KENMARE

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

Kenmare Resources plc Half-Yearly Results
Six Months Ended 30 June 2015
(LSE/ISE: KMR)

28 August 2015

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, today announces its half year results for the six month period ended 30 June 2015 ("H1 2015").

Overview

- H1 2015 production was constrained by 57 days of storm related grid power outages in Q1 and sporadic power outages in Q2, as a result of remedial work to the power line and usage exceeding capacity on the northern power grid
- Ilmenite production in H1 decreased 27% to 324,100 tonnes compared to H1 2014, zircon production in H1 increased 11% to 23,800 tonnes
- Total shipments of finished products in H1 increased 3% to 412,000 tonnes
- Revenues of US$73.9 million (H1 2014: US$81.2 million), as a result of lower average prices
- Cost control measures succeeding and achieving significant cost savings; total cash operating costs decreased by 17% from H1 2014
- EBITDA of negative US$10.6 million (H1 2014: positive US$2.3 million)
- Net loss of US$27.9 million (H1 2014: US$31.8 million)
- Net reported debt (after deducting loan amendment fees) of US$317.0 million (H1 2014: US$312.4 million)
- Project Loan Amendment dated 29 April, 2015 now effective; first Super Senior Facility disbursement of US$10 million made; in discussions with Lenders in relation to waivers and planned further disbursements
- Grid power stability expected to improve significantly following the installation of new power infrastructure in Q3 2015

Michael Carvill, Managing Director, said:
"Production in H1 2015 was severely impacted by weather related power outages in Q1, remedial work in Q2 and unofficial industrial action in June - significantly reducing operating hours for the plant during the period. Average daily ilmenite production in Q3 to date is up 50% when compared with H1 2015 as a result of increased power stability. The outlook for the rest of the year will be further supported as the national power utility commissions equipment that will increase grid power capacity and stability. We are pleased to have reached agreement with our lender group, which has reduced our fixed loan payments and provided us with additional headroom and are in constructive dialogue regarding further loan disbursements."

Results conference call & presentation
A conference call for analysts will be held at 8:30am GMT on 28 August 2015. A presentation to accompany the conference call is available on the Company website www.kenmareresources.com. Participant dial-in numbers are as follows:

UK:	0808 237 0030
Ireland:	1800 936 842
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Participant ID#	92811396#

The Half Yearly Financial Report for the period ended 30 June 2015 is available on the Company website www.kenmareresources.com

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INTERIM MANAGEMENT REPORT

Overview

As previously reported, production was severely impacted as a result of grid power supply outages to the Moma Mine due to severe flooding in Northern Mozambique which resulted in physical damage to the power lines and outages totalling 57 days during the first quarter. Kenmare worked closely with the Mozambique state electrical utility, Electricidade de Moçambique (EdM), to restore stable power supply and continues to liaise closely with EdM, who are investing in additional power line infrastructure to increase capacity on the line. This 50% increase in power line capacity will help to provide a more stable power supply to the Mine and will significantly help address the challenges faced by the Mine in recent years.

Production volumes of Heavy Mineral Concentrate ("HMC") and finished products (ilmenite, zircon and rutile) decreased by 25% on the same period last year, with most of the reduction attributable to the grid power supply interruption.

Revenue of US$73.9 million decreased by US$7.3 million from H1 2014, principally as a result of ilmenite prices declining by 18%. Operating costs of US$84.5 million, excluding depreciation and amortisation, increased by US$5.5 million from H1 2014. Contributing to this increase was a US$8.6 million inventory write-down. Total cash operating costs declined by 17% to US$69.1 million as a result of lower plant availability and implemented cost control measures delivering targeted savings. Management are continuing to pursue further cost reductions on a sustainable basis.

Principally as a result of reduced production and weak market conditions, Kenmare recorded an operating loss for the first half of 2015 of US$27.2 million (H1 2014: US$17.9 million) and negative EBITDA of US$10.6 million (H1 2014: positive EBITDA US$2.3 million).

Operations

Production	H1 2015	H1 2014	Change
	(tonnes)	(tonnes)	%
HMC	454,500	604,200	-25%
Ilmenite	324,100	445,600	-27%
Zircon*	23,800	21,400	+11%
Rutile	2,800	2,800	0%
Total finished product production	350,700	469,800	-25%

* Includes 4,000 tonnes secondary zircon product (H1 2014: 3,100 tonnes)

Shipments	H1 2015	H1 2014	Change
	(tonnes)	(tonnes)	%
Product Shipped	412,000	399,000	+3%

HMC production declined 25% in H1 2015 compared to H1 2014 as a result of the power outages due to unprecedented floods in Q1 2015. Production was also constrained by sporadic power outages due to remediation of power lines damaged in the floods earlier in the year and the unofficial industrial action that caused the loss of 9 days of mine production in Q2 2015.

Production of ilmenite was down 27% to 324,100 tonnes, compared with 445,600 tonnes in H1 2014. Production of primary zircon increased by 8% to 19,800 tonnes compared with 18,300 tonnes in H1 2014 as better recoveries were achieved in the Mineral Separation Plant ("MSP").

All areas of the Mine are now operational following unofficial industrial action in June. As part of a wider cost reduction programme, a retrenchment process has been implemented and is delivering cost savings. In June, a decision was made to suspend dry mining operations as a further temporary cost saving measure.

Two ilmenite shipments totalling approximately 40,000 tonnes originally scheduled for Q2 2015 were delayed until early July as a result of the unofficial industrial action. Despite this delay, sales of total finished products were up 3% to 412,000 tonnes in H1 2015 compared to 399,000 tonnes in H1 2014. Sales in H1 2015 comprised 387,400 tonnes of ilmenite, 21,800 tonnes of zircon and 2,800 tonnes of rutile. Closing stock of finished products at 30 June 2015 was 158,400 tonnes, down from 219,500 tonnes at 31 December 2014.

Grid power related disruption reduced markedly in Q2 2015, following the extensive flooding and related power outages in Q1. However, excessive short interval power related stoppages continued to affect operations as repair work to the line was made to replace earlier temporary repairs. All permanent repairs are expected to be completed by EdM before the start of the rainy season later this year.

Separately, power reliability was also impacted by the inability of the EdM northern grid to meet demand in peak periods. EdM has implemented an investment project to increase grid capacity by 50% from 118 MW to 178 MW. Significant elements of this project are expected to be completed in Q3 2015, with the full works expected to be completed by early 2016. This 50% increase in grid capacity will help to provide a more stable power supply to customers in northern Mozambique, including to the Mine, with additional capacity to allow for increased power needs in the future. In addition to measures being taken by Kenmare, this will significantly help address the challenges faced by the Mine in recent years.

Market

Demand for TiO_2 feedstocks remained subdued in the first half of the year as weak pigment market conditions and a feedstock inventory overhang ensured that the market was fully supplied. Ilmenite inventories have reduced from a peak at the end of 2014 but remain a source of supply. Sulphate ilmenite prices faced further downward pressure through the first half of 2015 as suppliers positioned for market share. However, the continued drawdown of excess inventories and reduced Chinese domestic ilmenite supply should reverse the trend in the coming months as China is expected to require increased levels of imported ilmenite to support pigment production rates in the second half of the year. Chinese domestic ilmenite production is largely produced as a by-product of iron ore mining, which has declined as a result of poor mining economics led by a reduction in iron ore prices as a result of a structural oversupply of iron ore. The start-up of new titanium slag plants in China and Saudi Arabia are also expected to have a positive impact on demand for suitable quality ilmenite. Kenmare is well positioned to supply this new growth market and our ilmenite has been approved by a number of these new slag plants.

The supply/demand fundamentals indicate that long term demand growth rates for titanium pigment and feedstocks in line with global economic growth remain valid. With limited new feedstock supply growth expected and the ongoing depletion of existing deposits, feedstock supply deficits are expected to emerge. Given Kenmare's expanded production capability and high quality ilmenite suite suitable for sulphate and chloride pigment applications, as well as a feed for upgrading into higher grade titanium feedstocks, Kenmare is well placed to benefit from a market recovery.

Market conditions for zircon remained largely unchanged in the first half of 2015. Available trade data so far in 2015 points to increasing consumption levels of zircon in all the major geographical regions. European consumption, which has been flat for the past three years, is starting to see signs of growth, as the ceramics industry benefits from increased export sales volumes due to the weak Euro, as well as some pick-up in construction activity in Spain and Italy in particular.

Zircon prices softened marginally over the first half of 2015, impacted by currency movements and positioning for market share. Kenmare continued to receive good offtake support from its zircon customers in the first half of the year and the bulk of our zircon production is now committed to year end.

Financial Review for the six months ended 30 June 2015

Revenues for the period decreased to US$73.9 million (H1 2014: US$81.2 million). Notwithstanding a 3% increase in tonnes sold to 412,000 tonnes (H1 2014: 399,000 tonnes) of ilmenite, zircon and rutile, the reduction in revenues was principally impacted by an 18% reduction in ilmenite prices.

Total operating costs, consisting of cost of sales and other operating costs, amounted to US$101.1 million (H1 2014: US$99.1 million) including depreciation and amortisation of US$16.6 million (H1 2014: US$20.1 million). The increase in operating costs is a result of a write down of period end mineral stocks of US$8.6 million (2014: US$3.5 million), and an insurance receivable of US$2.0 million for stock losses incurred as a result of the power outages experienced in Q1 2015.

Included in other operating costs are freight, demurrage and distribution costs of US$8.1 million (H1 2014: US$10.9 million), administration costs of US$0.2 million (H1 2014: US$3.0 million), arbitration costs of US$0.6 million (H1 2014: US$0.6 million) and a share-based payment of US$0.2 million (H1 2014: US$1.7 million).

Adjusting total operating costs for depreciation of US$16.6 million (H1 2014: US$20.1 million), total Group share-based payments of US$0.8 million credit (H1 2014: US$1.7 million expense), freight reimbursable by customers of US$1.6 million (H1 2014: US$4.2 million) and the decrease in mineral product inventory for the period of US$14.6 million (H1 2014: US$10.0 million increase), the cash production cost for the period amounted to US$69.1 million (H1 2014: US$83.1 million).

EBITDA for the period amounted to negative US$10.6 million (H1 2014: positive US$2.3 million). The gross loss for the period was US$18.1 million (H1 2014: US$1.6 million) and the operating loss was US$27.2 million (H1 2014: US$17.9 million). The decreases in gross profit and operating profit resulted from lower average prices and increased unit costs due largely to reduced production caused by the power outages.

Net finance costs amounted to US$18.1 million (H1 2014: US$16.4 million) and the Group reported a foreign exchange gain of US$17.4 million (H1 2014: US$2.0 million), mainly based upon retranslation of Euro-denominated loans. The Group is reporting a net loss after tax of US$27.9 million for the period (H1 2014: US$31.8 million).

During the period, additions to property, plant and equipment were US$1.0 million (2014: US$5.1 million), reflecting continued tight expenditure control during the period under review. During the period, the Group carried out an impairment review of property, plant and equipment. A decision was taken to change the assumption whereby the mine plan is now based not solely on reserves, but also includes resources at Nataka where there is a high degree of confidence in its economic extraction. As a result of the increase in the life of mine, no impairment provision is required.

Inventory at the period end amounted to US$46.8 million (2014: US$62.5 million), consisting of intermediate and final mineral products of US$27.7 million (2014: US$42.3 million) and consumables and spares of US$19.1 million (2014: US$20.2 million). Closing stock of finished products at 30 June 2015 was 158,400 tonnes (2014: 219,500 tonnes). The decrease in mineral product inventories from the year end was principally due to reduced production as a result of the power outages in Q1 2015 and unofficial industrial action in June 2015, while shipment volumes increased by 3%. Trade and other receivables amounted to US$30.2 million (2014: US$28.1 million), of which US$21.4 million (2014: US$25.2 million) are trade receivables from the sale of mineral products and US$8.8 million (2014: US$2.9 million) is comprised of prepayments, an insurance claim receivable and other miscellaneous debtors. During the period there were sales of US$73.9 million and receipts of US$77.7 million resulting in a reduction in trade receivables. Included in trade and other payables of US$47.6 million (2014: US$49.5 million) is US$19.5 million (2014: US$19.5 million) relating to capital projects which are disputed by the Group in arbitration proceedings.

Bank loans, comprising the project loans and the corporate bank loan, amounted to US$329.9 million (2014: US$337.7 million) at the end of the period. The reported bank loans have been adjusted for applicable lender fees of US$15.5 million (US$9.5 million), which will be amortised over the life of the loans. During the period, loan interest of US$3.4 million (H1 2014: interest and principal US$16.7 million) was paid, interest of US$15.2 million (H1 2014: US$15.9 million) accrued, and the Euro-denominated loans decreased by US$16.1 million (H1 2014: US$1.7 million) as a result of the US Dollar strengthening against the Euro. Loan amendment fees of US$5.7 million were incurred (H1 2014: US$4.1 million) and US$2.2 million loan amendment fees amortised (H1 2014: US$1.0 million). The average interest rate on the Group loans at the period end was 9.1% (2014: 9.2%).

An amendment to the terms of the Project Loans and the Absa corporate facility was agreed with Project Lenders and Absa on 29 April 2015 which provides for: a new money commitment (the “Super Senior Facility”) of up to US$50 million (US$30 million for working capital purposes and US$20 million available to fund certain disputed liabilities subject to arbitration); extension of the final maturity of existing facilities; a deferral of and a reduction in scheduled principal payments on the Senior Debt; elimination of scheduled interest and principal on Subordinated Debt; novating and restating the Absa corporate facility as a Subordinated Debt obligation of the Project Companies and extending the final maturity from 31 March 2016 to 1 August 2021; repayment of Super Senior Facility principal, Senior Debt principal, and Subordinated Debt interest and principal (including interest and principal on the novated Absa facility) by means of a cash sweep dependent on the Group’s consolidated cash position on each Payment Date commencing 1 August 2016; the appointment of a Lender Approved Non-Executive Director (“NED”); and the payment of facility fees, restructuring fees and the fees and expenses of Project Lenders’ advisors. In certain circumstances and unless a material deleveraging event has taken place in 2015, the Group is required to present for Project Lender approval a budget for 2016 by 31 January 2016 that includes a plan and timetable for a material deleveraging satisfactory to Project Lenders. The Directors are satisfied that such a plan can be agreed with Project Lenders, if and when required. Loan amendment fees payable to the Group and Lenders' legal, financial and other advisers during the period amounted to US$5.7 million (H1 2014: US$4.1 million) and these are being amortised over the life of the loans.

The terms as set out in the 31 July 2014 amendment were applicable for the period ended 30 June 2015. On 24 July 2015, the conditions precedent to effectiveness of the April 2015 Amendment were satisfied and the terms thereof came into effect. Among other things, these terms reduce the loan amounts due within one year from US$111.3 million to US$1.7 million.

Cash and cash equivalents as at 30 June 2015 amounted to US$12.9 million (2014: US$21.8 million).

Health, Safety and Community

The Lost Time Injury Frequency Rate ("LTIFR") was 0.14 for the twelve months to 30 June 2015, a significant improvement from the LTIFR of 0.97 for the twelve months to 30 June 2014. Kenmare remains committed to providing a safe and healthy work environment for its employees, contractors and visitors.

The Kenmare Moma Development Association (KMAD) continued to support local communities during the period through its economic, social and infrastructure projects.

Board Appointment

Mr. John Ensall joined the Kenmare Board in July 2015 and is performing the role of the Lender Approved NED for the purposes of the amendment to the Group's financing agreed with its Lenders on 29 April 2015, and chairs the Board's Strategic Options Committee.

Update on possible acquisition

As announced on 30 April 2015, Kenmare received a revised, non-binding proposal from Iluka Resources Limited ("Iluka") for a share-for-share combination of Kenmare and Iluka at a ratio of 0.016 Iluka shares for each Kenmare share. The proposal by Iluka is subject to a significant number of pre-conditions and there can be no certainty either that an offer by Iluka for Kenmare will ultimately be forthcoming or with respect to the terms of an offer if made. Having taken independent advice and subject to its fiduciary duties, the Board of Kenmare believes that it is in Kenmare's shareholders' and other stakeholders' interests for Kenmare to continue to work with Iluka towards satisfaction of the pre-conditions to Iluka's proposal.

Outlook

Moma is a long life, low cost operation that supplies approximately 8% of global titanium feedstock demand. Following a long period of investment in the facilities at Moma, the Mine is on track to deliver production increases in the second half of 2015. Despite the current challenging pricing environment, the long term outlook for Moma remains positive due to the favourable cost position of the Mine and the favourable outlook for titanium dioxide in the medium to long term.

In line with the previously stated strategy, Kenmare will continue to focus on increasing production, reducing total cash costs and maintaining liquidity. Given the largely fixed cost base and continued progress that management has made in executing operating and sustaining capital cost savings, increased production will further reduce unit operating costs. When the market strengthens and delivers improvements in price, increased production is expected to generate significant free cash flow from operations. Kenmare will continue to work closely with the lender group to ensure that liquidity is maintained and, in particular, to access the remainder of the Super Senior Facility as required.

Principal risks and uncertainties

The Group's business may be affected by risks similar to those faced by many companies in the mining industry. There are a number of potential risks and uncertainties that could have a material effect on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected results. These risks are outlined below.

Market risks

The Group's revenue and earnings depend upon the demand for and prevailing prices of ilmenite, zircon and rutile. Such prices are based on world supply and demand and are subject to large fluctuations in response to changes in the demand for such products, whether as a result of uncertainty or a variety of additional factors also beyond the Group's control, as well as changes in supply, including as a result of new heavy mineral sands projects commencing production or closure of existing operations. Demand for our products may be reduced by thrifting or substitution by users of our products. The Group's revenue generation, results of operations, cashflows and financial condition may be significantly and adversely affected by declines in the demand for and prices of ilmenite, zircon and rutile.

Concentration and counterparty risk

A small number of customers account for a significant proportion of the Group's revenue. If any of its major customers ceased dealing with the Group and the Group was unable to sell the product in the market on comparable or superior terms, this would have an adverse effect on the Group's revenue generation, financial condition and results of operations.

Under most of the Group's contracts, customers take delivery of product prior to the due date for payment. If any of the customers under such contracts failed to pay for such products, this would have an adverse effect on the Group's results of operations and financial condition.

Competition risk

The Group faces strong competition from other mining companies presently active in the production and sale of titanium minerals and zircon. In addition, a number of new heavy mineral sands projects have commenced production, adding to competitive pressures. There can be no assurance that the Group will be able to successfully respond to such competitive pressure or the competitive activities of other producers.

Operational risks

The Group's financial condition and results of operations are dependent on the success of our operation of the Mine. Any event that materially interferes with our ability to conduct operations at the Mine could have a materially adverse effect on the Group's financial condition and results of operations.

Mining operations are vulnerable to natural events, including drought, floods, fire, storms and the possible effects of climate change. Operating difficulties could be experienced as a result of unexpected geological variations. Mineral sands dredge mining involves considerable berm construction and geotechnical management. An accident or a breach of operating standards could result in a significant incident which would affect the Group's operations, reputation and the costs of its operations for an indeterminate period.

The Mine requires reliable roads, marine infrastructure, power sources and power transmission facilities, and water supplies to conduct its business. The availability and cost of infrastructure affects capital and operating costs, production and sales. In particular, the Mine is dependent on the electricity generation and transmission system in northern Mozambique, and a single 170 km transmission line to the Mine from the Nampula substation. The Mine has experienced episodes of power outages and instability, partly as a result of an increase in the load on the transmission system that had not been anticipated by the state power transmission utility, EdM and partly as a result of storm damage to the electrical transmission system on the 170km transmission line. Although the Group has taken a number of initiatives to minimise interruptions to operations caused by power interruptions and has been working with EdM to improve the stability of the electricity supply to the Mine, there can be no assurance that the Group will succeed in minimising or eliminating power outages and instability, which could adversely affect production. If either the power station at Cahora Basa or the power transmission line to the Mine were to experience prolonged or repeated disruptions or instability, production of heavy mineral concentrate as an intermediate product and of ilmenite, rutile and zircon end-products would be reduced (although the rented electricity generating plant installed in 2014 should ensure continuous operation of the MSP so long as the HMC stockpile is not exhausted). Loss of production could reduce cash flow, may affect customer relationships, and have an adverse effect on the Group's results of operations and trading and financial position.

The Mine is reliant on its marine terminal for the shipment of products. Adverse weather conditions can limit the ability to make shipments. Extreme weather conditions or accident could result in damage to the marine terminal, rendering the Mine unable to ship its products pending repair. In these situations, the Mine may be unable to meet its commitments to customers to a lesser or greater degree, resulting in reduced revenues, ocean freight penalties and reduced cash flow, with an adverse effect on customer relationships, results of operations and trading and financial condition.

The Group's customers depend upon ocean freight to transport products purchased from the Group. Disruption of ocean freight as a result of piracy or other events could temporarily impair the Group's ability to supply its products to its customers and thus could adversely affect the Group's revenue generation, results of operations and trading and financial condition. The Group has developed a policy to manage the threat of piracy near the marine terminal.

The Group's insurance does not cover every potential risk associated with its operations. Adequate cover at reasonable rates is not always obtainable. In addition, the Group's insurance may not fully cover its liability or the consequences of any business interruption such as weather events, equipment failure or labour dispute. The occurrence of a significant event not fully covered by insurance could have an adverse effect on the Group's business, results of operations and financial condition.

Ore reserve and mineral resources risk

The Group's estimates of ore reserves and mineral resources are subject to a number of assumptions that may be incorrect and may be materially different from mineral quantities that may ultimately be recovered. Actual ore reserves may not conform to geological or other expectations and the volume and grade of ore recovered may be below the estimated level. Changes in the forecast prices of the Group's products, exchange rates, production costs or recovery rates may result in reserves ceasing to be economically viable and needing to be downgraded or reduced. Moreover, short-term operating factors relating to the reserves, such as the need for sequential development of ore bodies and variations in ore grades, may adversely affect the Group's production and profitability in any particular accounting period.

Financing risks

The development of the Mine has been partly financed by the Project Loans. The Group's ability to meet its debt service obligations under these loans depends on the cash flow generated from operations. Details of loan amendments during the period and after the statement of financial position date are set out in Note 7 to the condensed consolidated financial statements. Further developments in relation to the conditions to disbursement of undrawn amounts under the Super Senior Loan are set out under 'Going Concern' below. The Mine's cash flow, in turn, depends primarily on the Mine's ability to achieve production, product sales volumes and pricing and cost targets. Failure to achieve these targets could result in insufficient funds to meet scheduled interest and principal repayments which could result in the application of default interest rates, as well as an event of default.

Furthermore, the terms of the Group's loans include a number of covenants (including operational, organisational, environmental, insurance and financial covenants) applicable to the Group, as well as a number of events of default. For example, effective 24 July 2015 the Group may in certain circumstances be required under its loan agreements to materially reduce the amount of its existing debt, obtain the approval of Project Lenders for a plan to materially reduce its existing debt or report on progress in relation to such reduction, in each case in a manner satisfactory to Project Lenders. Any failure to comply with any of the foregoing provisions could result in an event of default.

Should an event of default arise under the terms of the Project Loans, whether through failure to make a scheduled payment or to comply with one or more covenants or otherwise, then (unless Project Lenders agree to waive the relevant event of default), following notice and in certain circumstances the passage of time, the Project Lenders may be able to accelerate the payment of all sums arising under the facilities (including accrued interest), enforce the security and guarantees granted by the Group, and/or take any other action permitted to be taken. Should a waiver not be granted by Lenders, as set out under 'Going Concern' below, drawdown of the additional US$20 million of the Super Senior Facility may also be prevented. Any such action could be detrimental to the Group's financial condition and may result in the insolvency of the Company and other members of the Group.

Furthermore, the restrictions placed on the Group under the terms of the Project Loans prohibit payment of dividends, and may impair its operating and financial flexibility, which could adversely affect the business and financial position of the Group.

Currency risks

The Group's corporate and Project loans are denominated in US Dollars and Euro. At 30 June 2015, the loan balance comprised US$153.0 million denominated in US Dollars and US$177.0 million denominated in Euro. The outstanding loans are to be repaid in instalments with a final maturity of 1 August 2021. All the Group's sales are denominated in US Dollars. Euro-denominated loans expose the Group to currency fluctuations which are realised on payment of interest and principal on Euro-denominated loans.

Senior management regularly monitors and reports to the Board on these currency risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage the loan-related currency risks continues to be appropriate in light of the length of, and payment profile over, the loan repayment period.

Group operating and capital costs are denominated in US Dollars, South African Rand, Mozambican Metical, Euro, Sterling, and to a lesser extent in Australian Dollars, Singapore Dollars and Chinese Renminbi. Fluctuations in these currencies will affect the Group's financial results.

Interest rate risk

Interest rates on the Group's bank loans are both fixed and variable. The variable rates are based on six month US Dollar LIBOR. All the Euro loans are fixed rate. The Group is exposed to movements in interest rates which affect the amount of interest paid on borrowings. As at 30 June 2015, 61% of the Group's debt (US$201.1 million) was at fixed interest rates and 39% (US$128.8 million) was at variable interest rates. Any increase in the six month US Dollar LIBOR would increase finance costs and therefore have a negative effect on the Group's profitability. Senior management regularly monitors and reports to the Board on these interest rate risks. The Board has determined that the Group's current policy of not entering into derivative financial instruments to manage such risks continues to be appropriate in light of the length of the loan repayment period, the payment profile over this period and the mix of fixed and variable rate debt.

Commodity price risk

Certain of the Group's operations and facilities at the Mine are intensive users of diesel fuel. Diesel fuel use has increased as a result of the installation of diesel-powered generators to supplement power supplied by EdM. To the extent the use of these diesel-powered generators increases, the Group's consumption of diesel fuel will further increase. Factors beyond the Group's control may put upward pressure on the price paid by the Group for diesel fuel.

Health and safety risks

The Group is committed to conducting its business in a manner that minimises the exposure of its employees, contractors and the general public to health and safety risks arising from its operations. An accident or a breach of operating standards could result in a significant incident which could affect the Group's reputation, and the costs and viability of its operations for an indeterminate period. The Group's operations worked 2.0 million hours in H1 2015 (H1 2014: 2.0 million hours), with 3 lost-time injuries to employees and contractors (H1 2014: 8 lost-time injuries). Malaria is a key risk at the Mine and the Group continues to develop and implement programmes to minimise its effect on all personnel at the Mine. The Group ensures that appropriate health and safety standards are maintained across all its activities.

Human resources risks

The Group's success depends upon the expertise and continued service of certain key executives and technical personnel, including the Executive Directors. The loss of the services of certain key employees, including to competitors, could have a material adverse effect on the results of operations and financial condition of the Group. In addition, as the Group's business develops and expands, the Group's future success will depend on its ability to attract and retain highly skilled and qualified personnel, which is not guaranteed. Due to the increased mining activity in Mozambique and new projects in the heavy mineral sands industry in recent years, the Group has encountered increasing competition in attracting and retaining experienced mining professionals. Should key personnel leave or should the Group be unable to attract and retain qualified personnel, the Group's business, results of operations and financial condition may be adversely affected.

Certain employees are represented by a union under a collective agreement. The Group may not be able to satisfactorily renegotiate labour agreements when they expire and may face higher wage demands. In addition, as occurred in June 2015 with unofficial industrial action causing in the temporary suspension of production, existing labour agreements may not prevent a strike or work stoppage, which could have an adverse effect on the Group's results of operations, financial condition and reputation.

The Mine employs a number of non-Mozambicans, including in senior management and technical positions. Although the Mine enjoys very good relations with the local communities, resentment against certain expatriate communities in Mozambique (for example as a result of violence against Mozambicans in neighbouring countries) has in the past and may in the future require the Group to evacuate some or all of its expatriate staff to ensure their safety. Should expatriate personnel be unable to work at the Mine for prolonged periods of time, this could have an adverse effect on the Group's results of operations and financial condition.

Litigation risks

The Group is a party to a number of disputes that are subject to resolution through court or arbitral proceedings and may from time to time face the risk of other litigation in connection with its business and/or other activities. Recovery may be sought against the Group for significant but indeterminate amounts and the existence and scope of liabilities may remain unknown for substantial periods of time. Of the two current material claims against the Group, the estimated defence costs of one have been provided for under legal provisions as detailed in Note 8, and the value of the other is included in the Group's current liabilities, although the Group is disputing the claim in full and has raised a substantial counter-claim. A substantial legal liability and/or an adverse ruling could have a material adverse effect on the Group's business, results of operations and financial condition.

Political risk

The Mine is located in Mozambique, which has been politically stable for almost two decades. The Group has operated in Mozambique since 1987, and has executed a Mineral Licensing Contract and an Implementation Agreement which each contain certain protections against adverse changes in Mozambican law. The Group's operations in Mozambique may, however, become subject to risks similar to those which are prevalent in many developing countries, including extensive political or economic instability, changes in fiscal policy (including increased taxes or royalty rates), nationalisation, inflation, and currency restrictions, as well as renegotiation, nullification, termination or rescission of existing concessions or of licenses, permits, approvals and contracts. In addition, there may be an increase in, and tightening of, the regulatory requirements (including, for example, in relation to employee health and safety, permitting and licensing, planning and development and environmental compliance). The occurrence of these events could adversely affect the economics of the Mine and could have a material adverse effect on the results of operations and financial condition of the Group.

Regulatory risk

The Group's operations are extensively regulated by national authorities in Mozambique. Regulations govern matters including, but not limited to, employee health and safety, permitting and licensing requirements, planning and development and environmental compliance. Although the Mineral Licensing Contract and Implementation Contract contain certain protections against adverse changes in Mozambican law, non-compliance with current or future regulations may result in financial penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of non-compliance and orders to take preventative steps against possible future non-compliance. In addition, a violation of environmental or health and safety laws or permits or a failure to comply with the instructions of the relevant environmental or health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the Mine, a loss of the right to mine or to continue with production or the imposition of costly compliance procedures, fines and penalties, liability for clean-up costs or damages. Any such measures could have a material adverse effect on the Group's results of operations and financial condition.

Related party transactions

There have been no material changes in the related party transactions affecting the financial position or the performance of the Group in the period other than those disclosed in Note 10 to the condensed consolidated financial statements.

Going Concern

A cashflow forecast has been prepared by management with best estimates of price assumptions and shipment assumptions supported by the Directors (the "Group Forecast"). In addition, as set out in the Agreed Roadmap, stipulated in the April 2015 Amendment, a cashflow forecast (termed the "Revised Forecast" in the finance documents) has been delivered to Lenders. The Revised Forecast has been prepared on a more conservative basis than the Group Forecast. Both the Group Forecast and Revised Forecast assume that the US$30 million of the Super Senior Loan available for working capital purposes will be fully drawn. However, in order to draw the remainder of the Super Senior Loan, the assumptions and resulting cash flow projections in the Revised Forecast (but not the Group Forecast) result in a requirement for waivers from Lenders in respect of (i) a requirement whereby the Revised Forecast shows that over the following six months the aggregate of Group cash and the Super Senior Facility undrawn working capital loan commitments shall be no less than US$10 million and (ii) a requirement whereby the Revised Forecast demonstrates the ability to repay the Super Senior Loan as scheduled. As a result, the Group has submitted to Project Lenders a request for waiver of such covenants and conditions precedent. Without the requested waivers, there would be an event of default and the Group would be unable to draw the additional US$20 million of the Super Senior Facility. The Group has a good longstanding working relationship with the Lenders and has not received any indication from Lenders that the relevant waivers would not be forthcoming in due course. Whilst these conditions give rise to material uncertainty regarding the availability of funding and there can be no assurance that the waivers will be obtained or be obtained on a timely basis, the Directors believe that the relevant waivers will be so obtained.

Key assumptions upon which the Group Forecast is based over the next twelve months include a mine plan covering production using the Namalope reserves as set out in the Reserve and Resources table in the 2014 Annual Report. Production levels for the purpose of the forecast are approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile. Assumptions of product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations. Operating costs are based on approved budget costs for 2015 taking into account the current running costs of the Mine. Capital costs are based on the approved capital budget for 2015 taking into account revisions to this plan and scheduling of outlay over the next twelve months.

On 24 July 2015 the conditions precedent to the April 2015 Amendment were satisfied and the Group drew down US$10.0 million of the Super Senior Facility on 11 August 2015.

Taking into account the items noted above, and as stated in Note 1 to the condensed consolidated financial statements, based on the Group's Forecast and taking into account the April 2015 Amendment as set out in Note 7 to the condensed consolidated financial statements, the Directors believe that the Group has adequate resources for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements. The April 2015 Amendment provides for loan facility extensions and a revised repayment schedule. In certain circumstances, as outlined in Note 7, the Group is required to present for Project Lender approval a budget for 2016 by 31 January 2016 which includes a plan and timetable for a material deleveraging satisfactory to Project Lenders. The Directors are satisfied that such a plan can be agreed with Project Lenders, if and when required.

Events after the balance sheet date

On 24 July 2015, the conditions precedent to the effectiveness of the April 2015 Amendment were satisfied. The terms of such amendment reduce the loan amounts due within one year from US$111.3 million to US$1.7 million.

On 11 August 2015, US$10.0 million of the Super Senior Facility was drawn. As described under "Going Concern", the Revised Forecast delivered to Project Lenders results, inter alia, in a requirement for a waiver of certain conditions; the Group has submitted the Lenders a request for such waiver and the Directors believe that such waiver can be obtained.

Forward-looking statements

This report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

On behalf of the Board,

Managing Director Michael Carvill	Financial Director Tony McCluskey
27 August 2015	27 August 2015

RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland, and with IAS 34, Interim Financial Reporting as adopted by the European Union. The names and function of the Directors of Kenmare Resources Plc are as listed in the Group's 2014 Annual Report and Accounts, other than Mr. John Ensall. On 27 July 2015 Mr. John Ensall was appointed as a Non-Executive Director of the Company. A list of the current Directors is maintained on the Kenmare Resources plc website: www.kenmareresources.com

The Directors confirm that, to the best of their knowledge:

- The Group condensed consolidated financial statements for the half year ended 30 June 2015 have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union;

- The Interim Management Report includes a fair review of the information required by Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their effect on the condensed consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

- The Interim Management Report includes a fair review of the information required by Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board,

Managing Director
Michael Carvill

27 August 2015

Financial Director
Tony McCluskey

27 August 2015

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF KENMARE RESOURCES PLC

Introduction

We have been engaged by the Company to review the group condensed consolidated set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2015 which comprises the Group Condensed Consolidated Statement of Comprehensive Income, the Group Condensed Consolidated Statement of Financial Position, the Group Condensed Consolidated Statement of Changes in Equity, the Group Condensed Consolidated Statement of Cashflows and related Notes 1 to 13. We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the group condensed consolidated set of financial statements.

This report is made solely to the Company's members, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our review work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The Half-Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The group condensed consolidated set of financial statements included in this Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting,' as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated set of financial statements in the Half-Yearly Financial Report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in Ireland. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the group condensed consolidated set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 (IAS 34 –Interim Financial Reporting) as adopted by the European Union, the Transparency (Directive 2004/109/EC) Regulations 2007, and the Transparency Rules of the Central Bank of Ireland.

Emphasis of Matter – Going Concern

In forming our conclusion on the condensed consolidated financial statements for the six months ended 30 June 2015, which is not modified, we have considered the adequacy of the disclosures made in Note 1 which states that in the view of the Directors the Group is a going concern. As set out in Note 1 there is uncertainty in respect of the key assumptions upon which the Group Forecast is based and the availability of sufficient funding upon which the Group is dependent. The condensed consolidated financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the company was unable to continue as a going concern.

Kevin Sheehan
for and on behalf of Deloitte
Chartered Accountants and Statutory Auditors
Dublin

27 August 2015

KENMARE RESOURCES PLC
GROUP CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Unaudited 6 Months 30 June 2015 US$'000	Unaudited 6 Months 30 June 2014 US$'000	Audited 12 Months 31 Dec 2014 US$'000
Revenue	2	73,887	81,222	174,317
Cost of sales		(91,941)	(82,842)	(173,366)
Gross (loss)/profit		(18,054)	(1,620)	951
Other operating costs		(9,125)	(16,231)	(32,415)
Impairment loss		-	-	(64,762)
Operating loss		(27,179)	(17,851)	(96,226)
Finance income		25	119	6,314
Finance costs		(18,151)	(16,393)	(34,852)
Foreign exchange gain		17,376	2,031	24,113
Loss before tax		(27,929)	(32,094)	(100,651)
Income tax credit/(charge)		-	306	(143)
Loss for the period/year		(27,929)	(31,788)	(100,794)
Attributable to equity holders		(27,929)	(31,788)	(100,794)
		Cent per share	**Cent per share**	**Cent per share**
Loss per share: basic	4	(1.00)	(1.14)	(3.62)
Loss per share: diluted	4	(1.00)	(1.14)	(3.62)

The accompanying notes form part of these condensed consolidated financial statements.

KENMARE RESOURCES PLC
GROUP CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	Unaudited 30 June 2015 US$'000	Unaudited 30 June 2014 US$'000	Audited 31 Dec 2014 US$'000
Assets				
Non-current assets				
Property, plant and equipment	**5**	849,609	952,072	865,217
Deferred tax asset		-	449	-
Other receivables		835	-	1,021
		850,444	952,521	866,238
Current assets				
Inventories		46,829	53,171	62,452
Trade and other receivables		29,345	17,503	27,118
Cash and cash equivalents		12,928	37,271	21,795
		89,102	107,945	111,365
Total assets		939,546	1,060,466	977,603
Equity				
Capital and reserves attributable to the Company's equity holders				
Called-up share capital	**6**	225,523	225,523	225,523
Share premium	**6**	431,380	431,380	431,380
Retained losses		(142,961)	(46,026)	(115,032)
Other reserves		22,126	23,291	22,896
Total equity		536,068	634,168	564,767
Liabilities				
Non-current liabilities				
Bank loans	**7**	218,606	115,278	261,634
Obligations under finance lease		512	1,023	743
Provisions	**8**	22,166	22,429	21,624
		241,284	138,730	284,001
Current liabilities				
Bank loans	**7**	111,294	234,354	76,040
Obligations under finance lease		447	318	415
Provisions	**8**	2,006	708	2,387
Other financial liability		863	4,943	520
Trade and other payables		47,584	47,245	49,473
		162,194	287,568	128,835
Total liabilities		403,478	426,298	412,836
Total equity and liabilities		939,546	1,060,466	977,603

The accompanying notes form part of these condensed consolidated financial statements.

KENMARE RESOURCES PLC
GROUP CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Called-Up Share Capital	Share Premium	Capital Conversion Reserve Fund	Retained Losses	Share Option Reserve	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2014	225,523	431,380	754	(14,238)	20,793	664,212
Loss for the period	-	-	-	(31,788)	-	(31,788)
Share-based payments	-	-	-	-	1,744	1,744
Balance at 30 June 2014	225,523	431,380	754	(46,026)	22,537	634,168
Loss for the period	-	-	-	(69,006)	-	(69,006)
Share-based payments	-	-	-	-	(395)	(395)
Balance at 31 December 2014	225,523	431,380	754	(115,032)	22,142	564,767
Loss for the period	-	-	-	(27,929)	-	(27,929)
Share-based payments	-	-	-	-	(770)	(770)
Balance at 30 June 2015	225,523	431,380	754	(142,961)	21,372	536,068

The accompanying notes form part of these condensed consolidated financial statements.

KENMARE RESOURCES PLC
GROUP CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Unaudited 6 Months 30 June 2015 US$'000	Unaudited 6 Months 30 June 2014 US$'000	Audited 12 Months 31 Dec 2014 US$'000
Cash flows from operating activities			
Loss for the period/year	(27,929)	(32,094)	(100,651)
Adjustment for:			
Foreign exchange movement	(17,376)	(2,031)	(24,113)
Share-based payments	(770)	1,744	1,349
Finance income	(25)	(119)	(184)
Finance costs	17,808	17,301	34,852
Depreciation	16,604	20,109	40,850
Impairment loss	-	-	64,762
Increase/(decrease) in other financial liability	343	(908)	(5,331)
(Decrease)/increase in provisions	(119)	(112)	528
Operating cash (outflow)/inflow	(11,464)	3,890	12,062
Decrease/(increase) in inventories	15,623	(8,975)	(18,256)
(Increase)/decrease in trade and other receivables	(2,042)	1,738	(7,532)
(Decrease)/increase in trade and other payables	(1,945)	(1,445)	1,780
Cash generated/(used) by operations	172	(4,792)	(11,946)
Interest received	25	119	184
Interest paid	(3,365)	(3,661)	(7,046)
Net cash used in operating activities	(3,168)	(8,334)	(18,808)
Cash flows from investing activities			
Additions to property, plant and equipment	(996)	(5,071)	(5,187)
Net cash used in investing activities	(996)	(5,071)	(5,187)
Cash flows used in financing activities			
Repayment of borrowings	-	(13,001)	(13,001)
Decrease in borrowings	(5,673)	(4,106)	(8,268)
Payment of obligations under finance leases	(280)	(280)	(560)
Net cash used in financing activities	(5,953)	(17,387)	(21,829)
Net decrease in cash and cash equivalents	(10,117)	(30,792)	(45,824)
Cash and cash equivalents at the beginning of period/year	21,795	67,546	67,546
Effect of exchange rate changes on cash and cash equivalents	1,250	517	73
Cash and cash equivalents at end of period/year	12,928	37,271	21,795

The accompanying notes form part of these condensed consolidated financial statements.

1. BASIS OF PREPARATION AND GOING CONCERN

The annual financial statements of Kenmare Resources plc are prepared in accordance with IFRSs as adopted by the European Union. The Group Condensed Consolidated Financial Statements for the six months ended 30 June 2015 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Consolidated Financial Statements are the same as those applied in the Annual Report for the financial year ended 31 December 2014 and are described in the Annual Report.

In the current financial year, the Group has adopted all Standards and Interpretations which are effective from 1 January 2015. Adoption has resulted in no effect on the financial statements.

The financial information presented in this document does not constitute statutory financial statements. The amounts presented in the Half Yearly Financial Statements for the six months ended 30 June 2015 and the corresponding amounts for the six months ended 30 June 2014 have been reviewed but not audited. The independent review report is on pages 11 and 12. The financial information for the year ended 31 December 2014, presented herein, is an abbreviated version of the annual financial statements for the Group in respect of the year ended 31 December 2014. The Group's financial statements have been filed in the Companies Registration Office and the independent auditors issued an unqualified audit report, with emphases of matter in relation to going concern and realisation of assets in the opinion, in respect of those annual financial statements.

There were no other gains or losses during the six month period ended 30 June 2015 other than those reported in the Condensed Consolidated Statement of Comprehensive Income.

A cashflow forecast has been prepared by management with best estimates of price assumptions and shipment assumptions supported by the Directors (the "Group Forecast"). In addition, as set out in the Agreed Roadmap, stipulated in the April 2015 Amendment, a cashflow forecast (termed the "Revised Forecast" in the finance documents) has been delivered to Lenders. The Revised Forecast has been prepared on a more conservative basis than the Group Forecast. Both the Group Forecast and Revised Forecast assume that the US$30 million of the Super Senior Loan available for working capital purposes will be fully drawn. However, in order to draw the remainder of the Super Senior Loan, the assumptions and resulting cash flow projections in the Revised Forecast (but not the Group Forecast) result in a requirement for waivers from Lenders in respect of (i) a requirement whereby the Revised Forecast shows that over the following six months the aggregate of Group cash and the Super Senior Facility undrawn working capital loan commitments shall be no less than US$10 million and (ii) a requirement whereby the Revised Forecast demonstrates the ability to repay the Super Senior Loan as scheduled. As a result, the Group has submitted to Project Lenders a request for waiver of such covenants and conditions precedent. Without the requested waivers, there would be an event of default and the Group would be unable to draw the additional US$20 million of the Super Senior Facility. The Group has a good longstanding working relationship with the Lenders and has not received any indication from Lenders that the relevant waivers would not be forthcoming in due course. Whilst these conditions give rise to material uncertainty regarding the availability of funding and there can be no assurance that the waivers will be obtained or be obtained on a timely basis, the Directors believe that the relevant waivers will be so obtained.

Key assumptions upon which the Group Forecast is based over the next twelve months include a mine plan covering production using the Namalope reserves as set out in the Reserve and Resources table in the 2014 Annual Report. Production levels for the purpose of the forecast are approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile. Assumptions of product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not presently contracted, prices are forecast taking into account independent titanium mineral sands expertise and management expectations. Operating costs are based on approved budget costs for 2015 taking into account the current running costs of the Mine. Capital costs are based on the approved capital budget for 2015 taking into account revisions to this plan and scheduling of outlay over the next twelve months.

On 24 July 2015 the conditions precedent to the April 2015 Amendment were satisfied and the Group drew down US$10.0 million of the Super Senior Facility on 11 August 2015.

Taking into account the items noted above, and based on the Group Forecast taking into account the April 2015 Amendment as set out in Note 7 to the condensed consolidated financial statements, the Directors believe that the Group has adequate resources for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements. The April 2015 Amendment provides for loan facility extensions and a revised repayment schedule. In certain circumstances, as outlined in Note 7, the Group is required to present for Project Lender approval a budget for 2016 by 31 January 2016 which includes a plan and timetable for a material deleveraging satisfactory to Project Lenders. The Directors are satisfied that such a plan can be agreed with Project Lenders if and when required.

2. SEGMENTAL INFORMATION

Information on the operations of the Moma Titanium Minerals Mine in Mozambique is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. Information regarding the Group's operating segment is reported below.

	Unaudited 30 June 15 US$'000	**Unaudited 30 June 14 US$'000**	**Audited 31 Dec 14 US$'000**
Segment revenues and results			
Moma Titanium Minerals Mine			
Revenue	73,887	81,222	174,317
Cost of sales	(91,941)	(82,842)	(173,366)
Gross (loss)/profit	(18,054)	(1,620)	951
Other operating costs	(8,849)	(11,922)	(26,099)
Segment operating loss	(26,903)	(13,542)	(25,148)
Impairment loss	-	-	(64,762)
Other corporate operating costs	(276)	(4,309)	(6,316)
Group operating loss	(27,179)	(17,851)	(96,226)
Finance income	25	119	6,314
Finance expense	(18,151)	(16,393)	(34,852)
Foreign exchange gain	17,376	2,031	24,113
Loss before tax	(27,929)	(32,094)	(100,651)
Income tax credit/(charge)	-	306	(143)
Loss for the period/year	(27,929)	(31,788)	(100,794)
Segment assets			
Moma Titanium Minerals Mine assets	925,759	1,020,590	956,437
Corporate assets	13,787	39,876	21,166
Total assets	939,546	1,060,466	977,603

3. SEASONALITY OF SALE OF MINERAL PRODUCTS

Sales of the Group's mineral products are not seasonal in nature.

4. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Unaudited 30 June 15 US$'000	Unaudited 30 June 14 US$'000	Audited 31 Dec 14 US$'000
Loss for the period/year attributable to equity holders of the Company	(27,929)	(31,788)	(100,794)

	Unaudited 30 June 15 Number of Shares	Unaudited 30 June 14 Number of Shares	Audited 31 Dec 14 Number of Shares
Weighted average number of issued ordinary shares for the purposes of basic loss per share	2,781,905,503	2,781,905,503	2,781,905,503
Effect of dilutive potential ordinary shares			
Share options and warrants	-	-	-
Weighted average number of ordinary shares for the purpose of diluted loss per share	2,781,905,503	2,781,905,503	2,781,905,503
	Cent per share	**Cent per share**	**Cent per share**
Loss per share: basic	(1.00)	(1.14)	(3.62)
Loss per share: diluted	(1.00)	(1.14)	(3.62)

For the six months ended 30 June 2015, the basic loss per share and the diluted loss per share are the same, as the effect of the outstanding share options and warrants is anti-dilutive.

5. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment US$'000	Other Assets US$'000	Construction in Progress US$'000	Development Expenditure US$'000	Total US$'000
Cost					
Balance at 1 January 2014	789,246	32,518	14,195	249,984	1,085,943
Transfer from construction in progress	4,526	1,468	(5,994)	-	-
Additions during the period	141	-	4,930	-	5,071
Adjustments during the period	(18,730)	18,730	-	-	-
Balance at 30 June 2014	775,183	52,716	13,131	249,984	1,091,014
Transfer from construction in progress	3,379	201	(3,580)	-	-
Adjustments during the period	(1,609)	-	257	-	(1,352)
Balance at 31 December 2014	776,953	52,917	9,808	249,984	1,089,662
Transfer from construction in progress	9,808	-	(9,808)	-	-
Additions during the period	502	494	-	-	996
Balance at 30 June 2015	787,263	53,411	-	249,984	1,090,658
Accumulated Depreciation					
Balance at 1 January 2014	69,283	17,087	-	32,463	118,833
Charge for the period	13,407	2,818	-	3,884	20,109
Balance at 30 June 2014	82,690	19,905	-	36,347	138,942
Charge for the period	14,055	2,632	-	4,054	20,741
Impairment loss	-	-	-	64,762	64,762
Balance at 31 December 2014	96,745	22,537	-	105,163	224,445
Charge for the period	11,369	2,549	-	2,686	16,604
Balance at 30 June 2015	108,114	25,086	-	107,849	241,049
Carrying Amount					
Balance at 30 June 2015	679,149	28,325	-	142,135	849,609
Balance at 30 June 2014	692,493	32,811	13,131	213,637	952,072
Balance at 31 December 2014	680,208	30,380	9,808	144,821	865,217

During the period the Group carried out an impairment review of property, plant and equipment. The cash generating unit for the purpose of impairment testing is the Moma Titanium Minerals Mine. The basis on which the recoverable amount of the Moma Titanium Minerals Mine is assessed is its value-in-use. The cash flow forecast employed for the value-in-use computation is from a life-of-mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax, pre-finance cash flows discounted at 10%.

Key assumptions include the following:

- A mine plan based on the Namalope and Nataka proved and probable reserves and the Nataka indicated resource as set out in the Reserve and Resources table in the 2014 Annual Report. This assumption has changed from the year end review to include a portion of the Nataka indicated resource. Inclusion of the Nataka indicated resources extends the last year of operations from 2033 to 2055. This resource material has been included as there is a high degree of confidence in its economic extraction. This expectation is based on preliminary drilling and sampling of mineralisation that are contiguous with the existing ore reserves. The additional evaluation required to achieve reserve status for such material has not yet been done because this would involve incurring evaluation costs earlier than is required for the efficient planning and operation of the Mine. Average annual production is approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile over the life of the Mine. This assumption has remained unchanged from the year end review.

- Product sales prices are based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not presently contracted, prices are forecast by Kenmare taking into account independent titanium mineral sands expertise and management expectations including general inflation of 2% per annum. Average forecast product sales prices have remained relatively unchanged over the life of mine from the year end review.

- Operating costs are based on approved budget costs for 2015 taking into account the current running costs of the Mine, adjusted for forecast cost savings and escalated by 2% per annum thereafter.

- Capital costs are based on a life of mine capital plan considering inflation at 2% per annum from 2015.

As a result of the increase in the life of mine no impairment provision is required. Had this assumption not been changed, an impairment provision of US$27.9 million would have been recognised in the period. Given the existing difficult market conditions the Company is unable to estimate how this change in assumption will affect future periods.

The impairment loss of US$64.8 million which was recognised in the consolidated statement of comprehensive income in 2014 is not reversed as the low product sale prices and market conditions which resulted in this impairment are still existent.

The discount rate is a significant factor in determining the recoverable amount. A 1% increase/(decrease) in the discount rate results in a 10% decrease/(12% increase) in the recoverable amount.

Substantially all the property, plant and equipment is or will be mortgaged, pledged or otherwise encumbered to secure project loans as detailed in Note 7.

The carrying amount of the Group's plant and equipment includes an amount of US$1.0 million (2014: US$1.1 million) in respect of assets held under finance leases.

The recovery of property, plant and equipment is dependent upon the successful operation of the Moma Titanium Minerals Mine; the realisation of the cash flow forecast assumptions as set out in this note would result in the recovery of such amounts. The Directors are satisfied that at the statement of financial position date the recoverable amount of property, plant and equipment exceeds its carrying amount and based on the planned mine production levels that the Moma Titanium Minerals Mine will achieve positive cash flows.

6. SHARE CAPITAL

Share capital as at 30 June 2015 amounted to US$225.5 million (2014: US$225.5 million). During the period, no ordinary shares in the Company were issued.

7. BANK LOANS

	Unaudited 30 June 15 US$'000	Unaudited 30 June 14 US$'000	Audited 31 Dec 14 US$'000
Corporate Loan	19,647	19,686	19,399
Project Senior Loans	79,209	81,167	80,059
Project Subordinated Loans	246,558	258,282	249,996
Total Loans	345 414	359,135	349,454
Project Loan amendment fees	(15,514)	(9,503)	(11,780)
Total Bank Loans	329,900	349,632	337,674
Within one year	111,294	234,354	76,040
In the second year	30,477	30,788	53,326
In the third to fifth years	188,129	80,503	208,308
After five years	-	3,987	-
	329,900	349,632	337,674
Less amounts due for settlement within 12 months	(111,294)	(234,354)	(76,040)
Amount due for settlement after 12 months	218,606	115,278	261,634
Project Loans			
Balance at 1 January	318,275	335,781	335,781
Loan interest accrued	13,964	14,769	29,057
Loan interest paid	(2,134)	(2,602)	(4,738)
Loan repayment	-	(13,001)	(13,001)
Loan amendment fees	(5,673)	(4,091)	(7,371)
Loan amendment fees amortised	1,939	754	1,754
Foreign exchange movement	(16,118)	(1,664)	(23,207)
Balance at 30 June/31 December	310,253	329,946	318,275
Corporate Loan			
Balance at 1 January	19,399	19,398	19,398
Loan interest accrued	1,224	1,071	2,313
Loan interest paid	(1,241)	(1,059)	(2,308)
Loan amendment fees	-	(15)	(897)
Loan amendment fees amortised	265	291	893
Balance at 30 June/31 December	19,647	19,686	19,399

Bank loans at the period end amounted to US$329.9 million (2014: US$337.7 million). During the period loan interest and principal of US$3.4 million (H1 2014: US$16.7 million) was paid, interest of US$15.2 million (H1 2014: US$15.9 million) accrued, and the Euro-denominated loans decreased by US$16.1 million (H1 2014: US$1.7 million) as a result of the US Dollar strengthening against the Euro. There were additional loan amendment fees payable to the Group's and Lenders' legal, financial and other advisers of US$5.7 million incurred (H1 2014: US$4.1 million) and US$2.2 million loan amendment fees amortised (H1 2014: US$1.0 million).

Project Loans
Project Loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the "Project Companies"). The Project Loans are secured by substantially all rights and assets of the Project Companies, and, amongst other things, the shares in and intercompany loans to the Project Companies.

Seven Senior Loan credit facilities were made available for financing the Moma Titanium Minerals Mine. The aggregate maximum available amount of the Senior Loan credit facilities was US$185 million plus €15 million which were fully drawn in 2008. As at 30 June 2015 the remaining tenors of the Senior Loans range from 0.5 year to 3.1 years. Three of the Senior Loans bear interest at fixed rates and four bear interest at variable rates.

The original Subordinated Loan credit facilities (made available under documentation entered into in June 2004) with original principal amounts of €47.1 million plus US$10 million (excluding capitalised interest) were fully drawn in 2005. The Subordinated Loans denominated in Euro bear interest at a fixed rate of 10% per annum, while the original Subordinated Loans denominated in US Dollars bear interest at six month LIBOR plus 8% per annum.

The Standby Subordinated Loan credit facilities (made available under documentation entered into in June 2005) with original principal amounts of €2.8 million and US$4 million were fully drawn in 2007. Standby Subordinated Loans bear interest at fixed rates of 10% per annum in respect of €2.8 million and US$1.5 million and at six month LIBOR plus 8% per annum in respect of US$2.5 million.

The Additional Standby Subordinated Loan credit facilities of US$12 million and US$10 million (made available under documentation entered into in August 2007) were fully drawn in 2008. The Additional Standby Subordinated Loans bear interest at 6 month LIBOR plus 5%.

Amendments to Project Loans

Project Loan Amendment 29 April 2015

On 29 April 2015, the Company, Congolone Heavy Minerals Limited, Kenmare C.I. Limited and the Project Companies entered into amendment documentation with Project Lenders and Absa (the "April 2015 Amendment"). The effectiveness of the April 2015 Amendment, which was subject to the satisfaction of a number of conditions precedent, occurred on 24 July 2015. The key terms of the April 2015 Amendment, which unless otherwise noted were effective as from 24 July 2015, are as follows:

Super Senior Facility
The Project Lenders have provided to the Project Companies a two year US$50 million non-revolving facility, US$30 million of which (the "Working Capital Loans") is available for drawing for working capital purposes and US$20 million of which is available to fund, if required, certain disputed liabilities subject to arbitration. Interest on the facility is at LIBOR for the applicable period plus a margin of 10% per annum, payable semi-annually on 1 February and 1 August. Commitment fees are 4% on the average undrawn balance payable quarterly in arrears. An arrangement fee of 1% flat on the commitment was payable within 5 business days of 29 April 2015. Other than the payment of any outstanding amounts at maturity, there are no fixed principal repayments. Instead, payments based on available cash will be required to be made as outlined below under the heading Cash Sweep. Any such repayment will reduce the commitment in the same amount and cannot be redrawn. The Super Senior Facility comprises the most senior tranche of project financing debt and benefits from the same guarantees (including from the Company pursuant to the Completion Agreement) and security as the existing Senior Debt and Subordinated Debt; it ranks contractually senior to the existing Senior Debt. Project Lenders made an initial disbursement of the Working Capital Loans of US$10 million on 11 August 2015.

Novated Absa Facility
The Absa Corporate Facility ceased to be a primary debt obligation of the Company upon the effectiveness of the April 2015 Amendment on 24 July 2015 and was novated as an obligation of the Project Companies (the "Novated Absa Facility"); the Novated Absa Facility comprises a tranche of Subordinated Debt and benefits from the same guarantees (including from the Company pursuant to the Completion Agreement) as the existing Senior Debt, Subordinated Debt and the Super Senior Facility and the same security as the Subordinated Debt; it ranks pari passu with the other Subordinated Loans for purposes of enforcement but shall, other than as specified under Cash Sweep below, rank contractually subordinated to the Super Senior Loans, Senior Loans and the other Subordinated Loans. At the same time the terms and conditions of the Novated Absa Facility were amended, the principal terms being summarised below:

- Final maturity: 1 August 2021 (was 31 March 2016);
- Interest: accrues at 11% per annum and is payable as set out below under Cash Sweep;
- Amortisation: no fixed amortisation. Repayment of principal is as set out below under Cash Sweep;

Consistent with the other Subordinated Debt, the Novated Absa Loan has the benefit of the right of Subordinated Lenders under the Subordinated Lenders' Option Agreement to elect to receive, upon a change of control, payment of the full amount of the Subordinated Debt outstanding, together with a prepayment fee calculated as 30% of the outstanding principal amount of Subordinated Debt. In connection with a partial change of control (being the acquisition, directly or indirectly, of more than 25% of the voting shares or capital stock in a Project Company), the Subordinated Lenders may elect to receive a payment in relation to such percentage of Subordinated Debt and the prepayment fee as is equal to the percentage of voting shares or capital stock acquired. Absa's right to make such election shall not apply in connection with any offer made during the existing offer period (as defined under the Irish Takeover Rules) applying to the Company.

Senior Debt
Following the effectiveness of the April 2015 loan amendment on 24 July 2015, the tenor of each tranche of the Senior Debt was extended by approximately 2 years, from between 0.5 to 3.1 years to between 3.1 to 5.6 years. The interest rate on each of the tranches remains unchanged, except for the KfW-MIGA facility, in respect of which the MIGA political risk insurance was terminated, in compensation for which the margin on the facility will be increased by 2% per annum, approximately the same cost to the Project Companies as the MIGA political risk insurance.

Under the revised terms, scheduled repayment of the Senior Debt is on the basis of a fixed US$2 million semi-annual instalment allocated pro rata to the amounts outstanding as at 1 February 2015. The first such instalment will be scheduled for no earlier than 1 February 2017 and no later than 1 August 2017, depending on when the Super Senior Facility is repaid in full.

In addition to the scheduled instalments of Senior Debt, payments based on available cash will be required to be made as outlined below under the heading Cash Sweep.

Subordinated Debt
Under the terms of the April 2015 loan amendment, scheduled payments of interest and principal are no longer required to be made, and the final maturity has been extended by two years to 1 August 2021. Interest and principal payments based on available cash will be required to be made as outlined below under the heading Cash Sweep.

The various interest rates on Subordinated Debt described above under the heading Project Loans were replaced with a common fixed interest rate of 11% per annum. The additional 1% margin and 2% margin on the Deferred Bullet agreed in the July 2014 Amendment will no longer apply. Interest that is not paid as described under the heading Cash Sweep will be capitalised.

Cash Sweep
There are two types of cash sweep: the Ordinary Cash Sweep and the Sponsor Injection Cash Sweep, each as defined below.

Ordinary Cash Sweep
On 1 August 2016 and each 1 February and 1 August thereafter, and within 5 business days of a Borrower Injection (defined below), the Project Companies will be required to apply Excess Cash (defined below) to the repayment of Project Loans in the following order of priority:

1. Super Senior principal;
2. Senior Debt principal until the cumulative amount of such payments equals US$51 million;
3. Novated Absa Loan interest and other Subordinated Debt interest and principal until the cumulative amount of such payments equals US$53 million;
4. 59% to Senior Debt principal and 41% to Subordinated Debt (other than the Novated Absa Loan) principal and interest until the Senior Debt has been repaid in full;
5. AfDB Risk/Deferral Fee and accrued interest;
6. Novated Absa Loan interest and other Subordinated Debt interest and principal until the Subordinated Debt has been repaid in full;
7. Interest and principal on the Novated Absa Loan.

"Excess Cash" means on a relevant date the amount (if positive) of Group cash less the aggregate of (i) US$30 million, (ii) interest on the Super Senior Debt and interest and principal on the Senior Debt, in each case falling due on such date, and (iii) amounts payable in respect of capital and operating costs during the period between the determination date and the relevant date.

"Borrower Injection" means the purchase by a third party of an interest in a subsidiary undertaking of the Company resulting in a cash injection into the Group.

Existing requirements for application of funds in accounts, including to reserve accounts, mandatory prepayments and restricted payments, will cease to apply. Until the applicable amounts have been repaid in full, the Project Companies are not permitted to make payments to other Group companies other than in respect of amounts invoiced under the existing Management Services Agreement between the Company and the Project Companies, with the result being that the Company will be unable to make dividend payments to shareholders until the applicable amounts have been repaid in full.

Sponsor Injection Cash Sweep

Within 5 business days of a Sponsor Injection the proceeds thereof shall be applied in the following order of priority:

(1) to repay US$20 million of Super Senior Facility principal; and thereafter to repay Super Senior Facility principal and the Novated Absa facility principal and interest pro rata until all amounts outstanding under the Super Senior Facility and the Novated Absa Facility have been repaid in full; and

(2) thereafter, in accordance with the Ordinary Cash Sweep.

"Sponsor Injection" means (i) the net proceeds of an equity raise or a debt issuance by the Company in the capital markets, or (ii) the purchase by a third party of an interest in the Sponsor resulting in a cash injection into the Group.

Fees and Expenses

A restructuring fee of 0.75% on the current principal outstanding on the Project Loans is payable to Project Lenders by 31 December 2015. A restructuring fee of 4% on the principal amount of the Absa Corporate Facility is payable to Absa in the form of warrants on a basis similar to those issued to Absa in connection with the July 2014 Amendment. Fees and expenses of Lenders' financial, legal and marketing advisors and the Group's financial and legal advisors are also payable. Guarantee fees of Lenders' guarantors (ECIC in the case of Absa) are payable by the Group, except in the case of ECIC fees in respect of Absa's commitment under the Super Senior Facility in which case only 50% is payable by the Group.

Undertakings, Events of Default and Change of Control

These provisions remain unchanged from those described on pages 126 to 129 of the 2014 Annual Report.

Group borrowings interest and currency risk

Loan facilities arranged at fixed interest rates expose the Group to fair value interest rate risk. Loan facilities arranged at variable rates expose the Group to cash flow interest rate risk. Variable rates are based on six or one month LIBOR. The average effective borrowing rate at the period end was 9.1%. The interest rate profile of the Group's loan balances at the period end was as follows:

	Unaudited 30 June 15 US$'000	**Unaudited 30 June 14 US$'000**	**Audited 31 Dec 14 US$'000**
Fixed rate debt	201,096	224,001	210,459
Variable rate debt	128,804	125,631	127,215
Total debt	329,900	349,632	337,674

Under the assumption that all other variables remain constant and using the 6 month LIBOR, a 1% change in LIBOR would result in a US$1.1 million (2014: US$1.1 million) change in finance costs for the year.

The currency profile of the bank loans is as follows:

	Unaudited 30 June 15 US$'000	Unaudited 30 June 14 US$'000	Audited 31 Dec 14 US$'000
Euro	176,952	196,631	184,239
US Dollars	152,948	153,001	153,435
Total debt	329,900	349,632	337,674

The Euro-denominated loans expose the Group to currency fluctuations. These currency fluctuations are realised on payment of Euro-denominated debt principal and interest. Under the assumption that all other variables remain constant, a 10% strengthening or weakening of Euro against the US Dollar, would result in a US$1.9 million (2014: US$2.0 million) change in finance costs and a US$17.7 million (2014: US$19.7 million) change in foreign exchange gain or loss for the year.

The above sensitivity analyses are estimates of the effect of market risks assuming the specified change occurs. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the assumptions made above and therefore should not be considered a projection of likely future events.

8. PROVISIONS

	Unaudited 30 June 15 US$'000	Unaudited 30 June 14 US$'000	Audited 31 Dec 14 US$'000
Mine closure provision	19,595	19,028	19,314
Mine rehabilitation provision	2,786	2,233	2,590
Legal provision	1,444	1,444	1,444
Executive Directors' bonus provision	347	432	663
Total provision	24,172	23,137	24,011
Current	2,006	708	2,387
Non-current	22,166	22,429	21,624
	24,172	23,137	24,011

The mine closure provision represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site. A corresponding amount equal to the provision is recognised as part of property, plant and equipment. The costs are estimated on the basis of a formal closure plan and are subject to regular review. The costs are estimated based on the net present value of estimated future cost. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the Mine. The unwinding of the discount is recognised as a finance cost and US$0.3 million (2014: US$0.1 million) has been recognised in the statement of comprehensive income for the period.

The main assumptions used in the calculation of the estimated future costs include:

- a discount rate of 3% (2014: 3%) based on a 20 year US Treasury yield rate;
- an inflation rate of 2% (2014: 2%);
- an estimated life of mine based on reserves; and
- an estimated closure cost of US$20.4 million (2014: US$20.4 million) and an estimated post-closure monitoring provision of US$1.9 million (2014: US$1.9 million).

The mine rehabilitation provision was increased by US$0.2 million as a result of additional provision of US$0.4 million for areas disturbed net of US$0.2 million released for areas rehabilitated during the period. US$0.2 million (2014: US$0.3 million) of the mine rehabilitation provision has been included in current liabilities to reflect the estimated cost of rehabilitation work to be carried out over the next year.

On 17 November 2010, a High Court jury delivered a verdict of damages of €10 million in a defamation case taken by a former Company director. The Company has submitted an appeal to the Supreme Court with a view to setting aside both the verdict and the amount, with the intention of securing a retrial. The High Court granted a stay on the award subject to the payment of €0.5 million until the hearing of the Supreme Court appeal. The Company's legal team strongly advise that the award will be set aside on appeal. The same former director has also served notice that he intends to pursue a number of non-defamation actions against the Company.

An Annual Bonus Scheme was in place for the Executive Directors, a feature of which was the payment of a bonus earned for target performance which is deferred for three years. The bonus in respect of performance in 2011 of US$0.3 million is payable in 2015 on the condition of continued employment with the Company or immediately in the event of a change of control or loss of office save in the event of resignation or termination for gross misconduct or gross negligence.

9. SHARE-BASED PAYMENTS

The Company has a share option scheme for certain Directors, employees and consultants. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The options generally vest over a three year period, in equal annual amounts. If options remain unexercised after a period of seven years from the date of grant, the options expire. The option expiry period may be extended at the discretion of the Board of Directors.

During the period the Group recognised a share-based payment credit of US$0.8 million (2014: US$1.7 million expense) as a result of the number of options which lapsed in the period.

10. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Apart from existing remuneration arrangements there were no material transactions or balances between Kenmare and its key management personnel or members of their close families.

11. FAIR VALUE

The fair value of the Group borrowings of US$281.3 million (2014: US$328.5 million) has been calculated by discounting the expected future cash flows at prevailing interest rates and by applying period end exchange rates.

The fair value of trade and other receivables, trade and other payables, other financial liabilities and the finance lease are equal to their carrying amounts.

12. EVENTS AFTER THE BALANCE SHEET DATE

On 24 July 2015, the conditions precedent to the effectiveness of the 29 April 2015 loan amendment were satisfied. These terms reduce the loan amounts due within one year from US$111.3 million to US$1.7 million.

On 11 August 2015, US$10.0 million of the Super Senior Facility was drawn. As described under "Going Concern", the Revised Forecast delivered to Project Lenders results, inter alia, in a requirement for a waiver of certain conditions; the Group has requested the Lenders for this waiver and the Directors believe that such waiver can be obtained.

13. INFORMATION

The Half Yearly Financial report was approved by the Board on 27 August 2015.

Copies are available from the Company's registered office at Chatham House, Chatham Street, Dublin 2, Ireland. The report is also available on the Company's website at www.kenmareresources.com.