today) indicate that conditions are conducive to an improvement in pricing.

Risks to Implementation

The Deleveraging Plan is a complex initiative with multiple counterparties. As of the date of this announcement, it remains subject to significant third party, internal and external risks. Moreover any investment by King Ally and/or any commitment by SGRF, if made, will be subject to a number of key conditions, including, *inter alia,* their being respectively satisfied with the form and content of a prospectus to be prepared by Kenmare, that a final agreement with lenders is entered into and reflects the envisaged debt restructuring, and that not less than, in aggregate, US$275 million is raised by way of an equity issue, as well as conventional conditions for an equity issue of this nature. The Lenders have not yet agreed to the Deleveraging Plan.

In addition, the Capital Restructuring will require publication of a prospectus and convening of an extraordinary general meeting at which approval of a number of resolutions (expected to include ordinary resolutions, special resolutions and resolutions on which only certain independent shareholders can vote) will be required.

Having regard to the uncertainties relating to the Capital Restructuring, the audit report for the year ended 31 December, 2015 includes an emphasis of matter regarding a material uncertainty in respect of going concern for the Kenmare Group.

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