

Kenmare Resources plc

(“Kenmare” or “the Company” or “the Group”)

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12 April 2023

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Q1 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 ending 31 March 2023 (“Q1 2023”).

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Statement from Michael Carvill, Managing Director:

“The first quarter was a challenging period for Kenmare, with operations and production significantly disrupted by a severe lightning strike in February. Despite this, production guidance for the year remains unchanged, albeit towards the bottom end of guidance for ilmenite and rutile.”

The market for ilmenite stabilised in Q1 2023, with evidence of spot price increases in recent weeks supported by recovering Chinese pigment demand. While received prices are lower than the peaks achieved in 2022, they nevertheless remain near all-time highs.”

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Overview

- Lost Time Injury Frequency Rate (“LTIFR”) of 0.15 per 200,000 hours worked on a 12-month rolling basis (Q1 2022: 0.00); 1.3 million LTI-free hours achieved by end March 2023
- Heavy Mineral Concentrate (“HMC”) production decreased 18% in Q1 2023 to 315,000 tonnes (Q1 2022: 384,700 tonnes), heavily impacted by the lightning strike and lower recoveries
- Ilmenite production decreased 20% in Q1 2023 to 204,300 tonnes (Q1 2022: 256,800) and primary zircon production decreased 12% to 11,400 tonnes (Q1 2022: 12,900 tonnes) due primarily to lower HMC availability
- Rutile production decreased 15% to 1,700 tonnes (Q1 2022: 2,000 tonnes), in line with lower HMC consumption
- Concentrates production decreased 6% to 10,100 tonnes (Q1 2022: 10,700 tonnes) benefitting from the processing of stockpiles
- Total shipments of finished products increased 17% in Q1 2023 to 271,700 tonnes (Q1 2022: 231,500 tonnes), benefitting from increased transshipment capacity and availability of ocean-going vessels
- The market for ilmenite stabilised in Q1 2023, at lower levels than Q4 2022, with evidence of spot price increases in recent weeks
- Kenmare reiterates 2023 production guidance for all products, with ilmenite and rutile expected to be towards the bottom end of the guidance range

Operations update

Operational results from the Moma Mine in Q1 2023 were as follows:

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À	Q1 2023	Q1 2022	Variance	Q4 2022	Variance
	tonnes	tonnes	%	tonnes	%
Excavated ore 1	9,258,000	9,391,000	-1%	10,145,000	-9%
Grade 1	4.13%	4.49%	-8%	4.75%	-13%
Production	À	À	À	À	À
HMC production	315,000	384,700	-18%	404,000	-22%
HMC processed	314,800	373,300	-16%	397,900	-21%
Ilmenite	204,300	256,800	-20%	283,900	-28%
Primary zircon	11,400	12,900	-12%	14,600	-22%
Rutile	1,700	2,000	-15%	2,200	-23%
Concentrates ²	10,100	10,700	-6%	11,700	-14%
Shipments	271,700	231,500	17%	365,700	-26%

1. À Excavated ore and grade prior to any floor losses.

2. Concentrates include secondary zircon and mineral sands concentrate.

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The end of Q1 2023 saw a Lost Time Injury Frequency Rate (LTIFR) of 0.15 per 200,000 hours worked on a 12-month rolling basis (Q1 2022: 0.00), with two lost time injuries recorded during the quarter. 1.3 million LTI-free hours were achieved by the end of March 2023.

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HMC production was 315,000 tonnes in Q1 2023, representing an 18% decrease compared to Q1 2022 (384,700 tonnes). Mining operations were impacted by the previously disclosed severe lightning incident in Q1 2023, impacting HMC production. Though lower than expected, excavated ore tonnes only decreased 1% to 9,258,000 tonnes compared to Q1 2022 (9,391,000 tonnes), despite the lightning strike. Recoveries were impacted by higher slimes levels in Q1 2023 at WCP A compared to Q1 2022. Seasonal power interruptions, including those related to the lightning strike, also affected mining recoveries.

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Production of HMC was further impacted by an 8% decrease in ore grades to 4.13% in Q1 2023 (Q1 2022: 4.49%). Ore grades are expected to normalise at ~4.2% for the remainder of 2023.

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Production of ilmenite, Kennmare's primary product, decreased by 20% to 204,300 tonnes in Q1 2023 (Q1 2022: 256,800 tonnes), due primarily to the 16% reduction in HMC processed and lower recoveries, though partially offset by a build in intermediate stockpiles. Primary zircon production decreased by 12% to 11,400 tonnes (Q1 2022: 12,900 tonnes), which was also impacted by the reduced HMC processed, but supported by higher zircon contained in the HMC.

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Rutile production was down 15% in Q1 2023 to 1,700 tonnes (Q1 2022: 2,000 tonnes) in line with lower HMC processed. Concentrates production decreased by only 6% to 10,100 tonnes (Q1 2022: 10,700 tonnes), with drawdown of intermediate stockpiles partially offsetting lower HMC processed.

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Shipments increased by 17% in Q1 2023 to 271,700 tonnes (Q1 2022: 231,500 tonnes), comprising 259,000 tonnes of ilmenite, 8,600 tonnes of primary zircon and 4,200 tonnes of concentrates. A further large ilmenite shipment, partially-loaded at the end of the quarter, will be included in Q2 2023 figures.

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Closing stock of HMC at the end of Q1 2023 was 19,000 tonnes, compared with 18,800 tonnes at year-end 2022. Closing stock of finished products at the end of Q1 2023 was 169,300 tonnes (Q4 2022: 213,500 tonnes), reflecting the drawdown of finished product stocks in Q1 2023.

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Capital projects

Further updates will be provided at the Capital Markets Day on 26 April 2023.

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Market update

Kennmare continued to see robust demand for all products in Q1 2023. However, received prices of ilmenite decreased quarter-on-quarter, because of weaker demand for pigment in Q4 2022.

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The global pigment market remained weak as destocking of inventories only halted in early 2023 and underlying demand was impacted by higher interest rates. However, chloride pigment production in China rebounded strongly in Q1 2023 and demand from the titanium metal sector continued to increase, supporting demand for Kennmare's ilmenite.

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Despite increased supply from domestic ilmenite producers and Chinese concentrate producers operating in Mozambique, spot ilmenite prices in China have increased in recent weeks, benefiting from stronger pigment production.

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Customer enquiries for ilmenite shipments in Q2 2023 have also risen with pigment demand, while demand for ilmenite beneficiation remains strong.

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Demand for zircon weakened in H2 2022 and this continued in Q1 2023; while the Chinese market has remained subdued, India has continued to show strong demand growth.

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Zircon prices remained stable in Q1 2023 benefitting from lower supply, due to production issues in Australia and South Africa. Kenmare continues to receive strong demand for its zircon products in Q2 2023.

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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.

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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.