

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

17 October 2024

Q3 2024 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 30 September 2024 (“Q3 2024”).

Statement from Tom Hickey, Managing Director:

“I am delighted to report my first quarterly production update as Managing Director. I visited Moma in September for the first time since taking on the role and it was encouraging to see the significant progress being made on the Wet Concentrator Plant A upgrade. It was also exciting to discuss the near-term commissioning of a small-scale dredge-mining and concentrating operation to support production in 2025 and beyond. Additionally, we made the first trial shipment of a new concentrates product during the quarter.

Production strengthened in Q3 compared to Q2, as expected, due to higher excavated ore volumes, and Kenmare is on track to achieve its 2024 guidance on all metrics. Shipments also improved significantly, with over 300,000 tonnes of products shipped, and this is expected to drive stronger financial performance in H2 versus H1.

Market conditions for all of our products continue to be robust, with the healthy demand we experienced in Q3 extending into Q4. Our order book is largely committed for the remainder of the year.”

Q3 2024 overview

- Lost Time Injury Frequency Rate (“LTIFR”) of 0.06 per 200,000 hours worked for the 12 months to 30 September 2024 (30 September 2023: 0.21)
- Kenmare is on track to achieve 2024 guidance across all stated metrics
- Heavy Mineral Concentrate (“HMC”) production of 355,400 tonnes in Q3 2024, down 14% year-on-year (“YoY”), primarily due to lower ore grades, in line with expectations
- Ilmenite production of 257,400 tonnes in Q3 2024, down 12% YoY, due to reduced HMC processed
- Primary zircon production of 14,600 tonnes, up 4% YoY, due to improved recoveries and the processing of intermediate stocks
- Total shipments of finished products of 302,700 tonnes, up 85% YoY due to the timing of shipments in Q3 2023, and up 29% on Q2 2024 due to improved weather conditions
- The project to upgrade Wet Concentrator Plant (“WCP”) A in preparation for Nataka mining remains on budget. Twenty pontoons have arrived at site, allowing the commencement of the construction phase of the project
- Commissioning of a new small-scale dredge-mining and concentrating operation expected to commence in late Q4 2024, with a capital cost of less than 6 million
- Strong global pigment production supporting demand for Kenmare’s products
- Kenmare has continued to engage constructively with the Government of Mozambique regarding the Implementation Agreement renewal in December 2024
- As previously announced, Tom Hickey was appointed as Managing Director on 15 August 2024, succeeding Michael Carvill
- A process is underway to identify Tom’s successor as Chief Financial Officer and an update is expected to be provided during Q4 2024

Operations update

Production from the Moma Mine in Q3 2024 was as follows:

	Q3 2024	Q3 2023	Q3 2023	Q2 2024	Q2 2024
	tonnes	tonnes	% variance	tonnes	% variance
Excavated ore¹	11,089,000	10,822,000	2%	10,386,000	7%
Grade¹	3.80%	4.32%	-12%	3.84%	-1%
Production	Â	Â	Â	Â	Â
HMC production	355,400	414,600	-14%	342,600	4%
HMC processed	356,000	412,900	-14%	343,200	4%
Ilmenite	257,400	291,200	-12%	238,600	8%
Primary zircon	14,600	14,100	4%	13,000	12%
Rutile	2,900	2,700	7%	2,500	16%
Concentrates ²	13,500	14,700	-8%	11,700	15%
Shipments	302,700	163,400	85%	234,700	29%

1. Excavated ore tonnage and grade prior to any floor losses.
2. Concentrates include secondary zircon, mineral sands concentrate and a new trial concentrates product.

Kenmare's rolling 12-month LTIFR to 30 September 2024 was 0.06 per 200,000 hours worked (30 September 2023: 0.21) and one Lost Time Injury was recorded during Q3 2024.

HMC production was 355,400 tonnes in Q3 2024, a 14% decrease YoY, due primarily to a 12% decrease in ore grades. Slower mining rates from the WCP A dredges, due to higher slimes and a descending mine floor, were partially offset by increased dry mining. However, the slower dredging advance delayed higher grades, which are now being mined in early Q4.

Ilmenite production was 257,400 tonnes, down 12% YoY due to reduced HMC processed, partially offset by improved recoveries in the Mineral Separation Plant and processing of intermediate stocks. Primary zircon production was up 4% YoY to 14,600 tonnes, also benefitting from higher recoveries and drawdown of intermediate stocks. Rutile production was up 7% YoY to 2,900 tonnes, supported by improved recoveries, delivering record quarterly rutile production. Concentrates production was 13,500 tonnes, down 8% YoY, offset by the production of a new concentrates product on a trial basis in Q3 2024.

Total shipments in Q3 2024 were 302,700 tonnes, including two zircon shipments that were delayed from Q2 and shipped in early Q3. Shipments were up 85% YoY, due to the timing of shipments in Q3 2023, when two large ilmenite shipments were completed after period end and attributed to Q4 2023. Shipments increased by 29% on Q2 2024 due to improved weather conditions. Shipments in Q3 2024 comprised 269,200 tonnes of ilmenite, 12,500 tonnes of primary zircon, 3,700 tonnes of rutile and 17,300 tonnes of concentrates.

Shipments of concentrates included 3,100 tonnes of a new concentrate product that was sold on a trial basis to customers in Q3. Kenmare expects to ship this product on a commercial basis and incorporate in annual guidance from January 2025.

Closing stock of HMC at the end of Q3 2024 was 24,000 tonnes, compared to 24,600 tonnes at the end of Q2 2024. Closing stock of finished products at the end of Q3 2024 was 259,200 tonnes, compared to 273,000 tonnes at the end of Q2 2024, reflecting improved shipments exceeding production in Q3. Kenmare continues to expect stock levels to remain higher than usual in Q4, due to strong production and high levels of finished product stock at the end of H1, before normalising during H1 2025.

Capital projects update

WCP A upgrade

The project remains on budget, with upgrade works continuing to advance, thereby progressively derisking the project. At the end of Q3, 68% of the project budget has been committed and approximately 75% is expected by year-end.

The fabrication of the two new dredges continues to progress with the project contractor in the Netherlands. Twenty out of 42 of the pontoons for the new WCP module, incorporating the upfront desliming circuit, screens and surge bin, have arrived at Moma and construction has commenced. The detailed design of the Tailings Storage Facility (TSF) was completed in Q3 2024, with construction incorporating Global Industry Standard on Tailings Management (GISTM) standards expected to begin in Q4 2024. Construction of the infrastructure in Nataka to support the TSF is underway.

Selective Mining Operation (SMO)

The introduction of a new small-scale dredge-mining and concentrating operation, or SMO, will enable mining in peripheral areas of Mineral Resources in the Pilivil high dunes and Namalope Flats at the Mine. These areas are low in slimes, high in grade and not accessible by the larger WCPs or existing dry mining operations that are limited by groundwater levels, which prevent the extraction of ore below the water table.

The SMO will consist of two small cutter-suction dredges, a slurry bin unit, screening equipment, and a 300 tonnes per hour concentrator spiral plant. This represents 60% of the capacity of WCP C, which is currently the smallest of Kenmare's three mining operations. The first SMO module is en-route to Moma by sea and is expected to arrive in Q4 2024. The first dredge and half of the spiral circuit capacity are expected to be commissioned by year-end and the remainder in early 2025.

Due to the free-flowing nature of the ore to be mined and the simple, modular design of the operation, the capital expenditure for both units is anticipated to be less than 6 million in total. This is a small investment that is expected to add HMC production with a very low capital intensity. It is a new approach to mining at Moma and may present further opportunities, depending on the success of the first module.

The introduction of the SMO supports Kenmare's ability to deliver ilmenite production in 2025 that is broadly in line with 2023 and 2024 levels, despite the planned downtime for WCP A required to facilitate the replacement of the dredges and the upgrade of the plant. The SMO is expected to produce approximately 50,000 tonnes of HMC per annum, enabling exploitation of resources that would otherwise not be mined.

Corporate update

As previously announced, Tom Hickey was appointed as Managing Director on 15 August 2024. Tom succeeds Michael Carvill, who stepped down from the Board and his executive role after 38 years.

A process is underway to appoint Tom's successor as Chief Financial Officer. The Company expects to provide an update on the results of the process during Q4 2024.

During the period, Kenmare has continued to engage constructively with Government of Mozambique representatives in relation to the renewal of Moma's Implementation Agreement (the IA). The IA governs fiscal and other terms of the Industrial Free Zone, under which Kenmare conducts its mining, beneficiating and export activities and does not govern or impact day-to-day mining operations. On 9 October 2024 Mozambique held elections and electoral authorities have until 24 October to announce the final results. Kenmare believes that Government representatives share its objective of concluding the renewal process before the 21 December renewal date, without the need for recourse to the dispute resolution procedures provided for in the agreement.

Market update

Kenmare continued to experience encouraging demand for all products in Q3 2024. While ilmenite prices were stable during Q3, the Company's average price received increased on the prior quarter, as expected. The product mix benefitted from two high-value zircon shipments which left Moma in July 2024, having been delayed from Q2. Strong demand for Kenmare's products has extended into Q4, with the Company's order book largely committed into 2025.

In Q3 demand for Kenmare's ilmenite benefitted from both strong Chinese pigment production and increased production rates in other regions. Pigment production in China remained resilient in Q3, despite soft domestic demand and the impact of the anti-dumping regulations from the European Union (the EU) and the Commonwealth of Independent States. Although exports to the EU from China have decreased, there has been an uptick in exports to some Asian markets. Western producers reported increased pigment sales in Q2, viewing the regulatory constraints on Chinese exports as an opportunity.

Strengthening global demand for titanium feedstocks in Q3 was matched by increased supply, enabling the market to remain balanced. The main contributor to this supply growth was from Mozambique, with a new project ramping up production and shipments this year while increased HMC production from new projects in Australia also contributed.

Kenmare received a marginally higher average price for its zircon products in Q3 compared to Q2, supported by the constrained supply of high-quality zircon products. Demand from the ceramics sector weakened during the quarter due to the downturn in China's real estate market and this is expected to impact zircon prices in Q4, however the Company believes that due to supply constraints in the medium and long-term, the fundamentals for its zircon products remain strong.

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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.