THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to consult immediately your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser being, if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) or the Investment Intermediaries Act 1995 (as amended) or, if you are resident in the United Kingdom, an organisation or a firm authorised under the FSMA or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the United Kingdom.

If you sell or have sold or have otherwise transferred all of your Existing Ordinary Shares before 8.00 a.m. on 8 March 2010, please send this Prospectus together with the accompanying Application Form (if any) and Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to any Excluded Territories. If you have sold or otherwise transferred part of your holding of Existing Ordinary Shares prior to such date, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form. If your registered holdings of Existing Ordinary Shares which were sold or transferred were held in uncertificated form and were sold or transferred before 6.00 p.m. on 3 March 2010, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. Instructions regarding split applications are set out in the Application Form.

The distribution of this Prospectus or other documents issued by the Company in connection with the Capital Raising, and/or the transfer of Open Offer Entitlements or New Ordinary Shares through CREST or otherwise into jurisdictions other than Ireland and/or the United Kingdom may be restricted by law and therefore persons into whose possession this Prospectus or other documents issued by the Company in connection with the Capital Raising comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in the United States or any Excluded Territories. All Overseas Shareholders and any person (including, without limitation, agents, custodians, nominees or trustees) who has a contractual or other legal obligation to forward this Prospectus, if and when received, to a jurisdiction outside Ireland or the United Kingdom should read section 6 of Part 9.

This Prospectus comprises (i) a circular prepared in compliance with the Listing Rules and (ii) a prospectus relating to the New Ordinary Shares prepared in accordance with Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 (the "2005 Act"), Part 5 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (SI No. 324 of 2005) (the "Prospectus Regulations") and Commission Regulation (EC) No. 809/2004 ("the EU Prospectus Regulation"). The Prospectus has been approved by the Financial Regulator, as competent authority under the Prospectus Directive. The Financial Regulator only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the New Ordinary Shares which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are offered to the public in any member state of the European Economic Area. Kenmare has requested that the Financial Regulator provide a certificate of approval and a copy of this Prospectus to the FSA in the United Kingdom. **This Prospectus has been made available to the public in accordance with Part 8 of the Prospectus Regulations by the same being made available, free of charge, (i) in electronic form on the Company's website www.kenmareresources.com and (ii) in printed format at the Company's registered office and at the offices of Davy, details of which are set out in Part 6 of this Prospectus, and in the UK at the offices of J.P. Morgan Cazenove, details of which are set in Part 6 of this Prospectus.**

The Existing Ordinary Shares are listed on the Official Lists and are traded on the regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange. Application has been made to the Irish Stock Exchange and to the UK Listing Authority for the New Ordinary Shares to be admitted to listing on the Official Lists and application has been made to the Irish Stock Exchange and the London Stock Exchange for such New Ordinary Shares to be admitted to trading on their respective regulated markets for listed securities. Subject to certain conditions being satisfied as set out in section 4 of Part 7, including the passing of the Resolutions, it is expected that Admission will become effective and that dealings in respect of the New Ordinary Shares will commence at 8.00 a.m. on 1 April 2010.

KENMARE

Kenmare Resources plc

(Incorporated and registered in Ireland under the Companies Act 1963, with registered number 37550)

Firm Placing of 748,515,033 New Ordinary Shares at Stg 12p each
and
Placing and Open Offer of 748,515,033 New Ordinary Shares at Stg 12p (€0.13) each
to raise in aggregate Stg£179.6 million
and
Notice of Extraordinary General Meeting

J.P. Morgan Cazenove
Global Co-ordinator, Bookrunner and Joint Broker

Davy
Sponsor, Co-Bookrunner and Joint Broker

Canaccord Adams
Co-Bookrunner and Joint Broker

Mirabaud Securities
Co-Bookrunner and Joint Broker

Rothschild
Financial Adviser to the Company

Your attention is drawn to the letter from your Chairman which is set out in Part 7 of this Prospectus. You should read the whole of this Prospectus and any documents incorporated herein by reference. Shareholders and any other persons considering whether or not to make an application pursuant to the Open Offer or in connection with an investment in the New Ordinary Shares should review the section of this Prospectus entitled "Risk Factors" set out in Part 2 of this Prospectus for a discussion of certain risks that might affect

the value of your holding in Kenmare and which should be considered when deciding on what action to take in relation to the Open Offer and in deciding whether or not to make an application pursuant to the Open Offer and/or to invest in the New Ordinary Shares.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 26 March 2010. The procedure for acceptance and payment is set out in Part 9 of this Prospectus and, where relevant, in the Application Form.

Notice of the Extraordinary General Meeting of the Company, to be held at The Westbury Hotel, Grafton Street, Dublin 2 Ireland on 29 March 2010 at 11.00 a.m., is set out at the end of this Prospectus. Shareholders will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. Shareholders are requested to complete and return the Form of Proxy whether or not they intend to be present at the Extraordinary General Meeting. To be valid, Forms of Proxy should be completed and signed in accordance with the instructions printed thereon and returned so as to reach the Registrars, Computershare Investor Services (Ireland) Ltd, PO Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible and, in any event no later than 11.00 a.m. on 27 March 2010. The completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting at the Extraordinary General Meeting.

This Prospectus is intended for use in connection with offers and sales of the Open Offer Entitlements and the New Ordinary Shares outside the United States and any Excluded Territory and, subject to certain exceptions, must not be sent or given to any person within the United States or any Excluded Territory. The Open Offer Entitlements, the Application Form and the New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act") or under any securities laws of any state or other jurisdiction of the United States, or any Excluded Territory, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States or any Excluded Territory, except pursuant to an applicable exemption from the registration requirements of the US Securities Act (in the case of the United States) and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or any Excluded Territory. There will be no public offer in the United States or in any Excluded Territory.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the Open Offer Entitlements or New Ordinary Shares or passed an opinion on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The Open Offer Entitlements and the New Ordinary Shares offered outside the United States are being offered in reliance on Regulation S under the US Securities Act. In addition, until 40 days after the commencement of the Capital Raising, an offer, sale or transfer of the Open Offer Entitlements and the New Ordinary Shares within the United States by a dealer (whether or not participating in the Capital Raising) may violate the registration requirements of the US Securities Act.

This Prospectus and the Application Form do not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, New Ordinary Shares offered by any person in any jurisdiction in which such an offer or solicitation is unlawful.

J.P. Morgan Cazenove, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for the Company and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Capital Raising or any other matter referred to in this Prospectus.

Davy, which is authorised and regulated in Ireland by the Financial Regulator, is acting exclusively for the Company and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Capital Raising or any other matter referred to in this Prospectus.

Canaccord Adams, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for the Company and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Capital Raising or any other matter referred to in this Prospectus.

Mirabaud Securities, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for the Company and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Capital Raising or any other matter referred to in this Prospectus.

Rothschild, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for the Company and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Capital Raising and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Capital Raising or any other matter referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on them by the FSMA or the regulatory regime established thereunder, none of the Banks or Rothschild (i) accepts any responsibility whatsoever for or makes any representation, express or implied with respect to the accuracy or completeness of any information contained in this Prospectus or (ii) accepts any responsibility for, nor do any of them authorise the contents of this Prospectus, or its issue, including without limitation, under Section 41 of the 2005 Act, or Regulation 31 of the Prospectus Regulations. Each of the Banks and Rothschild accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Prospectus or any such statement.

The Banks may arrange for the placing of New Ordinary Shares only (i) in accordance with Regulation S under the US Securities Act or (ii) to persons reasonably believed to be "qualified institutional buyers" within the meaning of Rule 144A under the US Securities Act in reliance on an exemption from the registration requirements of the US Securities Act. Any such persons are notified that such offers are being made in reliance on an exemption from the registration requirements of the US Securities Act.

The Directors, whose names appear in Part 6 of this Prospectus, and the Company, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

The New Ordinary Shares will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will, when issued, otherwise rank *pari passu* in all respects with the Ordinary Shares in issue at the date of this Prospectus. The New Ordinary Shares to be issued under the Firm Placing do not carry an entitlement to participate in the Open Offer.

Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) will receive an Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement on 8 March 2010. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares were marked "ex" the entitlement by the Irish Stock Exchange and the London Stock Exchange.

If the Open Offer Entitlements are for any reason not enabled by 8.00 a.m. on 8 March 2010 or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Prospectus and the Open Offer. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold or assigned except to satisfy *bona fide* market claims.

Holdings of Existing Ordinary Shares in certificated and uncertified form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different countries.

SUBJECT TO CERTAIN EXCEPTIONS, THE CAPITAL RAISING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO KENMARE SHAREHOLDERS OR INVESTORS IN THE UNITED STATES OR ANY EXCLUDED TERRITORY AND NO DOCUMENT ISSUED BY THE COMPANY IN CONNECTION WITH THE CAPITAL RAISING IS OR CONSTITUTES AN INVITATION OR OFFER OF SECURITIES FOR SUBSCRIPTION, SALE OR PURCHASE TO ANY PERSON WITH A REGISTERED ADDRESS, OR WHO IS RESIDENT OR LOCATED IN THE UNITED STATES OR ANY EXCLUDED TERRITORY.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Capitalised terms have the meanings ascribed to them in the section headed "Definitions" in Part 18 of this Prospectus.

CONTENTS

PART 1

SUMMARY

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Placing and Open Offer and/or the Firm Placing should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff might, under the national legislation of Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons responsible under law for the contents of this Prospectus (including any translation of this summary) but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

1. Introduction

Today, the Company announced a Placing and Open Offer and Firm Placing ("Capital Raising") to raise gross proceeds of approximately £179.6 million (US$269.9 million) (£170.8 million net of expenses (US$256.7 million)) through the issue of 1,497,030,066 New Ordinary Shares at an issue price of 12 pence per New Ordinary Share. 748,515,033 New Ordinary Shares will be issued through the Placing and Open Offer and 748,515,033 New Ordinary Shares will be issued through the Firm Placing. The main purpose of the Capital Raising is to enable the Group to implement an expansion of its existing mining operation at Moma in Mozambique in order to significantly increase production, at a relatively low cost per incremental tonne of annual production, take advantage of projected favourable market conditions, and generate a substantially expanded revenue base with which to pay down debt, thereby significantly improving the financial performance and value of the Group.

2. Information on Kenmare

Kenmare is an Irish incorporated company and is listed on the Official Lists with a market capitalisation of approximately £186.9 million (based on the closing mid market price on the LSE as of close of business on 4 March 2010, the latest practicable date prior to the issue of this Prospectus) and €220.2 million (based on the closing mid market price on the ISE as of close of business on 4 March 2010, the latest practicable date prior to the issue of this Prospectus).

The principal activity of the Group is the operation of the Mine which is located on the north east coast of Mozambique. The Mine contains substantial reserves of ilmenite and associated co-products rutile and zircon. Ilmenite and rutile are titanium minerals used as feedstocks to produce titanium dioxide (TiO_2) pigment and also for titanium metal and welding electrodes applications. Zircon, a relatively high value zirconium silicate mineral, is an important raw material for the ceramics industry where it is used as an opacifier and frit compound for decorative wall and floor tiles and sanitary ware. Zircon is also used in the refractory and foundry industries and to produce zirconia and the zirconium chemicals for a variety of applications. The Namalope Reserve, currently being mined by Kenmare, and the Nataka Resource, a second deposit located at the Mine which is currently not being mined, could maintain production at design capacity levels of 800,000 tpa of ilmenite plus co-products for more than 150 years of mining (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve). The Namalope Reserve and the Nataka Resource could maintain production at anticipated post-Expansion design capacity levels of 1.2 million tpa of ilmenite plus co-products for more than 110 years of mining (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve).

The Group has held mining tenements in the general Moma area since 1987. Following completion of a definitive feasibility study in 2001, financing arrangements for the development of the Mine were put in place in 2004. In April 2004, Kenmare entered into an EPC Contract with the EPC Contractor for the engineering, procurement building and commissioning of the facilities at the Mine. However, during the course of construction in late 2006, it became apparent to the Directors that the EPC Contractor would not achieve the original contractual handover date for the plant in November 2006. A Deed of Amendment and Settlement was therefore entered into in December 2006 to provide for, among other things, a phased handover of completed sections of the Mine to Kenmare.

The Group entered into the Deed of Final Settlement and Release with the EPC Contractor in December 2009.

Following assumption of control of the assets but prior to the Deed of Final Settlement and Release, Kenmare became aware of deficiencies in the plant and equipment, which resulted in the failure of certain performance tests set out in the EPC Contract. From this point in 2008, until the cessation of the relationship with the EPC Contractor in December 2009, Kenmare was engaged with the EPC Contractor in implementing a Performance Improvement Programme ("PIP"), the costs of which were substantially met by the EPC Contractor. The PIP was designed to address these deficiencies and to achieve production levels at design capacity. The deficiencies in the equipment and the consequent requirement to implement the PIP has led to a delay in achieving the planned Ramp Up and achieving production levels at design capacity levels across all three of the Mine's mineral products.

The implementation of the PIP has materially increased production levels in the fourth quarter of 2009:

- HMC production was 280,000 tonnes. This reflects a 22 per cent. increase compared to the third quarter of 2009 and represents 100 per cent. of design capacity for the period;
- Ilmenite production was 143,000 tonnes. This reflects a 10 per cent. increase compared to the third quarter of 2009 and 72 per cent. of design capacity for the period;
- Zircon production was 5,400 tonnes in total, comprising two different zircon products, standard zircon (3,900 tonnes) and special zircon (1,500 tonnes). This reflects a similar level of production as the third quarter of 2009 (and was adversely affected by disruptions to zircon production associated with the implementation of the metallurgical optimisation projects) and 43 per cent. of design capacity for the period;
- Rutile production was negligible in 2009; and
- Finished product sales in the fourth quarter of 2009 were 139,000 tonnes, comprised primarily of ilmenite, but also including zircon. This reflects a 6 per cent. increase on the previous quarter and resulted in shipments in the second half of 2009 being 83 per cent. higher than the first half of 2009. In 2009, there were 24 shipments totalling 418,000 tonnes of finished products (2008: 17 shipments totalling 250,000 tonnes of finished products).

Although the PIP has been completed, the Company has not yet reached design capacity for production of the Group's final products on a quarterly or monthly basis. Additional upgrading is in progress to address the production deficiencies. This includes the installation of additional reheaters in the zircon and rutile circuits, along with a new ilmenite scavenging circuit, which are designed to significantly enhance the zircon and rutile production.

As at 3 March, 2010, (the latest practicable date prior to the publication of this Prospectus), Kenmare employed approximately 660 people. Substantially all employees are based at the Mine with executive management of the Company based at its head office in Dublin, Ireland.

The Directors, Company secretary, advisers and auditors of Kenmare are set out in Part 6 of this Prospectus.

Financing and Lender Support

The construction of the Mine was funded by a combination of equity and senior and subordinated loan facilities under the Financing Agreements. The Financing Agreements contain schedules for repayment and certain operational tests, including with respect to Technical Completion. The Lender Group, which includes a number of development institutions, has historically been accommodating to the evolving situation at the Mine (including in relation to construction delays and operational challenges) and it has previously agreed a number of amendments and deferrals to the Financing Agreements, including deferral of the principal repayments of Senior Loans that would have fallen due in 2009.

In the context of the Capital Raising, the Lender Group has agreed to the Agreed Financing Amendments. These include modifications to the Technical Completion tests and deferral of the date for achieving Technical Completion from 31 December 2010 to 31 December 2011, as well as changing the consequence

of failing to achieve Technical Completion at the required date from an event of default to an interest margin increase of, in the case of the Senior Loans, 1 per cent., and in the case of Subordinated Loans, 2 per cent. until Technical Completion is achieved. Under the current terms of the Financing Agreements, failure to achieve Completion by the Final Completion Date is an event of default. Pursuant to the Agreed Financing Amendments, the Lender Group has agreed to eliminate this event of default, so that Completion can be achieved at any time. The Agreed Financing Amendments also introduce the concept of Non-Technical Completion and defer the Final Completion Date from 31 December 2012 to 31 December 2013. Failure to achieve Non-Technical Completion by the Final Completion Date will result in an event of default. The Agreed Financing Amendments are conditional on the Deposit. As part of the Agreed Financing Amendments, funds deposited into the Contingency Reserve Account can be transferred to the Project Accounts and spent on, amongst other things, the Expansion.

Absent the Capital Raising and subsequent completion of the Deposit (which is the sole remaining condition to the effectiveness of the Expansion Funding Deed of Waiver and Amendment, as further described in section 6 of Part 10 of this Prospectus), the Agreed Financing Amendments will not take effect and the Company's ability to comply with the existing terms of the Financing Agreements may be compromised. In such circumstances, further negotiations with the Lender Group may be required. Further information on the financial position of the Company absent the Capital Raising is set out in section 14 of Part 7 of this Prospectus.

3. Background and reason for the Capital Raising

Opportunity for Expansion

Based on Kenmare's own supply and demand analysis, the Directors anticipate that the titanium dioxide feedstock industry will experience demand growth over the next five years which will be above average historic industry trend growth rates. This view is shared by that of independent industry analysts, including TZMI as referred to below. Demand for pigment (the principal end use market for titanium feedstocks) has averaged a compound annual growth rate of approximately 3 per cent. over the past 30 years and has moved closely in line with the growth in the global economy over this period. The compound annual growth rate of Chinese pigment consumption has averaged approximately 15 per cent. over the last 20 years, reflecting the growing importance of China in pigment demand. While demand was adversely affected by the global recession in late 2008 and 2009, industry experts have predicted a strong rebound in pigment demand of 8 per cent. to 10 per cent. for 2011. DuPont, for example, has stated that its expectations are for above trend line growth for the period 2009 to 2015 in the range of 5 per cent. to 10 per cent. as demand catches up with the long term growth rate. This demand growth is expected to be driven principally by increased demand from China and other developing countries driven by strong economic growth and a shift towards urbanisation in those countries, as there is typically a strong correlation between GDP growth *per capita* and demand for titanium dioxide feedstock products. The anticipated growth in GDP *per capita* in developing countries and the relatively low consumption of pigment *per capita* in such developing countries underpins the favourable global outlook for the titanium dioxide feedstock industry.

The ongoing recovery in the pigment market is expected to result in significant re-stocking by pigment producers of TiO_2 feedstocks during 2010 and 2011. A small surplus of feedstocks until 2012 has been forecasted by TZMI in a statement to Kenmare (see sections 22 and 25 of Part 16 of this Prospectus), followed by a significant growing deficit in supply to 2015 of over approximately 1 million TiO_2 units or 20 per cent. of the total projected market size in 2015, if no new projects, incremental to those already approved, come on stream.

Increases in supply necessary to address this anticipated deficit are subject to a number of constraints: certain existing operations are reaching full capacity and have limited expansion potential and a number of the major titanium feedstock producers are expected to decrease their future production. Reasons for reducing (or not increasing) future production may include suspension or cancellation of development projects; resource depletion in some major titanium mines; considerable capital expenditure required to facilitate meaningful expansion (often unjustified by the size of the resource) and significantly increasing power prices in competitors' jurisdictions, particularly in South Africa. As a result of such factors, a number of Kenmare's global competitors have curtailed or cancelled production or are expected to decrease future production. In

addition there are a limited number of known new sources of significant supply which could come on stream in the short term and there are uncertainties with respect to the development of certain of these projects, for example BHP has recently relinquished its Corridor Sands deposit in Mozambique, Tiomin Resource's Kwale project in Kenya has recently been written off in their accounts and Tata Steel's Titanium Project in India and Mineral Commodities' Xolobeni deposit in South Africa have both been delayed.

Expansion Study

Kenmare completed an Expansion Study in January 2010 that considered the options available to the Group to improve the productivity of the Mine and exploit the potential market opportunity presented by the projected shortage of and increased demand for titanium dioxide feedstock. A number of mining options and mineral separation options were analysed with a view to maximising returns consistent with integrating the Expansion into the existing mine site and minimising disruption to production. From a range of mining and production options, the Expansion Study concluded that the upgrade of the existing Mine operation, the construction and commissioning of a second mining operation at the Mine and the expansion of the MSP, was the best way to deliver increased financial growth while maximising the utilisation of existing facilities, infrastructure and technology. More specifically, the Expansion Study contains the following recommendations:

- an upgrade of the capacity of the existing dredges and WCP concentrator to increase spiral feed capacity from 3,000 tph to 3,500 tph;
- the installation of a second WCP with a spiral feed capacity of 2,000 tph in a separate dredge pond, utilising a new third dredge on the Namalope Reserve approximately 5km away from the existing mining operation; and
- the addition of a Wet High Intensity Magnetic Separation (WHIMS) circuit at the front of the ilmenite circuit of the MSP, as well as other modifications to the MSP, including an auxiliary ilmenite 80tph circuit, to increase throughput capacity from 135 tph to 220 tph.

The Directors expect that the Expansion will increase design capacity by approximately 50 per cent. from the Mine's current design capacity, resulting in the existing design capacity increasing from 800,000 tpa to 1.2 million tpa of ilmenite, from 50,000 tpa to 80,000 tpa of zircon and from 14,000 tpa to 22,000 tpa of rutile. Assuming Kenmare's production levels reach full post-Expansion design capacity, Kenmare would supply approximately 10 per cent. of the world's titanium dioxide feedstock supply and approximately 6 per cent. of the world's zircon supply, based on the total global supply in 2008 estimated by TZMI in their Mineral Sands Annual Review 2009.

The Expansion Study estimated the cost of the Expansion as approximately US$200 million, which includes a contingency of approximately US$18 million. This estimated cost, excluding the contingency, is stated to an accuracy limit of +/- 25 per cent.

As the next step in implementing the Expansion, in November 2009 Kenmare appointed Aker Solutions to commence an Engineering Study. This Engineering Study is expected to be completed by mid 2010. Pending results of the Engineering Study, detailed design is expected to commence in the third quarter of 2010, with construction expected to be completed by the end of 2011. The Directors expect that the Expansion will be completed, and production expanded to the post-Expansion design capacity levels, by the end of 2012.

4. Use of Proceeds

In accordance with the capital cost estimates under the Expansion Study, £133.1 million (approximately US$200 million in Q3 2009 US$ terms and including a contingency of approximately US$18 million) of the net proceeds from the Capital Raising is intended to be used to fund the engineering, procurement and construction costs of the Expansion. This estimated cost, excluding the contingency, is to a stated accuracy limit of +/- 25 per cent. It is expected that US$2.3 million will be spent on upgrading the existing WCP A, US$74.3 million will be spent on a new WCP B (including the dredge), US$57.5 million will be spent on the upgrade of the MSP including the WHIMS and approximately US$65.9 million will be spent on, *inter alia*, electricity supply upgrade, other mobile equipment, product storage, construction and spares.

The balance of the net proceeds of approximately £37.7 million (US$56.7 million) from the Capital Raising will be available to the extent necessary for any increase in costs of the Expansion and general corporate purposes, including meeting any debt service payments (inclusive of the August Payment) which are not met from operating cash flows. Any unspent proceeds which have not been deposited to the CRA may be used at the Group's option to prepay Additional Subordinated Lender Margin without penalty.

In order to make the Deposit and thereby satisfy a condition in the Expansion Funding Deed of Waiver and Amendment, US$200 million of the proceeds of the Capital Raising will initially be deposited into the Contingency Reserve Account. Under the Expansion Funding Deed of Waiver and Amendment, funds in the CRA may be contributed to the Project Accounts and spent on, amongst other things, the Expansion.

5. Summary Details of the Capital Raising

Kenmare is proposing to raise gross proceeds of approximately £179.6 million (approximately £170.8 million net of expenses (US$256.7 million)) by way of the Capital Raising. 748,515,033 New Ordinary Shares will be issued through the Placing and Open Offer and 748,515,033 New Ordinary Shares will be issued through the Firm Placing.

Placing and Open Offer

The Issue Price represents a discount of 8.6 pence (41.8 per cent.) to the closing mid-market price of 20.6 pence per Ordinary Share on the London Stock Exchange on 4 March 2010 and a discount of 11.1 cent (45.7 per cent.) to the closing mid-market price of €0.243 per Ordinary Share on the Irish Stock Exchange on 4 March 2010 (being the last trading day prior to the announcement of the Capital Raising).

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, are being given the opportunity to apply for the Open Offer Shares at the Issue Price, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the following basis:

19 Open Offer Shares for every 23 Existing Ordinary Shares

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. Accordingly, Qualifying Shareholders holding fewer than 23 Existing Ordinary Shares on the Record Date will not be eligible to participate in the Open Offer.

The Placing and Open Offer is fully underwritten by the Underwriters pursuant to, and subject to the terms of, the Placing and Open Offer Agreement, the principal terms and conditions of which are summarised in section 13 (i) of Part 16 of this Prospectus.

The Placing and Open Offer is conditional, *inter alia*, upon:

(i) the passing of all of the Resolutions;

(ii) Admission taking place by no later than 8.00 a.m. on 1 April 2010 (or such later time and date as the Company, J.P. Morgan Cazenove and Davy may agree not being later than 8.00 a.m. on 15 April 2010); and

(iii) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms.

An Extraordinary General Meeting convened for the purposes of considering, and if thought fit, approving the Resolutions, is convened for 11.00 a.m. on 29 March 2010.

Firm Placing

Kenmare is proposing to issue 748,515,033 Firm Placed Shares at the Issue Price pursuant to the Firm Placing.

The Firm Placed Shares are not subject to clawback and do not form part of the Open Offer. The Firm Placing is expected to raise approximately £89.8 million (US$135.0 million). The Firm Placing is also fully

underwritten by the Underwriters pursuant to, and subject to the terms of, the Placing and Open Offer Agreement.

M&G is a related party for the purposes of the Listing Rules because it is a substantial shareholder in the Company (being a party which holds in excess of 10 per cent. of the currently issued ordinary share capital of the Company). M&G, as at 3 March 2010, being the latest practicable date prior to the date of this Prospectus, is interested in approximately 165,694,896 Ordinary Shares, representing approximately 18.3 per cent. of the existing issued ordinary share capital of the Company. As M&G is participating, or may participate, in the Firm Placing and the Placing in respect of up to a maximum of 432,600,000 New Ordinary Shares, it will be entitled to a commission of 1.75 per cent. of the value of the New Ordinary Shares for which it has agreed, or shall agree, to subscribe under the Placing.

The participation of M&G in the Firm Placing and the Placing, in respect of up to a maximum of 432,600,000 New Ordinary Shares, is classified under the Listing Rules as a related party transaction and a class 1 transaction and, as such, requires the approval of Independent Shareholders by way of a simple majority in general meeting. This approval is sought in Resolution (5).

6. Summary Financial Information on Kenmare

The tables below set out the Group's (i) summary financial information extracted from the audited consolidated financial statements for the years ended and as at 31 December 2006, 2007, 2008 and (ii) summary financial information extracted from the unaudited financial statements for the six months ended and as at 30 June 2009. As the information set out below is only a summary, potential investors are advised to read the whole of the Prospectus and not to rely solely on the summarised information set out below.

Comparative financial results from operations

	Six months ended 30 June		*Year ended 31 December*		
	2009	*2008*	*2008*	*2007*	*2006*
	Unaudited	*Unaudited*	*Audited*	*Audited*	*Audited*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	–	–	–	–	–
Operating expenses	(359)	(8,809)	(957)	(12,557)	(7,255)
Finance income	160	720	1,302	2,925	2,925
(Loss)/profit before tax	(199)	(8,089)	345	(9,632)	(4,330)
Income tax expense	-–	–	–	–	–
(Loss)/profit after tax for the financial period/year	(199)	(8,089)	345	(9,632)	(4,330)
Attributable to equity holders	(199)	(8,089)	345	(9,632)	(4,330)

Comparative group balance sheets

	As at 30 June		*As at 31 December*		
	2009 Unaudited US$'000	*2008 Unaudited US$'000*	*2008 Audited US$'000*	*2007 Audited US$'000*	*2006 Audited US$'000*
Assets					
Non-current assets					
Property, plant and equipment	571,735	514,706	539,672	486,960	406,469
Current assets					
Inventories	12,077	6,497	6,405	5,631	–
Trade and other receivables	30,337	4,755	3,033	4,842	810
Cash and cash equivalents	5,631	47,727	40,536	56,203	87,230
	48,045	58,979	49,974	66,676	88,040
Total assets	619,780	573,685	589,646	553,636	494,509
Current liabilities					
Bank loans	31,478	26,807	34,842	26,273	4,424
Trade and other payables	27,635	27,080	25,236	29,573	37,519
Provisions	610	–	–	–	–
Total current liabilities	59,723	53,887	60,078	55,846	41,943
Non-current liabilities					
Bank loans	310,423	325,677	299,982	299,570	266,152
Obligations under finance lease	2,226	2,286	2,264	2,292	–
Provisions	3,992	3,999	4,179	2,505	2,365
Total non-current liabilities	316,641	331,962	306,425	304,367	268,517
Total liabilities	376,364	385,849	366,503	360,213	310,460
Net assets	243,416	187,836	223,143	193,423	184,049
Equity					
Capital and reserves attributable to the Company's equity holders					
Called-up share capital	72,966	61,705	66,178	61,496	55,940
Share premium	157,553	122,885	145,088	121,501	108,512
Retained losses	(30,990)	(39,225)	(30,791)	(31,136)	(21,504)
Other reserves	43,887	42,471	42,668	41,562	41,101
Total equity	243,416	187,836	223,143	193,423	184,049

The Group's unaudited preliminary results for the year ended 31 December 2009 are set out in Part 13 of this Prospectus.

The Group's capitalisation and net indebtedness as at 31 December 2009 is set out in Part 12 of this Prospectus.

7. Significant Change

Save for the completion of the placing in August 2009 (agreement entered into in June 2009) raising approximately £10 million (as referred to in section 3(e) of Part 16 of this document), the exercise of all of

the outstanding warrants in December 2009 (with the corresponding shares issued in January 2010) raising in aggregate approximately £5 million (as referred to in section 3(d) of Part 16 of this document), the entry into the Deed of Final Settlement and Release with the EPC Contractor in December 2009 under which substantially all outstanding rights, obligations and liabilities of all parties under the EPC Contract and related agreements were mutually settled and released and a payment of approximately US$3.9 million was paid to the Project Companies (the principal terms of the Deed of Final Settlement and Release are contained in section 13(iv) of Part 16 of this Prospectus), and save for the reported loss after tax for the year ended 31 December 2009 of US$30.4 million, reflecting, *inter alia*, the Group's initiation of reporting of revenue and related costs in the income statement from July 2009 (as further explained in section 9 below entitled "Current Trading and Prospects"), there has been no significant change in the financial or trading position of the Company since 30 June 2009, being the end of the last period for which interim financial information has been published.

8. Working Capital

The Company is of the opinion that, taking into account existing available financing facilities and the net proceeds of the Capital Raising, the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of the publication of this Prospectus.

9. Current Trading and Prospects

On 5 March 2010, Kenmare published its unaudited preliminary results in respect of the year ended 31 December 2009. In these Preliminary Results, which are reproduced in Part 13 of this Prospectus, the Group has reported revenue and related costs in the income statement from July 2009 (until the end of June 2009, because of the delayed ramp-up, Kenmare continued to operate an accounting policy where costs net of revenues were capitalised into the overall development expenditure for the project).

The reported loss after tax for the year ended 31 December 2009 was US$30.4 million. During the first six months of the year costs of US$13.8 million, net of revenue earned of US$15.6 million and net of delay damages of US$1.2 million were capitalised in development expenditure in property, plant and equipment. Loan interest of US$13.4 million and finance fees of US$5.6 million were also capitalised resulting in an increase in development expenditure of US$32.8 million to the 30 June 2009.

Revenue for the six months from July to December 2009 amounted to US$26.7 million and cost of sales for the corresponding period was US$35.2 million resulting in a gross loss of US$8.5 million. Distribution and administration costs for the six month period to December 2009 were US$1.8 million and US$1.9 million respectively. There was loan interest and finance fees of US$15.5 million during the second half of the year and deposit interest earned of US$0.2 million. In addition there was a foreign exchange loss for the year of US$2.9 million, mainly as a result of the retranslation of the euro denominated loans, resulting in a loss for the year of US$30.4 million.

For the year, additions to property, plant and equipment amounted to US$47.7 million made up of assets of US$14.1 million and development expenditure of US$33.6 million. At 31 December 2009 net property, plant and equipment amounted to US$540.9 million. Depreciation and amortization for the six month period was US$12.9 million.

In June 2009, the Group completed a share placing resulting in US$16.1 million being received in August 2009. At 31 December 2009 Group loans totalled US$356.1 million and cash balances amounted to US$17.4 million. In January 2010 US$7.7 million was received pursuant to the exercise of warrants.

The loss which occurred in the last six months of 2009 is a result of both the slower than planned ramp-up and the depressed feedstock market situation.

Since 31 December 2009, both production and market conditions, current and projected, are now healthier providing encouraging indications of a significant improvement in operational and financial performance for the year ahead. While the production improvements delivered by the PIP fell short of expectations during 2009, HMC production is currently at design capacity levels, with processing improvements on track. The significantly improving trend in zircon production since the commissioning of additional equipment in the

zircon circuit, referred to in the announcement of 26 January 2010, has continued and is expected to be followed by improvements in rutile production. Production at levels approaching design capacity for ilmenite and zircon is expected by the end of the first half of 2010, with work to increase rutile production ongoing throughout 2010.

From the beginning of the year to the end of February 2010, eight shipments from the Mine have been completed totalling 154,000 tonnes of ilmenite and zircon, as compared to one shipment in the first two months of 2009 for 7,050 tonnes of ilmenite, and twenty four shipments in 2009 totalling 418,000 tonnes of ilmenite and zircon.

10. Dividend Policy

The Group has not declared a dividend during the period from 1 January 2006 to the date of this Prospectus, and does not expect to declare a dividend in the short term. The Company is seeking to generate capital growth for Shareholders, through re-investment of cashflows in the Mine, and may recommend distribution of dividends at some future date, depending on the generation of sustainable profits, when it becomes financially and commercially prudent to do so.

11. Importance of the Vote

The Board is recommending the raising of approximately £179.6 million (US$269.9 million) (approximately £170.8 net of expenses (US$256.7 million)) through the Capital Raising. This Capital Raising will enable the Group to proceed with the proposed Expansion on the basis of the Expansion Study and make the Deposit, thereby satisfying the condition of the Expansion Funding Deed of Waiver and Amendment, and will provide the Group with additional liquidity to the extent that the capital raised is not used for the Expansion. According to the Expansion Study, the estimated cost of the Expansion is approximately US$200 million, which includes a contingency of approximately US$18 million. This estimated cost, excluding the contingency, is stated to an accuracy limit of +/- 25 per cent. The Lender Group has agreed to a number of revisions to the existing Financing Agreements, in connection with the proposed Expansion, which are conditional on the Deposit which is proposed to be raised through the Capital Raising. These waivers and amendments, details of which are set out in section 13(v) of Part 16 of this Prospectus, include the modification of the Technical Completion tests, the deferral of the deadline for Technical Completion (currently set for 31 December 2010) elimination of the deadline for Completion (currently set for 31 December 2012) and the introduction of Non-Technical Completion as a concept and establishing its deadline as 31 December 2013. These Agreed Financing Amendments are conditional on, and will become effective immediately upon, making the Deposit.

The Capital Raising is conditional, *inter alia*, on the passing of the Resolutions at the EGM. If the Resolutions are not passed, the Capital Raising will not complete, the proposed Expansion will not proceed at this time (thereby preventing the Group from significantly increasing its production in order to take advantage of the projected improvement in market conditions for titanium mineral products) and the Agreed Financing Amendments to the Financing Agreements will not become effective. In this situation, the existing provisions of the Financing Agreements would, absent further renegotiation, continue. These include, *inter alia*, requirements that Technical Completion and Completion occur by 31 December 2010 and 31 December 2012, respectively. In addition, a number of scheduled Senior Loan principal and interest repayments fall due under the Financing Agreements over the forthcoming period including the August Payment.

Cashflow generation from the Mine for 2009 was significantly below budget. This was due in part to market deterioration as a result of the global recession in 2009, decreased demand leading to customers deferring delivery of shipments and reduced prices being realised for some spot market ilmenite sales. The Group has also experienced delays in achieving targeted production for the period as a result of difficulties with equipment, the consequent necessity for the implementation of the PIP, and the delay in completing all material aspects of the PIP to achieve the planned Ramp Up in production to design levels across all three of the Group's final products. While the PIP has been completed and some additional upgrading is in progress to address the production deficiencies, including the installation of additional reheaters in the zircon and rutile circuits, along with a new ilmenite scavenging circuit, which are designed to significantly enhance the zircon and rutile production, the Company has not yet completed the Ramp Up and reached targeted

production. There is also a risk that pricing and/or shipment levels in 2010 may not be achieved and that insufficient cash may therefore be generated from the Mine to meet the next scheduled payment under the Financing Agreements in August, 2010. Accordingly, should circumstances require it, some of the proceeds of the Capital Raising may be used so as to ensure that the Company can meet any shortfall in cashflow in order to service Senior Loan obligations as they fall due.

If the Resolutions are not passed, the Capital Raising and the Deposit will not complete, the Agreed Financing Amendments will not become effective and the Company will not proceed with the Expansion at this time. In such circumstances, the Company would, to the extent it becomes necessary, take a number of actions designed to maximise cashflow/increase its cash balances in order to meet scheduled Senior Loan interest and principal payment obligations as they fall due, including the August Payment. These steps could include disposing of stocks of titanium minerals product built up at the Mine earlier than planned under the Company's shipping schedule, curtailing discretionary expenditure, seeking to obtain additional debt or equity finance and/or seeking to agree with the Lender Group amendments to the loan repayment schedules. While the Directors believe they would be able to implement the necessary courses of action in order to satisfy the payment obligations under the Financing Agreements, the consequences of such actions may be inconsistent with the long term strategy of the Group. For example, the accelerated sale of inventory may affect the pricing the Group achieves for its products more generally, curtailment of expenditure may delay or prevent the delivery of benefits from the capital expenditure programme, alternative capital may be expensive, and the cost of any amendments agreed with the Lender Group may be punitive and may result in more onerous obligations than those currently prevailing. Discussions between Kenmare and the Lender Group to date have been based on the assumption that the Capital Raising and the Expansion will proceed.

The current terms of the Financing Agreements require the Group to achieve Technical Completion by 31 December 2010. Should the Capital Raising and Deposit not be completed and, as a result, the Agreed Financing Amendments do not become effective, Kenmare would seek to agree with the Lender Group a number of amendments to the Technical Completion tests in order to accommodate some operational aspects of the Mine which are different than those originally envisaged. Furthermore, in the event that production rates and other operational aspects from the Mine were not expected to be sufficient to satisfy the Technical Completion tests as at 31 December 2010, the Company would also seek to re-negotiate the tests for Technical Completion and/or implement a number of operational measures (certain of which may be uneconomical and may be inconsistent with the Group's long term strategy) in order to satisfy the Technical Completion test or to limit the scope of any necessary modifications to the Technical Completion tests. While the production levels and operational measures required under Technical Completion have not yet been achieved and there can be no guarantee that the Technical Completion requirements will be satisfied, the Directors believe that they would be able to implement the required operational measures and/or successfully re-negotiate a deferral or relaxation of loan terms with Lenders.

If the Capital Raising is not completed, the Deposit is not made and the Group is unable to meet its obligations under the Financing Agreements (whether in relation to scheduled payments of Senior Loan principal and interest repayments or Technical Completion or otherwise), and if in addition the Group is unable to agree requisite amendments to the Financing Agreements prior to the agreed schedule in the Financing Agreements, there would be an event of default under the Financing Agreements. In the case of an event of default under the Financing Agreements, the Lenders may in certain circumstances be permitted to apply post-default interest margins, accelerate the payment of all sums outstanding under the facilities (including any accrued interest), enforce the security interests in the assets of the Project Companies, the CRA and the shares of the Project Companies and guarantees granted by Kenmare and Congolone, place the Project Companies into administration and initiate insolvency or other similar proceedings against the Project Companies.

Accordingly, the Board believes that it is in the best interests of the Company and Shareholders as a whole that all Shareholders vote in favour of the Resolutions in order that the Capital Raising and, consequently the Deposit, can proceed and the Agreed Financing Amendments to the Financing Agreements become effective.

12. Additional Information

For further information on the share capital of the Company, see section 3 of Part 16 of this Prospectus.

For further information on related party transactions, see section 12 of Part 16 of this Prospectus.

For further information on the documents on display, see section 25 of Part 16 of this Prospectus.

A summary of the Company's Memorandum of Association and Articles of Association are set out in section 11 of Part 16 of this Prospectus.

13. Summary of Risk Factors

1. ***Risks relating to Kenmare***

- Kenmare's working capital position and the importance of the shareholder vote.
- The Group has a significant level of indebtedness and may not be able to meet its loan obligations to Lenders in the longer term.
- The Group has a significant amount of indebtedness which may impair its operating and financial flexibility and could adversely affect the business and financial position of the Group.
- The Group depends on marine operations for the export of products and may not be able to export final products if, in particular, the jetty is damaged severely.
- The Group is dependent on contracts with, and the Group has credit exposure to, a number of key customers.
- Product prices may not increase as anticipated or may fall.
- The Mine is dependent on a single power supply and power transmission line and other energy supplies for which supply and prices may fluctuate.
- The MSP may not achieve current target levels of finished product.
- The Group is required to maintain licences for the current mining operation.
- Kenmare is exposed to a number of operational factors which may be outside its control.
- Kenmare is exposed to fluctuations in interest rates and exchange rates that could have a material adverse impact on its profitability.
- The Group could face increased risk and uncertainty in the event of political and economical instability in Mozambique.
- Health, safety, environmental and other regulations, standards and expectations evolve over time and unforeseen changes could have an adverse effect on the Group's earnings and cash flows.
- The Group is dependent on the continued services of senior management and skilled technical personnel.
- The Company may face the risk of litigation in connection with its business and/or other activities.

2. ***Risks relating to the Expansion***

- The Expansion Study is based on a number of assumptions derived from information available at the time of preparing the Expansion Study, which may prove to be insufficient or may change as a result of unforeseen events or factors.
- The projected shortfall of supply in the titanium dioxide feedstocks market may not materialise either due to increased supply or lack of demand, and prices may not increase as anticipated.

- Estimates of mineral resources and/or ore reserves are based on certain assumptions and changes in such assumptions could lead to reported mineral resources and/or ore reserves being restated.
- The Expansion Study anticipates certain capital expenditure which may be insufficient to implement the Expansion as required.
- Delay or failure by the Group in implementing the Expansion or in achieving the production targets anticipated by the Directors after Expansion could have a material adverse effect on the Group's growth prospects.
- The Group has not begun negotiations or executed the EPCM Contract and the performance of any EPCM Contractor is not certain.
- The post-Expansion design capacity may not result in the anticipated throughput, process and recovery rates.
- The Group may be unable to obtain external approvals for new mining operations.
- The Expansion may be more disruptive than anticipated to the existing Mine.
- The assessments of materiality made by the Company for the purposes of compiling the Expansion Study may differ from those which prospective investors may make when considering the Expansion.

3. ***Risks relating to the titanium minerals mining industry***
   - Macroeconomic conditions and commodity price volatility.
   - Changes in operating and capital costs within the mining industry.

4. ***Risks relating to the Capital Raising and the New Ordinary Shares***
   - The Ordinary Shares and New Ordinary Shares may not be suitable as an investment for all recipients of this Prospectus.
   - Kenmare's share price will fluctuate.
   - Shareholders will experience dilution in their ownership of Kenmare as a result of the Firm Placing and Shareholders who do not acquire New Ordinary Shares in the Placing and Open Offer will experience further dilution in their ownership of Kenmare.
   - Further issuances of Kenmare shares may be dilutive to Shareholders.
   - Shareholders and investors outside Ireland and the United Kingdom may not be able to subscribe for or receive New Ordinary Shares in the Capital Raising or any future issue of shares.
   - The Company believes that it may have been a PFIC for its taxable years 2009 and prior, which may have adverse U.S. tax consequences for U.S Holders of Existing Shares with a holding period that began before 1 January 2010.
   - A disposal of Ordinary Shares by major Shareholders could adversely depress the market price of Ordinary Shares.
   - Some of the current larger Shareholders may continue to hold a significant interest in the Company and may be able to exert influence over matters relating to its business.
   - Shareholders may be subject to exchange rate risks.
   - The ability of Overseas Shareholders to bring enforcement actions or enforce judgments against Kenmare or the Directors may be limited.

PART 2

RISK FACTORS

Any investment in New Ordinary Shares is subject to a number of risks. Accordingly, prior to subscribing for any New Ordinary Shares, prospective and existing shareholders should carefully consider all of the information set out in this Prospectus (including the information incorporated herein by reference) and the risks attaching to an investment in the Company prior to making any investment decisions. The following risks (which are not set out in any particular order of priority) are those material risks of which the Directors are aware. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may also have an adverse effect on the Group.

The Group's business, financial condition in the longer term or results of operations could be materially and adversely affected by any of the risks described below. In such case, the market price of the Ordinary Shares may decline and Shareholders may lose all or part of their investment. Shareholders should consider carefully whether an investment in the Company is suitable for them in the light of the information in this Prospectus and the financial resources available to them. References in this section to the Company include references to all Group companies.

1. RISKS RELATING TO KENMARE

1.1 *Kenmare's working capital position and the importance of the shareholder vote*

If the Resolutions are not passed at the EGM and/or if the other conditions of the Capital Raising are not satisfied or waived (specifically the Placing and Open Offer Agreement becoming unconditional in all respects and Admission), then the Capital Raising would not be completed. If this occurs, the Expansion would not proceed at this time, and, since the condition of the Agreed Financing Amendments that the Deposit be completed by 30 June 2010 would not be satisfied, the Agreed Financing Amendments to the Financing Agreements would not become effective.

If the Agreed Financing Amendments do not become effective, the Group will be obligated to achieve Technical Completion by 31 December 2010. Further, as neither this payment nor subsequent scheduled repayments of debt are affected by the Agreed Financing Amendments, the Group will also be obligated to make the August Payment.

Although in such circumstances, management may take certain actions in order to make the August Payment as further described in section 14 of Part 7 this Prospectus entitled "Importance of the Vote", such actions may be inconsistent with the long term strategy of the Group, as described in section 14 of Part 7 of this Prospectus and there is no guarantee that these actions would be successful in providing the Group with the ability to make the August Payment. If the Group has insufficient funds to make the August Payment, and unless this obligation was waived by the Lender Group, this would constitute an event of default under the Financing Agreements.

Further, if the Agreed Financing Amendments do not become effective, the Group will be obligated to achieve Technical Completion by 31 December 2010. In this case, Kenmare would seek to agree with the Lender Group a number of amendments to the Technical Completion tests in order to accommodate some operational aspects of the Mine which are different than those originally envisaged. Furthermore, in the event that production rates and other operational aspects from the Mine were not likely to be sufficient to satisfy the Technical Completion tests by 31 December 2010, the Company would also seek to re-negotiate the Technical Completion tests and/or implement a number of operational measures (certain of which may be uneconomical and may be inconsistent with the Group's long term strategy) in order to satisfy the Technical Completion tests or to limit the scope of any necessary modifications to the Technical Completion tests. The production levels and operational levels required to achieve Technical Completion have not yet been achieved and there can be no guarantee that the Technical Completion requirements will be satisfied or that the Group will be successful in re-negotiating a deferral or relaxation of loan terms with the Lender Group.

If the Group was unable to do so or was unable to achieve Technical Completion by 31 December 2010, this would constitute an event of default.

If there is an event of default under the Financing Agreements, the Lender Group may, after the giving of notice or the passage of time or both, be permitted to apply post-default interest margins, accelerate the payment of all sums arising under the facilities (including any accrued interest), enforce the security and guarantees granted by the Group, place the Group into administration and initiate insolvency or other similar proceedings against the Group.

Note 2 of the Preliminary Results entitled "Going Concern", confirms, that taking into account the factors referred to therein, which include the Capital Raising and the factors disclosed in this Risk 1.1 and in section 14 of Part 7 of this Prospectus, 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 financial statements.

1.2 ***The Group has a significant level of indebtedness and may not be able to meet its loan obligations to Lenders in the longer term***

The development of the Mine has been partly financed by Senior Loans and Subordinated Loans provided by the Lender Group. Under the terms of the Financing Agreements, the Lender Group has security over substantially all of the Group's assets. Under the terms of the Agreed Financing Amendments, the Lender Group will continue to have security over substantially all of the Mine's assets, including the facilities constructed and machinery and equipment purchased in connection with the Expansion, and cash deposited to the CRA, but not cash retained by the Group outside the Project Companies or the CRA. A description of the Group's financing facilities is contained in the section of Part 12 of this document entitled "Liquidity and Capital Resources".

Following the application of the net proceeds of the Capital Raising over the next 18 months, as described in section 3 of Part 7 of this document, including the potential application of some of the net proceeds to service debt repayment obligations, the Group's ability to meet its debt service obligations and/or to repay principal falling due depends on the cashflow generated from the Group's operations. The Group's cashflow, in turn, depends primarily on the Group's ability to achieve production targets of the finished products at the Mine, to achieve the finished product pricing anticipated by the Group (including increased prices resulting from increased demand) and to curtail increases in operating and/or capital cost.

If a situation arises whereby the Group is unable to meet interest and/or loan repayments from cash flow prior to the completion of the Expansion, the Group would need to use part of the proceeds from the Capital Raising in order to service its debt. In the event that the Group needed to use an amount of the proceeds of the Capital Raising in excess of the £37.7 million (US$56.7 million) available, to the extent required, for the servicing of debt and for general corporate purposes, as detailed under section 3 of Part 7 of this Prospectus entitled "Use of Proceeds", this could increase the risk that the Group had insufficient resources to complete the Expansion.

Should the Group need to use such part of the proceeds from the Capital Raising in order to service its debt after the Expansion, or if the proceeds from the Capital Raising were insufficient to cover the cost of implementing the Expansion whether or not there is a pre-completion shortfall in debt service, the Group may, amongst other things, need to reschedule or restructure the current loans, refinance all or a portion of its debt, obtain additional equity, all of which may be impossible or extremely costly to the Group, and/or delay planned capital expenditure, including the Expansion. Absent successful implementation of any such remedial action, the Group may default on one or more of the Financing Agreements and following notice and the passage of time, the Lender Group may, in certain circumstances, be permitted to apply post-default interest margins, accelerate the payment of all sums arising under the facilities (including any accrued interest), enforce the security and guarantees granted by the Group, place the Group into administration and initiate insolvency or other similar proceedings against the Group.

In addition, the terms of the Financing Agreements provide for the achievement of various defined milestones at the Mine, for example, achieving marketing and production levels by pre-agreed dates. Under the revised terms of the Financing Agreements, which are subject to the Agreed Financing Amendments becoming effective, which is conditional on the Deposit, the deadlines for two key milestones, being Technical Completion and Completion, will be revised, and a new milestone introduced. The deadline for Technical Completion would be deferred from 31 December 2010 to 31 December 2011. The deadline for Completion, formerly 31 December 2012, would be eliminated.

Under the Agreed Financing Amendments, the concept of Non-Technical Completion would be introduced with the deadline of 31 December 2013. In addition the Lenders have agreed that in the event that Technical Completion is not achieved by its due date, no event of default will occur under the Financing Agreements but Senior Loans and Subordinated Loans will attract an additional interest margin of 1 per cent. and 2 per cent. respectively from 31 December 2011 until Technical Completion does occur. If the Company is unable to achieve Technical Completion by the dates agreed in the Agreed Financing Amendments, this additional interest cost, if arising, would have an adverse impact on the profitability of the Group. The Agreed Financing Amendments specify that failure to achieve Non-Technical Completion by 31 December 2013 would be an event of default. However, provided that Non-Technical Completion has been achieved by such date and the marketing certificate has been delivered on or before 30 June 2011, the failure to have achieved Completion would not result in an event of default but only in higher interest margins and in an inability of the Project Companies to make distributions to other companies in the Group.

The situations addressed in this risk 1.2, if arising, would not qualify the Group's statement as to the sufficiency of working capital for the next twelve months contained in section 15 of Part 7 of this Prospectus assuming the Capital Raising is completed.

1.3 ***The Group has a significant amount of indebtedness which may impair its operating and financial flexibility and could adversely affect the business and financial position of the Group***

The Group has a significant amount of indebtedness which may impair its operating and financial flexibility and could adversely affect the business and financial position of the Group which may potentially:

(i) cause the Group to divert a substantial portion of cash flow from operations to payments to service debt, depending on the level of borrowings, prevailing interest rates and, to a lesser extent, exchange rate fluctuations, which would reduce the funds available for working capital, capital expenditure, acquisitions and other general corporate purposes. While this risk does not mean that the Group will have insufficient working capital for its requirements, assuming the completion of the Capital Raising, it does impair its operating and financial flexibility and could adversely affect the business and financial position of the Group;

(ii) curtail the Group's ability to pay dividends;

(iii) limit the Group's ability to borrow additional funds for working capital (over the longer term), capital expenditure, acquisitions and other general corporate purposes. While this risk does not mean that the Group will have insufficient working capital for its requirements, assuming the completion of the Capital Raising, it does impair its operating and financial flexibility and could adversely affect the business and financial position of the Group;

(iv) limit the Group's flexibility in planning for, or reacting to, changes in technology, customer demand, competitive pressures and the industries in which it operates;

(v) place the Group at a competitive disadvantage compared to those of its competitors that are less leveraged than it is; and

(vi) by impairing its operating and financial flexibility, increase the Group's vulnerability to both general and industry specific adverse economic conditions.

1.4 ***The Group depends on marine operations for the export of products and may not be able to export final products if, in particular, the jetty is damaged severely***

The Group is reliant on the continued successful operation of the marine terminal for the export of products. In December 2007, damage was caused to a number of the berthing piles at the jetty and although the damage did not materially affect operations, repair work is expected to be carried out in 2010. If the marine terminal was damaged by adverse weather conditions or otherwise such that it became unusable or inaccessible for any significant period pending repair, the Group would be unable to export its products or would be limited in the amount which it could export. In this case, the Group would be unable to meet its commitments to customers which could result in ocean freight penalties and a reduced level of cashflow which would have an adverse effect on the Group's results of operations and financial condition.

The Group is also reliant on the effective operation of its trans-shipment system. Currently a single trans-shipment vessel transports products from the jetty to the trans-shipment point, where it self-discharges into the customer's vessel. The Group has recently acquired a second trans-shipment vessel which is due to arrive on site in 2010. This second vessel is intended to increase load out capacity at the Mine as well as to provide the necessary services should the current vessel become unusable or in need of repair. If the trans-shipment vessel currently employed by the Group becomes unusable or in need of repair before the second trans-shipment vessel arrives or, if after arrival, both vessels are unavailable or in need of repair, the Group would hire a tug, dumb barge and grabs and load customers' vessels using the customer's gear. If this were to occur, it could adversely affect the business and financial position of the Group as the loading rate could be less than that of the current trans-shipment system, in which case, demurrage costs may be payable by the Company.

In addition, the Group's customers depend upon ocean freight to transport products purchased from the Group. Disruption of ocean freight as a result of any impact of piracy, terrorism, weather-related problems, key equipment or infrastructure failures, strikes, lock-outs 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 results of operations or financial condition.

1.5 ***The Group is dependent on contracts with, and the Group has credit exposure to, a number of key customers***

As is typical in the titanium minerals industry, a small number of customers account for a significant proportion of the Group's revenue. In 2009, 95 per cent. of the Group's revenues was derived from sales to less than ten customers, all of which were covered by long term contracts. If any of these customers ceased dealing with the Group and the Group was unable to sell the product in the market on comparable or superior terms, then this would have an adverse impact on cashflow and on the Group's results and financial condition. Further, the Group's contracts and sales process is such that the customer receives the product prior to paying. If any of the customers were unable to or failed to pay for such products, then, unless the relevant customer's invoice had been sold to Absa under the Factoring Agreement, this would have an adverse impact on the Group's revenue generation, result of operations or financial condition.

Certain of the Group's key customers have recently been named as defendants in a lawsuit concerning allegations of price fixing in relation to pigment. While the claim does not concern products produced by the Group, to the extent that the suit were successful and were to have a material adverse impact on the actions of the Group's key customers or their engagement in the industry, this could have a material adverse impact on the results of operations or financial condition of the Group.

1.6 ***Product prices may not increase as anticipated or may fall***

The Group's revenue and earnings depend upon prevailing prices for ilmenite and, to a lesser extent, rutile and zircon. The Group fixes its prices for its products by bilateral negotiation with its customers with reference to the market price prevailing at the time of the entry into, or renewal, of the contract. Some of the Group's products are sold to customers under contracts of three to five year duration, which provide for the supply of fixed volumes of product at fixed prices with annual inflationary price

escalation. The majority of these contracts will expire over the next three years. The balance of the Group's products are sold to its customers under contracts providing for the delivery of fixed volumes with annual price negotiations or under spot contracts for specific shipments. If the increase in prevailing market prices for the Group's products that is anticipated by the Directors were not to occur (or if the prices negotiated by the Group were not to capture any such increase in market price) or if market prices were to fall or the Group were otherwise unable to negotiate satisfactory pricing terms, this would have an adverse impact on the Group's revenue generation, results of operations or financial condition.

1.7 ***The Mine is dependent on a single power supply and power transmission line and other energy supplies for which supply and prices may fluctuate***

The Mine is dependent on a power supply comprising a single power source (the Cahora Basa hydroelectric power station on the Zambezi river), the electricity transmission system of northern Mozambique owned and operated by the national power company EdM and a single 170km transmission line to the Mine from the Nampula substation. Although Kenmare has invested in equipment to minimise power interruptions and is working with EdM, to improve the electricity supply to the Mine further, there is no certainty that there will not be power interruptions which could affect production.

Although the Group currently has a contract for the supply of electricity with EdM entered into in 2002, the Group does not expect to be able to contract with EdM on similar terms for the portion of the additional electrical power required under the Expansion in excess of the limit of the current agreement. The Group may not be able to negotiate the new contract with EdM at the same or similar pricing and there can be no assurance that the Group will be able to contract with EdM at all. If a successful outcome was not achieved with EdM then this would have an adverse affect on the Group's ability to implement the Expansion on schedule.

If either Cahora Basa or the transmission line to the Mine were to experience faults for a prolonged period of time resulting in serious disruptions to electricity supply, the Group might be unable to produce sufficient ilmenite, rutile and zircon to fulfil customer contracts, which would reduce cash flow and which may impact customer relationships and have an adverse impact on the Group's trading and financial position. It has not been possible to obtain insurance cover on commercially reasonable terms to provide against this eventuality.

Certain of the Group's operations and facilities are intensive users of diesel. Factors beyond the control of the Group may put upward pressure on the prices paid by the Group for the fuel and energy used by it.

As with other mining sector inputs, the Group has historically been exposed to energy cost inflation. Any renewed increases in energy costs will adversely affect the results of operations or financial condition of the Group.

1.8 ***The MSP may not achieve current target levels of finished product***

The Group is in the process of the Ramp Up, which is intended to increase production within the MSP to design capacity of ilmenite, zircon and rutile, which have not yet been achieved. Design capacity production level is 800,000 tpa of ilmenite, 50,000 tpa of zircon and 14,000 tpa of rutile. The principal project that remains to be completed is the commissioning of recently installed reheaters in the zircon and rutile circuits, along with the implementation of a new ilmenite scavenging circuit, which when commissioned are expected to increase recovery rates in the MSP to these design capacity levels. These projects are expected to be fully completed at the end of the second quarter of 2010. However, if these optimisation projects are not successful and production does not reach design capacity levels, this would have adverse effects on the Group's results of operations and financial condition. For further information on the operational performance of the Company, see section 1 of Part 10 of this Prospectus.

1.9 ***The Group is required to maintain licences for the current mining operation***

Numerous governmental permissions, approvals and leases are required for each of the Group's operations. Grant of these permissions, approvals and leases is subject, in certain circumstances, to the occurrence of certain events or to modification, renewal or revocation. The Group may not receive the permits necessary for it to operate profitably, or at all, in the future under the current operations. Further, if the Group does not receive the necessary permits, it may not be able to implement the Ramp Up to current design capabilities which may adversely affect the results of operations or financial condition of the Group.

1.10 ***Kenmare is exposed to a number of operational factors which may be outside its control***

The success of the Group's business is affected by a number of factors which are, to a large extent, outside its control. Such factors include the availability of water and power. In addition, the Group's business is subject to numerous other operating risks which include: unusual or unexpected geological features, seismic activity, climatic conditions (including as a result of climate change) such as flooding, cyclones or drought, interruptions to power supplies, industrial action or disputes, environmental hazards, and technical failures, fires, explosions and other accidents at the Mine and related facilities. These and other risks and hazards could result in damage to, or destruction of the mining, processing or trans-shipment facilities, may reduce or cause production to cease, may result in personal injury or death, environmental damage, business interruption, monetary losses and possible legal liability and may result in actual production differing from estimates of production, including those assumed or resulting from the Expansion Study or contained whether expressly or by implication in this Prospectus or in information incorporated by reference into this Prospectus.

While the Group has insurance covering various types of business interruptions arising from property damage or machinery breakdown in respect of its operations, such insurance may not be sufficient and/or fully cover the consequences of such business interruptions and, in particular, may not cover interruptions arising from all types of equipment failure, labour disputes or "*force majeure*" events. No assurance can be given that such insurance will continue to be available, or that it will be available at economically feasible premiums. Equally, there can be no assurance that operating risks and the costs associated with them will not adversely affect the results of operations or financial condition of the Group. Although the Group maintains liability insurance, the Group's insurances do not cover every potential risk associated with its operations and meaningful coverage at reasonable rates is unobtainable for certain types of environmental hazards. The occurrence of a significant adverse event, the damage from which is not adequately covered by insurance, or in respect of which adequate disaster recovery arrangements may not be in place, could have a material adverse effect on the results of operations or financial condition of the Group.

1.11 ***Kenmare is exposed to fluctuations in interest rates and exchange rates that could have a material adverse impact on its profitability***

The development of the Mine has been financed in part by fixed and variable rate loans. Kenmare is exposed to movements in interest rates which affect the amount of interest paid on borrowings. As at 31 December 2009, 35 per cent. of Kenmare's debt (approximately US$125 million) was at variable interest rates and 65 per cent. of Kenmare's debt (approximately US$231 million) was at fixed interest rates, resulting in total debt as at 31 December 2009 of US$356 million. Any increase in relevant variable interest rates would increase finance costs and therefore have a negative impact on Kenmare's profitability.

The development of the Mine has been financed in part by euro denominated loans. As at 31 December 2009, 38 per cent. of Kenmare's debt (approximately US$137 million) was denominated in euro and 62 per cent. of Kenmare's debt (approximately US$219 million) in US Dollars, resulting in total debt as at 31 December 2009 of US$356 million. The euro loans are due to be repaid in instalments between 2010 and 2019. Kenmare exports 100 per cent. of its production and all of the Company's sales are denominated in US Dollars. The Group's current policy is not to enter into derivative financial instruments to cover this risk due to the length and payment profile over the loan

period. Kenmare is therefore exposed to movements in US Dollars to euro over the repayment period which may increase the finance costs and have a negative impact on Kenmare's profitability.

1.12 ***The Group could face increased risk and uncertainty in the event of political and economical instability in Mozambique***

The Mine is located in Mozambique, which has been politically stable for over a decade. Kenmare has operated in Mozambique since 1987, and has executed the Mineral Licensing Contract and the Implementation Agreement which each contain provisions that provide certain protections to the Group against adverse changes in Mozambican law, further information as to which can be found in section 13 of Part 16 of this Prospectus. Mozambique may, however, become subject to similar risks which are prevalent in many developing countries, including extensive political or economical instability, onerous taxation, nationalisation, inflation, currency fluctuations and burdensome governmental regulation and approval requirements. 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 or financial condition of the Group.

1.13 ***Health, safety, environmental and other regulations, standards and expectations evolve over time and unforeseen changes could have an adverse effect on the Group's earnings and cash flows***

The operations of the Project Companies are extensively regulated by national authorities in Mozambique, and the Project Companies are obliged to comply with international standards and guidelines issued by the World Bank, AfDB and FMO, amongst others. Regulations govern matters including, but not limited to, employee health and safety, permitting and licensing requirements, planning and development and environmental compliance (including, for example, compliance with waste and waste water treatment and disposal, emissions and discharge requirements, plant and wildlife protection, reclamation and rehabilitation of mining properties before, during and after mining is complete and the effects that mining has on surface and/or groundwater quality and availability).

Governmental authorities and the courts have the power to enforce compliance (and, in some jurisdictions, third parties and members of the public can initiate private procedures to enforce compliance) with applicable laws and regulations; violations of which may result in civil or criminal penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations.

In addition, a violation of environmental or health and safety laws relating to the Mine or production facility 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 or production facility, 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. If environmental, health and safety authorities require the Group to shut down all or a portion of the Mine or to implement costly compliance measures, or impose fines and penalties, liability for clean-up costs or damages on the Group, whether pursuant to existing or new environmental, health and safety laws and regulations, such measures could have a material adverse effect on the Group's results of operations and financial condition.

New environmental and/or health and/or safety legislation or regulations may come into force and/or new information may emerge on existing environmental and/or health and/or safety conditions and/or other events (including legal proceedings brought based upon such conditions or an inability to obtain necessary permits), that may materially adversely affect the Group's operations, its cost structure, its customers' ability to use the commodities produced by the Group, demand for its products, the quality of its products and/or its methods of production and distribution.

The Group expects that further environmental laws and/or regulations will likely be implemented to protect the environment and quality of life, given sustainable development and other similar goals which governmental and supragovernmental organisations and other bodies have been pursuing.

Some of the issues which are relevant to the Group that are currently under review by environmental regulatory agencies include mine reclamation and rehabilitation, water, air and soil quality and absolute liability for spillage and discharges or for exceeding prescribed limits. If such regulations are implemented, this may, amongst other things, require the Group, or its customers, to change operations significantly or incur increased costs (including compliance expenditures) or could require the Group to increase financial reserves, which could have an adverse effect on the results of operations or financial condition of the Group.

1.14 ***The Group is dependent on the continued services of senior management and skilled technical personnel***

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 or 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. Should key personnel leave or should the Group be unable to attract and retain qualified personnel, the Group's business, its results of operations and financial condition may be adversely affected.

1.15 ***The Company may face the risk of litigation in connection with its business and/or other activities***

The Group may from time to time face the risk of litigation in connection with its business and/or other activities. Recovery may be sought against the Group for large and/or indeterminate amounts and the existence and scope of liabilities may remain unknown for substantial periods of time. A substantial legal liability and/or an adverse ruling could have a material adverse affect on the Group's business, results of operation and/or financial condition.

2. RISKS RELATING TO THE EXPANSION

2.1 ***The Expansion Study is based on a number of assumptions derived from information available at the time of preparing the Expansion Study, which may prove to be insufficient or may change as a result of unforeseen events or factors***

The decision by the Directors to pursue the Expansion was based on the conclusions of the Expansion Study which was prepared by the Group. The analysis and recommendations were based on assumptions about current or future events, including supply, demand and future prices of ilmenite, zircon and rutile, as well as the Group's capital and operating costs at production targets both pre-Expansion and post-Expansion that may change as a result of unforeseen events or factors. If any of these assumptions or any of the information changes as a result of additional information or unforeseen events, the conclusions of the Expansion Study could be invalidated and the decision to pursue the Expansion could change. In such circumstances, the proposed Expansion would not proceed at this time, thereby preventing the Group from significantly increasing its production in order to take advantage of the projected improvement in market conditions for titanium mineral products.

2.2 ***The projected shortfall of supply in the titanium dioxide feedstocks market may not materialise either due to increased supply or lack of demand, and prices may not increase as anticipated***

The anticipated financial benefits of the Expansion depend upon there being a shortfall in the global supply of titanium dioxide feedstocks, some types of which are produced at the Mine, against market demand, leading to an increase in prices for the feedstock, by 2012. This shortfall may not manifest at all or may be satisfied through the development of new or the expansion of existing titanium dioxide feedstocks production sources. However, if a shortfall does occur, there is no assurance that titanium dioxide feedstocks prices will increase as a result of any such shortfall or that the shortfall will eventuate. For example, if current known resources are developed and/or production is increased at other sites, supply may exceed demand and negate an increase in prices. Additionally, growth in demand for the Group's products results from a variety of factors and has historically reflected GDP growth, or lack thereof. If there is an economic recession in the US or Europe as occurred in 2008 and

2009, or if economic growth does not continue as anticipated in China and other developing countries, demand may not increase as anticipated or at all. If demand does not increase at a greater rate than supply, there is no assurance that prices will increase or not decrease (see risk 3.1). If demand does not develop as anticipated, if supply increases more rapidly than expected or if the anticipated price increases do not materialise as expected, Kenmare may not be able to obtain customers for the increased production levels or satisfactory pricing for its products which, depending on the extent of the resulting reduction in revenue could, have a material adverse effect on the results of operations and financial condition of the Group.

2.3 ***Estimates of mineral resources and/or ore reserves are based on certain assumptions and changes in such assumptions could lead to reported mineral resources and/or ore reserves being restated***

The Group's future performance will be affected by its ability to realise its estimated reserve base and to convert existing resources into reserves. There are numerous uncertainties inherent in estimating mineral resources and/or upgrading them to ore reserves (including those arising from subjective judgments and the fact that such determinations are required to be based on available geological, technical, contracted and economic information) and assumptions that are valid at the time of estimation may change significantly when new information becomes available from further drilling. In regard to these estimates, no assurance can be given that the anticipated tonnages and grades will be achieved on mining or that the indicated level of recovery will be realised nor that ore reserves can be mined or processed profitably. 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 commodities, exchange rates, production costs or recovery rates may result in resources and/or reserves ceasing to be economically viable and needing to be downgraded and/or reduced. Such changes in mineral resources and/or ore reserves could also impact depreciation and amortisation rates, asset carrying values and provisions for closure, restoration and environmental clean up costs which would have an adverse effect on the results of operations or financial condition of the Group.

Further, projections of future prices are inherently uncertain and the historical information used to project future prices may be inaccurate or insufficient to anticipate new developments in the market. For example, certain of the market's key consumers have recently been named as defendants in a lawsuit in concerning allegations of price fixing in relation to pigment, for which ilmenite is a key feedstock. While the claim does not concern products produced by the Group, to the extent that the suit impacted prices for titanium dioxide pigment, this could have a material impact on prices for ilmenite.

2.4 ***The Expansion Study anticipates certain capital expenditure which may be insufficient to implement the Expansion as required***

The implementation of the Expansion will require significant capital expenditure. Based on the Expansion Study, the Group currently estimates, within a stated accuracy of +/- 25 per cent., excluding a contingency of US$18 million, that the total investment in the proposed Expansion until its completion in 2012 will be approximately US$200 million. For a detailed description of the Group's Expansion Plan, see section 6 of Part 10 of this Prospectus. The Directors believe that the net proceeds receivable under the Capital Raising, together with existing resources are sufficient to fund the Expansion, including potential limited cost overruns. However, if the Engineering Study, due for completion by mid 2010, estimates a significant increase in the cost of the Expansion or if construction and commissioning of the Expansion fail to complete on time or there are significant cost over-runs during implementation of the Expansion, further capital may be required, in the second half of 2011 or beyond, in order to complete the Expansion, whether by means of debt or equity, or a combination of both. If this occurs and the Group is unable to acquire the necessary capital, the Expansion may not be completed. If the Expansion is not completed, the Group may be unable to capitalise on the increase in demand and the increase in prices anticipated by the Directors. Given the capital expenditure schedule in connection with the Expansion Study, with an expected weighting of expenditure to the second half of 2011 and the consequence that significant cost overruns in connection with the Expansion, if arising, would not arise until that time, the Directors believe there

is no material risk that any such capital shortfall would be incurred in the twelve months following the publication of this Prospectus assuming the completion of the Capital Raising.

2.5 ***Delay or failure by the Group in implementing the Expansion or in achieving the production targets anticipated by the Directors after Expansion could have a material adverse effect on the Group's growth prospects***

Delay by the Group in implementing, or failure to complete, the Expansion or an inability by the Group to achieve post-Expansion production targets could have a material adverse effect on the Group's growth prospects. Successful implementation of the Expansion is subject to various factors, many of which are not within the Group's control including the availability, terms, conditions and timing of the delivery of plant, equipment and other materials necessary for the construction and/or operation of the relevant facility, the availability of acceptable arrangements for transportation and construction, the performance of the EPCM Contractor, suppliers and consultants and adverse weather conditions affecting access to the Mine, the development site and/or the development process. Implementation of the Expansion may also be compromised (or cease to be economic) in the event of a prolonged decline in the market price of ilmenite, rutile or zircon or a delay in the completion of the Engineering Study. There can be no guarantee as to when the Expansion will be completed, whether the resulting operations will achieve the anticipated production volumes or whether the operating or capital expenditure costs of developing or operating these projects will be in line with those anticipated. If any of these occur and the Group is unable to acquire the necessary capital, the Expansion may not be completed. Any failure by the Group to implement the Expansion as planned may have a material adverse effect on the results of operations and financial condition of the Group and the Group may be unable to capitalise on the increase in demand and the increase in prices anticipated by the Directors and may be unable to meet its commitments under the Financing Agreement. Following the application of the net proceeds of the Capital Raising over the next 12 to 18 months, as described in section 3 of Part 7 of this document, including the potential application of some of the net proceeds to service debt repayment obligations, and the coming into effect on completion of the Capital Raising of the Agreed Financing Amendments, the Directors believe there is no material risk that any such breach of obligations under the Financing Agreements would arise in the twelve months following the publication of this Prospectus assuming the completion of the Capital Raising.

2.6 ***The Group has not begun negotiations or executed the EPCM Contract and the performance of any EPCM Contractor is not certain***

It is intended that the Expansion will be designed and constructed on an Engineering, Procurement and Construction Management Contract ("EPCM Contract") basis. The Company will undertake a selection process to choose a preferred contractor. No EPCM Contract has yet been awarded nor has Kenmare engaged in substantive negotiations with any potential contractor. Kenmare anticipates entering into such negotiations when the detailed Engineering Study is complete. The nature of EPCM Contracts involves certain risks including non-performance by the contractor and cost fluctuations. Furthermore, negotiations with the contractor may take longer than expected or Kenmare may be unable to negotiate terms that are acceptable to it. Any delay in negotiations with the contractor, cost over-runs or non-performance by the contractor may result in the Expansion being more expensive than detailed in the Expansion Study or the Expansion not being completed on time. If the Expansion is not completed, the Group may be unable to capitalise on the increase in demand and the increase in prices anticipated by the Directors and may be unable to meet its commitments under the Financing Agreements in the second half of 2011 or beyond. Given the capital expenditure schedule in connection with the Expansion Study, with an expected weighting of expenditure to the second half of 2011 and the consequence that significant cost overruns in connection with the Expansion, if arising, would not arise until that time, the Directors believe there is no material risk that any such capital shortfall would be incurred in the twelve months following the publication of this Prospectus assuming the completion of the Capital Raising. In addition, following the application of the net proceeds of the Capital Raising over the next 12 to 18 months, as described in section 3 of Part 7 of this document, including the potential application of some of the net proceeds to service debt repayment obligations, and the coming into effect on completion of the Capital Raising of the Agreed Financing Amendments, the Directors believe there is no material risk that any such breach of

obligations under the Financing Agreements would arise in the twelve months following the publication of this Prospectus assuming the completion of the Capital Raising.

2.7 ***The post-Expansion design capacity may not result in the anticipated throughput, process and recovery rates***

The post-Expansion design capacity anticipated by Directors on the basis of the Expansion Study has been developed by pilot plant scale testwork. The actual post-Expansion production may differ from that predicted by the testwork in terms of throughput, recovery, product quality and other factors. In addition, the Group has commissioned an Engineering Study which will detail the post-Expansion design capacity. This Engineering Study may determine that the post-Expansion design capacity anticipated in the Expansion Study by the Directors will not be achievable. If this occurs, the Group may not implement the Expansion as currently contemplated which would alter or delay the Expansion. If any of throughput, process or recovery rates are less than anticipated, the Group may generate less cashflow and/or revenue than anticipated which would result in an adverse effect on the Group's results of operations and financial condition.

2.8 ***The Group may be unable to obtain external approvals for new mining operations***

Numerous governmental permissions, approvals and granting of leases are required for each of the Group's current operations, the Expansion and the post-Expansion operations. These permissions, approvals and granting of leases are subject, in certain circumstances, to the occurrence of certain events or to modification, renewal or revocation. The Group is required to prepare and present to national authorities data pertaining to the anticipated effect or impact that any proposed mining or production activities may have upon the environment. The Group may not receive the permits necessary to implement the Expansion or operate the Mine profitably, or at all, in its expanded form post-Expansion. If the Group does not receive the necessary permits or approvals, it may not be able to implement the Expansion or achieve post-Expansion design capabilities.

2.9 ***The Expansion may be more disruptive than anticipated to the existing Mine***

There is expected to be a period of production interruption to the MSP in 2012 associated with the integration of the WHIMS and other modifications to it as part of the Expansion. Such an interruption is expected to be approximately four to five weeks. Although the Expansion has been specifically designed to minimise the period of any disruption, there can be no certainty that the interruption will not be significantly longer or more severe than anticipated. In the event that the period of disruption is prolonged or more severe than anticipated, this will have an adverse effect on the Group's business, results of operations and financial condition.

2.10 ***The assessments of materiality made by the Company for the purposes of compiling the Expansion Study may differ from those which prospective investors may make when considering the Expansion***

The Expansion Study has been completed exclusively by the Company for the purpose of examining the alternative means available for achieving an expansion of the production capacity of the Mine and for no other reason. The assessments of materiality by the Company for the purposes of preparing the Expansion Study means that information contained in the Expansion Study may exist that would be assessed differently by a prospective investor and/or its advisors. In addition, items of possible interest to a prospective investor may not have been specifically addressed in the Expansion Study.

3. RISKS RELATING TO THE TITANIUM MINERALS MINING INDUSTRY

3.1 ***Macroeconomic conditions and commodity price volatility***

The Group's revenue and earnings depend upon prevailing prices for ilmenite and, to a lesser extent, rutile and zircon. Some of the Group's products are sold to customers at fixed prices with annual inflation price escalation set out in three to five year contracts. Other contracts provided for fixed quantities with prices set by annual price negotiations. Prices under fixed price contracts are subject to negotiations with customers as contracts are renewed or new customers are found and the Group may not be able to negotiate favourable pricing particularly in respect to the anticipated price increase.

Further, the Group has a number of contracts set to expire in 2010 and 2011. If the Group is unable to negotiate favourable terms, particularly with respect to the pricing increases anticipated by the Directors, the Group may be unable to realise the gains in the Expansion Study.

Although during the past 30 years, the demand for titanium dioxide pigments has grown at an average rate of approximately 3 per cent. per annum reflecting demand generated by global economic growth, which in turn has led to growth for titanium feedstocks, there were periods of price decreases due to decreased demand. A severe decrease in demand occurred in 2008 and 2009 during the rapid deterioration of the global macroeconomic environment which resulted in an overall contraction in pigment demand, in turn resulting in many pigment manufacturers reducing production rates to avoid the build up of excessive inventories. Activity among users of titanium metal also declined. For example, orders for the new generation Airbus and Boeing passenger aircraft, which are more titanium intensive than previous generations, diminished and reduced activity in the construction and shipbuilding sector impacted adversely on demand from the welding electrode sector. As a result of the global economic contraction, spot prices of sulphate ilmenite fell significantly in the last quarter of 2008 and first half of 2009. Likewise, demand for zircon, used in the ceramics industry, in the foundry and refractory industries and in a growing number of chemical applications, was adversely impacted by the decline in economic activity in its largest consuming regions of Mediterranean Europe and Asia. Demand for rutile was also affected adversely by the deterioration of the global macroeconomic environment.

While demand commenced a recovery in the second half of 2009, if a second recessionary cycle were to occur and resulted in decreased economic global activity or in failure to realise a continued improvement in current economic conditions, demand for the Group's products and, as a result, prices, may not increase as expected by the Directors and in fact may decrease or fluctuate. Any such second recessionary cycle would have a material adverse effect on the results of operations and financial condition of the Group.

Prices for the Group's products are also impacted by the available supply of ilmenite, zircon and rutile. If additional supply is brought to the market by the Group or its competitors, and this supply either meets or exceeds the demand for these products, prices for the Group's products may not increase or may decrease. If prices were to decrease or not increase this would have an adverse effect on the Group's business, results of operations and financial condition.

3.2 ***Changes in operating and capital costs within the mining industry***

Mining requires substantial maintenance to prolong the life of the mining equipment and infrastructure, thus enabling the full recovery of the mining reserve. The Group believes that the technology it uses to mine and process titanium minerals and zircon is advanced and, in part due to high investment costs, subject only to slow technological change. However, there can be no assurance that more cost effective production or processing technology will not be developed, or that the economic conditions in which current technology is applied will not change. Capital expenditure required to keep pace with unexpected technological advances of equipment would negatively impact the Group's future cash flows if there was insufficient benefit from such expenditures.

Additionally, as the prices the Group receives for its products is determined by demand and supply, its competitiveness and long-term profitability depend, to a significant degree, on its ability to control costs and maintain low-cost, efficient operations. Important cost inputs in the Group's operations generally include the extraction and processing costs of raw materials and consumables, such as power, fuels, labour, transport and equipment, many of which have been, and continue to be, particularly susceptible to inflationary and supply and demand pressures. It is difficult for the Group to pass these costs onto its customers due to the fact that the some of the prices paid by customers are fixed for three to five years and that prices are determined by demand and supply of the products and not by costs pressures. Any increases in input costs would adversely affect the results of operations or financial condition of the Group.

4. RISKS RELATING TO THE CAPITAL RAISING AND THE NEW ORDINARY SHARES

4.1 ***The Ordinary Shares and New Ordinary Shares may not be suitable as an investment for all recipients of this Prospectus***

The Ordinary Shares and New Ordinary Shares may not be a suitable investment for all recipients of this Prospectus. Before making any investment, prospective investors are advised to consult, in the case of persons resident in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) and, if you are resident in the United Kingdom, an organisation or firm authorised pursuant to the FSMA and in the case of a resident in any other jurisdiction an appropriately authorised or exempted adviser for that jurisdiction, before making any investment decision. As the Directors believe the Company is unlikely to pay dividends in the foreseeable future, the Ordinary Shares and New Ordinary Shares are not suitable for investors requiring income.

4.2 ***Kenmare's share price will fluctuate***

The market price of the Ordinary Shares including the New Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares. Such risks depend on the likelihood of completion of the Capital Raising, and/or in response to various facts and events, including any variations in the Group's operating results, business developments of the Group and/or its competitors. Stock markets have, from time to time, experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Group's operating performance or prospects. Furthermore, the Group's implementation of the Expansion, operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Ordinary Shares and investors may, therefore, not recover their original investment.

4.3 ***Shareholders will experience dilution in their ownership of Kenmare as a result of the Firm Placing and Shareholders who do not acquire New Ordinary Shares in the Placing and Open Offer will experience further dilution in their ownership of Kenmare***

Following the issue of the New Ordinary Shares pursuant to the Firm Placing, Qualifying Shareholders (including Qualifying Shareholders in the United States and other jurisdictions where their participation is restricted for legal, regulatory and other reasons), will suffer an immediate dilution of 45.2 per cent. in their proportion of ownership and voting interests in the Enlarged Issued Share Capital. Qualifying Shareholders (including Qualifying Shareholders in the United States and other jurisdictions where their participation is restricted for legal, regulatory and other reasons), who do not take up their *pro rata* entitlement in full pursuant to the Open Offer, will suffer an immediate further dilution of 17.1 per cent. in their proportionate ownership and voting interests in the Enlarged Issued Share Capital.

4.4 ***Further issuances of Kenmare shares may be dilutive to Shareholders***

Other than the proposed issue of shares under the Capital Raising, Kenmare has no plans to issue Kenmare shares within the next 12 months, other than pursuant to the Share Option Scheme. However, it is possible that Kenmare may decide to offer additional New Ordinary Shares in the longer term either to raise capital or for other purposes. If Shareholders did not take up such an offer of shares or were not eligible to participate in such an offering, their proportionate ownership and voting interests in Kenmare would be reduced and the percentage that their Kenmare shares would represent of the total share capital of Kenmare would be reduced accordingly. An additional offering could have a material adverse effect on the market price of Kenmare shares as a whole.

4.5 ***Shareholders and investors outside Ireland and the United Kingdom may not be able to subscribe for or receive New Ordinary Shares in the Capital Raising or any future issue of shares***

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders and investors in the Capital Raising. In particular, subject to certain limited exceptions,

holders of Ordinary Shares who are located in the US will not be able to exercise their rights. The Capital Raising will not be registered under the US Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Qualifying Shareholders and/or prospective investors who have registered addresses outside Ireland or the UK, or who are citizens of or resident or located in countries other than Ireland or the UK (including, without limitation, the US or any of the other Excluded Territories) should consult their professional advisers as to whether they require any governmental or other consent, or need to observe any other formalities to enable them to receive New Ordinary Shares or to take up their entitlements to the Capital Raising.

4.6 ***The Company believes that it may have been a PFIC for its taxable years 2009 and prior, which may have adverse U.S. tax consequences for U.S Holders of Existing Shares with a holding period that began before 1 January 2010***

The Company believes that it may have been a PFIC for its taxable years 2009 and prior. Whether the Company would still be regarded as a PFIC with respect to New Ordinary Shares purchased by US Holders that hold Existing Shares with a holding period that begins before 1 January 2010 is unclear under current statute and regulations. If the Company is a PFIC with respect to a US Holder's Open Offer Entitlements or New Ordinary Shares based on its existing holdings during a prior period, the US Holder will be subject to additional taxes on any excess distribution and any gain realised from the disposition of New Ordinary Shares (regardless of whether the Company continues to be a PFIC). US Holders should consult their own tax advisors concerning the Company's PFIC status, the consequences to them if the Company were a PFIC for any taxable year, the possible effects of lower-tier PFICs on their timing and character of income and loss and the advisability of making any elections that may be available to them. For further information, see section 4.3 of Part 15 of this Prospectus.

4.7 ***A disposal of Ordinary Shares by major Shareholders could adversely depress the market price of Ordinary Shares***

Sales of a substantial number of Ordinary Shares in the market after the Capital Raising, whether from Shareholders who acquired New Ordinary Shares in the Placing and Open Offer and/or Firm Placing or from pre-existing Shareholders, or the perception that these sales might occur, could adversely depress the market price of the Ordinary Shares.

4.8 ***Some of the current larger Shareholders may continue to hold a significant interest in the Company and may be able to exert influence over matters relating to its business***

In the event that M&G participates in the Firm Placing and the Placing in respect of the maximum of New Ordinary Shares, and is allocated all such New Ordinary Shares subscribed for under the Placing (but does not otherwise participate in the Open Offer), the shareholding of M&G in the Enlarged Issued Share Capital would be 598,294,896 Ordinary Shares or 24.9 per cent. Take up by M&G of its entitlements under the Open Offer, if occurring, would further increase its interest.

M&G, and other significant shareholders following the Capital Raising may be in a position to exert influence over or determine the outcome of matters requiring approval of the Shareholders, including but not limited to appointments of Directors and the approval of significant transactions.

The interests of these Shareholders may be different that the interests of other Shareholders. As a result the larger Shareholders' interests in the voting capital of the Company, if of sufficient individual or aggregate size, and/or if aggregated in any circumstances, may permit them to effect certain transactions without other Shareholder's support, or delay or prevent certain transactions that are in the interests of other Shareholders, including without limitation, an acquisition or other changes in control of the Company's business, which could prevent other Shareholders from receiving a premium on their Ordinary Shares. The market price of the Ordinary Shares may decline if the larger Shareholders use their influence over the Company's voting capital in ways that are or may be adverse to the interests of other Shareholders.

4.9 ***Shareholders may be subject to exchange rate risks***

The New Ordinary Shares are priced in Sterling and will be quoted and traded in Sterling and Euro. Shareholders resident in non-Sterling or non-Euro jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against the Sterling or the Euro, which may reduce the value of the New Ordinary Shares.

4.10 ***The ability of Overseas Shareholders to bring enforcement actions or enforce judgments against Kenmare or the Directors may be limited***

The ability of an Overseas Shareholder to bring an action against Kenmare may be limited under law. Kenmare is a public limited company incorporated in Ireland. The rights of holders of Ordinary Shares are governed by the laws of Ireland and by the Company's Memorandum of Association and Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non-Irish corporations. An Overseas Shareholder may not be able to enforce a judgment obtained in a court of his country of residence against either Kenmare or against some or all of the Directors and/or executive officers of Kenmare. All of the Directors and executive officers are residents of either Ireland, the UK, Australia or South Africa. Consequently, it may not be possible for an Overseas Shareholder to effect service of process within the Overseas Shareholder's country of residence upon either Kenmare or against the Directors and/or executive officers of Kenmare or to enforce a judgment obtained in a court of an Overseas Shareholder's country of residence against either Kenmare or against the Directors and/or executive officers of Kenmare.

Before making any investment decision, prospective investors are advised to consult an independent adviser being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) or, in the case of Shareholders in the United Kingdom, an organisation or firm authorised pursuant to the FSMA and if you are resident in any other jurisdiction an appropriately authorised independent adviser for that jurisdiction.

This Prospectus contains certain forward looking statements based on current expectations and assumptions about the Group's future business. The Group's actual results could differ materially from those contained in the forward looking statements as a result of a number of factors including, but not limited to, the risk factors set out in the this section 2 and the factors stated in the paragraph entitled "Forward looking statements" in the Part 5 of this Prospectus headed "Important Information".

PART 3

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	*Time and/or Date*
Record Date for entitlement under the Open Offer	6.00 p.m. on 3 March 2010
Publication of Prospectus and Application Form	5 March 2010
Ex-entitlement date for the Open Offer	8 March 2010
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	by 8 March 2010
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 19 March 2010
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 23 March 2010
Latest time and date for splitting Application Forms (to satisfy *bona fide* market claims only)	3.00 p.m. on 24 March 2010
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	**11.00 a.m. on 26 March 2010**
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by registered Shareholders for the Extraordinary General Meeting	**11.00 a.m. on 27 March 2010**
Extraordinary General Meeting	**11.00 a.m. on 29 March 2010**
Admission and commencement of dealings in the New Ordinary Shares	8.00 a.m. on 1 April 2010
New Ordinary Shares, in uncertificated form, expected to be credited to CREST accounts	8.00 a.m. on 1 April 2010
Despatch of definitive share certificates for New Ordinary Shares in certificated form	by 8 April 2010

Notes:

(1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this Prospectus may be adjusted by the Company, in which event details of the new times and dates will be notified to the Irish Stock Exchange, the UKLA, the London Stock Exchange, and, where appropriate, Qualifying Shareholders by means of an announcement through a Regulatory Information Service.

(2) References to times in this timetable are to Dublin times unless otherwise stated.

(3) If you have any queries on the procedure for acceptance and payment in respect of the Open Offer or on the procedure for splitting Application Forms, you should refer to Part 8 of this Prospectus which answers some of the questions most often asked by shareholders about open offers and Part 9 of this Prospectus which contains the terms and conditions of the Open Offer or alternatively you should contact the Shareholder Helpline on (01) 447 5106 (if calling from Ireland) or +353 1 447 5106 (if calling from outside Ireland). This Shareholder Helpline is available from 9.00 a.m. to 5.00 p.m. on any Business Day. For legal reasons, the Shareholder Helpline will not be able to provide advice on the merits of the Capital Raising or to provide legal, business, financial, tax or investment advice.

PART 4

CAPITAL RAISING STATISTICS

Issue Price per Open Offer Share	12 pence
Issue Price per Firm Placed Share	12 pence
Number of Ordinary Shares in issue at the date of this Prospectus	906,097,146
Number of New Ordinary Shares to be issued by the Company pursuant to the Firm Placing	748,515,033
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer	748,515,033
Aggregate number of New Ordinary Shares to be issued by the Company in the Capital Raising	1,497,030,066
Number of Ordinary Shares in issue immediately following completion of the Capital Raising[(1)]	2,403,127,212
New Ordinary Shares as a percentage of Enlarged Issued Share Capital of the Company immediately following completion of the Capital Raising[(1)]	62.3 per cent.
Gross proceeds of the Capital Raising	£179.6 million (US$269.9 million)
Estimated net proceeds receivable by the Company after expenses	£170.8 million (US$256.7 million)
Estimated aggregate expenses of the Capital Raising	£8.8 million (US$13.3 million)

Note:

(1) Assuming that no further Ordinary Shares are issued as a result of the exercise of any options under the Share Option Scheme between the posting of this Prospectus and the closing of the Capital Raising.

PART 5

IMPORTANT INFORMATION

Part 8 of this Prospectus answers some of the questions most often asked by shareholders about a transaction such as the Capital Raising. If Qualifying Shareholders have any further queries regarding the procedure for acceptance and payment, they should contact the Shareholder Helpline on 01 447 5106 (if calling from Ireland) or +353 1 447 5106 (if calling from outside Ireland). The Shareholder Helpline is available from 9.00 a.m. to 5.00 p.m. on any Business Day.

Please note that, for legal reasons, the Shareholder Helpline will not be able to provide advice on the merits of the Capital Raising or to provide legal, financial, tax or investment advice.

Voting

Shareholders have been sent a Form of Proxy for use in respect of the Extraordinary General Meeting. Whether or not Shareholders intend to be present at the EGM, they should complete and return the Form of Proxy as soon as possible and in any event so as to arrive by not later than 48 hours before the time appointed for the meeting. The return of a completed Form of Proxy will not prevent Shareholders from attending the Extraordinary General Meeting and voting in person if they so wish.

Shareholders may appoint more than one proxy in respect of shares held in different securities accounts. A member acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different proxies held by that member. To appoint more than one proxy, please refer to the notes on the Form of Proxy or contact the Registrar, Computershare Investor Services (Ireland) Limited, who will be able to advise Shareholders on how to do this.

Please note that, in relation to the Form of Proxy, if Shareholders do not give specific voting instructions on the Resolutions to be considered at the Extraordinary General Meeting by placing a mark in the appropriate box, the proxy appointed by the Shareholder will be free to vote or abstain in relation to the Resolutions as he or she thinks fit. Unless Shareholders specifically instruct otherwise, the appointed proxy may also vote or abstain as he or she thinks fit on any other business (including any amendments to the Resolutions) which may properly come before the Extraordinary General Meeting.

CREST Voting

If a Shareholder is a CREST system user, he or she can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Registrar, Computershare Investor Services (Ireland) Limited (Participant ID Number 3RA50) not later than 48 hours before the time appointed for holding the EGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar, Computershare Investor Services (Ireland) Ltd is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 25(5)(a) of the CREST Regulations.

Delivery of documents to Computershare Registrars

Any documents to be returned, posted or delivered to the Registrar in connection with the Capital Raising should be addressed in the following ways:

(a) BY POST:

To: Computershare Investor Services
(Ireland) Limited,
PO Box 954,
Sandyford,
Dublin 18,
Ireland.

(b) BY HAND (during normal business hours only):

To: Computershare Investor Services (Ireland) Limited,
Heron House
Corrig Road,
Sandyford Industrial Estate,
Dublin 18,
Ireland.

Currencies

Unless otherwise indicated, all references in this Prospectus to US$, US Dollars, USD, dollars or $ are to the lawful currency of the United States of America, references to Pounds Sterling, sterling, GBP, £, Stg£ or p are to the lawful currency of the United Kingdom and references to Euro, euro and € are to the lawful single currency of member states of the European Union that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union. The Company prepares its financial statements in US dollars.

Exchange Rates

In this document, unless otherwise stated, the following exchange rates have been used for the purposes of currency conversion:

(i) Sterling amounts have been converted to euro at a rate of Stg£1: €1.1050 being the reference rate issued by the European Central Bank on 4 March 2010, being the latest practicable date for this purpose;

(ii) In the case of the costs associated with the Expansion as estimated in the Expansion Study, costs are expressed in constant 2009 Q3 US$; and

(iii) US dollar amounts representing the costs associated with the Expansion as per note (ii) above have been converted to sterling at a rate of US$1: Stg£0.6655, being the relevant US dollar/sterling conversion rate supplied by Bloomberg on 4 March 2010, being the latest practicable date for this purpose.

Presentation of financial information

To the extent they have been incorporated by reference in this Prospectus, the audited consolidated financial statements relating to Kenmare as at and for the 12 months ended 31 December 2006, 31 December 2007 and 31 December 2008 and the unaudited condensed financial statements relating to Kenmare as at and for the six-month period ended 30 June 2009 have been extracted without material adjustment from the published annual report and accounts of Kenmare for the 12 months ended 31 December 2006, 31 December 2007 and 31 December 2008 and half yearly financial report for the 6 months ended 30 June 2009. Unless otherwise indicated, financial statements in this Prospectus for the years ended 31 December 2006, 31 December 2007, 31 December 2008 have been prepared in accordance with IFRS, and the six months ended 30 June 2009 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union.

The tables in the Prospectus labelled "Audited" have not been audited in accordance with United States generally accepted auditing standards including US Statement of Auditing Standard No.42 "Reporting on Consolidated Financial Information and Selected Financial Data" and Attestation Standards Section 701, "Management Discussion and Analysis". Certain financial information in such tables has been derived from audited financial statements.

Preliminary Results

The Preliminary Results of the Group in respect of the year ended 31 December 2009, reproduced in full in Part 13 of this document, have been published by the Company on 5 March 2010.

Incorporation of relevant information by reference

The following documents, all of which have been filed with the "Document Viewing Facility" of the FSA (25 North Colonnade, London E14 5HS) and with the Irish Stock Exchange, and/or announced through a Regulatory Information Service, are available free of charge from Kenmare's website at: www.kenmareresources.com, and are incorporated into this Prospectus by reference:

(a) pages 6 to 20 of Kenmare's unaudited condensed financial statements for the period ended 30 June 2009 together with relevant notes prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union. The independent review report is on pages 6 and 7, the unaudited condensed balance sheet as at 30 June 2009 is on page 9, the unaudited condensed income statement for the year ended 30 June 2009 is on page 8, the unaudited statement showing changes in equity is on page 11, the unaudited condensed cash flow statement is on page 10 and the unaudited explanatory notes are on pages 12 to 20.

(b) pages 42 to 77 of the 2008 Annual Report, comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2008 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 42 and 43, the consolidated balance sheet as at 31 December 2008 is on page 45, the consolidated income statement for the year ended 31 December 2008 is on page 44, a statement showing changes in equity is on page 47, the consolidated cash flow statement is on page 46, the accounting policies are on pages 51 to 55, the explanatory notes are on pages 56 to 77;

(c) pages 37 to 69 of the 2007 Annual Report, comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2007 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 37 and 38, the consolidated balance sheet as at 31 December 2007 is on page 40, the consolidated income statement for the year ended 31 December 2007 is on page 39, a statement showing changes in equity is on page 42, the consolidated cash flow statement is on page 41, the accounting policies are on pages 46 to 49, the explanatory notes are on pages 50 to 69; and

(d) pages 27 to 49 of the 2006 Annual Report, comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2006 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 27 and 28, the consolidated balance sheet as at 31 December 2006 is on page 30, the consolidated income statement for the year ended 31 December 2006 is on page 29, a statement showing changes in equity is on page 32, the consolidated cash flow statement is on page 31, the accounting policies are on pages 35 and 36, the explanatory notes are on pages 37 to 49.

Kenmare will provide without charge to all Shareholders, upon written or verbal request, a copy of any documents incorporated by reference in this Prospectus, except that exhibits to such documents will not be provided unless they are specifically incorporated by reference into this Prospectus. Requests for copies of any such document should be directed to: Kenmare Prospectus Request (Ref: SR/GB) c/o Eversheds O'Donnell Sweeney Solicitors, One Earlsfort Terrace, Earlsfort Terrace, Dublin 2, Ireland.

Rounding

Some financial information in this Prospectus has been rounded and, as a result, the figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms

"anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "should" or "will", or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding Kenmare's intentions, beliefs or current expectations concerning, amongst other things, Kenmare's results of operations, financial position, prospects, growth, strategies and expectations for its Mine and the titanium mining industry.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward looking statements are not guarantees of future performance and the actual results of Kenmare's operations, financial position, and the development of the markets and the industry in which Kenmare operates may differ materially from those described in, or suggested by, the forward looking statements contained in this Prospectus. In addition, even if the results of operations, financial position, and the development of the markets and the industry in which Kenmare operates, are consistent with the forward looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of Kenmare to differ materially from those expressed or implied by the forward looking statements including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in the Part 2 headed *"Risk Factors"* and Part 12 headed "*Operating and Financial Review"*.

Forward looking statements may, and often do, differ materially from actual results. Any forward looking statements in this Prospectus reflect Kenmare's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Kenmare's operations, results of operations, financial position and growth strategy. Investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision. Save as required by the Prospectus Regulations, the Prospectus Rules, the Market Abuse Rules, the Transparency Regulations and Rules, the Disclosure and Transparency Rules, the Listing Rules, the Irish Stock Exchange and London Stock Exchange or by law, Kenmare undertakes no obligation to update these forward looking statements and will not publicly release any revisions it may make to these forward looking statements that may occur due to any change in Kenmare's expectations or to reflect events or circumstances after the date of this Prospectus. Investors should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

Notice to US Shareholders and investors and Shareholders in Excluded Territories

None of the Open Offer Entitlements, the Application Form or New Ordinary Shares have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Capital Raising or the accuracy or adequacy of this Prospectus or the Application Form. Any representation to the contrary is a criminal offence in the US. Notwithstanding the foregoing, the Company reserves the right to offer the New Ordinary Shares in the United States in transactions exempt from, or not subject to, the registration requirements under the US Securities Act.

Any person completing an Application Form or applying for New Ordinary Shares will be required to represent that such person (i) is not within the United States or any of the Excluded Territories; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the New Ordinary Shares; (iii) is not accepting for the account of any person who is located in the United States, unless (a) the instruction to accept was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it has acquiring the New Ordinary Shares in an "offshore transaction" within the meaning of Regulation S; and (iv) is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution,

directly or indirectly, of any such New Ordinary Shares into any Excluded Territory, the United States or any other jurisdiction referred to in (ii) above.

Notwithstanding the representations above, where proof has been provided to the Company's satisfaction that New Ordinary Shares are being applied for by a person that is, or is acting on behalf of, a person eligible to participate in the Placing and Open Offer pursuant to an applicable exemption from registration under the US Securities Act, (and each account for which such person is acting is a person eligible to participate in the Placing and Open Offer pursuant to an applicable exemption from registration under the US Securities Act,), and that the acquisition of New Ordinary Shares will not result in the contravention of any applicable regulatory or legal requirements in any jurisdiction, the Company may allow such acquisition of New Ordinary Shares on the terms and conditions and subject to the requirements set out in section 6 of Part 9 (*Terms and Conditions of the Placing and Open Offer*) of this document.

In addition, the Banks may place the New Ordinary Shares (i) in accordance with Regulation S under the US Securities Act (ii) to persons reasonably believed to be eligible to participate in the Firm Placing and Placing and Open Offer in reliance on an exemption from the registration requirements of the US Securities Act. Subject to certain exceptions, none of this Prospectus, the Application Form nor the Open Offer Entitlements constitutes, or will constitute, an offer of the New Ordinary Shares to any person with a registered address in the US or any of the Excluded Territories. The Open Offer Entitlements and New Ordinary Shares have not been and will not be registered under the relevant laws of any state, province or territory of the US or any of the Excluded Territories and may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the US or any other Excluded Territory except pursuant to an applicable exemption from registration requirements.

Notice to Overseas Shareholders and investors

All Overseas Shareholders and any person (including, without limitation, a nominee, custodian or trustee) who has a contractual or other legal obligation to forward this Prospectus or any Application Form, if and when received, or other document to a jurisdiction outside Ireland, should read section 6 of Part 9 of this Prospectus.

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in Ireland. The rights of holders of Ordinary Shares are governed by Irish law and by the Company's Memorandum of Association and Articles of Association. These rights differ from the rights of shareholders in typical US corporations and some other non Irish corporations.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and/or executive officers of the Company. All of the Directors and executive officers are residents of either Ireland, the UK, Australia or South Africa. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and/or executive officers of the Company within the Overseas Shareholder's country of residence or to enforce against the Directors and/or executive officers of the Company judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than Ireland against the Directors and/or executive officers of the Company who are residents of Ireland or countries other than those in which judgment is made. In addition, Irish or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against Kenmare or the Directors and/or the executive officers of the Company in a court of competent jurisdiction in Ireland or other countries.

Notice to all Shareholders and investors

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information contained in this Prospectus for any purpose other than considering an investment in the New Ordinary Shares is prohibited. By accepting delivery of this Prospectus, each offeree of the New Ordinary Shares agrees to the foregoing.

The distribution of this Prospectus and/or the Application Form into jurisdictions other than Ireland or the UK may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into the US or the Excluded Territories or into any other jurisdiction where the extension or availability of the Placing and Open Offer and/or the Firm Placing would breach any applicable law. For further information on the manner of distribution of the New Ordinary Shares, and transfer restrictions to which they are subject, see section 6 of Part 9 of this Prospectus.

No action has been taken by the Company or by any of the Banks that would permit an offer of the New Ordinary Shares or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in Ireland or the UK.

In connection with the Capital Raising, each of the Banks and any of their affiliates, acting as investors on their own accounts, may take up New Ordinary Shares in the Placing and Open Offer and/or the Firm Placing and in that capacity may retain, purchase or sell for their own account such New Ordinary Shares or related investments otherwise than in connection with the Placing and Open Offer and/or the Firm Placing. Accordingly, references in this Prospectus to New Ordinary Shares being offered or placed should be read as including any offering or placement of New Ordinary Shares to the Banks or any of their affiliates acting in such capacity. The Banks do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks or on Rothschild by the FSMA, none of the Banks or Rothschild accept any responsibility whatsoever or makes any representation or warranty, express or implied, for or in respect of the contents of this Prospectus, including its accuracy, completeness or verification, or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the Open Offer Entitlements, the Placing and Open Offer or the Firm Placing, and nothing in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Each of the Banks and Rothschild accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this Prospectus or any such statement.

The contents of this Prospectus should not be construed as legal, financial, business or tax advice. Each Shareholder and/or prospective investor should consult his, her or its legal adviser, financial adviser or tax adviser for advice. None of the Company, the Banks, Rothschild or any of their respective representatives, is making any representation to any offeree or purchaser or subscriber of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser or subscriber under the laws applicable to such offeree or purchaser or subscriber.

Recipients of this Prospectus acknowledge that: (i) they have not relied on any of the Banks or Rothschild or any of their affiliates in connection with any investigation of the accuracy of any information contained in or incorporated by reference into this Prospectus or their investment decision; and (ii) they have relied only on the information contained in or incorporated by reference into this Prospectus. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Capital Raising, including the merits and risks involved.

No incorporation of website information

This Prospectus will be made available to persons in Ireland and the United Kingdom at www.kenmareresources.com. Notwithstanding the foregoing, the contents of the Group's website or any other website referred to in this Prospectus do not form part of this Prospectus.

Defined terms

Certain terms used in this Prospectus are defined in the Definitions section in Part 18 of this Prospectus. Certain technical and industry terms are explained in the Glossary of Technical Terms in Part 19 of this Prospectus.

References to time

All times referred to in this Prospectus are, unless otherwise stated, references to Dublin, Ireland time.

PART 6

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Board of Directors:	Charles Carvill *Chairman* Peter McAleer Michael Carvill* *Managing Director* Jacob Deysel* *Chief Operating Officer* Tony McCluskey* *Finance Director* Terence Fitzpatrick* *Technical Director* Sofia Bianchi Ian Egan Simon Farrell Tony Lowrie * *denotes Executive Director*
Company Secretary:	Deirdre Corcoran
Registered Office:	Kenmare Resources plc Chatham House Chatham Street Dublin 2 Ireland Tel. +353 1 6710411
Global Co-ordinator, Bookrunner, and Joint Broker to the Company:	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom
Sponsor, Co-Bookrunner and Joint Broker to the Company:	J&E Davy Davy House 49 Dawson Street Dublin 2 Ireland
Co-Bookrunner and Joint Brokers to the Company:	Canaccord Adams 7th Floor Cardinal Place 80 Victoria Street London SW1 United Kingdom Mirabaud Securities Limited 21 St. James's Square London, SW1Y 4JP United Kingdom
Underwriters:	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom Canaccord Adams 7th Floor Cardinal Place 80 Victoria Street London SW1 United Kingdom J&E Davy Davy House 49 Dawson Street Dublin 2 Ireland

Financial Adviser to the Company:	N.M. Rothschild & Sons Ltd New Court St. Swithin's Lane London EC4P 4DU United Kingdom	
Legal Advisers to the Company:	*(as to Irish law)* Eversheds O' Donnell Sweeney One Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland *(as to US securities law)* Sullivan & Cromwell LLP 1 New Fetter Lane London EC4A 1AN United Kingdom	*(as to English law)* Eversheds LLP 1 Wood Street London EC2V 7WS United Kingdom
Legal Advisers to the Sponsor, the Global Co-ordinator and the Underwriters:	*(as to Irish law)* McCann FitzGerald Riverside One Sir Rogerson's Quay Dublin 2	*(as to English and US law)* Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS United Kingdom
Auditors and Reporting Accountants:	Deloitte & Touche Chartered Accountants and Registered Auditors Deloitte & Touche House Earlsfort Terrace Dublin 2	
Registrar, Receiving Agent and Paying Agent:	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland	

PART 7

LETTER FROM THE CHAIRMAN OF KENMARE

KENMARE RESOURCES PLC

(*Registered in Ireland with registered number 37550*)

Directors:

Charles Carvill, *Chairman*
Peter McAleer
Michael Carvill*, *Managing Director*
Jacob Deysel*, *Chief Operating Officer*
Tony McCluskey*, *Finance Director*
Terence Fitzpatrick*, *Technical Director*
Sofia Bianchi
Ian Egan
Simon Farrell
Tony Lowrie

Registered Office:

Chatham House
Chatham Street
Dublin 2
Ireland

**denotes Executive Director*

5 March 2010

Dear Kenmare Shareholder, and for information only, to the holders of Options under the Share Option Scheme

1. Introduction

Today, the Company announced a Capital Raising to raise gross proceeds of £179.6 million (US$269.9 million) (£170.8 million (US$256.7 million) net of expenses) through the issue of in aggregate 1,497,030,066 New Ordinary Shares at an issue price of 12 pence per New Ordinary Share. 748,515,033 New Ordinary Shares will be issued through the Placing and Open Offer and 748,515,033 New Ordinary Shares will be issued through the Firm Placing. The issue price of 12 pence (€0.13) per New Ordinary Share represents a discount of 8.6 pence (41.8 per cent.) to the closing mid-market price of 20.6 pence per Ordinary Share on the London Stock Exchange on 4 March 2010 and a discount of 11.1 cents (45.7 per cent.) to the closing mid-market price of €0.24 per Ordinary Share on the Irish Stock Exchange on 4 March 2010 (being the last trading day prior to the announcement of the Capital Raising).

The Capital Raising is conditional on, amongst other things, the passing by Shareholders of all of the Resolutions proposed for consideration at the Extraordinary General Meeting on 29 March 2010, upon the Placing and Open Offer Agreement becoming unconditional in all respects and upon Admission. The Resolutions proposed seek an increase in share capital and the grant to the Directors of share issue authorities necessary for the implementation of the Capital Raising, and, in accordance with the Listing Rules, seek the approval of the Issue Price and the approval, as a related party and class 1 transaction under the Listing Rules, of the potential participation by M&G, a substantial shareholder in the Company, in the Firm Placing and the Placing.

The purpose of this letter is to set out the background to, and the reasons for, the Capital Raising and to explain why the Directors believe it is in the best interests of the Company and the Shareholders as a whole and why the Directors are recommending that Shareholders vote in favour of the Resolutions necessary for the implementation of the Capital Raising. Section 11 of this Part 7 sets out the actions to be taken by Qualifying Shareholders in respect of the Open Offer. The notice convening the Extraordinary General Meeting, to be held at 11.00 a.m. on 29 March 2010 at The Westbury Hotel, Grafton Street, Dublin 2, Ireland, is set out at the end of this Prospectus.

2. Background to and Reasons for the Capital Raising

Background

The principal activity of Kenmare is the operation of the Mine. The Mine contains substantial reserves of heavy minerals including the titanium minerals ilmenite and rutile, and the relatively high value zirconium silicate mineral, zircon. As at 31 December 2008 the Mine had total reserves of 634 million tonnes of ore and resources of 5,900 million tonnes of ore as set out in the table in section 5 of Part 10 of this Prospectus. The Namalope Reserve, currently being mined by Kenmare, and the Nataka Resource, a second deposit located at the Mine which is currently not being mined, would together maintain production at the Mine at design capacity levels of 800,000 tpa of ilmenite plus co-products for more than 150 years of mining (assuming the mineral resources at Nataka are converted to mineral reserves).

The Directors believe that the Kenmare Group has a number of significant advantages including the location of the Mine in a favourable location beside the ocean with an export terminal, the size of the resource, the ability to implement a relatively low cost dredge mining method, the high quality of the ilmenite products, the Group's low cost power supply arrangements and the integrated and efficient nature of the Mine's facilities. Further, in addition to ilmenite which is the Group's main revenue component, the Mine has valuable co-products in zircon, which the Company has sold during 2008 and 2009, and rutile which the Directors expect to be produced in commercially significant quantities during 2010.

The Directors believe that the characteristics of the Mine and the significant progress recently made in implementing the Ramp Up (as detailed below) now position Kenmare to implement an expansion of the existing mining operation (the "Expansion") in order to significantly increase production, at a relatively low cost per incremental tonne of annual production, take advantage of projected favourable market conditions, and generate a substantially expanded revenue base with which to pay down debt, thereby significantly improving the financial performance and value of the Group. This Expansion is the main purpose of the Capital Raising. The Capital Raising will also enable the Group to make the Deposit which enables the Agreed Financing Amendments to become effective.

Existing Operations

Mining at Moma is carried out by means of dredging in an artificial dredge pond, with concentration of the heavy minerals in a wet concentrator plant ("WCP"), which floats behind the dredges. This produces a heavy mineral concentrate ("HMC") which is pumped to a mineral separation plant ("MSP") for further processing. The MSP separates and upgrades the HMC into the final products: ilmenite, rutile and zircon. These products are exported directly from the Mine using a dedicated shipping terminal and a trans-shipment vessel owned by the Group which loads ocean-going ships typically chartered by customers of the Group.

Kenmare has held mining tenements in the general Moma area since 1987. Following completion of a definitive feasibility study in 2001, financing arrangements (a combination of long term project loans and equity) for the development of the Mine were finalised in 2004, following a period of negotiation with prospective lenders, lender due diligence, the procurement by the Company of off-take contracts for planned production from Moma and the completion of a definition phase in 2003 (involving the designing of items such as the jetty, concrete works and conveyor systems) in order to facilitate bidding from sub-contractors. In April 2004, Kenmare entered into an EPC Contract with the EPC Contractor for the engineering, procurement, building and commissioning of the facilities at the Mine. However, during the course of construction in late 2006, it became apparent to the Directors that the EPC Contractor would not achieve the original contractual handover date for the plant in November 2006. A Deed of Amendment and Settlement was therefore entered into in December 2006 to provide for, among other things, a phased handover of completed sections of the Mine to Kenmare for its operation and management. The Group entered into a Deed of Final Settlement and Release with the EPC Contractor in December 2009.

Following assumption of control of the assets but prior to the Deed of Final Settlement and Release, Kenmare became aware of deficiencies in the plant and equipment, which resulted in the failure of certain performance tests set out in the EPC Contract. From this point in 2008, until the cessation of the relationship with the EPC Contractor in December 2009, Kenmare was engaged with the EPC Contractor in implementing a Performance Improvement Programme ("PIP"), the costs of which were substantially met

by the EPC Contractor. The PIP was designed to address these deficiencies and to achieve production levels at design capacity. The deficiencies in the equipment and the consequent requirement to implement the PIP has led to a delay in achieving the planned Ramp Up and achieving production levels at design capacity levels across all three of the Mine's mineral products.

The implementation of the PIP has materially increased production levels in the fourth quarter of 2009:

- HMC production was 280,000 tonnes. This reflects a 22 per cent. increase compared to the third quarter of 2009 and represents 100 per cent. of design capacity for the period;
- Ilmenite production was 143,000 tonnes. This reflects a 10 per cent. increase compared to the third quarter of 2009 and 72 per cent. of design capacity for the period;
- Zircon production was 5,400 tonnes in total, comprising two different zircon products, standard zircon (3,900 tonnes) and special zircon (1,500 tonnes). This reflects a similar level of production as the third quarter of 2009 (and was adversely affected by disruptions to zircon production associated with the implementation of the metallurgical optimisation projects) and 43 per cent. of design capacity for the period;
- Rutile production was negligible in 2009; and
- Finished product sales in the fourth quarter of 2009 were 139,000 tonnes, comprised primarily of ilmenite, but also including zircon. This reflects a 6 per cent. increase on the previous quarter and resulted in shipments in the second half of 2009 being 83 per cent. higher than in the first half of 2009. In 2009, there were 24 shipments totalling 418,000 tonnes of finished products (2008: 17 shipments totalling 250,000 tonnes of finished products).

Although the PIP has been completed, the Company has not yet reached design capacity for production of the Group's final products on a quarterly or monthly basis. Additional upgrading is in progress to address the production deficiencies. This includes the installation of additional reheaters in the zircon and rutile circuits, along with a new ilmenite scavenging circuit, which are designed to significantly enhance the zircon and rutile production,

In addition, revenue generated by the Group was hampered significantly by the market deterioration resulting from the global recession in 2009, as decreased demand led customers to defer delivery of shipments and by the reduction of prices realised for non fixed price contracted products. As a result of the production-related issues experienced during 2008 and the first half of 2009 and the market deterioration, cashflow generation from the Mine during 2009 was below budget.

The construction of the Mine was funded by a combination of equity and senior and subordinated loan facilities under the Financing Agreements. The Financing Agreements contained schedules for repayment and certain operational tests, including with respect to Technical Completion. The Lender Group, which includes a number of development finance institutions, has historically been accommodating to the evolving situation at the Mine (including in relation to construction delays and operational challenges) and it has previously agreed a number of amendments to the Financing Agreements, including deferral of the principal repayments of Senior Loans that would have fallen due in 2009.

In the context of the Capital Raising, the Lender Group has agreed to the Agreed Financing Amendments. These include modifications to the Technical Completion tests and deferral of the date for achieving Technical Completion from 31 December 2010 to 31 December 2011, as well as changing the consequence of failing to achieve Technical Completion at the required date from an event of default to an interest margin increase of, in the case of the Senior Loans, 1 per cent., and in case of Subordinated Loans 2 per cent. until Technical Completion is achieved. Under the current terms of the Financing Agreements, failure to achieve Completion by the Final Completion Date is an event of default. Pursuant to the Agreed Financing Amendments, the Lender Group has agreed to eliminate this event of default, so that Completion can be achieved at any time. The Agreed Financing Amendments also introduce the concept of Non-Technical Completion and defer the Final Completion Date from 31 December 2012 to 31 December 2013. Failure to achieve Non-Technical Completion by the Final Completion Date will result in an event of default. The

Agreed Financing Amendments are conditional on the Deposit. As part of the Agreed Financing Amendments, funds deposited into the Contingency Reserve Account can be transferred to the Project Accounts and spent on, amongst other things, the Expansion.

Absent the Capital Raising and subsequent completion of the Deposit (which is the sole remaining condition to the effectiveness of the Expansion Funding Deed of Waiver and Amendment, as further described below in this section), the Agreed Financing Amendments will not take effect and the Company's ability to comply with the existing terms of the Financing Agreements may be compromised. In such circumstances, further negotiations with the Lender Group may be required. Further information on the financial position of the Company absent the Capital Raising is set out in section 14 of this Part 7.

During 2009, the Group made a number of key appointments to its operational management team which have helped with the effective implementation of the PIPs, the continued implementation of improvements to increase production since the cessation of the relationship with the EPC Contractor and the conclusion of the PIP in December 2009. The Group is currently producing HMC at design capacity levels and expects to approach design capacity levels for ilmenite and zircon by the end of the first half of 2010. The Group has not produced any commercially significant amounts of rutile to date but the Directors anticipate such production will commence during 2010. Information on projected market conditions, including on the recovery in demand, is detailed in the section below entitled "*Opportunity for Expansion*".

Opportunity for Expansion

Based on Kenmare's own supply and demand analysis, the Directors anticipate that the titanium dioxide feedstock industry will experience demand growth over the next five years which will be above average historic industry trend growth rates. This view is shared by that of independent industry analysts, including TZMI as referred to below. Demand for pigment (the principal end use market for titanium feedstocks) has averaged a compound annual growth rate of approximately 3 per cent. over the past 30 years and has moved closely in line with the growth in the global economy over this period. The compound annual growth rate of Chinese pigment consumption has averaged approximately 15 per cent. over the last 20 years, reflecting the growing importance of China in pigment demand. While demand was adversely affected by the global recession in late 2008 and 2009, industry experts have predicted a strong rebound in pigment demand of 8 per cent. to 10 per cent. for 2011. DuPont, for example, has stated that its expectations are for above trend line growth for the period 2009 to 2015 in the range of 5 per cent. to 10 per cent. as demand catches up with the long term growth rate. This demand growth is expected to be driven principally by increased demand from China and other developing countries driven by strong economic growth and a shift towards urbanisation in those countries, as there is typically a strong correlation between GDP growth *per capita* and demand for titanium dioxide feedstock products. The anticipated growth in GDP *per capita* in developing countries and the relatively low consumption of pigment *per capita* in such developing countries underpins the favourable global outlook for the titanium dioxide feedstock industry.

The ongoing recovery in the pigment market is expected to result in significant re-stocking by pigment producers of TiO_2 feedstocks during 2010 and 2011. A small surplus of feedstocks until 2012 has been forecasted by TZMI in a statement to Kenmare (see sections 22 and 25 of Part 16 of this Prospectus), followed by a significant growing deficit in supply to 2015 of over approximately 1 million TiO_2 units or 20 per cent. of the total projected market size in 2015, if no new projects, incremental to those already approved, come on stream.

Increase in supply necessary to address this anticipated deficit is subject to a number of constraints: certain existing operations are reaching full capacity and have limited expansion potential and a number of the major titanium feedstock produces are expected to decrease their future production. Reasons for reducing (or not increasing) future production include suspension or cancellation of development projects; resource depletion in some major titanium mines; considerable capital expenditure required to facilitate meaningful expansion (often unjustified by the size of the resource) and significantly increasing power prices in competitors' jurisdictions, particularly in South Africa. As a result of such factors, a number of Kenmare's global competitors have curtailed or cancelled production or are expected to decrease future production. In addition there are a limited number of known new sources of significant supply which could come on stream in the short term and there are uncertainties with respect to the development of certain of these projects, for

example BHP has recently relinquished its Corridor Sands deposit in Mozambique, Tiomin Resource's Kwale project in Kenya has recently been written off in their accounts and Tata Steel's Titanium Project in India and Mineral Commodities' Xolobeni deposit in South Africa have both been delayed.

The Directors believe that Kenmare is favourably positioned to expand its existing operation and take advantage of the market opportunity presented by this combination of demand growth and supply constraints. Kenmare's key strengths are:

- A large resource – the Moma titanium mineral deposit is large. The size of the resource provides significant potential to expand production well beyond current design capacity;
- A long life resource – at design capacity levels of 800,000 tpa of ilmenite plus co-products the Namalope Reserve, currently being mined by Kenmare, and the Nataka Resource, a second deposit located at the Mine which is currently not being mined, could be operational for more than 150 years of mining (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve). The Namalope Reserve and the Nataka Resource could maintain production at post-Expansion design capacity levels of 1.2 million tpa of ilmenite plus co-products for more than 110 years of mining (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve);
- Low-cost production – Moma contains a large dredgeable resource with an abundance of fresh water for dredge mining (dredge mining being the lowest cost method of mining such a resource) with low cost power supply arrangements and integrated and efficient materials handling equipment and infrastructure, in addition to a favourable fiscal regime in Mozambique;
- High quality ilmenite products – the Mine produces a number of high quality ilmenite products, with differing TiO_2 content suitable for different market applications, which can be used by a broad range of end users. The quality of ilmenite product is sufficiently high to allow the sale of ilmenite product directly to pigment consumers without the need to upgrade through slagging or other processes;
- Valuable co-products – while ilmenite is expected to be 64 per cent. of the Group's revenue at design capacity levels, Kenmare also expects to produce significant quantities of high value co-products zircon and, to a lesser extent, rutile;
- A well positioned and integrated site in a favourable location with export terminal – the Group's operations are efficient and streamlined due to the close proximity between existing mining operation, processing plant and port, with no significant on-site product transport requirements, located on the coast with a dedicated marine terminal to export final products to customer markets in Asia, Europe and North America;
- Capital efficient expansion options – the large Moma resource and existing operations and infrastructure at the Mine (installed at a total capital cost since 2004 of approximately US$500 million) allow Kenmare to implement the Expansion with a relatively low cost per incremental tonne of annual production;
- Experience – the Group's management and other employees gained experience through the development of the Mine to date and through the expertise of the key management personnel recently appointed, notably the appointment of Jacob Deysel as Chief Operations Officer in February 2009. An EPCM Contract will be concluded in order that Kenmare retain control over the Expansion process to ensure rigorous commitment to meeting key dates and deliverables; and
- Ease of expansion – the Mine's modular design (consisting of distinct and separate components) and the modular structure of the proposed Expansion (including a new dredge and WCP operating in a separate dredge pond from the existing dredges and WCP and a WHIMS plant housed in its own structure) means that interference caused by the Expansion to current operations will be minimised. The Expansion will also utilise proven, existing technology.

Planned Expansion

Kenmare completed an Expansion Study in January 2010 that considered the options available to the Group to improve the productivity of the Mine and exploit the potential market opportunity presented by the projected shortage of and increased demand for titanium dioxide feedstock. A number of mining options and mineral separation options were analysed with a view to maximising returns consistent with integrating the Expansion into the existing operation and minimising disruption to production. From a range of mining and production options, the Expansion Study concluded that the upgrade of the existing Mine operation, the construction and commissioning of a second mining operation at the Mine and the expansion of the MSP, was the best way to deliver increased financial growth while maximising the utilisation of existing facilities, infrastructure and technology. More specifically, the Expansion Study contains the following recommendations:

- an upgrade of the capacity of the existing two dredges and WCP concentrator to increase spiral feed capacity from 3,000 tph to 3,500 tph;
- the installation of a second WCP with a spiral feed capacity of 2,000 tph in a separate dredge pond, utilising a new third dredge on the Namalope Reserve approximately 5km away from the existing mining operation; and
- the addition of a Wet High Intensity Magnetic Separation (WHIMS) circuit at the front of the ilmenite circuit of the MSP, as well as other modifications to the MSP, including an auxiliary ilmenite 80tph circuit, to increase throughput capacity from 135 tph to 220 tph.

The Directors expect that the Expansion will increase design capacity by approximately 50 per cent. from the Mine's current design capacity, resulting in the existing design capacity increasing from 800,000 tpa to 1.2 million tpa of ilmenite, from 50,000 tpa to 80,000 tpa of zircon and from 14,000 tpa to 22,000 tpa of rutile. Assuming Kenmare's production levels reach full post-Expansion design capacity, Kenmare would supply approximately 10 per cent. of the world's titanium dioxide feedstock supply and approximately 6 per cent. of the world's zircon supply, based on the total global supply in 2008 estimated by TZMI in their Mineral Sands Annual Review 2009.

The Expansion Study estimates the cost of the Expansion as approximately US$200 million, which includes a contingency of approximately US$18 million. This estimated cost, excluding the contingency, is stated to an accuracy limit of +/- 25 per cent.

As the next step in implementing the Expansion, in November 2009 Kenmare appointed Aker Solutions to commence an Engineering Study. This Engineering Study is expected to be completed by mid 2010. Pending results of the Engineering Study, detailed design is expected to commence in the third quarter of 2010, with construction expected to be completed by the end of 2011. The Directors expect that the Expansion will be completed, and production expanded to the post-Expansion design capacity levels, by the end of 2012.

The Directors expect that the Expansion will benefit the Group and deliver value to Shareholders by allowing Kenmare to:

- take advantage of the market supply deficit of ilmenite expected to develop by 2012 by achieving post-Expansion design capacity levels at that time;
- deliver increased financial growth by maximising the utilisation of existing facilities, infrastructure and technology, thereby delivering a capital efficient expansion;
- capture market share and continue to provide high quality products at relatively low operating costs;
- seize first mover advantage in capturing upside in an evolving market supply deficit by announcing the Expansion plans ahead of other competitors, thereby discouraging further investment in the sector; and
- increase revenues in order to pay down debt.

The Lender Group has conditionally agreed that the Expansion may proceed and has agreed to the Agreed Financing Amendments which, if effective, will amend the terms of the Financing Agreements to modify the terms of the Technical Completion tests and certain other matters, including deferral of the dates by which the tests for Technical Completion and Completion have to be satisfied, in order to to facilitate the Capital Raising and the Expansion. The effectiveness of the Agreed Financing Amendments is conditional on Kenmare depositing at least US$200 million into the CRA on or before 30 June 2010. Funds in the CRA may be contributed to the Project Accounts at the sole discretion of Kenmare, without restriction or condition.

In connection with the Lenders Group's agreement to the Agreed Financing Amendments, the independent engineer appointed by the Lenders, SRK, has reported to the Lender Group its reasonable satisfaction with the Expansion Study to the Lender Group and has confirmed to the Lender Group its view that the Expansion will not materially and adversely affect existing operations at the Mine.

A summary of the principal terms of the Expansion Funding Deed of Waiver and Amendment is contained in section 13(v) of Part 16 of this Prospectus.

It is proposed that implementation of the Expansion would commence in the second half of 2010 on completion of the Deposit, the Engineering Study and the execution of an EPCM Contract with an appropriate contractor capable of managing the Expansion project. Assuming completion of these steps, the Directors believe that completion of the Expansion along with the anticipated increase in demand and the market opportunity presented by the projected supply deficit in titanium dioxide feedstocks compared to demand would leave Kenmare well placed to achieve significantly enhanced financial performance.

3. Use of Proceeds

In accordance with the capital cost estimates under the Expansion Study, £133.1 million (approximately US$200 million in Q3 2009 US$ terms and including a contingency of approximately US$18 million) of the net proceeds from the Capital Raising is intended to be used to fund the engineering, procurement and construction costs of the Expansion. This estimated cost, excluding the contingency, is to a stated accuracy limit of +/- 25 per cent. It is expected that US$2.3 million will be spent on upgrading the existing WCP A, US$74.3 million will be spent on a new WCP B (including the dredge), US$57.5 million will be spent on the upgrade of the MSP including the WHIMS and approximately US$65.9 million will be spent on, *inter alia*, electricity supply upgrade, other mobile equipment, product storage, construction and spares.

The balance of the net proceeds of approximately £37.7 million (US$56.7 million) from the Capital Raising will be available to the extent necessary for any increase in costs of the Expansion and general corporate purposes, including meeting any debt service payments (inclusive of the August Payment) which are not met from operating cash flows. Any unspent proceeds which have not been deposited to the CRA may be used at the Group's option to prepay Additional Subordinated Lender Margin without penalty.

In order to make the Deposit and thereby satisfy the condition in the Expansion Funding Deed of Waiver and Amendment, US$200 million of the proceeds of the Capital Raising will initially be deposited into the Contingency Reserve Account. Under the Expansion Funding Deed of Waiver and Amendment, funds in the CRA may be contributed to the Project Accounts and spent on, amongst other things, the Expansion.

4. Principal Terms of the Capital Raising

Kenmare is proposing to raise gross proceeds of approximately £179.6 million (US$ 269.9 million) (approximately £170.8 million net of expenses (US$256.7 million)) by way of the Capital Raising. 748,515,033 New Ordinary Shares will be issued through the Placing and Open Offer and 748,515,033 New Ordinary Shares will be issued through the Firm Placing.

Placing and Open Offer

The Issue Price represents a discount of 8.6 pence (41.8 per cent.) to the closing mid-market price of 20.6 pence per Ordinary Share on the London Stock Exchange on 4 March 2010 and a discount of 11.1 cent (45.7 per cent.) to the closing mid-market price of €0.24 per Ordinary Share on the Irish Stock Exchange on 4 March 2010 (being the last trading day prior to the announcement of the Capital Raising).

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, are being given the opportunity to apply for the Open Offer Shares at the Issue Price, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the following basis:

19 Open Offer Shares for every 23 Existing Ordinary Shares

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares. Accordingly, Qualifying Shareholders holding fewer than 23 Existing Ordinary Shares on the Record Date will not be eligible to participate in the Open Offer.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 2 on their Application Form, or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements at 8.00 a.m. on 8 March 2010. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their entitlements under the Open Offer.

The Placing and Open Offer is fully underwritten by the Underwriters pursuant to, and subject to the terms of, the Placing and Open Offer Agreement, the principal terms and conditions of which are summarised in section 13(i) of Part 16 of this Prospectus.

The Placing and Open Offer is conditional, *inter alia*, upon:

(i) the passing of all of the Resolutions;

(ii) Admission taking place by no later than 8.00 a.m. on 1 April 2010 (or such later time and date as the Company, J.P. Morgan Cazenove and Davy may agree not being later than 8.00 a.m. on 15 April 2010); and

(iii) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 8 March 2010. The Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 8 March 2010. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

Further information on the Placing and Open Offer and terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 9 of this Prospectus and, where relevant, on the applicable Application Form.

If Admission does not take place on or before 8.00 a.m. on 1 April 2010 (or such later time and/or date as the Company, J.P. Morgan Cazenove and Davy may determine, not being later than 8.00 a.m. on 15 April 2010), the Open Offer will lapse, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest as soon as practicable thereafter. In these circumstances, the Placing to the Conditional Placees will not proceed.

Application has been made to the ISE and the UKLA for the New Ordinary Shares, the subject of the Placing and the Open Offer, to be admitted to the Official Lists and to the Irish Stock Exchange and the London Stock Exchange for the New Ordinary Shares, the subject of the Placing and the Open Offer, to be admitted to trading on the Irish Stock Exchange's and the London Stock Exchange's respective regulated markets for listed securities. It is expected that Admission will become effective on 1 April 2010 and that dealings for normal settlement in the New Ordinary Shares, the subject of the Placing and the Open Offer, will commence at 8.00 a.m. on the same day.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to 6.00 p.m. on 3 March 2010 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the Irish Stock Exchange and the London Stock Exchange.

The Open Offer Shares, when issued and fully paid, will be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission and in all other respects will rank *pari passu* with the Existing Ordinary Shares. No temporary documents of title will be issued. The New Ordinary Shares can be held in certificated form or in uncertificated form in CREST.

The commitments of the Conditional Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

Firm Placing

Kenmare is proposing to issue 748,515,033 Firm Placed Shares at the Issue Price pursuant to the Firm Placing.

The Firm Placed Shares are not subject to clawback and do not form part of the Open Offer. The Firm Placing is expected to raise approximately £89.8 million (US$135.0 million).

The Firm Placing is fully underwritten by the Underwriters pursuant to, and subject to the terms of, the Placing and Open Offer Agreement.

The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer.

Application has been made to the ISE and UKLA for the New Ordinary Shares, the subject of the Firm Placing, to be admitted to the Official List and to the Irish Stock Exchange and London Stock Exchange for the New Ordinary Shares, the subject of the Firm Placing, to be admitted to trading on the Irish Stock Exchange's and London Stock Exchange's respective regulated markets for listed securities. It is expected that Admission will become effective on 1 April 2010 and that dealings for normal settlement in the New Ordinary Shares, the subject of the Firm Placing, will commence at 8.00 a.m. on the same day.

The Firm Placed Shares, when issued and fully paid, will be identical to, and rank in full with, the Ordinary Shares for all dividends or other distributions declared, made or paid after Admission, and will rank *pari passu* in all other respects with the Existing Ordinary Shares as at the date of issue. The New Ordinary Shares can be held in certificated form or in uncertificated form in CREST.

Related Party Transaction

M&G is a related party for the purposes of the Listing Rules because it is a substantial shareholder in the Company (being a party which holds in excess of 10 per cent. of the currently issued ordinary share capital of the Company). M&G, as at 3 March 2010, being the latest practicable date prior to the date of this Prospectus, is interested in approximately 165,694,896 Ordinary Shares, representing approximately 18.3 per cent. of the existing issued ordinary share capital of the Company. As M&G is participating, or may participate, in the Firm Placing and the Placing in respect of up to a maximum of 432,600,000 New Ordinary Shares (Stg £51.9 million), it will be entitled to a commission of 1.75 per cent. of the value of the New Ordinary Shares for which it has agreed, or shall agree, to subscribe for under the Placing. Final participation of placees in the Firm Placing and the Placing is expected to occur on 5 March 2010 and has not therefore been confirmed as of the issue of this Prospectus. In the event that M&G participates in the Firm Placing and the Placing in respect of this maximum, and is allocated all such New Ordinary Shares subscribed for under the Placing (but does not otherwise participate in the Open Offer), the shareholding of M&G in the Enlarged Issued Share Capital would be 598,294,896 Ordinary Shares or 24.9 per cent.

The participation of M&G in the Firm Placing and the Placing in respect of up to a maximum of 432,600,000 New Ordinary Shares is classified under the Listing Rules as a related party transaction and a class 1 transaction and, as such, requires the approval of Independent Shareholders by way of a simple majority in general meeting. This approval is sought in Resolution (5). M&G will not vote at the Extraordinary General Meeting on Resolution (5). M&G has undertaken to take all reasonable steps to ensure that its associates (as defined in the Listing Rules) do not vote on Resolution (5) at the Extraordinary General Meeting. As referred to in section 16 of this Part 7, the Board believes that the participation by M&G in the Firm Placing and the Placing in respect of up to a maximum of 432,600,000 New Ordinary Shares, which would be on the same terms and, other than the approval of Resolution (5), subject to the same conditions as the participation of all other participants, is fair and reasonable and in the best interests of Shareholders as a whole and the Board has been so advised by Davy, an independent financial adviser.

5. Effect of the Capital Raising

In structuring the Capital Raising, the Directors have had regard to the magnitude of the Capital Raising of US$269.9 million (£179.6 million) relative to the market capitalisation of the Company of approximately £186.9 million (based on the closing mid-market price on the LSE as of 4 March 2010, the latest practicable date prior to the issue of this Prospectus), the importance of attracting new strategic institutional investors into the Company by means of the Firm Placing and the Placing, current market conditions, the level of the Company's share price and the importance of allowing Shareholders to participate in the Capital Raising by means of the Open Offer. After considering all these factors, the Directors have concluded that the Placing and Open Offer and the Firm Placing is the most suitable option available to the Company and its Shareholders. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by subscribing for Open Offer Shares *pro rata* to their current holding of Ordinary Shares.

Upon completion of the Capital Raising, the New Ordinary Shares will represent approximately 62.3 per cent. of the Company's Enlarged Issued Share Capital and the Existing Ordinary Shares will represent approximately 37.7 per cent. of the Company's Enlarged Issued Share Capital. New Ordinary Shares issued through the Placing and Open Offer and New Ordinary Shares issued through the Firm Placing will each account for 50 per cent. of the total New Ordinary Shares issued through the Capital Raising. The Resolutions must be passed at the Extraordinary General Meeting in order for the Capital Raising to proceed.

Following the issue of the New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full entitlements in respect of the Open Offer will suffer a dilution of 31.1 per cent. to their interests in the Company as a result of the Firm Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will suffer a dilution of 62.3 per cent. to their interests in the Company.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of, or placed for, the benefit of Qualifying Shareholders who do not

apply under the Open Offer, but will be subscribed for under the Placing for the benefit of the Company.

6. Financial Effect of the Capital Raising

An unaudited pro forma consolidated balance sheet of the Group, prepared for illustrative purposes only, is included in Part 14 of this Prospectus. This illustrates the effect of the Capital Raising on the consolidated balance sheet of the Group, had it been effected on 31 December 2009.

7. Current Trading and Prospects

Today, Kenmare published its unaudited preliminary results in respect of the year ended 31 December 2009. In these Preliminary Results, which are reproduced in Part 13 of this Prospectus, the Group has reported revenue and related costs in the income statement from July 2009 (until the end of June 2009, because of the delayed ramp-up, Kenmare continued to operate an accounting policy where costs net of revenues were capitalised into the overall development expenditure for the project).

The reported loss after tax for the year ended 31 December 2009 was US$30.4 million. During the first six months of the year costs of US$13.8 million, net of revenue earned of US$15.6 million and net of delay damages of US$1.2 million were capitalised in development expenditure in property, plant and equipment. Loan interest of US$13.4 million and finance fees of US$5.6 million were also capitalised resulting in an increase in development expenditure of US$32.8 million to the 30 June 2009.

Revenue for the six months from July to December 2009 amounted to US$26.7 million and cost of sales for the corresponding period was US$35.2 million resulting in a gross loss of US$8.5 million. Distribution and administration costs for the six month period to December 2009 were US$1.8 million and US$1.9 million respectively. There was loan interest and finance fees of US$15.5 million during the second half of the year and deposit interest earned of US$0.2 million. In addition there was a foreign exchange loss for the year of US$2.9 million, mainly as a result of the retranslation of the euro denominated loans, resulting in a loss for the year of US$30.4 million.

For the year, additions to property, plant and equipment amounted to US$47.7 million made up of assets of US$14.1 million and development expenditure of US$33.6 million. At 31 December 2009 net property, plant and equipment amounted to US$540.9 million. Depreciation and amortisation for the six month period was US$12.9 million.

In June 2009, the Group completed a share placing resulting in US$16.1 million being received in August 2009. At the 31 December 2009 Group loans totalled US$356.1 million and cash balances amounted to US$17.4 million. In January 2010 US$7.7 million was received pursuant to the exercise of warrants.

The loss which occurred in the last six months of 2009 is a result of both the slower than planned ramp-up and the depressed feedstock market situation.

Since 31 December 2009, both production and market conditions, current and projected, are now healthier providing encouraging indications of a significant improvement in operational and financial performance for the year ahead. While the production improvements delivered by the PIP fell short of expectations during 2009, HMC production is currently at design capacity levels, with processing improvements on track. The significantly improving trend in zircon production since the commissioning of additional equipment in the zircon circuit, referred to in the announcement of 26 January 2010, has continued and is expected to be followed by improvements in rutile production. Production at levels approaching design capacity for ilmenite and zircon is expected by the end of the first half of 2010, with work to increase rutile production ongoing throughout 2010.

From the beginning of the year to the end of February 2010, eight shipments from the Mine have been completed totalling 154,000 tonnes of ilmenite and zircon, as compared to one shipment in the first two months of 2009 for 7,050 tonnes of ilmenite, and twenty four shipments in 2009 totalling 418,000 tonnes of ilmenite and zircon.

8. Overseas Shareholders

All Overseas Shareholders and any person (including, without limitation, agents, custodians, nominees or trustees) who has a contractual or other legal obligation to forward this Prospectus or any other documents issued by the Company in connection with the Capital Raising, if and when received, to a jurisdiction outside Ireland or the United Kingdom should read section 6 of Part 9.

9. Irish and UK Taxation

Certain information concerning Irish and UK taxation in relation to the Capital Raising is set out in Part 15 of this Prospectus. If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than Ireland or the United Kingdom, you should consult your own independent tax adviser without delay.

10. Extraordinary General Meeting

A notice convening the Extraordinary General Meeting is set out at the end of this Prospectus. The Extraordinary General Meeting will be held on 29 March 2010 at 11.00 a.m. at The Westbury Hotel, Grafton Street, Dublin 2, Ireland. A Form of Proxy is enclosed with this Prospectus.

The Extraordinary General Meeting is being held for the purpose of considering and, if thought fit, passing the following five Resolutions. Resolutions (1), (2) and (3) are required in accordance with the 1983 Act and the 1990 Act as the Company's current authorised ordinary share capital, and the Directors' authorities to allot shares and to do so without regard to statutory pre-emption rights (each as previously approved by Shareholders) are insufficient to enable the completion of the Capital Raising. Resolution (4) is required in accordance with the Listing Rules as the Issue Price represents a discount of greater than 10 per cent. to the closing mid-market price of the Existing Ordinary Shares on 4 March 2010. Resolution (5) is also required in accordance with the Listing Rules as the potential participation of M&G in the Capital Raising is a related party transaction and a class 1 transaction under the Listing Rules.

The first Resolution, which is an ordinary resolution, proposes that, subject to the Placing and Open Offer Agreement having become unconditional in all respects save for any condition relating to Admission having occurred, Kenmare's authorised ordinary share capital be increased from €90,000,000 to €180,000,000 by the creation of 1,500,000,000 new Ordinary Shares (representing an increase of approximately 78.2 per cent. of the existing authorised share capital of the Company (including Deferred Shares) as of the date of this document and an increase of approximately 100 per cent. of the existing authorised Ordinary Share capital of the Company as of the date of this document). The purpose of this Resolution is to create sufficient authorised ordinary share capital to enable Kenmare to allot sufficient New Ordinary Shares to satisfy its obligations in connection with the Capital Raising and for Kenmare to retain sufficient authorised but unissued share capital for its purposes generally.

Subject to and contingent upon the passing of the first Resolution, the second Resolution, which is an ordinary resolution, seeks a new authority to enable the Directors to allot relevant securities, pursuant to section 20 of the 1983 Act up to a maximum amount equal to the aggregate nominal value of the authorised but unissued share capital of the Company as at the close of business on the date of passing of this Resolution. Based on the enlarged authorised ordinary share capital pursuant to Resolution (1) and the existing issued share capital, this would represent approximately 231.1 per cent. of Kenmare's existing issued ordinary share capital as at the date of this Prospectus and will leave headroom of approximately 24.8 per cent. of the Enlarged Issued Share Capital (assuming no further exercise of Options granted pursuant to the Share Option Scheme). The Directors currently have no specific plans to allot relevant securities other than in connection with the Capital Raising and pursuant to the Share Option Scheme. This authority will expire at the end of the Company's next annual general meeting or if earlier the date which is 15 months from the date of passing of this second Resolution, provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred under the second Resolution has expired.

Subject to and contingent upon the passing of the second Resolution, the third Resolution, which is a special resolution, seeks a new authority to disapply statutory pre emption rights in relation to the allotment of equity securities. If approved, this Resolution will authorise the Directors to allot equity securities for cash: (i) in connection with any offer of securities by way of rights issue, open offer or otherwise in favour of Shareholders subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in any territory or otherwise howsoever; (ii) in connection with the exercise of any options or warrants to subscribe granted by the Company; (iii) pursuant to and in connection with the Capital Raising and, (iv) in addition and without prejudice to the foregoing, to allot equity securities up to a maximum aggregate nominal value of €14,418,763. This represents 10 per cent. of the Enlarged Issued Share Capital.

Further details of Kenmare's authorised and issued share capital, at present and as it will be following the completion of the Capital Raising, are set out in section 3 of Part 10 of this Prospectus. Further details of the Directors' existing share allotment authorities are set out in sections 3 and 11 of Part 16 of this Prospectus.

Subject to the passing of the first, second and third Resolutions, the fourth Resolution, which is an ordinary resolution, seeks approval for the issue of the New Ordinary Shares on the terms set out in this Prospectus for cash at a price of 12 pence (€0.13) (with such prices representing, respectively, a discount of 41.8 per cent. to 20.6 pence, being the closing middle market price of the existing ordinary shares (as derived from the daily official list of the London Stock Exchange) on 4 March, 2010, and a discount of 45.7 per cent. to the closing mid-market price of €0.24 per existing ordinary share (as derived from the daily official list of the Irish Stock Exchange) on 4 March, 2010, being the last business day prior to the announcement of the Capital Raising). The purpose of this Resolution is to approve the Placing and Open Offer and Firm Placing generally as required under the Listing Rules because the Issue Price represents a discount of greater than 10 per cent. to the closing mid-market price of the Existing Ordinary Shares.

The fifth Resolution, which is an ordinary resolution and conditional upon the approval of the first four Resolutions, proposes that Shareholders approve the allotment and issue of up to a maximum of 432,600,000 New Ordinary Shares under the Firm Placing and the Placing, and the payment of any placing fee in connection with the Placing, to M&G, which constitutes a related party transaction pursuant to the Listing Rules.

M&G is a related party for the purposes of the Listing Rules because it is a substantial shareholder in the Company (being a party which holds in excess of 10 per cent. of the currently issued ordinary share capital of the Company). M&G, as at 3 March 2010, being the latest practicable date prior to the date of this Prospectus, is interested in 165,694,896 Ordinary Shares, representing approximately 18.3 per cent. of the existing issued ordinary share capital of the Company. As M&G is participating, or may participate, in the Firm Placing and the Placing in respect of up to a maximum of 432,600,000 New Ordinary Shares, it will be entitled to a commission of 1.75 per cent. of the value of the New Ordinary Shares for which it has agreed, or shall agree, to subscribe under the Placing. The participation of M&G in the Firm Placing and the Placing in respect of up to a maximum of 432,600,000 New Ordinary Shares is also, due to its potential size, classified as a class 1 transaction under the Listing Rules.

M&G will not, and will take all reasonable steps to ensure that its associates will not, vote on Resolution (5) at the meeting.

The total number of Ordinary Shares in issue as of the date of this Prospectus is 906,097,146, excluding treasury shares (nil). On a vote by way of a show of hands every Shareholder who is present at the EGM has one vote and every proxy has one vote (but no individual shall have more than one vote). On a poll every Shareholder who is present in person or by proxy has one vote for every Ordinary Share of which he is the holder. Resolutions (1), (2), (4) and (5) are ordinary resolutions and therefore require a simple majority of votes cast by Shareholders voting in person or by proxy in order to be passed. M&G and its associates are not entitled to vote on Resolution (5). M&G will not vote at the Extraordinary General Meeting on Resolution (5). M&G has undertaken to take all reasonable steps to ensure that its associates, as defined in the Listing Rules, do not vote on Resolution (5). Resolution (3) is a special resolution and requires at least 75 per cent. of the votes cast by Shareholders voting in person or by proxy to be in favour in order to be

passed. The Deferred Shares referred to above were created in 1991 in connection with a change in the nominal value of the Ordinary Shares (from IR25p each to IR5p (since redenominated in euro to €0.06 each)) and have negligible rights or value and no voting rights.

11. Action to be taken

(a) ***Extraordinary General Meeting***

You will find enclosed with this Prospectus a form of proxy for use at the Extraordinary General Meeting.

Whether or not you propose to attend the Extraordinary General Meeting in person, it is important that you complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it so as to reach the Registrars, Computershare Investor Services (Ireland) Ltd, PO Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible and, in any event, so as to be received not later than 11.00 a.m. on 27 March 2010. The completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person, if you so wish.

Electronic proxy appointment is available for the Extraordinary General Meeting. This facility enables a Shareholder to lodge its proxy appointment by electronic means by logging on to the website of the Registrars, www.computershare.com/ie/voting/kenmare. Alternatively, for those who hold Ordinary Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare (CREST participant ID 3RA50). In each case the proxy appointment must be received by no later than 11.00 a.m. on 27 March 2010. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent the Shareholder from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof, should the Shareholder wish to do so.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-entitlements) held in certificated form before the Record Date, please forward this document and any Application Form received at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to the United States or any of the Excluded Territories.

If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-entitlements) held in certificated form before the Record Date, you should refer to the instruction regarding split applications in Part 9 (*Terms and Conditions of the Open Offer*) of this document and the Application Form.

(b) ***Open Offer***

Qualifying Non-CREST Shareholders (i.e. holders of Ordinary Shares who hold their Ordinary Shares in certificated form)

If you are a Qualifying Non-CREST Shareholder you will receive an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements set out in Box 2). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in section 4.1 of Part 9 of this Prospectus and on the Application Form itself. Completed Application Form, accompanied by full payment in accordance with the instructions in section 4.1 of Part 9 of this Prospectus, should be returned by post in the accompanying pre-paid envelope or returned by post to Computershare Investor Services (Ireland) Ltd, PO Box 954, Sandyford, Dublin 18, Ireland or returned by hand (during normal business hours only being 9.00 a.m. to 5.00 p.m.) to Computershare Services (Ireland) Ltd, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to arrive as soon as possible and in any event so as to be received by no later than 11.00 a.m. on

26 March 2010. If you do not wish to apply for any Ordinary Shares under the Open Offer, you should not complete or return the Application Form.

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder no Application Form will be sent to you and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer. You should refer to the procedure for application set out in section 4.2 of Part 9 of this Prospectus. The relevant CREST instructions must have settled in accordance with the instructions in section 4.2 of Part 9 of this Prospectus by no later than 11.00 a.m. on 26 March 2010.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this Prospectus and the Open Offer.

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an independent professional adviser authorised or exempted pursuant to the Investment Intermediaries Act 1995 (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) if you are resident in Ireland or, if you are resident in the United Kingdom, an organisation or firm authorised pursuant to the FSMA and in the case of a resident in any other jurisdiction, an appropriately authorised adviser for that jurisdiction, before making any investment decision.

12. Risk factors

Risk factors relating to the Group, the Expansion, the titanium dioxide feedstocks industry and the Capital Raising are contained in Part 2 of this document, to which Shareholders' attention is drawn.

13. Further information

Your attention is drawn to the further information set out in Parts 1 to 6 and 8 to 19 of this Prospectus. You should read the whole of this Prospectus and not rely solely on the information set out in this letter.

14. Importance of the Vote

The Board is recommending the raising of approximately £179.6 million (US$269.9 million) (approximately £170.8 net of expenses (US$256.7 million)) through the Capital Raising. This Capital Raising will enable the Group to proceed with the proposed Expansion on the basis of the Expansion Study and make the Deposit, thereby satisfying the condition of the Expansion Funding Deed of Waiver and Amendment, and will provide the Group with additional liquidity to the extent that the capital raised is not used for the Expansion. According to the Expansion Study, the estimated cost of the Expansion is approximately US$200 million, which includes a contingency of approximately US$18 million. This estimated cost, excluding the contingency, is stated to an accuracy limit of +/- 25 per cent. The Lender Group has agreed to a number of revisions to the existing Financing Agreements, in connection with the proposed Expansion, which are conditional on the Deposit which is proposed to be raised through the Capital Raising. These waivers and amendments, details of which are set out in section 13(v) of Part 16 of this Prospectus, include the modification of the Completion tests, the deferral of the deadline for Technical Completion (currently set for 31 December 2010) elimination of the deadline for Completion (currently set for 31 December 2012) and the introduction of Non-Technical Completion as a concept and establishing its deadline as 31 December 2013. These Agreed Financing Amendments are conditional on, and will become effective immediately upon, making the Deposit.

The Capital Raising is conditional, *inter alia*, on the passing of the Resolutions at the EGM. If the Resolutions are not passed, the Capital Raising will not complete, the proposed Expansion will not proceed at this time (thereby preventing the Group from significantly increasing its production in order to take advantage of the projected improvement in market conditions for titanium mineral products) and the Agreed Financing Amendments to the Financing Agreements will not become effective. In this situation, the existing provisions of the Financing Agreements would, absent further renegotiation, continue. These include,

inter alia, requirements that Technical Completion and Completion occur by 31 December 2010 and 31 December 2012 respectively. In addition, a number of scheduled Senior Loan principal and interest repayments fall due under the Financing Agreements over the forthcoming period including the August Payment.

Cashflow generation from the Mine for 2009 was significantly below budget. This was due in part to market deterioration as a result of the global recession in 2009, decreased demand leading to customers deferring delivery of shipments and reduced prices being realised for some spot market ilmenite sales. The Group has also experienced delays in achieving targeted production for the period as a result of difficulties with the equipment, the consequent necessity for the implementation of the PIP, and the delay in completing all material aspects of the PIP to achieve the planned Ramp Up in production to design levels across all three of the Group's final products. While the PIP has been completed and some additional upgrading is in progress to address the production deficiencies, including the installation of additional reheaters in the zircon and rutile circuits, along with a new ilmenite scavenging circuit, which are designed to significantly enhance the zircon and rutile production the Company has not yet completed the Ramp Up and reached targeted production. There is also a risk that pricing and/or shipment levels may not be achieved and that insufficient cash may therefore be generated from the Mine to meet the next scheduled payment under the Financing Agreements in August 2010. Accordingly, should circumstances require it, some of the proceeds of the Capital Raising may be used so as to ensure that the Company can meet any shortfall in cashflow in order to service Senior Loan obligations as they fall due.

If the Resolutions are not passed, the Capital Raising and the Deposit will not complete, the Agreed Financing Amendments will not become effective and the Company will not proceed with the Expansion at this time. In such circumstances, the Company would, to the extent it becomes necessary, take a number of actions designed to maximise cashflow/increase its cash balances in order to meet scheduled Senior Loan interest and principal payment obligations as they fall due, including the August Payment. These steps could include disposing of stocks of titanium minerals product built up at the Mine earlier than planned under the Company's shipping schedule, curtailing discretionary expenditure, seeking to obtain additional debt or equity finance and/or seeking to agree with the Lender Group amendments to the loan repayment schedules. While the Directors believe they would be able to implement the necessary courses of action in order to satisfy the payment obligations under the Financing Agreements, the consequences of such actions may be inconsistent with the long term strategy of the Group. For example, the accelerated sale of inventory may affect the pricing the Group achieves for its products more generally, curtailment of expenditure may delay or prevent the delivery of benefits from the capital expenditure programme, alternative capital may be expensive, and the cost of any amendments agreed with the Lender Group may be punitive and may result in more onerous obligations than those currently prevailing. Discussions between Kenmare and the Lender Group to date have been based on the assumption that the Capital Raising and the Expansion will proceed.

The current terms of the Financing Agreements require the Group to achieve Technical Completion tests by 31 December 2010. Should the Capital Raising and Deposit not be completed and, as a result, the Agreed Financing Amendments do not become effective, Kenmare would seek to agree with the Lender Group a number of amendments to the Technical Completion tests in order to accommodate some operational aspects of the Mine which are different than those originally envisaged. Furthermore, in the event that production rates and other operational aspects from the Mine were not expected to be sufficient to satisfy the Technical Completion tests as at 31 December 2010, the Company would also seek to re-negotiate the tests for Technical Completion and/or implement a number of operational measures (certain of which may be uneconomical and may be inconsistent with the Group's long term strategy) in order to satisfy the Technical Completion test or to limit the scope of any necessary modifications to the Technical Completion tests. While the production levels and operational measures required under Technical Completion have not yet been achieved and there can be no guarantee that the Technical Completion requirements will be satisfied, the Directors believe that they would be able to implement the required operational measures and/or successfully re-negotiate a deferral or relaxation of loan terms with Lenders.

If the Capital Raising is not completed, the Deposit is not made and the Group is unable to meet its obligations under the Financing Agreements (whether in relation to scheduled payments of Senior Loan principal and interest repayments or Technical Completion or otherwise), and if in addition the Group is

unable to agree requisite amendments to the Financing Agreements prior to the agreed schedule in the Financing Agreements, there would be an event of default under the Financing Agreements. In the case of an event of default under the Financing Agreements, the Lenders may in certain circumstances be permitted to apply post-default interest margins, accelerate the payment of all sums outstanding under the facilities (including any accrued interest), enforce the security interests in the assets of the Project Companies, the CRA and the shares of the Project Companies and guarantees granted by Kenmare and Congolone, place the Project Companies into administration and initiate insolvency or other similar proceedings against the Project Companies.

Accordingly, the Board believes that it is in the best interests of the Company and Shareholders as a whole that all Shareholders vote in favour of the Resolutions in order that the Capital Raising and, consequently the Deposit, can proceed and the Agreed Financing Amendments to the Financing Agreements become effective.

15. Working Capital

The Company is of the opinion that, taking into account existing available financing facilities and the net proceeds of the Capital Raising, the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of the publication of this Prospectus.

16. Directors' Recommendation

The Board considers the Capital Raising and the passing of Resolutions (1), (2), (3) and (4) to be in the best interests of the Company and the Shareholders as a whole. The Board, which has been so advised by Davy, considers the participation by M&G in the Firm Placing and the Placing up to a maximum of 432,600,000 New Ordinary Shares and the payment of any placing fee in connection with the Placing, to M&G, to be fair and reasonable so far as the Shareholders are concerned and to be in the best interests of the Company and the Shareholders as a whole. In providing advice to the Directors, Davy has taken into account the Directors' commercial assessments. Accordingly, the Board unanimously recommends that all Shareholders vote in favour of the Resolutions as they intend to do, or procure, in respect of their own beneficial holdings, amounting to 14,120,701 Ordinary Shares, representing approximately 1.6 per cent. of the Existing Ordinary Shares.

M&G will not vote at the Extraordinary General Meeting on Resolution (5). M&G has undertaken to take all reasonable steps to ensure that its associates (as defined in the Listing Rules) do not vote on Resolution (5) at the Extraordinary General Meeting.

Certain of the Directors, including those who are not Qualifying Shareholders and accordingly cannot participate in the Open Offer, intend to participate in the Firm Placing and the Placing and, where eligible, may participate in the Open Offer. Further information is set out in section 7 of Part 16 of this Prospectus.

Yours sincerely,

Charles Carvill
Chairman

PART 8

QUESTIONS AND ANSWERS ABOUT THE CAPITAL RAISING

The questions and answers set out in this Part 8 are intended to be in general terms only. You should read Part 9 for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to consult immediately your own stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser being, if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) or the Investment Intermediaries Act 1995 (as amended) or, if you are resident in the United Kingdom, a firm authorised under the FSMA or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the United Kingdom.

This Part 8 deals with general questions relating to the Capital Raising and more specific questions relating to persons resident in Ireland and the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read section 6 of Part 9 and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 9 of this Prospectus for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Shareholder Helpline 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland) between 9.00 a.m. and 5.00 p.m. on any Business Day. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this Prospectus and information relating to Kenmare's register of members and is unable to give advice on the merits of the Capital Raising or provide legal, business, financial, tax or investment advice. Calls may be recorded and monitored for security and training purposes.

The contents of this Prospectus should not be construed as legal, business, accounting, tax, investment or other professional advice. Each Shareholder and/or prospective investor should consult his, her or its own appropriate professional advisers for advice.

1. What is a firm placing? Am I eligible to participate in the Firm Placing?

A firm placing is where specific investors agree to subscribe for firm placed shares. A firm placing provides a company with an opportunity to introduce new institutional shareholders onto its shareholder register. The Company proposes to issue Firm Placed Shares at a price of 12 pence per Firm Placed Share. This is the same price as the Open Offer Shares. The Firm Placed Shares do not form part of the Open Offer and are not subject to clawback. Unless you are a Firm Placee, you will not participate in the Firm Placing.

2. What is a placing and open offer?

A placing and open offer is a way for companies to raise money. Companies usually do this by giving their existing shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (the open offer) and providing for new investors to subscribe for any shares not bought by the Company's existing shareholders (the placing). The fixed price is normally at a discount to the closing mid-market price of the existing ordinary shares prior to the announcement of the open offer.

3. What is the Company's Open Offer?

This Open Offer is an invitation by Kenmare to Qualifying Shareholders to apply to subscribe for an aggregate of 748,515,033 Open Offer Shares at a price of 12 pence (€0.13) per Open Offer Share. If you hold Ordinary Shares on the Record Date or have a *bona fide* market claim, and are not, subject to certain limited exceptions, as set out in section 6 of Part 9 of this Prospectus, a Shareholder with a registered address in or are located in the United States, or any other Excluded Territory, you will be entitled to subscribe for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 19 Open Offer Shares at 12 pence (€0.13) per Open Offer Share for every 23 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy an Open Offer Share in respect of any fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the closing mid-market share price on the last dealing day before the details of the Capital Raising were announced on 5 March 2010. The Issue Price of 12 pence (€0.13) per Open Offer Share represents a 41.8 per cent. discount to the closing mid-market price quotation as derived from the daily official list of the London Stock Exchange of 20.6 pence per Ordinary Share on 4 March 2010 (the last dealing day before the details of the Capital Raising were announced) and a 45.7 per cent. discount to the closing mid-market price quotation as derived from the daily official list of the Irish Stock Exchange of €0.24 per Ordinary Share on 4 March 2010 (the last dealing day before the details of the Capital Raising were announced). Valid applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded.

4. I hold my Existing Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part 9 of this Prospectus. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the number of Open Offer Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

5. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?

If you receive an Application Form and, subject to certain limited exceptions, are not a holder with a registered address in the United States or any other Excluded Territory, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 8 March 2010 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the Irish Stock Exchange and the London Stock Exchange).

6. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain limited exceptions, do not have a registered address in the United States or any other Excluded Territory, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held on the Record Date;
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to subscribe for all your entitlement to the Open Offer Shares.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this Prospectus. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post to the Registrar, Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland or returned by hand (during normal office hours only), to Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (who will also act as receiving agent in relation to the Open Offer) so as to be received by Computershare by no later than 11.00 a.m. on 26 March 2010, after which time Application Forms will not be valid.

Please allow at least four Business Days for delivery if sent by post from within Ireland. Although, should there be any postal delays or disruptions as a result of industrial strife, you should act promptly and you may need to make alternative delivery arrangements if you wish to participate in the Open Offer.

7. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?

(a) ***If you do not want to take up your Open Offer Entitlement***

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you do not take up your Open Offer Entitlement, then following the issue of the Open Offer Shares pursuant to Open Offer, your interest in the Company will be diluted by approximately 62.3 per cent.

(b) ***If you want to take up some but not all of your Open Offer Entitlement***

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 1 of your Application Form; for example, if you are entitled to take up 100 shares but you only want to take up 50 shares, then you should write '50' in Box 4. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, "50") by 12 pence (or €0.13, as the case may be), which is the price in pence (or euro) of each Open Offer Share (giving you an amount of £6.00 (or €6.50, as the case may be) in this example). You should write this amount in Box 5, rounding down to the nearest whole pence (or euro cent) and this should be the amount your cheque or banker's draft is made out for. You should then sign the Application Form on page 1 (ensuring that all joint holders sign (if applicable)) and return the completed Application Form, together with a cheque or banker's draft for the relevant amount, in the accompanying pre-paid envelope, by post to the Registrar, Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland or returned by hand (during normal office hours only to Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (who will also act as receiving agent in relation to the Open Offer) so as to be received by the Registrar by no later than 11.00 a.m. on 26 March 2010 after which time Application Form will not be valid.

All Qualifying Non-CREST Shareholders with a registered address outside the UK may elect to make payment either in euro or sterling. This election facility is personal to the individual Shareholders and may not be transmitted when satisfying a market claim. The euro price is €0.13 per Open Offer Share.

All Qualifying Non-CREST Shareholders with a registered address in the UK must make payment in sterling. The sterling price per Open Offer Share is Stg12p.

All payments must be made by cheque or banker's draft made payable to "Computershare – re Kenmare Open Offer" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank in Ireland or the UK, which in the case of Ireland is a member of the Dublin Bankers Clearing Committee or has clearing facilities with the Dublin Bankers Clearing Committee and, in the case of the UK, is either a member of the Cheque and Credit Clearing Company Limited or a member of the Scottish or Belfast Clearing Houses or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable for the application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be

accepted. Third party cheques (other than banker's drafts where the bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to compliance with Money Laundering Legislation which would delay Shareholders receiving their Open Offer Shares. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 8 April 2010.

(c) ***If you want to take up all of your Open Offer Entitlement***

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is sign the Application Form on page 1 (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 3 of your Application Form), payable to "Computershare – re Kenmare Open Offer" and crossed "A/C payee only", in the accompanying pre-paid envelope by post to Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland or by hand only (during normal business hours only being 9.00 a.m. to 5.00 p.m.) to Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (who will act as receiving agent in relation to the Open Offer) so as to be received by Computershare by no later than 11.00 a.m. on 26 March 2010, after which time Application Forms will not be valid. If you post your Application Form by post in Ireland, you should allow at least four Business Days for delivery. Although, should there be any postal delays or disruptions as a result of industrial action, Qualifying Shareholders should act promptly and may need to make alternative delivery arrangements if they wish to participate in the Open Offer. All payments must be made in accordance with the instructions contained in question 5(b) above.

8. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 3 March 2010 and who have converted them to certificated form;
- Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 8 March 2010 but were not registered as the holders of those shares at 6.00 p.m. on 3 March 2010; and
- certain Overseas Shareholders who, subject to certain limited exceptions, are not Excluded Territory Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Shareholder Helpline on 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland) between 9.00 a.m. and 5.00 p.m. on any Business Day. For legal reasons, the Shareholder Helpline will only be able to provide information contained in this Prospectus and information relating to Kenmare's register of members and will be unable to give advice on the merits of the Capital Raising or to provide legal, business, financial, tax or investment or other professional advice. Calls may be recorded and monitored for security and training purposes.

9. I am a Qualifying Shareholder, do I have to apply for all the Open Offer Shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your maximum Open Offer Entitlement is shown on your Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in Kenmare will be reduced. Please refer to answers (a), (b) and (c) of question 7 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Form are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although they will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only), they will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who are not entitled to or do not apply to take up their Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it. Any Open Offer Shares for which application has not been made in respect of the Open Offer shall be placed with any Placees and, to the extent they are not placed, will, subject to the terms of the Placing and Open Offer Agreement, be subscribed for by the Underwriters, with the proceeds being retained for the benefit of Kenmare.

10. What if I change my mind?

If you are a Qualifying non-CREST Shareholder, once you have sent your Application Form and payment to the Registrar, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied, except in the very limited circumstances which are set out in Part 9 of this Prospectus.

11. What if the number of Open Offer Shares to which I am entitled is not a whole number: Am I entitled to fractions of Open Offer Shares?

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

12. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 3 of the Application Form?

You cannot spend more than the amount set out in Box 3. If you want to spend less than the amount set out in Box 3, you should divide the amount you want to spend by 12 pence (or €0.13, as the case may be) (being the price, in pence (or euro), of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by 12 pence. You should round that down to the nearest whole number, to give you the number of shares you want to take up. Write that number in Box 4. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for by 12 pence (or €0.13, as the case may be) and then fill in that amount rounded down to the nearest whole pence (or euro cent) in Box 5 and on your cheque or banker's draft accordingly.

13. What if I hold Options and awards under the Share Option Scheme?

Participants in the Share Option Scheme will be advised separately of any adjustments (if any) to their rights under the Share Option Scheme to take account of the Open Offer.

14. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you hold shares in Kenmare directly and you sold some or all of your Existing Ordinary Shares before 8.00 a.m. on 8 March 2010, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

15. I hold my Existing Ordinary Shares in certificated form. How do I pay?

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. Cheques should be drawn on the personal account to which you have sole or joint title to such funds.

All Qualifying Non-CREST Shareholders with a registered address outside the UK may elect to make payment either in euro or sterling. This election facility is personal to the individual Shareholders and may not be transmitted when satisfying a market claim. The euro price is €0.13 per Open Offer Share.

All Qualifying Non-CREST Shareholders with a registered address in the UK must make payment in sterling. The sterling price per Open Offer Share is Stg12p.

All payments must be made by cheque or banker's draft made payable to "Computershare – re Kenmare Open Offer" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank in Ireland or the UK, which in the case of Ireland is a member of the Dublin Bankers Clearing Committee or has clearing facilities with the Dublin Bankers Clearing Committee and, in the case of the UK, is either a member of the Cheque and Credit Clearing Company Limited or a member of the Scottish or Belfast Clearing Houses or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable for the application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to compliance with Money Laundering Legislation which would delay Shareholders receiving their Open Offer Shares (please see section 5 of Part 9).

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

16. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in Kenmare will be reduced.

17. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form together with payment in the accompanying pre-paid envelope, by post to Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland or deliver by hand (during normal office hours only being 9.00 a.m. to 5.00 p.m.), together with the monies in the appropriate form to Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (who will also act as receiving agent in relation to the Open

Offer). If you post your Application Form in Ireland, you should allow at least four Business Days for delivery. Although, should there be any postal delays or disruptions as a result of industrial action, Qualifying Shareholders should act promptly and may need to make alternative delivery arrangements if they wish to participate in the Open Offer.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

18. I hold my Existing Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?

The Registrar must receive the Application Form by no later than 11.00 a.m. on 26 March 2010, after which time Application Forms will not be valid. If an Application Form is being sent by post in Ireland, Qualifying Shareholders are recommended to allow at least four Business Days for delivery. Although, should there be any postal delays or disruptions as a result of industrial action, Qualifying Shareholders should act promptly and may need to make alternative delivery arrangements if they wish to participate in the Open Offer.

19. I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?

It is expected that Computershare will post all new share certificates by 8 April 2010.

20. How do I transfer my entitlements into the CREST system?

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to CCSS in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

21. If I buy Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?

If you bought your Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

22. Will the Capital Raising affect dividends on the Ordinary Shares?

The Open Offer Shares, when issued and fully paid, will be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission and in all other respects will rank *pari passu* with the Existing Ordinary Shares. No temporary documents of title will be issued.

23. Will I be taxed if I take up my entitlements?

Information on Irish and UK taxation with regard to the Open Offer is set out in Part 15 of this Prospectus. **This information is intended as a general guide only and Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.**

24. What should I do if I live outside Ireland or the United Kingdom?

Your ability to apply to subscribe for Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any other Excluded Territory are, subject to certain limited exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in section 6 of Part 9 of this Prospectus.

25. Further assistance

Should you require further assistance please call the Shareholder Helpline on 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland), which is available between the hours of 9.00 a.m. to 5.00 p.m. on any Business Day. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this Prospectus and information relating to Kenmare's register of members and is unable to give advice on the merits of the Capital Raising or to provide legal, business, accounting, tax, investment or other professional advice.

PART 9

TERMS AND CONDITIONS OF THE PLACING AND OPEN OFFER

1. Introduction

As explained in the letter set out in Part 7 of this Prospectus, the Company is proposing to issue 1,497,030,066 New Ordinary Shares to raise through the Capital Raising, gross proceeds of approximately £179.6 million (US$269.9 million) (approximately £170.8 net of expenses (US$256.7 million)). 748,515,033 New Ordinary Shares will be issued through the Placing and Open Offer raising gross proceeds of £89.8 million (US$135.0 million) and 748,515,033 New Ordinary Shares will be issued through the Firm Placing raising gross proceeds of £89.8 million (US$135.0 million).

Upon completion of the Capital Raising, the New Ordinary Shares will represent approximately 62.3 per cent. of the Enlarged Issued Share Capital and the Existing Ordinary Shares will represent approximately 37.7 per cent. of the Enlarged Issued Share Capital. New Ordinary Shares issued through the Placing and Open Offer and New Ordinary Shares issued as part of the Firm Placing will each account for 50 per cent. of the total New Ordinary Shares.

The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 748,515,033 Open Offer Shares *pro rata* to their current holdings at the Issue Price of 12 pence (€0.13) per share in accordance with the terms of the Open Offer.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders was 6.00 p.m. on 3 March 2010. Application Forms for Qualifying Non-CREST Shareholders accompany this Prospectus and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 8 March 2010. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 26 March 2010 with Admission and commencement of dealings in New Ordinary Shares (including the Open Offer Shares) expected to take place at 8.00 a.m. on 1 April 2010.

This Prospectus and, for Qualifying Non-CREST Shareholders only, the Application Form, contain the formal terms and conditions of the Capital Raising. Your attention is drawn to section 4 of this Part 9, which gives details of the procedure for application and payment for the New Ordinary Shares. The attention of Overseas Shareholders is drawn to section 6 of this Part 9 below.

The New Ordinary Shares, when issued and fully paid, will rank in full for all dividends or other distributions declared, made or paid after Admission and in all other respects will rank *pari passu* with the Existing Ordinary Shares. No temporary documents of title will be issued.

Kenmare is proposing to issue 748,515,033 Open Offer Shares at the Issue Price conditional, *inter alia*, on Admission and subject to clawback, in respect of valid applications by Qualifying Shareholders at the Issue Price.

The Placing and Open Offer has been fully underwritten by the Underwriters (pursuant to, and subject to the terms of the Placing and Open Offer Agreement) and is conditional, among other things, upon the passing of the Resolutions at the Extraordinary General Meeting and Admission of the New Ordinary Shares by no later than 8.00 a.m. on 1 April 2010 or such later time and date (not later than 15 April 2010) as the Company, JP Morgan Cazenove and Davy may agree.

The Firm Placing is fully underwritten by the Underwriters pursuant to, and subject to the terms of the Placing and Open Offer Agreement.

Application has been made to the Irish Stock Exchange and the UK Listing Authority for the New Ordinary Shares to be admitted to listing on the Official Lists and to the Irish Stock Exchange and the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the Irish Stock Exchange's and the London Stock Exchange's respective regulated markets for listed securities. The New Ordinary Shares and

the Ordinary Shares are in registered form and can be held in certificated form or in uncertificated form in CREST. It is expected that Admission will become effective and that dealings in the New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 1 April 2010.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to 8.00 a.m. on 8 March 2010 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Capital Raising may be a benefit which may be claimed from him/her by the purchasers under the rules of the Irish Stock Exchange and the London Stock Exchange.

Subject to the conditions referred to above being satisfied (as described in more detail in paragraph 13(i) of Part 16 of this Prospectus) and save as provided in section 6 of this Part 9 (in respect of Overseas Shareholders), it is intended that:

(i) Application Forms in respect of the New Ordinary Shares will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Excluded Territory Shareholders) at their own risk on 5 March 2010;

(ii) the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders (other than, subject to certain limited exceptions, Excluded Territory Shareholders) with such Shareholders' entitlements to the Open Offer Entitlement with effect from 8.00 a.m. on 8 March 2010;

(iii) the New Ordinary Shares will be credited to the stock accounts in CREST of relevant Qualifying CREST Shareholders who validly apply for Open Offer Shares as soon as practicable after 8.00 a.m. on 1 April 2010; and

(iv) share certificates for the New Ordinary Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders, who validly take up their rights by no later than 8 April 2010 at their own risk.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), each Qualifying Shareholder is being given the opportunity to apply for any number of Open Offer Shares at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their *pro rata* entitlement which shall be calculated on the basis of:

19 Open Offer Shares for every 23 Existing Ordinary Shares

registered in the name of the Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares.

Valid applications by Qualifying Shareholders will be satisfied in full up to the maximum amount of their individual Open Offer Entitlement.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 1) and also shows the maximum number of Open Offer Shares for which you are entitled to apply if you apply for your Open Offer Entitlement in full (Box 2).

Qualifying CREST Shareholders will have Open Offer Entitlements credited to their stock accounts in CREST and should refer to section 4.2 of this Part 9 and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any number of Open Offer Shares up to the maximum to which they are entitled under the Open Offer.

The attention of Overseas Shareholders or any person (including, without limitation, a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this Prospectus or the Application Form into a jurisdiction other than Ireland or the UK is drawn to section 6 below. The Capital Raising will not be made into certain territories. Subject to the provisions of section 6, Excluded Territory Shareholders and shareholders with registered addresses in the US are not being sent this prospectus and will not be sent an Application Form or have their CREST accounts credited with Open Offer Entitlements.

A Qualifying Shareholder that takes up its Open Offer Entitlement in full will be diluted by 45.2 per cent. as a result of the Firm Placing. A Qualifying Shareholder that does not take up any Open Offer Shares under the Open Offer will experience a more substantial dilution of 62.3 per cent. as a result of the Capital Raising.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. The Open Offer Shares will be subscribed for under the Placing for the benefit of the Company. Any Open Offer Shares which are not applied for in respect of the Open Offer will be issued to the Conditional Placees and/or other subscribers procured by the Global Co-ordinator (failing which, by the Underwriters), with the net proceeds retained for the benefit of the Company.

Application has been made for the Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements are expected to be credited to CREST accounts on 8 March 2010.

The ISIN for the New Ordinary Shares will be the same as that of the Existing Ordinary Shares, being IE0004879486.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

The Open Offer Shares, when issued and fully paid, will be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission and in all other respects will rank *pari passu* with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. Conditions and further terms of the Open Offer

The Capital Raising is conditional, *inter alia*, upon:

- the passing, without amendment, of the Resolutions;
- Admission taking place by no later than 8.00 a.m. on 1 April 2010 (or such later time and date as the Company, J.P. Morgan Cazenove and Davy may agree not being later than 8.00 a.m. on 15 April 2010); and

- the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms.

Accordingly, if these and the other conditions are not satisfied or waived (where capable of waiver), the Capital Raising will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter. No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form by 8 April 2010. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 1 April 2010. Applications have been made for the New Ordinary Shares to be listed on the Official Lists and to be admitted to trading on the Irish Stock Exchange's and the London Stock Exchange's respective regulated markets for listed securities. Admission is expected to occur on 1 April 2010, when dealings in the New Ordinary Shares are expected to begin. All monies received by the Registrar in respect of Open Offer Shares will be placed on deposit in an interest bearing account by the Registrar or trustee with any interest being retained for the Company until all conditions are met.

If for any reason it becomes necessary to adjust the expected timetable as set out in this Prospectus, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

Kenmare reserves the right to decide not to proceed with the Capital Raising at any time prior to Admission. Following Admission, Kenmare will not be entitled to revoke any offers made in connection with the Capital Raising. Any decision not to proceed will be notified by means of an announcement through a Regulatory Information Service.

4. Procedure for application and payment

If you are in any doubt as to the action that you should take, or the contents of this Prospectus, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser being, if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) or the Investment Intermediaries Act 1995 (as amended) or, if you are resident in the United Kingdom, an organisation or firm authorised under the FSMA, or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the United Kingdom.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, such Qualifying Shareholder has received an Application Form in respect of his or her entitlement under the Open Offer or has had Open Offer Entitlements credited to his or her CREST stock account in respect of such entitlement. Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in section 4.2(e) of this Part 9.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for, or are not eligible to apply for, the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the Extraordinary General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this Prospectus.

Should you require further assistance please call the Shareholder Helpline on 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland), which is available between the hours of 9.00 a.m. to 5.00 p.m. on any Business Day. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this Prospectus and information relating to Kenmare's register of members and is unable to give advice on the merits of the Capital Raising or to provide legal, business, accounting, tax, investment or other professional advice.

4.1 ***If you have an Application Form in respect of your entitlement under the Open Offer***

(a) *General*

Subject as provided in section 6 of this Part 9 in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 1. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to them set out in Box 2. Box 3 shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to subscribe for Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 8.00 a.m. on 8 March 2010. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should consult his or her broker or other professional adviser as soon as possible, as the invitation to subscribe for Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 6 on the Application Form and immediately send it (together with this Prospectus) to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee in accordance with the instructions set out in the Application Form. Qualifying Non-CREST Shareholders who have sold or otherwise transferred some only of the Ordinary Shares shown in Box 1 on the Application Form prior to 6.00 p.m. on 3 March 2010, should contact the stockbroker, bank or other agent through whom the sale or transfer was effected to arrange for split Application Forms to be obtained. The Application Form should not, however be forwarded to or transmitted in or into the United States or any other Excluded Territory. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application

Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in section 4.2 below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Excluded Territory Shareholders) wishing to apply to subscribe for all or any of the Open Offer Shares in respect of their Open Offer Entitlement should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted in the accompanying pre-paid envelope by post to Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland or returned by hand (during normal business hours only) to Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (who will also act as receiving agent in relation to the Open Offer) so as to be received by Computershare by no later than 11.00 a.m. on 26 March 2010, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by post in Ireland, Qualifying Shareholders are recommended to allow at least four Business Days for delivery. Although, should there be any postal delays or disruptions as a result of industrial action, Qualifying Shareholders should act promptly and may need to make alternative delivery arrangements if they wish to participate in the Open Offer.

All Qualifying Non-CREST Shareholders with a registered address outside the UK may elect to make payment either in euro or sterling. This election facility is personal to the individual Shareholders and may not be transmitted when satisfying a market claim. The euro price is €0.13 per Open Offer Share.

All Qualifying Non-CREST Shareholders with a registered address in the UK must make payment in sterling. The sterling price per Open Offer Share is Stg12p.

All payments must be made by cheque or banker's draft made payable to "Computershare – re Kenmare Open Offer" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank in Ireland or the UK, which in the case of Ireland is a member of the Dublin Bankers Clearing Committee or has clearing facilities with the Dublin Bankers Clearing Committee and, in the case of the UK, is either a member of the Cheque and Credit Clearing Company Limited or a member of the Scottish or Belfast Clearing Houses or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable for the application. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to compliance with Money Laundering Legislation which would delay Shareholders receiving their Open Offer Shares.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before all of the conditions of the Capital Raising are fulfilled, the application monies will be kept in a separate interest bearing bank account with any interest being retained for the Company until all conditions are met. If the Capital Raising does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Capital Raising.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

(i) Application Forms received after 11.00 a.m. on 26 March 2010 but not later than 11.00 a.m. on the dealing day next following 26 March 2010; and/or

(ii) applications in respect of which remittances are received before 11.00 a.m. on 26 March 2010 from authorised persons (being in the case of Shareholders in Ireland, an organisation or firm authorised or exempted under the Investment Intermediaries Act 1995 (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) and, in the case of Shareholders in the United Kingdom, an authorised person as defined in the FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-Crest Shareholder and such Qualifying Non-Crest Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-Crest Shareholder's application is subsequently otherwise deemed to be invalid, the Registrar shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-Crest Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, J.P. Morgan Cazenove, Davy or the Company, nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-Crest Shareholder as a result.

If an Application Form is accompanied by a payment for an incorrect sum, the Company reserves the right:

(i) to reject the application in full and return the cheque or bankers' draft or refund the payment to the Qualifying Non-CREST Shareholder in question (without interest); or

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum, without interest, to the Qualifying Non-CREST Shareholder in question (without interest), save that any sums of less than £3.00 (€4.00) will be retained for the benefit of the Company; or

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Open Offer Shares referred to in the Application Form, refunding any unutilised sums, without interest, to the Qualifying Non-CREST Shareholder in question (without interest), save that any sums of less than £3.00 (€4.00) will be retained for the benefit of the Company.

(d) *Effect of application*

By completing and delivering an Application Form, the applicant:

(i) represents and warrants to the Company and each of the Underwriters that he/she has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his/her rights, and perform his/her obligations under any contracts resulting therefrom and that he/she is not prevented by legal or regulatory restrictions from applying for Open Offer Shares and/or acting on behalf of any such person on a non-discretionary basis;

(ii) agrees with the Company and each of the Underwriters that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of Ireland;

(iii) confirms to the Company and each of the Banks that in making the application he/she is not relying on any information or representation in relation to Kenmare other than that contained in (or incorporated by reference in) this Prospectus, and he/she accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he/she will be deemed to have had notice of all information in relation to Kenmare contained (or incorporated by reference in) in this Prospectus;

(iv) confirms to the Company and each of the Banks that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or any of the Banks;

(v) represents and warrants to the Company and each of the Underwriters that he/she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he/she received such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vi) represents and warrants to the Company and each of the Underwriters that if he/she has received some or all of his Open Offer Entitlements from a person other than Kenmare he/she is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vii) represents and warrants to each of the Company and the Underwriters that he is not, nor is he applying on behalf of any person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction, other than the United States, in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of any of or Excluded Territory or any jurisdiction, other than the United States, in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer.

(viii) except where proof has been provided to the Company's and the Underwriter's satisfaction that such person is, or is acting on behalf of, a person eligible to participate in the Placing and Open Offer pursuant to an applicable exemption from registration

under the US Securities Act, and that such person's use of the Application Form will not result in the contravention of any applicable legal or regulatory requirement in any jurisdiction, represents and warrants to the Company, each of the Underwriters and the Registrar that (i) he or she is not in the United States, nor is he or she applying for the account of any person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Open Offer Shares in an "offshore transaction" within the meaning of Regulation S; and (ii) is not applying for the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly of any Open Offer Shares into the United States;

(ix) requests that the Open Offer Shares, to which he/she will become entitled, be issued to him/her on the terms set out in this Prospectus and the Application Form subject to the Memorandum of Association and Articles of Association of the Company;

(x) represents and warrants to the Company and each of the Underwriters that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 of the United Kingdom at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986 of the United Kingdom; and

(xi) confirms that in making the application, he/she is not relying and has not relied on any of the Banks or any person affiliated with any of the Banks in connection with any investigation of the accuracy of any information contained in this Prospectus or his/her investment decision.

Qualifying Shareholders who complete and deliver an Application Form must also make the representations and warranties set out in section 6.5 of this Part 9.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Registrars, Computershare, on the Shareholder Helpline on 01 447 5106 (from Ireland), or +353 1 447 5106 (from outside Ireland). Please note the Registrar cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements. Calls may be recorded and monitored for security and training purposes.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Non-CREST Shareholders are, however, encouraged to vote at the Extraordinary General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this Prospectus.

4.2 ***If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(a) *General*

Subject as provided in section 6 of this Part 9 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his or her Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he or she is entitled to apply to subscribe for under the Open Offer.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited on 5 April 2010, or such later time and/or date as the Company, J.P. Morgan Cazenove and Davy may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to his or her stock account in CREST. In these circumstances the expected timetable as set out in this Prospectus will be adjusted as appropriate and the provisions of this Prospectus applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to subscribe for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Registrar on the Shareholder Helpline, telephone number 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland). Please note the Registrar cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Bona fide market claims*

The Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("USE") instruction ("USE Instruction") to Euroclear which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Registrar under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and

(ii) the creation of a Sterling CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Registrar in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

(d) *Content of USE instruction in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrar);

(ii) the ISIN of the Open Offer Entitlement. This is IE00B62FDQ12;

(iii) the CREST participant ID of the accepting CREST member;

(iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;

(v) the participant ID of the Registrar in its capacity as a CREST receiving agent. This is RA88;

(vi) the member account ID of the Registrar in its capacity as a CREST receiving agent. This is KENMARE;

(vii) the amount payable by means of a Sterling CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 26 March 2010; and

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 26 March 2010.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

(i) a contact name and telephone number (in the free format shared note field); and

(ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 26 March 2010 in order to be valid is 11.00 a.m. on that day.

In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 1 April 2010 or such later time and date as the Company and J.P. Morgan Cazenove and Davy determine (being no later than 8.00 a.m. on 15 April 2010), the Capital Raising will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies (if any) will be retained for the benefit of the Company.

(e) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST (in accordance with the instructions contained in the Application Form) is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 26 March 2010.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 23 March 2010 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 19 March 2010, in either case so as to enable the person subscribing for or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 26 March 2010.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member that it/they is/are not in breach of the provisions of the notes under the section headed "CREST Deposit Form" on page 2 of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not in the United States or any Excluded Territory or citizen(s) or resident(s) of the United States or any Excluded Territory or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(f) *Validity of application*

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 26 March 2010 will constitute a valid application under the Open Offer.

(g) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 26 March 2010. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(h) *Incorrect sums*

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Registrar, reserves the right:

(i) to reject the application in full and refund the payment to the CREST member in question (without interest);

(ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and

(iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

(i) *Effect of valid application through CREST*

A CREST member or CREST sponsored member who makes or is treated as making a valid application in accordance with the above procedures thereby will be deemed to have:

(i) represented and warranted to the Company and each of the Underwriters that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his/her rights, and perform his/her obligations, under any contracts resulting therefrom and that he/she is not prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(ii) agreed to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Registrar's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

(iii) agreed with each of the Underwriters that all applications and any contracts or non-contractual obligations resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of Ireland;

(iv) confirmed to the Company and each of the Banks that in making the application he/she is not relying on any information or representation in relation to Kenmare other than that contained in this Prospectus, and he/she accordingly agrees that no person responsible solely or jointly for this Prospectus or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this Prospectus, he/she will be deemed to have had notice of all the information in relation to Kenmare contained in this Prospectus;

(v) confirmed to the Company and each of the Banks that no person has been authorised to give any information or to make any representation concerning the Company or the New Ordinary Shares (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Banks;

(vi) represented and warranted to the Company and each of the Underwriters that he/she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he/she has received such Open Offer Entitlements by virtue of a *bona fide* market claim;

(vii) represented and warranted to the Company and each of the Underwriters that if he/she has received some or all of his Open Offer Entitlements from a person other than Kenmare, he/she is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;

(viii) represented and warranted to each of the Company and the Underwriters that he is not, nor is he applying on behalf of any person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Excluded Territory or any jurisdiction other than the United States in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept

the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

(ix) except where proof has been provided to the Company's and the Underwriter's satisfaction that such person is, or is acting on behalf of, a person eligible to participate in the Placing and Open Offer pursuant to an applicable exemption from registration under the US Securities Act, and that such person's acceptance of the invitation will not result in the contravention of any legal or regulatory requirement in any jurisdiction, represents and warrants to the Company, each of the Underwriters and the Registrar that (i) he or she is not in the United States, nor is he or she applying for the account of a person who is located in the United States, unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and either (y) has investment discretion over such account or (z) is an investment manager or investment company that it is applying for the Open Offer Shares in an "offshore transaction" within the;

(x) requested that the New Ordinary Shares to which he/she will become entitled be issued to him/her on the terms set out in this Prospectus, subject to the Memorandum of Association and Articles of Association of the Company;

(xi) represented and warranted to the Company and each of the Underwriters that he/she is not, and nor is he/she applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 of the United Kingdom at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986 of the United Kingdom; and

(xii) confirmed to the Company and each of the Banks that in making the application he/she is not relying and has not relied on any of the Banks or any person affiliated with any of the Banks in connection with any investigation of the accuracy of any information contained in this Prospectus or his investment decision.

Any CREST member or CREST sponsored member who makes, or is treated as making, a valid application in accordance with the above procedures will also be deemed to have made the representations and warranties set out in section 6.5 of this Part 9.

(j) *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

(i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 9;

(ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;

(iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Registrar has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any

information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and

(iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

(k) *Lapse of the Open Offer*

In the event that the Capital Raising does not become unconditional by 8.00 a.m. on 1 April 2010 or such later time and date as the Company and J.P. Morgan Cazenove and Davy may agree, (being no later than 8.00 a.m. on 15 April 2010), the Capital Raising will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5. Money laundering regulations

5.1 ***Holders of Application Forms***

To ensure compliance with the Money Laundering Legislation, the Registrar may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by an Irish or a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Legislation, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this section 5.1 the "relevant Open Offer Shares") and shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Registrar determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Registrar is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Registrar nor the Company nor the Banks will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance

of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Registrar, and each of the Banks from the applicant that the Money Laundering Legislation will not be breached by application of such remittance and an undertaking by the applicant to provide promptly to the Registrar such information as may be specified by the Registrar as being required for the purpose of the Money Laundering Legislation. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in delays in the despatch of share certificates or in crediting CREST accounts.

The verification of identity requirements will not usually apply:

(i) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or

(ii) if the acceptor is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or

(iii) the acceptor (not being an acceptor who delivers his application in person) makes payment through an account in the name of such acceptor with a credit institution that is subject to the EU Money Laundering Directive (2005/60/EC) or with a credit institution situated in a non-EEA state that imposes requirements equivalent to those laid down in the EU Money Laundering Directive (2005/60/EC); or

(iv) if the acceptor is a regulated Irish or United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Legislation; or

(v) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or

(vi) if the aggregate subscription price for the Open Offer Shares is less than €13,000 (approximately £11,800).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

(a) if payment is made by cheque or banker's draft in euro or sterling drawn on a branch in Ireland or the United Kingdom of a bank or building society which bears an appropriate bank sort code number in the top right hand corner the following applies: Cheques, should be made payable to "Computershare – re Kenmare Open Offer" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. However, third party cheques will be subject to compliance with Money Laundering Legislation which would delay Shareholders receiving their Open Offer Shares. The account name should be the same as that shown on the Application Form; or

(b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab

Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Registrar. If the agent is not such an organisation, it should contact the Registrar at Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact the Shareholder Helpline on 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland).

If the Application Form is/are lodged by hand by the acceptor in person, or if the Application Form in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 26 March 2010, the Registrar has not received evidence satisfactory to it as aforesaid, the Registrar may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 ***Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements as agent for one or more persons and you are not an Irish or UK or EU regulated person or institution (e.g. an Irish financial institution), then, irrespective of the value of the application, the Registrar is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Registrar before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Registrar such information as may be specified by the Registrar as being required for the purposes of the Money Laundering Legislation. Pending the provision of evidence satisfactory to the Registrar as to identity, the Registrar may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. Overseas Shareholders

This Prospectus has been approved by the Financial Regulator being the competent authority in Ireland for the purposes of the Prospective Directive. The Company has requested that the Financial Regulator provide a certificate of approval and a copy of this Prospectus to the FSA, as the competent authority in the United Kingdom, pursuant to the passporting provisions of the Prospective Directive (2003/71/EC). Accordingly, the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than Ireland or the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this section 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 ***General***

This document comprises both a Prospectus relating to the New Ordinary Shares and a circular in respect of the Extraordinary General Meeting, notice of which is contained at the end of this document. Under no circumstance does this document generally constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Open Offer Entitlements or New Ordinary Shares (whether Firm Placed Shares, Open Offer Shares or otherwise) in the United States or any other Excluded Territories.

The distribution of this Prospectus and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than Ireland or the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than Ireland or the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company, the Banks or any other person, to permit a public offering in any jurisdiction where action for that purpose may be required, other than in Ireland or the United Kingdom.

Receipt of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or any Excluded Territory or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than Ireland or the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside Ireland and the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, or the Banks, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this Prospectus and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company and J.P. Morgan Cazenove and Davy determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Prospectus and/or an Application Form and/or transfers Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 9 and specifically the contents of this section 6.

Subject to sections 6.2 to 6.6 below, any person (including, without limitation, custodians, agents, nominees and trustees) outside of Ireland and the United Kingdom wishing to apply for Open Offer Shares in respect of the Open Offer must satisfy himself or herself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or any Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to sections 4.1 (d) (vii), 4.2 (i) (viii) and 6.2 to 6.6 below.

Notwithstanding any other provision of this Prospectus or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in euro or sterling denominated cheques or bankers' drafts or, where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the Excluded Territories, and subject to certain limited exceptions, Qualifying Shareholders located in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territory will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

No public offer of Open Offer Shares is being made by virtue of this Prospectus or the Application Form into the United States or any Excluded Territory. Receipt of this Prospectus and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 ***United States***

The Open Offer Entitlements, the Application Form and New Ordinary Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the US unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions set out below, none of this Prospectus, the Application Form nor the crediting of Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the US. Subject to certain limited exceptions, neither this Prospectus nor the Application Form will be sent to, and neither Open Offer Entitlements nor New Ordinary Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the US. Subject to certain limited exceptions, Application Forms sent from or postmarked in the US, or including a US registered address, will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open offer Shares in registered form must provide an address outside the United States for registration of the Open Offer Shares.

The Company reserves the right to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the US, or that provides an address in the US for the receipt of New Ordinary Shares, or which does not make the warranty set out in the Application Form or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. In addition, except as set out below, any person exercising Open Offer Entitlements must make the representations and warranties set out in paragraphs 4.1(d) and/or 4.2(i) of this Part 9, as appropriate. Accordingly, except as set out below, the Company reserves the right to treat as invalid (i) any Application Form which does not make the representations and warranties set out in paragraph 4.1(d) of this Part IV, and (ii) any USE Instruction which does not make the representations and warranties set out in paragraph 4.2(i) of this Part 9. The attention of persons holding for the account of persons located in the United States or located or resident in any of the Excluded Territories is directed to such paragraphs. In addition, the Company, J.P. Morgan Cazenove and/or Davy reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the US or appears to the Company to have been despatched from the United States or any other Excluded Territory, in a manner which may involve a breach of the laws of any jurisdiction or they or their agents believe may violate any applicable legal or regulatory requirement, or which does not make the representations and warranties set out in paragraph 6.5 of this Part 9.

Notwithstanding the foregoing, applications for Open Offer Shares may be accepted from persons in, or by persons acting for accounts located in, the United States, provided such persons are, or are acting for the account of, a person eligible to participate in the Placing and Open Offer pursuant to an applicable exemption or in transactions not subject to, the registration statement of the US Securities Act.

Any person in the United States into whose possession this document comes should inform himself about and observe any applicable legal restrictions; any such person in the United States who is not eligible to participate in the Placing and Open Offer is required to disregard this Prospectus.

6.3 ***Excluded Territories***

Due to restrictions under the securities laws of the Excluded Territories and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will

not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

Subject to certain exceptions, no offer of New Ordinary Shares is being made by virtue of this Prospectus or the Application Form into any Excluded Territory.

6.4 ***Other overseas territories***

Qualifying Shareholders in jurisdictions other than the United States or the Excluded Territories may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Prospectus and, if relevant, the Application Form. Each person to whom the New Ordinary Shares or the Application Form are distributed, offered or sold outside the US will be deemed by its subscription for, or purchase of, the New Ordinary Shares to have represented and agreed to the representations and warranties set out in section 6.5 of this Part 9.

6.5 ***Waiver***

The provisions of this section 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, J.P. Morgan Cazenove and Davy in their absolute discretion. Subject to this, the provisions of this section 6 supersede any terms of the Open Offer inconsistent herewith. References in this section 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this section 6 shall apply to them jointly and to each of them.

7. Withdrawal rights

Persons wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to regulation 52 of the Prospectus Regulations after the issue by the Company of a prospectus supplementing this Prospectus must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary prospectus is published (the "Withdrawal Period"). The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be deposited by hand (during normal business hours only) with the Registrar, Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland or by post to Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland or by facsimile to the Registrar (please call the Shareholder Helpline on 01 447 5106 (from Ireland) and +353 1 447 5106 (from outside Ireland) for further details) so as to be received before the end of the Withdrawal Period. Notice of withdrawal given by any other means or which is deposited with the Registrar after expiry of such Withdrawal Period will not constitute a valid withdrawal. The Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of such Open Offer Shares to such person becoming unconditional save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

8. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on or around 30 March 2010. Applications have been made to the ISE and the UKLA for the Open Offer Shares to be admitted to the Official Lists and to Irish Stock Exchange and the London Stock Exchange for the Open Offer Shares to be admitted to trading on the Irish Stock Exchange and the London Stock Exchange's respective regulated markets for listed

securities. It is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 1 April 2010.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 26 March 2010 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 31 March 2010, the Registrar will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 1 April 2010). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the New Ordinary Shares validly applied for are expected to be despatched by post by 8 April 2010. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the Irish share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to section 4.1 above and their respective Application Form.

9. Times and dates

The Company shall, in agreement with J.P. Morgan Cazenove and Davy and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Prospectus and in such circumstances shall notify the Irish Stock Exchange and the UKLA, and make an announcement on a Regulatory Information Service approved by the Irish Stock Exchange and the UKLA and, if appropriate, by Shareholders **but Qualifying Shareholders may not receive any further written communication.**

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Prospectus, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

Shareholders will find enclosed with this Prospectus a form of proxy for use at the Extraordinary General Meeting of the Company, to be held at The Westbury Hotel, Grafton Street, Dublin 2, Ireland at 11.00 a.m. on 29 March 2010. Whether or not Shareholders propose to attend the Extraordinary General Meeting in person, it is important that they complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it so as to reach the Registrars, Computershare Investor Services (Ireland) Ltd, PO Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible and, in any event, so as to be received not later than 11.00 a.m. on 27 March 2010. The completion and return of the

Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person, if they so wish.

As described in section 13(i) of Part 16 of this Prospectus, the obligations of the Banks under the Placing and Open Offer Agreement are subject to the passing of the Resolutions (without amendments) at the EGM on the specified date, being 29 March 2010 (and not, except with the prior written consent of J.P. Morgan Cazenove and Davy, at any adjournment of such meeting).

10. Taxation

Certain statements regarding Irish, United Kingdom and United States taxation in respect of the New Ordinary Shares and the Open Offer are set out in Part 15 of this Prospectus. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than Ireland, the United Kingdom or the United States, should immediately consult a suitable professional adviser.

11. Further information

Your attention is drawn to the further information set out in this Prospectus and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent an Application Form, to the terms, conditions and other information printed on the accompanying Application Form.

12. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this Prospectus, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of Ireland. The courts of Ireland are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Prospectus and/or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this Prospectus and/or the Application Form. By taking up Open Offer Shares in accordance with the instructions set out in this Prospectus and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of Ireland and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART 10

INFORMATION ON KENMARE

1. OVERVIEW

Kenmare is an Irish incorporated company and is listed on the Official Lists with a market capitalisation of approximately £186.9 million (based on the closing mid-market price on the LSE as of close of business on 4 March 2010, the latest practicable date prior to the issue of this Prospectus) and €220.2 million (based on the closing mid-market price on the ISE as of close of business on 4 March 2010, the latest practicable date prior to the issue of this Prospectus).

The principal activity of the Group is the operation of the Mine which is located on the north east coast of Mozambique. The Mine contains substantial reserves of ilmenite and associated co-products rutile and zircon. Ilmenite and rutile are titanium minerals used as feedstocks to produce titanium dioxide (TiO_2) pigment and also for titanium metal and welding electrodes applications. Zircon, a relatively high value zirconium silicate mineral, is an important raw material for the ceramics industry where it is used as an opacifier and frit compound for decorative wall and floor tiles and sanitary ware. Zircon is also used in the refractory and foundry industries and to produce zirconia and zirconium chemicals for a variety of applications. The Namalope Reserve, currently being mined by Kenmare, and the Nataka Resource, a second deposit located at the Mine which is currently not being mined, could maintain production at design capacity levels of 800,000 tpa of ilmenite plus co-products for more than 150 years of mining (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve). The Namalope Reserve and the Nataka Resource could maintain production at anticipated post-Expansion design capacity levels of 1.2 million tpa of ilmenite plus co-products for more than 110 years of mining (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve).

The Group has held mining tenements in the general Moma area since 1987. Following completion of a definitive feasibility study in 2001, financing arrangements for the development of the Mine were put in place in 2004. In April 2004, Kenmare entered into an EPC Contract with the EPC Contractor for the engineering, procurement building and commissioning of the facilities at the Mine. However, during the course of construction in late 2006, it became apparent to the Directors that the EPC Contractor would not achieve the original contractual handover date for the plant in November 2006. A Deed of Amendment and Settlement was therefore entered into in December 2006 to provide for, among other things, a phased handover of completed sections of the Mine to Kenmare.

Starting in 2008, until the cessation of the relationship with the EPC Contractor in December 2009, Kenmare had been engaged with the EPC Contractor in implementing a Performance Improvement Programme ("PIP") designed to address deficiencies in the plant and equipment in order to facilitate Ramp Up of production levels to design capacity (approximately 800,000 tpa of ilmenite, approximately 50,000 tpa of zircon and approximately 14,000 tpa of rutile). The Group has experienced delays in achieving targeted production as a result of difficulties with the equipment, the consequent necessity for the implementation of the PIP, and the delay in completing all material aspects of the PIP to achieve the planned Ramp Up in production to design levels across all three of the Mine's mineral products. While the PIP has been completed and some additional upgrading is in progress to address the production deficiencies, including the installation of additional reheaters in the zircon and rutile circuits, along with a new ilmenite scavenging circuit, which are designed to significantly enhance the zircon and rutile production, the Group has not yet reached design capacity for production of finished product on a quarterly basis.

In addition, revenue generated by the Group was hampered by the market deterioration resulting from the global recession in 2009, as decreased demand led customers to defer delivery of shipments and the reduction of prices realised for spot market sales of ilmenite. As a result of the production-related issues experienced during 2008 and the first half of 2009 and the market deterioration, cashflow generation from the Mine for 2009 was below budget.

The construction of the Mine was funded by a combination of equity and senior and subordinated loan facilities under the Financing Agreements. The Financing Agreements contain schedules for repayment and certain operational tests, including with respect to Technical Completion. The Lender Group, which includes a number of development institutions, has historically been accommodating to the evolving situation at the Mine (including in relation to construction delays and operational challenges) and it has previously agreed a number of amendments and deferrals to the Financing Agreements, including deferral of the principal repayments of Senior Loans that would have fallen due in February and August 2009.

In the context of the Capital Raising, the Lender Group has agreed to the Agreed Financing Amendments. These include modifications to the Technical Completion tests and deferral of the date for achieving Technical Completion, from 31 December 2010 to 31 December 2011, as well as changing the consequence of failing to achieve Technical Completion at the required date from an event of default to an interest margin increase of, in the case of the Senior Loans, 1 per cent., and in the case of Subordinated Loans, 2 per cent. until Technical Completion is achieved. Under the current terms of the Financing Agreements, failure to achieve Completion by the Final Completion Date is an event of default. Pursuant to the Agreed Financing Amendments, the Lender Group has agreed to eliminate this event of default, so that Completion can be achieved at any time. The Agreed Financing Amendments also introduce the concept of Non-Technical Completion and defer the Final Completion Date from 31 December 2012 to 31 December 2013. Failure to achieve Non-Technical Completion by the Final Completion Date will result in an event of default. The effectiveness of the Agreed Financing Amendments are conditional on the Deposit. As part of the Agreed Financing Amendments, funds deposited into the Contingency Reserve Account can be transferred to the Project Accounts and spent on, amongst other things, the Expansion.

Absent the Capital Raising and subsequent completion of the Deposit (which is the sole remaining condition to the effectiveness of the Expansion Funding Deed of Waiver and Amendment, as further described in section 6 of this Part 10), the Agreed Financing Amendments will not take effect and the Company's ability to comply with the existing terms of the Financing Agreements may be compromised. In such circumstances, further negotiations with the Lender Group may be required. Further information on the position of the Company absent the Capital Raising is set out in section 14 of Part 7 of this Prospectus.

Operational performance

The Group's operational performance improved quarter on quarter during 2009. The Group's target production level for HMC in 2010 is 275,000 tonnes per quarter. The Group exceeded this target in the fourth quarter of 2009 as the total amount of HMC produced was 280,200 tonnes (a 22 per cent. increase compared to the third quarter of 2009). The Group's target production levels for ilmenite, zircon and rutile are 800,000 tpa, 50,000 tpa and 14,000 tpa respectively. During the fourth quarter of 2009, the MSP produced 143,200 tonnes of ilmenite (a 10 per cent. increase compared to the third quarter of 2009) and 5,400 tonnes of zircon (similar to the previous quarter as a result of disruptions to zircon production associated with the implementation of further metallurgical optimisation projects). Only negligible amounts of rutile have been produced to date. In the fourth quarter of 2009, the Group exported a total of 139,000 tonnes of finished products (consisting of 135,000 tonnes of ilmenite and 4,000 tonnes of zircon) directly from the Mine in the fourth quarter of 2009 (a 6 per cent. increase compared to the third quarter of 2009 and an 83 per cent. increase in shipments for the first half of 2009 relative to the second half of 2009). Total shipments for 2009 were 24 shipments totalling 418,000 tonnes of finished product (2008: 17 shipments of finished product totalling 250,00 tonnes).

While the MSP is now capable of operating at the target feed rate, the recovery of the minerals remains below target, particularly with respect to rutile. The PIP has been completed and the installation of additional reheaters in the zircon circuit is now in progress and the Directors expect that the design capacity for ilmenite and zircon will be substantially met during the first half of 2010. Rutile output, which has been negligible to date, is expected to increase as a result of the improvements on the zircon circuits because the plant configuration is such that rutile and zircon production are interlinked.

At annualised December 2009 production levels from the existing Mine of 564,100 tpa of ilmenite and 22,500 tpa of zircon, Kenmare would have supplied approximately 5 per cent. of the world's titanium dioxide feedstock supply (estimated by TZMI in their Mineral Sands Annual Review 2009 to be 6.05 million TiO_2

units in 2008, the last full year for which reliable data is available) and approximately 2 per cent. of the world's zircon supply (estimated by TZMI in their Mineral Sands Annual Review 2009 to be 1.24 million tonnes in 2008, the last full year for which reliable data is available). At design capacity levels from the existing Mine of 800,000 tpa of ilmenite, 50,000 tpa of zircon and 14,000 tpa of rutile, Kenmare would supply approximately 7 per cent. of the world's titanium dioxide feedstock supply and approximately 4 per cent. of the world's zircon supply based on the total global supply in 2008 at these TZMI levels. At post Expansion design capacity levels, Kenmare would supply approximately 10 per cent. of the world's titanium dioxide feedstock supply and approximately 6 per cent. of the world's zircon supply based on the TZMI estimates of total global supply in 2008.

2. STRENGTHS

The Directors believe that Kenmare is favourably positioned to expand its existing operation and take advantage of the market opportunity presented by a combination of demand growth and supply constraints. Kenmare's strengths are:

- A large resource – the Moma titanium mineral deposit is large. The size of the resource provides significant potential to expand production well beyond current design capacity;
- A long life resource – at design capacity levels of 800,000 tpa of ilmenite plus co-products, the Namalope Reserve, currently being mined by Kenmare, and the Nataka Resource, a second deposit located at the Mine which is currently not being mined, would be operational for more than 150 years of mining at current design levels (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve). The Namalope Reserve and the Nataka Resource could maintain production at post-Expansion design capacity levels for more than 110 years of mining (assuming the Nataka Resource can be converted into an equivalently sized mineral reserve);
- Low-cost production – Moma contains a large dredgeable resource with an abundance of fresh water for dredge mining (dredge mining being the lowest cost method of mining such a resource) with low cost power supply arrangements and integrated and efficient materials handling equipment and infrastructure, in addition to a favourable fiscal regime in Mozambique;
- High quality ilmenite products – the Mine produces a number of high quality ilmenite products, with differing TiO_2 content suitable for different market applications, which can be used by a broad range of end users. The quality of ilmenite product is sufficiently high to allow the sale of ilmenite product directly to pigment consumers without the need to upgrade through slagging or other processes;
- Valuable co-products – while ilmenite is expected to be 64 per cent. of the Group's revenue at design capacity levels, Kenmare also expects to produce significant quantities of high value co-products zircon and, to a lesser extent, rutile;
- A well positioned and integrated site in a favourable location with export terminal – the Group's operations are efficient and streamlined due to the close proximity between existing mine, processing plant and port, with no significant on-site product transport requirements, located on the coast with a dedicated marine terminal to export final products to customer markets in Asia, Europe and North America;
- Capital efficient expansion options – the large Moma resource and existing operations and infrastructure at the Mine (installed at a total capital cost since 2004 of approximately US$500 million, excluding the proposed Expansion) allow Kenmare to implement the Expansion with relatively low cost per incremental tonne of annual production;
- Experience – the Group's management and other employees gained experience through the development of the Mine to date and through the expertise of the key management personnel recently appointed, the principal one being the appointment of Jacob Deysel as Chief Operations Officer in February 2009. An EPCM Contract will be concluded in order that Kenmare retain control over the Expansion process to ensure rigorous commitment to meeting key dates and deliverables; and

- Ease of Expansion – the Mine's modular design (consisting of distinct and separate components) and the modular structure of the proposed Expansion (including a separate dredge panel, WCP and WHIMS plant) means that interference caused by Expansion to current operations will be minimised. The Expansion will also utilise proven, existing technology.

3. STRATEGY

Kenmare's strategy is twofold:

- to complete the Ramp Up of production from the existing Mine in order to reach and sustain current design capacity levels and to generate targeted cashflow for *inter alia*, the scheduled repayment of outstanding debt; and

- to exploit the competitive advantages represented by its large mineral resource and existing mine facilities and infrastructure by implementing the Expansion in order to be in a position to take advantage of projected favourable market conditions, anticipated by the Directors, thereby enhancing its operational and financial performance.

4. HISTORY AND DEVELOPMENT OF THE GROUP

Kenmare was incorporated in Ireland on 7 June 1972 pursuant to the 1963 Act under the name Kenmare Oil Exploration Limited (registered number 37550). The Company was formed by Cluff Oil plc with the intention of making an application to the Irish Government for exploration licences in the Fastnet Basin and Porcupine Seabight areas located in the Atlantic Ocean on the south and southwest coast of Ireland. After several years of oil exploration, the Company re-registered as a public limited company under the name Kenmare Oil Exploration Plc on 5 June 1985. On 28 July 1987 the Company changed its name to Kenmare Resources plc and was listed on the main market of the London Stock Exchange in 1994 and was listed on the main market of the Irish Stock Exchange in 1994. Between 1994 and 1999, Kenmare operated a graphite mine in Mozambique, until it was placed on care and maintenance as a result of the collapse in graphite prices.

In October 1987 Kenmare acquired a 50 per cent. interest in licences containing the Congolone heavy mineral sand deposit from Geozavod Gemini (the Geological Survey of Yugoslavia). During 1989 the equity structure of the joint venture was amended following which Geozavod Gemini took a 5 per cent. interest in the joint venture (with no requirement to fund the development) and Kenmare took the balance of 95 per cent. Kenmare's drilling of the Congolone deposit resulted in measured mineral resources of 167 million tonnes of ore at 3.3 per cent. heavy minerals, containing a recoverable 4 million tonnes of ilmenite and associated co-products rutile and zircon.

In 1996, BHP became a joint venture partner with Kenmare in the development of the Congolone deposit. From 1996 to 1999, BHP concentrated on a new area of the Mine and identified new deposits of heavy minerals at the coastal zone of Namalope (comprising the Namalope Reserve as well as the Mualadi and Pivilli deposits). BHP closed some of its titanium feedstock operations and the joint venture arrangement was dissolved in April 1999 without Kenmare ceding any equity interest to BHP. In 2001, Kenmare acquired the remaining 5 per cent. interest in the Congolone licence from Geozavod Gemini, resulting in the Group holding 100 per cent. of the licences which form the basis for the Mine.

A pre-feasibility study into the mining of the Namalope Reserve was completed by GRD Minproc Limited in February 2000 and indicated the potential commerciality of the Mine and a likelihood of economic returns. A definitive feasibility study into mining at the Namalope Reserve was completed by GRD Minproc Limited in February 2001 which confirmed the commerciality and potential economic returns from the development of the Mine. In January and April 2000 respectively, the Company acquired a previously used Wet Concentrator Plant (WCP) and a Minerals Separation Plant (MSP) for an aggregate consideration of Australian Dollar $10.5 million.

From 2001 to early 2004, the Company was engaged in procuring sales offtake commitments from customers for planned production from the Mine and was in negotiations with prospective lenders. The Company also completed a definition phase in 2003, involving the designing of items such as the jetty, concrete works and

conveyor systems in order to facilitate bidding from sub-contractors and commenced negotiations with potential contractors in relation to the EPC Contract.

In April 2004, the Project Companies entered into an EPC Contract for the engineering, procurement building and commissioning of the facilities at the Mine with a joint venture formed between subsidiaries of Multiplex Limited and Bateman BV. The principal mining and processing assets to be constructed under this contract included the dredge pond, dredges, WCP, MSP, roaster plant, product warehouse, mineral export facilities, mineral product transfer barge, power line and related infrastructure. Further details of the EPC Contract are set out in section 13(iv) of Part 16 of this Prospectus.

In 2004 the Group entered into Financing Agreements (US$269 million) and completed a placing and open offer (£53 million) to finance the development of the Mine. In October 2004 on-site construction of the Mine commenced. However, during the course of construction in late 2006, it became apparent to the Directors that the EPC Contractor would not achieve the original contractual handover date for the plant in November 2006. A Deed of Amendment and Settlement was therefore entered into December 2006 to provide for, among other things, a phased handover of completed sections of the Mine to the Project Companies.

In April 2007, Kenmare took operational control of the dredge pond, dredges, WCP and related infrastructure and mining operations commenced with the stockpiling of HMC for further processing. In August 2007, Kenmare took operational control of the MSP, product warehouse, mineral export facilities, and all related infrastructure and the processing of HMC to produce saleable ilmenite, rutile and zircon commenced, with commercial levels of rutile production expected to be reached in 2010. In November 2007, Kenmare took operational control of the mineral product transfer barge and the Group exported its first shipment of ilmenite product in December 2007. In September 2009, Kenmare took control of the roaster plant, the purpose of which is to produce a roasted ilmenite product if necessary to meet the product specifications of some potential customers, which completed the handover of all assets previously controlled by the EPC Contractor in the EPC Contract.

As discussed in section 1 of Part 10 ("Overview)" above, deficiencies in the plant, the resultant necessity for the PIP and the delay in completion of all material aspects of the PIP, resulted in delays in achieving target production.

The PIP is now complete with the final subsequent upgrades of the plant being the commissioning of recently installed additional reheaters in the zircon and rutile circuits, which are designed to significantly enhance the zircon and rutile production, and the installation and commissioning of a new ilmenite scavenging circuit in progress. These upgrades are, when optimised, expected to increase recovery rates to substantially achieve the current design capacity levels of 800,000 tpa of ilmenite and 50,000 tpa of zircon by the first half of 2010 and design capacity for rutile of 14,000 tpa by the end of the year.

In December 2009 the Project Companies entered into a Deed of Final Settlement and Release with the EPC Contractor. Under the terms of this deed all outstanding rights, obligations and liabilities of all parties under the EPC Contract and related agreements have been mutually settled and released. Notwithstanding the compensation paid by the EPC Contractor to Kenmare under the Deed of Final Settlement and Release, the delay in handover of the facilities and the underperformance of certain pieces of plant and equipment, which required significant additional work and the incurrence of costs by the Project Companies has had a significant negative impact on the Group's working capital from 2007 to date. During this period Kenmare has met its working capital needs through equity funding of US$30 million in August 2008 and US$16.1 million in June 2009, funds received on exercise of options and warrants and a deferral of Senior Loan repayments in 2009.

For further information on the Deed of Final Settlement and Release, refer to section 13(iv) of Part 16 of this Prospectus.

5. PRINCIPAL ACTIVITIES AND INFORMATION ON THE MINE

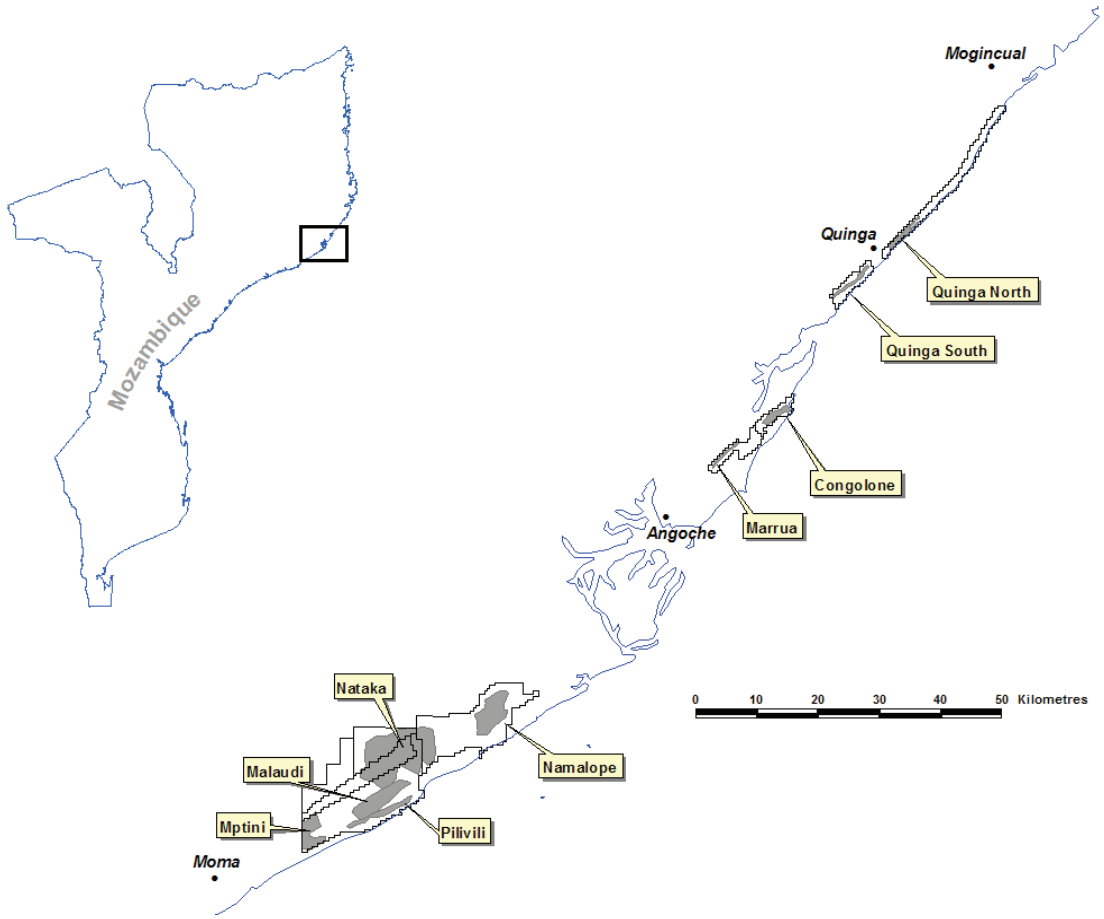
The principal activity of the Company is the operation of the Mine which is located on the north-east coast of Mozambique. The Mine contains deposits of heavy minerals which include the titanium minerals ilmenite and rutile, as well as the zirconium silicate mineral, zircon.

Operations are carried out by two companies within the Group, KMML which is responsible for the mining operations and KMPL which is responsible for the processing operations. The fiscal regime applicable to KMML's mining activities provides for a 50 per cent. reduction in the applicable corporate tax rate in the initial ten year period of production following start up and charges a royalty of 3 per cent. based on HMC sold by KMML to KMPL at cost plus a mark up of 15 per cent. adjusted for the inflation adjusted weighted average price of the final products sold by KMPL (approximately 45 per cent. of operating expenses relate to the mining operation). Import and export taxes and VAT are exempted and accelerated depreciation is permitted. KMPL has Industrial Free Zone (IFZ) status which means that it is exempted from import and export taxes, VAT, income and other corporation taxes. A revenue tax of 1 per cent. of KMPL's gross revenue will be charged after seven years of operation beginning in 2014.

Summary of reserves and resources

The total mine reserve under licences to Kenmare at the Mine as at 31 December 2008 is approximately 21 million tonnes of ilmenite, 1.5 million tonnes of zircon and 0.5 million tonnes of rutile. The total mine resource under licences to Kenmare at the Mine as at 31 December 2008 is approximately 160 million tonnes of ilmenite, 11 million tonnes of zircon and 3.6 million tonnes of rutile.

The Directors believe that the size of the resource will continue to expand and become more fully defined with ongoing exploration and drilling activity. A drilling programme in the Nataka Resource was completed on 30 January 2010 in order to commence the process of upgrading a zone of approximately 170 million tonnes of this inferred resource to an indicated resource. This first stage of the Nataka drilling programme consisted of 60 holes for approximately 3,000 metres of drilling and samples are currently being assayed. A map detailing all areas covered by the Mine is set out below:



The following table sets out the Mine's mineral resources and reserves as at 31 December 2008:

Zones	*Category*	*Million tonnes of ore (sand)*	*% THM in ore*	*% ilmenite in THM*	*% ilmenite in ore*	*Million tonnes THM*	*Million tonnes ilmenite*	*Million tonnes rutile*	*Million tonnes zircon*
Reserves									
Namalope	Proved Reserve	276	4.7	80	3.8	13	10	0.26	0.76
Namalope	Probable Reserve	358	3.6	81	2.9	13	10	0.26	0.78
Total Reserves		634	4.1	81	3.3	26	21	0.52	1.54
Resources									
Congolone	Measured Resource	167	3.3	77	2.5	5.4	4.2	0.1	0.4
Pivilli	Inferred Resource	227	5.4	80	4.3	12	9.8	0.3	0.8
Mualadi	Inferred Resource	327	3.2	80	2.6	10	8.4	0.2	0.7
Nataka	Inferred Resource	4,700	3.0	83	2.5	140	120	2.5	7.7
Mpitini	Inferred Resource	287	3.6	80	2.9	10	8.3	0.2	0.7
Marrua	Inferred Resource	54	4.1	80	3.3	2.2	1.8	0.1	0.1
Quinga North	Inferred Resource	71	3.5	80	2.8	2.5	2.0	0.1	0.2
Quinga South	Inferred Resource	71	3.4	80	2.7	2.4	1.9	0.1	0.2
Total Resources		5,900	3.1	82	2.7	180	160	3.6	11

Note:

Definitions of terms used in the above table are detailed in the Glossary of Technical Terms. The data is in accordance with the JORC Code (2004) (Australasian Code for Reporting Ore Reserves and Mineral Resources). The competent person for the Namalope mining reserves and Nataka resources is Colin Rothnie (MAusIMM), a full time employee of Kenmare. The competent person for the other resources is Dr. Alastair Brown (FIMMM). THM is total heavy minerals of which ilmenite (typically 81 per cent.), rutile (2.3 per cent.) and zircon (6.4 per cent.) total 90 per cent. Tonnes and grades have been rounded and hence small differences may appear in totals. The table is an extract from the 2008 Annual Report.

Mining

Kenmare is currently mining the Namalope Reserve which contains the titanium minerals, ilmenite and rutile and the zirconium silicate mineral, zircon. This reserve is held under Mining Concession 735C issued by the Government of Mozambique which is valid until 28 August 2029. The Mining Concession is held by KMML, a wholly owned subsidiary of Kenmare, which holds sole title to the mining assets. Further details of the Mining Concession is set out in section 13(iii) of Part 16 of this Prospectus.

Kenmare currently uses two IHC Beaver dredges to mine the Namalope Reserve. The main advantage of dredge mining is its lower cost of production compared to alternative mining methods such as dry mining. The mining face is prepared by clearing the vegetation and removing the topsoil with bulldozers, loaders and trucks. This topsoil is stored at the mine site and is used to rehabilitate the site post-mining. The dredges cut the ore at the base of the ore face, allowing the mineral-bearing sands to collapse into an artificial freshwater dredge pond approximately 800m long, 300m wide and up to 15m deep. The mineral-bearing sands are pumped by the dredges to the WCP which floats in the dredge pond behind the dredges, the first stage of which consists of two trommels which reject oversize material presented to them, with the underflow material passing into the surge bin. The feed is then pumped from the surge bin to banks of spiral separators which separate the heavy minerals from the silica sand and clay (slimes) tailings. The products of the WCP are HMC and tailings.

HMC comprises a mixture of the valuable minerals ilmenite, rutile and zircon as well as some non-valuable products including aluminosilicates and any remaining silica. The HMC, representing approximately 5 per cent. by weight of the total sand mined, is pumped overland to the MSP where it is stockpiled prior to further processing.

Tailings, which consist of a coarse silica fraction (sand) that settles immediately, and a fine clay fraction (slimes) that settles less quickly, are deposited at the rear of the dredge pond where they are spread out for future rehabilitation. This rehabilitation involves contouring the deposited sand and then covering it with a layer of clay-rich slimes mixed with sand. The slimes and sand layer helps the subsoil retain moisture and nutrients to aid re-vegetation of the tailings.

Finally, the stored topsoil containing seeds, organic material and microorganisms are placed onto the tailings. The rehabilitation process is completed by fertilising and seeding or planting with a variety of native and/or other species and food crops. The rehabilitation process is being fine tuned with input from local communities, competent authorities and NGOs.

Separation

The MSP is a plant consisting of ilmenite, zircon and rutile circuits which uses magnetic, gravity and electrostatic methods to separate HMC into the various grades of the finished products ilmenite, zircon and rutile.

The HMC is recovered from the stockpile after mining by front-loader and fed to the MSP where it is dried and treated through high-intensity magnets in order to separate the magnetic mineral ilmenite from the non-magnetic minerals rutile and zircon. The magnetic fraction is then further processed by electro-static separation in the MSP to produce final ilmenite product. A 50 tph ilmenite roaster and downstream magnetic separation plant have been built to further enhance the quality of the ilmenite products when required or requested by the Group's customers. The roaster has not operated to date, as customers have not requested roasted product, although it is capable of being operated when required.

The non-magnetic fraction is treated in a wet gravity separation process to remove any remaining silica and low-density trash minerals. Electrostatic separators are then used to separate the conducting mineral rutile from the non-conducting mineral zircon.

Storage and transportation

The ilmenite, zircon and rutile final products are stored in a 145,000 tonne capacity warehouse with facilities for reloading onto a 2.4 km long overland conveyor, which leads to a 400m long jetty. This overland conveyor transports the product to a ship loader at the end of the jetty which loads the product onto a self-propelled product trans-shipment vessel, the Bronagh J. This vessel then transports the products to a deep water trans-shipment point 10.5km offshore, where it self-discharges into customer vessels. While the jetty, which is an essential component in the transportation and export of product, has suffered some damage and is expected to undergo repairs during 2010, it remains operational. The Directors are currently considering options to repair the jetty in an attempt to prevent similar damage in the future.

In August 2009, the Group purchased an additional trans-shipment barge and tug previously employed in the trans-shipment of lead-zinc concentrate from a mine in Western Australia. The vessel is expected to arrive at the Mine for operation in the fourth quarter of 2010. The second trans-shipment barge and tug combination will increase load out capacity at the Mine and, with modifications, is intended to serve as a back up vessel in the event that the Bronagh J. is out of service. Although the second vessel has a slower self offloading rate, the Directors believe it would be sufficient to function as the sole vessel if the Bronagh J. is out of service for a period of time.

Other Infrastructure

The Mine has other supporting infrastructure including a 170 km 110kV power transmission line that is owned by the Group and operated under a transmission line concession contract with the Government of Mozambique, 6 MW of diesel standby generation capacity, an accommodation village, offices, laboratory, a jet-capable airstrip, water supply, sewage treatment plants and roads.

6. INFORMATION ON AND RATIONALE FOR EXPANSION

Based on Kenmare's own supply and demand analysis, the Directors anticipate that the titanium dioxide feedstock industry will experience demand growth over the next five years which will be above average historic industry trend growth rates. This view is shared by that of independent industry analysts, including TZMI as referred to below. Demand for pigment (the principal end use market for titanium feedstocks) has averaged a compound annual growth rate of approximately 3 per cent. over the past 30 years and has moved closely in line with the growth in the global economy over this period. The compound annual growth rate of Chinese pigment consumption has averaged approximately 15 per cent. over the last 20 years, reflecting in

the growing importance of China in pigment demand. While demand was adversely affected by the global recession in late 2008 and 2009, industry experts have predicted a strong rebound in pigment demand of 8 per cent. to 10 per cent. for 2011. DuPont, for example, has stated that its expectations are for above trend line growth for the period 2009 to 2015 in the range of 5 per cent. to 10 per cent. as demand catches up with the long term growth rate. This demand growth is expected to be driven principally by increased demand from China and other developing countries driven by strong economic growth and a shift towards urbanisation in those countries, as there is typically a strong correlation between GDP growth and demand for titanium dioxide feedstock products. The anticipated growth in GDP *per capita* in developing countries and the relatively low consumption of pigment *per capita* in such developing countries underpins the favourable global outlook for the titanium dioxide feedstock industry.

The ongoing recovery in the pigment market is expected to result in significant re-stocking by pigment producers of TiO_2 during 2010 and 2011. A small surplus of feedstocks until 2012 has been forecasted by TZMI (see section 22 ("Consents") and section 25 ("Documents on Display") in Part 16 of this Prospectus), followed by a significant growing deficit in supply to 2015 of over approximately 1 million TiO_2 units or 20 per cent. of the total projected market size, if no new projects, incremental to those already approved, come on stream.

Increases in supply necessary to address this anticipated deficit are subject to a number of constraints: certain existing operations are reaching full capacity and have limited expansion potential and a number of the major titanium feedstock producers are expected to decrease their future production. Reasons for reducing (or not increasing future production) include suspension or cancellation of development projects; resource depletion in some major titanium mines; considerable capital expenditure required to facilitate meaningful expansion (often unjustified by the size of the resource) and significantly increasing power prices in competitors' jurisdictions, particularly in South Africa. As a result of such factors, a number of Kenmare's global competitors have curtailed or cancelled production or are expected to decrease future production. In addition there are a limited number of known new sources of significant supply and there are uncertainties with respect to the development of certain of these projects, for example BHP has recently relinquished its Corridor Sands deposit in Mozambique, Tiomin Resource's Kwale project in Kenya has recently been written off in their accounts and Tata Steel's Titanium Project in India and Mineral Commodities' Xolobeni deposit in South Africa have both been delayed.

Expansion Study

In August 2009, Kenmare commenced an Expansion Study to assess the options available to accelerate the exploitation of the Group's large resource at the Mine to exploit the expected production deficit in titanium dioxide feedstocks. The Expansion Study was prepared by Kenmare based on information sourced by the Group as well as a number of supporting studies and test work by independent third parties which had been ongoing since 2008. The supporting studies and test works included the following:

- a strategic planning study conducted by R M Kear (Mining Advisor);
- mining and separation options conducted by Tipro Pty Ltd;
- WCP expansion options study conducted by Downer EDI;
- MSP expansion options study conducted by Downer EDI;
- power reticulation investigation conducted by Rainbow Technologies; and
- costing information conducted by Downer EDI.

Kenmare completed the Expansion Study in January 2010. Through the Expansion Study, Kenmare considered six mining options and ten MSP separation options to achieve the preferred strategic integration of the Expansion into existing operations.

The characteristics of the orebodies to be mined and the strategic options analysis conducted for the Expansion Study established the optimal plant size, timing and mining sequence. The Expansion Study recommended the upgrade of the existing mining operation, the construction and commissioning of a second

mining operation at Moma and the expansion of the MSP. The Group also concluded that a capital-efficient increase in design capacity from the Mine is technically achievable and economically attractive, but that constraints within the MSP limit the expansion to an increase in capacity of approximately 50 per cent. from the Mine's current design capacity of 800,000 tpa to 1.2 million tpa of ilmenite. An expansion to increase capacity by approximately 50 per cent. was therefore considered by the Group to be the preferred option to deliver increased financial growth while maximising the utilisation of existing facilities, infrastructure and technology. In order to produce the post-Expansion design capacity of 1.2 million tpa of ilmenite, the MSP will consume approximately 1.7 million tpa of HMC with an ilmenite recovery rate of 90 per cent., HMC quality of 90 per cent. and 80 per cent. of ilmenite in the HMC.

The Namalope Reserve, currently being mined by Kenmare, and the Nataka Resource, a second deposit located at the Mine which is currently not being mined, could maintain production at post-Expansion design capacity levels of 1.2 million tpa of ilmenite, 80,000 tpa of zircon and 22,000 tpa of rutile, for more than 110 years of mining (assuming the Nataka mineral resource can be converted into an equivalently sized mineral reserve).

The Expansion Study was commenced and completed by the Group and was based on certain assumptions. The analysis and recommendations were based on information available at the time and assumptions about the current or future events, including concerning supply, demand and future prices of ilmenite, zircon and rutile, as well as the Group's capital and operating costs at production targets and levels both pre-Expansion and post-Expansion. If any of these assumptions or any of the information changes as a result of additional information or unforeseen events, the conclusion to pursue the Expansion could change.

Mining expansion

From the six mining options considered in the Expansion Study, dredge mining was identified as the preferred method as it offers relatively low operating costs due to its ability to minimise operational down time and lower headcount requirements, more efficient ore recovery, less complexity and increased safety as compared to dry mining. In addition, Kenmare has operational experience in constructing and operating this form of mining as this is the method currently employed at the Mine.

The Expansion Study contains the conclusion that the preferred method of producing the necessary amount of HMC to maximise output of the expanded MSP is to continue to mine at the Namalope Reserve with the existing WCP (WCP A) using the two existing dredges while upgrading (i) the capacity of the dredges and (ii) the concentrator plant in order to increase the spiral feed of the existing WCP A concentrator from 3,000 tph to 3,500 tph, as well as installing a second floating mining plant consisting of a new, third dredge plus a second WCP (WCP B), with a spiral capacity of 2,000 tph in a separate pond initially located at the Namalope Reserve.

Separation expansion

The Expansion Study also contains the conclusion that, of the ten separation options considered, the addition of a Wet High Intensity Magnetic Separation (WHIMS) circuit at the front of the ilmenite circuit of the MSP, as well as other modifications to the MSP to increase throughput capacity from 135 tph to 220 tph, was the preferred option to meet Kenmare's objectives, key among which was minimising interference with the existing operation. Other benefits include a more efficient upfront separation of magnetic and non-magnetic minerals and an enhanced thermal efficiency of existing operations. The addition of a WHIMS plant streamlines the process in the MSP in that the bulk of the incremental ilmenite produced will bypass the existing ilmenite dry circuit freeing up capacity for the processing of other less magnetic streams. There will be a period of 4-5 weeks disruption to the MSP in 2012 to allow for the integration of the WHIMS.

Other infrastructure expansion

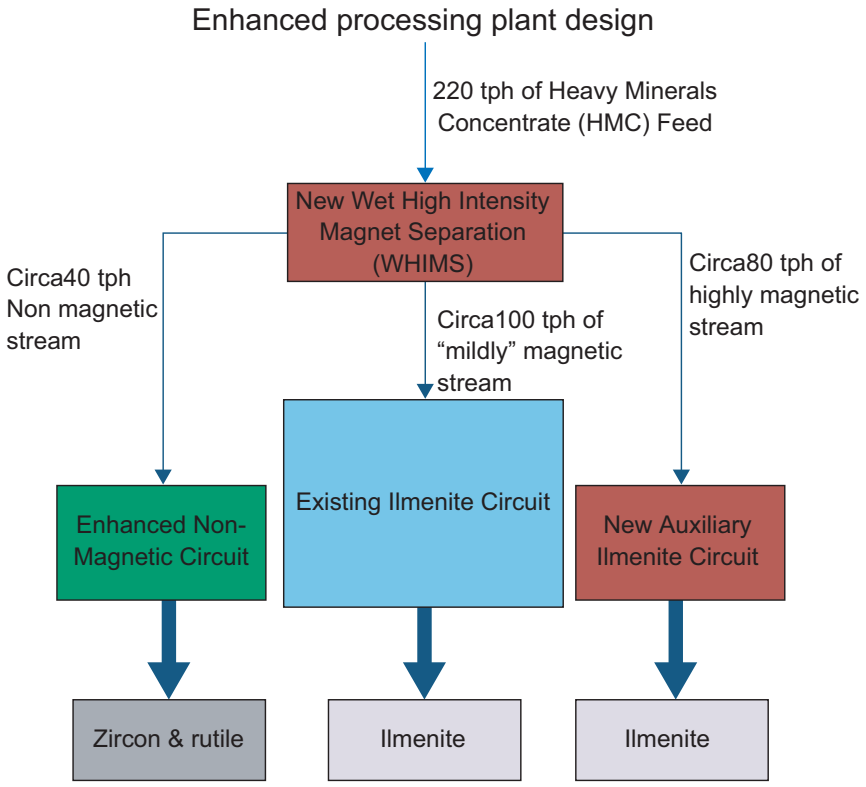
The Expansion Study contains the conclusion that additional power over Kenmare's current available supply contracted limit with EdM will be required to complete and operate the expanded operations post Expansion. The quantum of these additional power requirements were identified in the Expansion Study and will be further quantified in the Engineering Study. The additional cost of the incremental power is expected to be higher than the cost under the current agreement with EdM and the Group will need to contract with EdM

for such additional supply. The Directors believe that the Mine's current infrastructure and the infrastructure of EdM has the capacity to deliver the required incremental power.

The Expansion also requires an expansion of the mineral product storage facilities and an upgrade of associated infrastructure and equipment, such as water reticulation and spare part stores.

The following diagram illustrates the layout of the expanded MSP under the Expansion Plan as referred to under "Mining Expansion" above.

Figure 1: Layout of expanded MSP under the Expansion Study.



Namalope Reserve expansion and relocation to Nataka Resource

As discussed above, the current mining operation at the Namalope Reserve consists of one dredge pond, two dredges and one WCP ("WCP A"). The Expansion envisages an acceleration of the depletion of the Namalope Reserve through the construction of a second dredge pond, in addition to the first, and the utilisation of a new third dredge and a new second WCP ("WCP B").

The expanded mining operation to be established at the Namalope Reserve under the Expansion will mine a different section of the Namalope Reserve to that which is currently being mined. Under the Expansion Plan, these expanded mining operations at the Namalope Reserve are intended to form the basis of production from 2012 to 2018. In 2019, the Group intends to transfer WCP B and the new dredge to mine a part of the Nataka Resource, where it is intended to continue mining until at least 2050. The Directors expect the Namalope Reserve to be depleted in 2026, at which time WCP A and the two existing dredges will be transferred to mine another part of the Nataka Resource in 2026 where it is expected to continue mining until at least 2050.

Economics of the Expansion

The Directors expect completion of the Ramp Up and substantial achievement of current design capacity levels in the MSP of approximately 800,000 tpa of ilmenite and 50,000 tpa of zircon by the first half of 2010 with work to increase rutile production ongoing throughout 2010. During 2012, assuming scheduled implementation of the Expansion, the Directors expect the MSP will be ramping up production to expanded

design capacity levels. These expanded design levels, which are due to be substantially achieved from 2013 onwards, are expected to be 1.2 million tpa of ilmenite, 80,000 tpa of zircon and 22,000 tpa of rutile.

Future product prices under the Expansion Study have regard to the IBMA forecast prices for the period 2010 to 2015 but with modifications reflecting assumed slower achievement of such forecast prices for products sold under single contracts during 2010 and downward adjustment reflecting the profile and characteristics of prevailing fixed price contracts. In 2010, 60 per cent. of ilmenite will be sold under fixed price contracts which were entered at prevailing market rates at the date of agreement. These contracts are generally three to five year contracts and the majority of them will expire over the next two to three years, when new contracts will be entered into having regard to market prices prevailing at that time. The remaining ilmenite sales will be at prevailing market prices. Zircon and rutile contracts are largely volume based with prices based on negotiations per shipment.

Operating costs, absent the Expansion, are expected to be approximately US$57 million per annum. Post-Expansion, these operating costs are expected to increase to approximately US$75 million per annum and remain at the increased level from 2013 onwards. The Expansion will require an additional 150 personnel to either operate or directly support the expanded operations.

Sustaining capital expenditure, absent the Expansion, is expected to be approximately US$6 million per annum (plus once off items totalling US$9 million in 2010), to a stated accuracy of ±10 per cent. The increase in mining capacity from 3,000 tph to 5,500 tph and in HMC processing capacity from 135 tph to 220 tph is estimated to require an increase in annual sustaining capital bringing the annual post Expansion sustaining capital expenditure to approximately US$10 million.

The cost of relocating WCP B from Namalope to Nataka in 2019 is estimated to be US$23 million and the relocation of WCP A in 2026 is estimated to be US$29 million. These relocation costs are expressed in 2009 US$ terms and are to an accuracy of ±50 per cent. and will be funded from cashflows from operations.

According to the Expansion Study, the estimated cost of such an Expansion is, including a contingency of approximately US$18 million, approximately US$200 million (of which 34 per cent. is projected to be denominated in US$, 57 per cent. in Australian Dollars and 9 per cent. in South African Rand), excluding the relocation costs expected to be incurred in 2019 and 2026. This estimated cost, excluding the contingency, is to a stated accuracy limit of +/- 25 per cent.

The Engineering Study

Kenmare has appointed Aker Solutions to complete an Engineering Study in order to provide further detail on the Expansion. Aker Solutions has established an office in Johannesburg, South Africa and has assembled a team with considerable mineral sands expertise, sourced from a number of recognised Australian and South African consultants. The Engineering Study, which commenced at the end of 2009, is being funded by existing financial resources available to the Group and is expected to be completed by mid 2010.

The implementation of the Expansion is expected to commence in the second half of 2010 upon completion of (i) the Capital Raising, (ii) the Engineering Study and (iii) the execution of an EPCM Contract with an appropriate contractor capable of managing the expanded operations in the second half of this year. Design is expected to commence in the third quarter of 2010 with construction commencing in early 2011. The Directors anticipate that construction will be completed by the end of 2011 and fully expanded production capacity of 1.2 million tpa of ilmenite plus associated co-products is expected to be achieved by the end of 2012.

Lender Group's consents and modifications to Financing Agreements

The Mine was partly funded with long-term project loans to KMML and KMPL supported by a Completion Guarantee from Kenmare and Congolone Heavy Minerals Company Limited. Under the terms of the Financing Agreements, this guarantee will fall away once the Mine has passed the Completion Tests, but the guarantee can be called following an event of default pre-Completion and furthermore, the Completion Guarantee includes a guarantee of punctual payment as primary obligor and not merely as surety, and so would need to be complied with to avoid the occurrence of a payment default.

The Lender Group has conditionally agreed, pursuant to the Expansion Funding Deed of Waiver and Amendment, with Kenmare Congolone and the Project Companies to amend the terms of the Financing Agreements to modify the terms of the Technical Completion tests and certain other matters, including waivers and consents to facilitate the Capital Raising and the Expansion.

The effectiveness of the Agreed Financing Amendments are conditional on Kenmare depositing at least US$200 million into the CRA on or before 30 June 2010. Funds in the CRA may be contributed to the Project Accounts at the sole discretion of Kenmare, without restriction or condition, and any surplus remaining in the CRA at Completion requires to be so contributed. Only if the Completion Agreement with the Lender Group is terminated (a circumstance which can arise following the occurrence of certain political *force majeure* events in Mozambique only), without Completion having first occured, may Kenmare transfer any amounts standing to the credit of the CRA other than to the Project Accounts. Termination of the Completion Agreement in such a manner would constitute an event of default under the Common Terms Agreement, thereby permitting Lenders to take enforcement action, including the enforcement of their security interests over the shares in the Project Companies.

In connection with the Lenders Group's agreement of the Agreed Financing Amendments the independent engineer appointed by the Lenders, SRK, has reported its reasonable satisfaction with the Expansion Study to the Lender Group and has confirmed its view that the Expansion will not materially or adversely affect existing operations at the Mine.

A summary of the amendments to the Financing Agreements is contained in section 13(v) of Part 16 of this Prospectus.

7. PRINCIPAL MARKETS

The Group has a global customer base which includes some of the world's largest users of titanium dioxide feedstocks such as titanium dioxide pigment producers and zircon millers. The Group has entered into a number of contracts of up to five years. Some of these contracts have fixed volumes and prices with annual price escalation and others have fixed volumes with annual price negotiations. At annualised December 2009 production levels from the existing Mine of 564,100 tpa of ilmenite and 22,500 tpa of zircon, Kenmare would have supplied approximately 5 per cent. of the world's titanium dioxide feedstock supply (estimated by TZMI in their Mineral Sands Annual Review 2009 to be 6.05 million TiO_2 units in 2008, the last full year for which reliable data is available) and approximately 2 per cent. of the world's zircon supply (estimated by TZMI in their Mineral Sands Annual Review 2009 to be 1.24 million tonnes in 2008, the last full year for which reliable data is available). At pre-Expansion design capacity levels from the existing Mine of 800,000 tpa of ilmenite, 50,000 tpa of zircon and 14,000 tpa of rutile, Kenmare would supply approximately 7 per cent. of the world's titanium dioxide feedstock supply and approximately 4 per cent. of the world's zircon supply based on the TZMI estimates of total global supply in 2008. At post-Expansion design capacity levels, Kenmare would supply approximately 10 per cent. of the world's titanium dioxide feedstock supply and approximately 6 per cent. of the world's zircon supply based on the TZMI estimates of total global supply in 2008.

Ilmenite and rutile are titanium minerals used as feedstocks to produce titanium dioxide (TiO_2) pigment, which accounts for approximately 90 per cent. of global titanium dioxide feedstocks consumption, per the TZMI Mineral Sands Annual Review 2009. TiO_2 pigment is in turn consumed in the manufacture of paints and other coatings, plastics and as a whitener for paper, as well as a number of other applications, including cosmetics, food additives, inks and textiles. It is essential in many such applications for its brilliant whiteness, ultraviolet protection, non-toxicity, inertness, and its excellent opacity or 'covering power', which results from its superior ability to disperse light as a result of its high refractive index. Four of Kenmare's customers account for over 40 per cent. of the world's production of titanium pigment.

Titanium metal and welding electrodes applications largely account for the remaining 10 per cent. of the global titanium dioxide feedstocks consumption. Rutile and beneficiated ilmenite (TiO_2 slag and synthetic rutile) are the main raw materials used to make titanium metal. Titanium metal's unique properties, including, its high strength to weight ratio, high melting point and its resistance to corrosion, make it the preferred metal for a number of demanding applications such as the manufacture of airframes and jet engines

for the aerospace industry. It is also widely used in chemical and power plants, as well as a number of growing applications for the electronics, medical and leisure industries. Rutile and some grades of ilmenite are also used as a component of fluxes for coating welding electrodes, which are in turn consumed by the construction and shipbuilding industries.

Zircon is a zirconium silicate mineral often produced as a co-product of mineral sands mining. It is an important raw material for the ceramics industry and is used as an opacifier and frit compound for decorative wall and floor tiles and sanitary ware. It is also consumed in the foundry and refractory industries and in a growing number of applications, including fused and chemical zirconia. Kenmare's customers include some of the major consumers of zircon in the world (see section 8 below ("Sales Process and Customers")). China represented 36 per cent. of global zircon consumption in 2008 while Europe represented 26 per cent.

Demand for titanium dioxide feedstocks has historically been strongly correlated to global economic activity and declined significantly in the last quarter of 2008 and first quarter of 2009 due to the onset of the global recession and remained at historically reduced levels during 2009. A strong industry inventory destocking process occurred during the first half of 2009 as consumers of titanium dioxide feedstocks were faced with reduced demand for their end products. In response, some customers cut back on purchasers of titanium dioxide feedstocks and ran down their existing inventories. This process abated in the second half of 2009, as consumer inventories were reduced. This, along with increased production of final products from the Mine, resulted in an increase in shipments from the Mine's port facility during the last three quarters of 2009. Shipping volumes from the Mine increased quarter on quarter during 2009 reflecting this slowing in the destocking process by consumers and the positive effect of Ramp Up as commissioning continued and deliveries were made to customers under existing contracts.

Shipping volumes in the fourth quarter of 2009 totalled 139,000 tonnes (consisting of 135,000 tonnes of ilmenite and 4,000 tonnes of zircon), a 6 per cent. increase on the third quarter total of 131,000 tonnes (consisting of 124,000 tonnes of ilmenite and 7,000 tonnes of zircon). The second quarter total of 95,000 tonnes (consisting of 90,000 tonnes of ilmenite and 5,000 tonnes of zircon) was 79 per cent. higher than the first quarter of 2009.

In response to the weak demand in 2009, the major titanium dioxide feedstocks producers reduced output in order to more closely align production to market demand. These reductions entailed both temporary cut-backs in operations and the closure of mines nearing depletion of their reserves which were no longer commercially viable. This contraction of production appears to have now ceased as evidenced by the fact that pigment producers are increasing plant production rates towards full capacity and restarting idle plants in the face of increasing demand for TiO_2 pigment.

8. SALES PROCESS AND CUSTOMERS

The Mine produces ilmenite, rutile and zircon and has a global customer base that includes some of the world's largest end-users. Kenmare's customers for ilmenite and rutile are various titanium dioxide pigment producers located in Europe, North America and Asia, which include some of the largest global producers with plants in multiple geographical locations. Kenmare also sells ilmenite to beneficiates for upgrading into titanium slag and synthetic rutile. Titanium dioxide pigment is consumed in the manufacture of paints and other coatings, plastics and as a whitener for paper, as well as a number of other applications, including cosmetics, food additives, ceramics, inks and textiles.

Kenmare's customers for zircon are the zircon millers that produce opacifier, flour and frit for supply to the ceramics industry as raw materials for the production of ceramic wall and floor tiles, sanitaryware and tableware. Kenmare's customers include some of the largest global millers that have grinding plants in multiple geographical locations.

Contracts are entered into for up to five years with some having fixed volumes and prices with annual price escalation and others have fixing volumes with annual price negotiations. The Group also enters into spot contracts for specific shipments. The majority of the Group's sales are on a Free on Board (FOB) basis/shipping terms whereby the customer charters a vessel to take delivery of the minerals from Kenmare.

Product is loaded onto a self propelled product trans-shipment vessel owned by Kenmare which transports mineral from the jetty to the trans-shipment point, where it self-discharges into the customer's vessel.

As is typical in the titanium dioxide feedstocks industry, a small number of customers account for a significant proportion of the Group's revenue. In 2009, 95 per cent. of the Group's revenue was derived from sales to less than ten customers under long term contracts of up to five years.

In 2010, the Directors estimate that approximately 60 per cent. of ilmenite produced by the Group will be sold under fixed price contracts which were entered at prevailing market rates at the date of agreement. These contracts are generally three to five year contracts and the majority of them will expire over the next two to three years, when new contracts will be entered into having regard to market prices prevailing at that time. The remaining ilmenite sales will be at prevailing market prices. Zircon and rutile contracts are largely volume based with prices based on negotiations per shipment.

9. SUPPLIERS

In 2002, KMPL signed an electricity supply power agreement with the Mozambique electricity utility company, EdM. Under this agreement Kenmare agreed to finance and construct a 110kV transmission line from EdM's substation in Nampula to the Mine. The agreement also sets out the pricing mechanism and conditions of supply of electricity. Additional power will be required for the Expansion.

In 2006 KMPL entered into a ten year fuel supply agreement with Petromoc e Sasol S.A.R.L (PeSS) for the receipt, storage and dispensing of diesel fuel to the Mine. The associated facilities were constructed and owned by PeSS. Ownership of the fuel facilities passes to KMPL after ten years with an option to purchase the facilities at an agreed price within the ten years at an earlier date. The arrangement is accounted for by Kenmare as a finance lease. The agreement also sets out the minimum quantities to be supplied and the price which is based on the Mozambique Government published fuel prices.

10. COMPETITORS

The largest global producers of titanium dioxide feedstocks are Anglo Australian group, Rio Tinto Iron & Titanium, Australian group, Iluka Resources, and South African group, Exxaro Resources. The main titanium feedstock producing countries are South Africa, Australia and Canada. Together, these regions account for approximately 60 per cent. of global ilmenite production. Some of the major pigment producers also own their own mines supplying feedstocks to their pigment plants including Cristal Global's ownership of Australian company, Bemax Resources and Kronos' ownership of the Titania hard rock ilmenite mine in Norway. DuPont also has a mining operation in Florida supplying titanium minerals to its US pigment plants. The other significant producers that compete with Kenmare in the market include largely ilmenite supply from a variety of producers in India, Vietnam, Ukraine and China.

11. ENVIRONMENTAL AND HEALTH AND SAFETY MATTERS

The Group is subject to the environmental laws and standards in force in Mozambique, together with international standards and guidelines issued by the World Bank, AfDB and FMO as well as its own policies and consistently seeks to apply best practice in all of its activities. Kenmare is required to comply with standards in relation to emission levels, effluent treatment, noise radiation, water quality and rehabilitation. Kenmare is committed to the management of its operations in accordance with these environmental laws, standards and its own internal policies. In addition, Kenmare provides staff with training so that employees at all levels recognise and are able to fulfil their environmental responsibilities.

The EMP for the Mine sets out the monitoring activities, management and training programs, reporting activities, auditing and mitigation measures that are required in order to identify and reduce any negative impacts of the Mine and to comply with applicable environmental laws and guidelines. Senior management regularly reports to the Board on the status of compliance with the Group's environmental and social obligations, and aims to ensure that the EMP is properly implemented and maintained.

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. Kenmare conducts

regular performance reviews and legal compliance audits and acts upon the results to ensure compliance with national laws and Group policy. Kenmare applies a strategy of zero tolerance with the objective of zero fatalities or major injuries. In 2009, the Group had a lost time injury frequency rate of 0.38 per 200,000 hours worked. The Board is responsible for ensuring that appropriate organisation arrangements and resources are made available for the fulfilment of this policy and for monitoring its effectiveness.

Malaria is a risk at the Mine and the Group continues to develop and implement programs to minimise its impact on all personnel at the Mine. These programs include the distribution of mosquito nets to all employees and, if applicable, their families, pesticide spraying of the camp, provision of pesticide spray on site, and malaria awareness campaigns. The Group will also continue to ensure that appropriate health and safety standards are maintained in all Group activities.

Exploration, appraisal, construction, development and production activities may involve operational hazards and environmental, technical and logistical difficulties. These include, *inter alia*, the possibility of fires, earthquake activity, cyclones, extreme weather conditions, coastal erosion, unusual or unexpected geological conditions, unpredictable drilling-related problems, equipment failure and the absence of economical reserves. These hazards may result in cost overruns, substantial losses and/or exposure to substantial environmental and other liabilities.

12. GOVERNMENT AND REGULATORY CONSENTS AND APPROVALS

Kenmare is currently mining the Namalope Reserve which is held under Mining Concession 735C issued by the Government of Mozambique and is valid until 28 August 2029 and is renewable thereafter.

Mining is governed by the terms of a Mineral Licensing Contract which was entered into in January 2002 covering an initial period of 25 years of mining and renewable thereafter.

The Implementation Agreement with the Government of Mozambique in relation to the Mine governs the operation of an Industrial Free Zone covering the processing and exporting aspects of the Mine and provides a favourable tax regime. This agreement was entered into in January 2002 and is not subject to renewal. The Company is not aware of any incidents which may result in the agreement being revoked by the Government of Mozambique.

The environmental licence for the Mine, which includes the licence over the power transmission line, was issued by the Department of the Environment in Mozambique in April 2003, after an extensive review process and consultation with the public and stakeholders. The environmental licence was renewed in February 2010 for a further five years.

Additional consents and approvals required for the Expansion

In parallel with the work being carried out by the Engineering Study, Kenmare will work to obtain the consents required from the government of Mozambique to implement the Expansion.

Under the Expansion, the Group will continue its existing mining operation at the Namalope Reserve until 2026, but with throughput increased from 3,000 tph to 3,500 tph; will establish a new mining operation (consisting of a dredge pond, dredge and WCP) with a spiral feed capacity of 2,000 tph on a separate section of the Namalope Reserve from 2012 to 2018; will relocate the new mining plant to the Nataka Resource in 2019; and will relocate the 3,500 tph mining plant to a separate section of the Nataka Resource in 2026. This will require the following renewals and approvals:

- the renewal of the two exploration licences for the Nataka Resource (1077L and 124L). The renewal of these licences is envisaged under the terms of the licences and is subject only to the provision of appropriate plans and documentation;
- the approval by the Ministry for the Coordination of Environmental Affairs (MICOA) of an EIA covering the two new operations at the Nataka Resource;
- the approval of a revised EMP by MICOA for the Mine, incorporating the mine plans for the two new operations at the Nataka Resource;

- the grant of an Environmental License (EL) for the Nataka Resource; and
- the subsequent conversion of the two exploration licences into a mining concession for the Nataka Resource.

The Expansion will require an increase in water use and hence an increase in the limit specified in the current water licence will be required. A new water licence will be required on relocation of mining activities to the Nataka Resource.

13. SOCIAL AND COMMUNITY INITIATIVES

The Group seeks to understand the social, environmental and economic implications of its activities, both for the local community in Mozambique and for the overall economy. Mutual benefits and obligations are discussed with local governments and community representatives. By understanding its economic interaction with the communities in which it operates, the Group is better able to optimise benefits and reduce negative impacts for communities and its operations alike. Kenmare has established the Kenmare Moma Development Association (KMAD), an independent not-for-profit development organisation which aims to support and contribute to the development of the community within a 10 km radius of the Mine, assisting community members to improve their livelihoods and wellbeing.

In 2009 KMAD won the Nedbank Socio-Economic award for its activities aimed at social and economic enhancement of the communities surrounding the Mine. The award was made by a panel of independent and expert adjudicators following an interview and three day site visit to examine the work of KMAD and meet with project beneficiaries. Nedbank particularly praised the fact that KMAD's development work began before mining commenced, that it has an overall strategic vision and a 'bottom up' approach, as well as close partnerships with international and local non-governmental organisations and government bodies.

In 2009 Kenmare also won the President's Award for the best International Corporate Social Responsibility Programme from the Chambers of Commerce of Ireland, in association with the Irish Government Department of Community Affairs.

Kenmare has a full time community liaison officer position to liaise with the local communities about the mining activities at the Mine and the associated impacts for the community.

PART 11

HISTORICAL FINANCIAL INFORMATION

The annual reports, including audited consolidated financial statements and their respective audit reports, of the Group for the financial periods ended 31 December 2006, 31 December 2007 and 31 December 2008 are incorporated in this Prospectus by reference as is the unaudited condensed financial statements for the six months ended 30 June 2009. These financial statements are available on the Company's corporate website at www.kenmareresources.com or from Kenmare's registered office at Chatham House, Chatham Street, Dublin 2, Ireland.

The following are incorporated by reference from the 2009 Half Yearly Financial Report: pages 6 to 20 comprising Kenmare's unaudited condensed financial statements for the period ended 30 June 2009 together with relevant notes prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union. The unaudited condensed balance sheet as at 30 June 2009 is on page 9, the unaudited consolidated income statement for the year ended 30 June 2009 is on page 8, a statement showing changes in equity is on page 11, the unaudited condensed cash flow statement is on page 10 and the explanatory notes are on pages 12 to 20.

The following are incorporated by reference from the 2008 Annual Report: pages 42 to 77 comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2008 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 42 and 43, the consolidated balance sheet as at 31 December 2008 is on page 45, the consolidated income statement for the year ended 31 December 2008 is on page 44, a statement showing changes in equity is on page 47, the consolidated cash flow statement is on page 46, the accounting policies are on pages 51 to 55, the explanatory notes are on pages 56 to 77.

The following are incorporated by reference from the 2007 Annual Report; pages 37 to 69 comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2007 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 37 and 38, the consolidated balance sheet as at 31 December 2007 is on page 40, the consolidated income statement for the year ended 31 December 2007 is on page 39, a statement showing changes in equity is on page 42, the consolidated cash flow statement is on page 41, the accounting policies are on pages 46 to 49, the explanatory notes are on pages 50 to 69.

The following are incorporated by reference from the 2006 Annual Report; pages 27 to 49 comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2006 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 27 and 28, the consolidated balance sheet as at 31 December 2006 is on page 30, the consolidated income statement for the year ended 31 December 2006 is on page 29, a statement showing changes in equity is on page 32, the consolidated cash flow statement is on page 31, the accounting policies are on pages 35 and 36, the explanatory notes are on pages 37 to 49.

Shareholder and/or prospective investors should read the whole of this Prospectus and the documents cited above and should not just rely on the summary financial information referred to in this Part 11.

The information which is incorporated by reference throughout this Prospectus is so incorporated in compliance with regulations 27 and 28 of the Prospectus Regulations. A full list of documents incorporated in this Prospectus by reference can be found in the section entitled "Information Incorporated by Reference" in Part 17 of this Prospectus. The parts of the documents other than those incorporated by reference are either not relevant or are covered elsewhere in this Prospectus.

PART 12

OPERATING AND FINANCIAL REVIEW

The following review of the Group's financial condition and operating results should be read in conjunction with the financial information incorporated by reference in this Prospectus, in accordance with the section headed "Information Incorporated by Reference". This review contains forward looking statements based on current expectations and assumptions about the Group's future business. The Group's actual results could differ materially from those contained in the forward looking statements as a result of a number of factors including, but not limited to, the risk factors set out in the section headed "Risk Factors" and the factors stated in the paragraph entitled "Forward looking statements" in Part 5 of this Prospectus headed "Important Information".

The financial information set out below has been extracted without material adjustment from the unaudited condensed financial statements for the six months ended 30 June 2009 as well as the annual report and accounts for each of the years ended 31 December 2006, 2007 and 2008. Pages 6 to 20 of the 2009 Half Yearly Financial Report, pages 42 to 77 of the 2008 Annual Report, pages 37 to 69 of the 2007 Annual Report and pages 27 to 49 of the 2006 Annual Report are incorporated into this Prospectus by reference. Kenmare's unaudited condensed financial statements for the period ended 30 June 2009 and the audited financial information for each of the years ended 31 December 2006, 2007 and 2008 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", as adopted by the European Union and IFRS respectively.

Key Performance Indicators for the titanium mining industry

The key factors indicating the performance of Kenmare's titanium mining activities are (i) the output of heavy mineral concentrate from the mining operation, (ii) the level of production of finished products (ilmenite, rutile and zircon) produced and (iii) the number of shipments of finished products discharged. The performance for the year ended 31 December 2009 for these indicators are as follows:

	H1 2009 (unaudited) Tonnes	*H2 2009 (unaudited) Tonnes*	*Total 2009 (unaudited) Tonnes*
Mining – heavy mineral concentrate	317,000	509,200	826,200
Processing – finished products	210,000	284,400	494,400
Export – shipments	148,000	270,000	418,000

Note:

This information has been compiled from unaudited internal management reports and has not been previously published.

Mining of HMC is currently operating at full design production levels. The processing plant is capable of operating at the target feed rate of 135tph, and plant optimisation work will further improve recovery rates. The principal project that remains to be completed is the commissioning of recently installed reheaters in the zircon and rutile circuits, along with a new ilmenite scavenging circuit, which when optimised are expected to increase recovery rates to design capacity levels of 800,000 tpa of ilmenite and 50,000 tpa of zircon by the first half of 2010 and design capacity of 14,000 tpa of rutile by the end of the year.

Ilmenite production in the second half of 2009 was 272,400 tonnes, up 37 per cent. compared to the first half of 2009. Zircon production for the second half of 2009 was at similar levels to the first half of 2009 at 11,300 tonnes, mainly as a result of disruptions to zircon production associated with the implementation of further metallurgical optimisation projects. Since year end, additional equipment has been commissioned in the zircon circuit and zircon production has improved significantly. There is currently no significant volumes of rutile being produced resulting in total production for the second half of 2009 of 284,400 tonnes. Rutile production is expected to come on line in 2010.

Tonnage of finished products delivered to customers' vessels was up eighty three per cent. from 148,000 tonnes in the first half of 2009 to 270,000 tonnes in the second half of 2009, continuing the upward trend in production and shipments shown in previous half years.

Results of Operations

Consolidated Group Income Statement

The following table, for the periods indicated, sets forth certain of the Group's revenue and expense items:

	Six months ended 30 June		*Year ended 31 December*		
	2009	*2008*	*2008*	*2007*	*2006*
	Unaudited	*Unaudited*	*Audited*	*Audited*	*Audited*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	–	–	–	–	–
Operating expenses	(359)	(8,809)	(957)	(12,557)	(7,255)
Finance income	160	720	1,302	2,925	2,925
(Loss)/profit before tax	(199)	(8,089)	345	(9,632)	(4,330)
Income tax expense	–	–	–	–	–
(Loss)/profit after tax for the financial period/year	(199)	(8,089)	345	(9,632)	(4,330)
Attributable to equity holders	(199)	(8,089)	345	(9,632)	(4,330)
(Loss)/earnings per share: Basic	(0.02c)	(1.09c)	0.045c	(1.40c)	(0.63c)
(Loss)/earnings per share: Diluted	(0.02c)	(1.09c)	0.042c	(1.40c)	(0.63c)

Note:

The figures set out on the table above for the twelve months ended 31 December 2006, 2007 and 2008 have been extracted from the audited financial statements of those years. The figures for the periods ended 30 June 2009 and 2008 have been extracted from the 2009 unaudited condensed financial statements for the six months ended 30 June 2009.

Comparison of Results of Operations

Revenue

Kenmare has been generating revenues since December 2007. However, for periods up to and including the 30 June 2009, costs net of revenues had been capitalised in development expenditure in property, plant and equipment and therefore no revenue has been reported in the revenue line of the income statement. As the Mine is now operating at target production levels for mining and close to target production levels in processing, the Company will be reporting operating costs and revenue in the income statement from 1 July 2009.

Operating expenses

Operating expenses consist of Group corporate expenses, exploration costs and foreign exchange movements. Corporate expenses consist of head office costs not directly attributable to the operation of the mine. Exploration costs refer to an exploration programme for uranium in Mozambique undertaken during the years 2006 to 2009. This project was put on hold in 2009 with the emphasis on preserving liquidity within the Group. Foreign exchange movements arise on the settlement of monetary items and on the retranslation of monetary items. The significant element of foreign exchange movements arises on translation of the Group's Euro denominated debt to US Dollar.

30 June 2009 compared to 30 June 2008

For the first six months of 2009, operating expenses decreased by US$8.4 million to US$0.4 million compared to US$8.8 million for the first six months of 2008. This decrease is primarily due to a foreign exchange loss of US$8.9 million recognised for the six months ended 30 June 2008 compared to a foreign exchange gain of US$0.3 million for the six months ended 30 June 2009.

2008 compared to 2007

Operating expenses decreased by US$11.6 million to US$1.0 million in 2008 from US$12.6 million in 2007, primarily due to a foreign exchange loss of US$10.5 million in 2007 compared to a foreign exchange gain of US$0.3 million in 2008.

2007 compared to 2006

Operating expenses increased by US$5.3 million to US$12.6 million in 2007 from US$7.3 million in 2006, primarily due to an increased foreign exchange loss of US$4.3 million to US$10.5 million in 2007.

Finance Income

Finance income consists of interest earned on bank deposits throughout the year. Finance income excludes interest earned from bank deposits of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited which has been deducted from interest costs included in development expenditure in property, plant and equipment.

30 June 2009 compared to 30 June 2008

The decrease between six months ended 30 June 2009 and the six months ended 30 June 2008 from US$0.7 million to US$0.2 million is primarily due to a decrease in the bank deposit balances during the period from US$47.7 million to US$5.6 million. Further detail regarding movement in bank balances is given in the Cash and Cash Equivalents section below.

2008 compared to 2007

The decrease of US$1.6 million in finance income between 2008 and 2007 is primarily as a result of a decrease in bank deposit balances from US$56.2 million as at 31 December 2007 to US$40.5 million as at 31 December 2008.

2007 compared to 2006

The interest earned during the year remained the same at US$2.9 million between 2006 and 2007 despite a decreased bank deposit balance to US$56.2 million as at 31 December 2007 from US$87.3 million as at 31 December 2006. This was primarily due to differing levels of bank deposits and interest earned on these deposits during the year.

For further information on the movements in bank balances, see descriptions under "Cash and cash equivalents" section below.

Income tax expense

No charge to taxation arises in any of the above periods as there were no taxable profits during these periods.

Operations are carried out by two companies within the Group: Kenmare Moma Mining (Mauritius) Limited which is responsible for the mining operations and Kenmare Moma Processing (Mauritius) Limited which is responsible for the processing operations.

The fiscal regime applicable to mining activities of Kenmare Moma Mining (Mauritius) Limited allows for a 50 per cent. reduction in the corporate tax in the initial ten year period of production following start up and charges a royalty of 3 per cent. based on HMC sold by KMML to KMPL at cost plus a mark up of 15 per cent. adjusted for the inflation adjusted weighted average price of the final products sold by KMPL (approximately 45 per cent. of operating expenses relate to the mining operation). Import and export taxes and VAT are exempted and accelerated depreciation is permitted. Whilst withholding tax is levied on certain payments to non-residents, mining companies are exempt from withholding tax on dividends for the first ten years or until their investment is recovered whichever is earlier.

Kenmare Moma Processing (Mauritius) Limited has Industrial Free Zone (IFZ) status. This status was granted in the Implementation Agreement entered into by Kenmare Moma Processing (Mauritius) Limited and the Government of Mozambique in January 2002 as described in more detail in section 13(iii) of Part 16. As an IFZ company it is exempted from import and export taxes, VAT, income and other corporation taxes. A revenue tax of 1 per cent. will be charged after seven years of operation beginning in 2014. There is no dividend withholding tax under the IFZ regime. For a further description of the Group structure, see section 2 of Part 16.

Consolidated Group Balance Sheet

The following table sets forth selected balance sheet data of the Group for the periods indicated:

	As at 30 June 2009 Unaudited US$'000	*As at 30 June 2008 Unaudited US$'000*	*As at 31 December 2008 Audited US$'000*	*2007 Audited US$'000*	*2006 Audited US$'000*
Assets					
Non-current assets					
Property, plant and equipment	571,735	514,706	539,672	486,960	406,469
Current assets					
Inventories	12,077	6,497	6,405	5,631	–
Trade and other receivables	30,337	4,755	3,033	4,842	810
Cash and cash equivalents	5,631	47,727	40,536	56,203	87,230
	48,045	58,979	49,974	66,676	88,040
Total assets	619,780	573,685	589,646	553,636	494,509
Current liabilities					
Bank loans	31,478	26,807	34,842	26,273	4,424
Trade and other payables	27,635	27,080	25,236	29,573	37,519
Provisions	610	–	–	–	–
Total current liabilities	59,723	53,887	60,078	55,846	41,943
Non-current liabilities					
Bank loans	310,423	325,677	299,982	299,570	266,152
Obligations under finance lease	2,226	2,286	2,264	2,292	–
Provisions	3,992	3,999	4,179	2,505	2,365
Total non-current liabilities	316,641	331,962	306,425	304,367	268,517
Total liabilities	376,364	385,849	366,503	360,213	310,460
Net assets	243,416	187,836	223,143	193,423	184,049
Equity					
Capital and reserves attributable to the Company's equity holders					
Called-up share capital	72,966	61,705	66,178	61,496	55,940
Share premium	157,553	122,885	145,088	121,501	108,512
Retained losses	(30,990)	(39,225)	(30,791)	(31,136)	(21,504)
Other reserves	43,887	42,471	42,668	41,562	41,101
Total equity	243,416	187,836	223,143	193,423	184,049

Note:

The figures set out on the table above for the twelve months ended 31 December 2006, 31 December 2007 and 31 December 2008 have been extracted from the audited financial statements of those years. The figures for the periods ended 30 June 2008 and 30 June 2009 have been extracted from the 2009 unaudited condensed financial statements for the six months ended 30 June 2009.

Property, plant and equipment

Property, plant and equipment comprise assets acquired in 2000, assets acquired under the EPC Contract, sustaining capital expenditure by Kenmare and development expenditure. In January 2000 and April 2000 respectively, Kenmare acquired the WCP and MSP from BHP's Beenup mine in Western Australia. The EPC

Contract was entered into on the 7 April 2004 for the engineering, procurement, building, commissioning and transfer of facilities at the Mine. The assets acquired under the EPC Contract include the dredge pond, dredges, wet concentrator plant, mineral separation plant, product warehouse, mineral export facility and related infrastructure. Sustaining capital expenditure refers to capital additions to plant and equipment, buildings and airstrip, mobile, equipment, fixtures and equipment required to maintain operations at the Mine.

Development expenditure consists of mineral exploration and project development costs, including finance costs and lender and advisor fees for the Mine up to and including 30 June 2009, which is when the Mine became capable of operating at production levels in the manner intended by management. In addition, expenses including depreciation net of revenue earned during commissioning the Mine in the period before the Mine was capable of operating in the manner intended by management were deferred. These costs include an allocation of costs, including share based payments as determined by management and incurred by Group companies. Interest on borrowings related to the construction and mine development projects has been capitalised.

30 June 2009 compared to 30 June 2008

During the twelve months ended 30 June 2009 there was an increase in property, plant and equipment of US$57.0 million from US$514.7 million as at 30 June 2008 to US$571.7 million as at 30 June 2009. This increase was made up of development expenditure of US$61.3 million (comprised of loan interest capitalised of US$27.0 million, finance fees of US$6.2 million and costs of US$28.1 million net of revenue earned and net of delay damages) and sustaining capital expenditure of US$7.0 million, net of asset impairments of US$0.3 million and depreciation for the period of US$11.0 million.

2008 compared to 2007

During the year ended 31 December 2008 there was an increase in property, plant and equipment of US$52.7 million from US$487.0 million as at 31 December 2007 to US$539.7 million as at 31 December 2008. This increase was made up of development expenditure of US$60.1 million (comprised of loan interest capitalised of US$26.9 million, finance fees of US$1.5 million and costs of US$31.7 million net of revenue earned and net of delay damages), sustaining capital expenditure of US$3.7 million and a reclassification of consumable spares into inventory of US$1.2 million, net of asset impairments of US$0.2 million and depreciation for the year of US$9.7 million.

2007 compared to 2006

During the year ended 31 December 2007 there was an increase in property, plant and equipment of US$80.5 million from US$406.5 million as at 31 December 2006 to US$487.0 million as at 31 December 2007. This was made up of additions under the construction contract of US$47.2 million, development expenditure of US$37.1 million (comprised of loan interest capitalised of US$25.1 million, costs of US$11.2 million net of revenue earned and net of delay damages and exploration expenditure capitalised for the year of US$0.8 million) and sustaining capital expenditure of US$3.0 million, net of depreciation for the year of US$5.3 million and impairment in development expenditure of US$1.5 million.

Inventory

Mineral products include stock of HMC, ilmenite, rutile and zircon.

Consumable spares are spares required for the day to day operation of the mining and processing facilities.

30 June 2009 compared to 30 June 2008

During the twelve months ended 30 June 2009 there was an increase in inventory of US$5.6 million from US$6.5 million as at 30 June 2008 to US$12.1 million as at 30 June 2009. This increase is primarily due to an increase of US$3.4 million in mineral product inventory during the twelve month period due to completion of aspects of the PIP, increased production and the fact that inventory levels can vary depending on the timing of shipments.

2008 compared to 2007

During the year ended 31 December 2008 there was an increase in inventory of US$0.8 million from US$5.6 million as at 31 December 2007 to US$6.4 million as at 31 December 2008. This increase is primarily due to the reclassification of US$1.2 million of consumable spares during 2008 by the Company from property, plant and equipment into inventory as these spares were deemed to be required for the day to day operation of the mining and processing facility and were not capital in nature.

2007 compared to 2006

There was no inventory balance at 31 December 2006 as the Mine was under construction during 2006. Inventory at 31 December 2007 comprised mineral products of US$5.6 million.

Trade and other receivables

Trade and other receivables balances include trade debtors, prepayments and miscellaneous receivables.

30 June 2009 compared to 30 June 2008

During the twelve months ended 30 June 2009 there was an increase in trade and other receivables of US$25.6 million from US$4.8 million as at 30 June 2008 to US$30.3 million as at 30 June 2009. This increase is primarily due to increased shipments during this period and the fact that between January 2009 and June 2009 no trade finance facility was in place. Increased shipments and the value of them prior to a period end will result in an increased trade debtor balance at the period end depending on the credit terms of the customers making up the trade debtor balance and when shipments are made. On 31 July 2009 the Group entered into a trade finance facility with Absa to replace the facility it had with Barclays Bank plc which was not renewed by Barclays Bank plc in January 2009. Kenmare was therefore unable to factor debtors during the period ended 30 June 2009 resulting in a higher trade debtor balance being held at the period end.

2008 compared to 2007

During the year ended 31 December 2008 there was a decrease in trade and other receivables of US$1.8 million from US$4.8 million as at 31 December 2007 to US$3.0 million as at 31 December 2008. The decrease between 2007 and 2008 is primarily due to timing and in particular the amount outstanding from trade receivables which is affected by the value of shipments due at the respective year ends.

2007 compared to 2006

During the year ended 31 December 2007 there was an increase in trade and other receivables of US$4.0 million from US$0.8 million as at 31 December 2006 to US$4.8 million as at 31 December 2007. The increase between 2006 and 2007 is due to the commencement of a trade receivables balance as the Group made its first shipments in December 2007.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

30 June 2009 compared to 30 June 2008

Between 30 June 2008 and 30 June 2009, the cash balance decreased from US$47.7 million to US$5.6 million, a movement of US$42.1 million. During this period, loan amounts decreased by US$10.6 million, US$42.5 million was spent on property, plant and equipment including development expenditure. Development expenditure consists of operating costs of the Mine net of revenue earned. US$12.7 million in loan interest was paid. The balance was also absorbed by working capital of US$11.3 million less operational gains of US$8.3 million. During this period, 51.5 million ordinary shares were issued resulting in proceeds of US$26.7 million.

2008 compared to 2007

Between 31 December 2007 and 31 December 2008, the cash balance decreased from US$56.2 million to US$40.5 million, a movement of US$15.7 million. During 2008, 53.9 million ordinary shares were issued at an average share price of US$0.58. The issue of these shares resulted in proceeds of US$28.3 million. Loan balances increased by US$8.9 million. US$39 million was spent on property, plant and equipment including development expenditure. US$13.7 million in loan interest was paid. The balance was absorbed by working capital of US$0.5 million offset by operational profits of US$0.3 million.

2007 compared to 2006

At 31 December 2007, the cash balance was US$56.2 million which compares with a cash balance of US$87.2 million at 31 December 2006, a net decrease of US$31.0 million. During 2007, 9.7 million ordinary shares were issued following the exercise of warrants and options. The issue of these shares resulted in proceeds of US$3.5 million. A number of warrants were exercised during the year and as at 31 December 2007, US$14.2 million of warrant subscription money had been received. Loan amounts increased by US$55.3 million, US$27 million was spent on property, plant and equipment, US$37 million was spent on development expenditure and US$12.2 million in loan interest was paid. The balance was absorbed by operational losses of US$9.6 million and working capital movements of US$17.6 million

Loans and borrowings

The loans and borrowings below refer to both current and non-current loans and borrowings.

30 June 2009 compared to 30 June 2008

The movement in loans and borrowings from US$352.4 million as at 30 June 2008 to US$341.9 million as at 30 June 2009 of US$10.5 million is due to loan interest accrued of US$26.6 million net of loan interest paid of US$12.7 million, principal interest paid of US$10.2 million and foreign exchange gains, reducing the balance further, of US$14.2 million.

2008 compared to 2007

The movement in loans and borrowings from US$325.8 million as at 31 December 2007 to US$334.8 million as at 31 December 2008 of US$9.0 million is due to the Company drawing down US$22.0 million from its loan facilities, loan interest accrued of US$26.8 million net of loan interest paid of US$13.7 million, capital repayments of US$20.3 million and foreign exchange gains of US$5.8 million. The loan draw downs during the year were used to finance the construction and operation of the Mine.

2007 compared to 2006

The movement in loans and borrowings from US$270.6 million as at 31 December 2006 to US$325.8 million as at 31 December 2007 of US$55.2 million is due to the Company drawing down US$30.3 million from its current facilities, loan interest accrued of US$25.4 million, foreign exchange losses of US$11.7 million net of loan interest paid of US$12.3 million. The loan draw downs during the year were used to finance the construction and operation of the mine.

Trade and other payables

Trade and other payables balances include trade creditors, amounts due to the EPC Contractor for construction services work on the Moma Titanium Minerals Mine and costs incurred by the EPC Contractor on behalf of the Group, operating and finance accruals and miscellaneous accruals.

30 June 2009 compared to 30 June 2008

During the year ended 30 June 2009 there was an increase in trade and other payables of US$0.5 million from US$27.1 million as at 30 June 2008 to US$27.6 million as at 30 June 2009. There were no material movements during the year.

2008 compared to 2007

During the year ended 31 December 2008 there was a decrease in trade and other payables of US$4.4 million from US$29.6 million as at 31 December 2007 to US$25.2 million as at 31 December 2008. This decrease is primarily due to a decrease of US$3.3 million due to the EPC Contractor as a result of an invoice paid in January 2008.

2007 compared to 2006

During the year ended 31 December 2007 there was a decrease in trade and other payables of US$7.9 million from US$37.5 million as at 31 December 2006 to US$29.6 million as at 31 December 2007. This decrease is due to a decrease of US$13.4 million due to the EPC Contractor as a result of payments during 2007 being significantly greater than invoices received. This decrease was netted by an increase in operating accruals of US$4.7 million due to an increase in operations of the Mine as Kenmare took ownership of certain sections of the Mine.

Obligations under finance lease

The Group has leased equipment for the receipt, storage and dispensing of diesel fuel under a finance lease. The lease term is ten years from July 2007 with an option to purchase the assets after one year from the commencement date of the lease. This option has not been implemented due to a decision to preserve liquidity within the Group. For the year ended 31 December 2008, the average effective borrowing rate was 8 per cent. The lease is on a fixed repayment basis and the lease obligation is denominated in US Dollars. The fair value of the Group's lease obligation is equal to its carrying amount. The Group's obligations under the finance lease are unsecured with the lessor retaining title to the leased assets.

The decrease between 2007 and 2008 and between 2008 and the 6 months ended 30 June 2009 is due to repayments net of lease finance interest during these periods.

Provisions

Provisions consist of the Mine closure provision and Mine rehabilitation provision. 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. A provision of US$2.4 million was established during the year ended 31 December 2006. The unwinding of the discount is recognised as a finance cost and has been capitalised in development expenditure in property, plant and equipment and resulted in increase in the provision by US$0.1 million for the period ended 30 June 2009, US$0.1 million for the year ended 31 December 2008 and US$0.1 million for the year ended 31 December 2007.

The Mine rehabilitation provision represents the Directors' best estimate of the Company's liability for reclaiming areas disturbed by mining activities. Reclamation costs are recognised based on the area disturbed. The provision of US$1.5 million was established in the year ended 31 December 2008. The estimated costs of areas disturbed for the period ended 30 June 2009 resulted in an increase in the provision of US$0.3 million.

Issued Capital and Share Premium

30 June 2009 compared to 30 June 2008

Called-up share capital and share premium increased by US$11.3 million and US$34.7 respectively from US$61.7 million and US$122.9 million as at 30 June 2008 to US$73 million and US$157.6 million as at 30 June 2009 as a result of the follows transactions which took place during 2008 and 2009:

On 31 March 2009, 28.2 million ordinary shares in Kenmare were issued to the Lender Group as fees under the terms of the March 2009 Deed of Waiver and Amendment. The issue of these shares resulted in finance fees of US$3.2 million which have been capitalised in development expenditure. US$2.2 million of this issue has been credited to share capital and US$1.0 million to share premium.

On 30 June 2009 the Group entered into arrangements with its brokers to place 54 million new ordinary shares at Stg 19p per share. This placing resulted in proceeds of Stg£10.3 million (US$16.1 million) being received by the Group on 5 August 2009. The placing has resulted in US$4.6 million been credited to share capital as ordinary shares to be issued and US$11.5 million to share premium.

During the period 1 July 2008 to 31 December 2008, 51.5 million shares were issued resulting in proceeds of US$4.5 million been credited to share capital US$22.2 million been credited to share premium.

2008 compared to 2007

Called-up share capital and share premium increased by US$4.7 million and US$23.6 million respectively from US$61.5 million and US$121.5 million as at 31 December 2007 to US$66.2 million and US$145.1 million as at 31 December 2008 following 53.9 million ordinary shares which were issued at an average share price of US$0.58. The issue of these shares resulted in proceeds of US$28.3 million, of which US$23.6 million was credited to share premium account.

2007 compared to 2006

Called-up share capital and share premium increased by US$4.8 million and US$13.0 million respectively from US$56.7 million and US$108.5 million as at 31 December 2006 to US$61.5 million and US$121.5 million as at 31 December 2007 respectively as a result of the follows transactions which took place during 2007:

During 2007, 9.7 million ordinary shares were issued following the exercise of warrants and options. The issue of these shares resulted in proceeds of US$3.6 million of which US$2.8 million was credited to the share premium account.

45.3 million warrants were exercised during 2007 at a price of Stg 17p and the corresponding number of Ordinary €0.06 Shares were issued on 24 January 2008. At 31 December 2007, US$14.2 million of warrant subscription money had been received of which US$10.2 million was credited to the share premium account.

Other Reserves

Share Option Reserve

The share option reserve arises on the grant of share options to certain Directors, employees and consultants under the Share Option Scheme.

At 30 June 2009, the share option reserve amounted to US$10.1 million. During the period ended 30 June 2009, the Group recognised share-based payments of US$1.2 million. During the years ended 2008, 2007 and 2006, the Group recognised share-based payments of US$1.1 million, US$1.2 million and US$4.7 million respectively.

Revaluation Reserve

The revaluation reserve relates to the surplus arising on revaluation of plant in 2000 on a depreciated cost replacement basis and amounts to US$30.1 million.

There has been no movement in this balance during the period 31 December 2006 and 30 June 2009.

Translation Reserve

The translation reserve relates to currency movements arising on the translation of overseas subsidiary undertakings using the closing rate method and amounts to US$3.6 million.

There has been no movement in this translation reserve since 1 January 2002 when the Group changed its reporting currency from Euro to US Dollar.

Retained losses

Retained losses movement between 30 June 2008 and 30 June 2009 of US$8.3 million represented the Group profit during this period resulting from foreign exchange gains on the euro denominated loans. Retained losses movement between 2007 and 2008 of US$0.3 million represented the 2008 Group profit. The movement of US$9.6 million between 2006 and 2007 reflected the Group loss for 2007.

Consolidated Cash Flow Statement

The following table provides an overview of the Group's cash flows for the periods indicated:

	As at 30 June 2009 Unaudited US$'000	*As at 30 June 2008 Unaudited US$'000*	*As at 31 December 2008 Audited US$'000*	*2007 Audited US$'000*	*2006 Audited US$'000*
Cash flows from operating activities					
Net (loss)/profit for period	(199)	(8,089)	345	(9,632)	(4,330)
Adjustment for:					
Foreign exchange movement	(480)	(37)	(5,472)	1,680	1,972
Share-based payment expense	83	27	-	-	473
Operating cash outflow	(596)	(8,099)	(5,127)	(7,952)	(1,885)
(Increase)/decrease in inventories	(5,672)	(866)	408	(5,631)	–
(Increase)/decrease in trade and other receivables	(11,223)	87	1,809	(4,032)	977
Increase/(decrease) in trade and other payables	2,367	(2,539)	(4,414)	(7,896)	17,171
Increase in provisions	423	–	1,674	140	2,365
Cash (used)/generated by operations	(14,701)	(11,417)	(5,650)	(25,371)	18,628
Finance costs	(6,181)	(7,200)	(13,739)	(12,249)	(6,589)
Net cash flows (used in)/from operating activities	(20,882)	(18,617)	(19,389)	(37,620)	12,039
Cash flows from investing activities					
Additions to property, plant and equipment	(21,585)	(18,171)	(39,050)	(67,027)	(103,676)
Net cash flows used in investing activities	(21,585)	(18,171)	(39,050)	(67,027)	(103,676)
Cash flows from financing activities					
Proceeds on the issue of shares	–	1,593	28,269	3,542	3,892
Proceeds on shares to be issued	11	–	–	14,249	–
Repayment of borrowings	–	(17,312)	(20,335)	(4,424)	(1,756)
Increase in borrowings	7,077	43,954	29,316	59,691	103,183
(Decrease)/increase in obligations under finance lease	(6)	40	50	2,242	–
Net cash inflows from financing activities	7,082	28,275	37,300	75,300	105,319
Net (decrease)/increase in cash and cash equivalents	(35,385)	(8,513)	(21,139)	(29,347)	13,682
Cash and cash equivalents at 1 January	40,536	56,203	56,203	87,230	75,520
Effect of exchange rate changes on cash and cash equivalents	480	37	5,472	(1,680)	(1,972)
Cash and cash equivalents at the end of the period	5,631	47,727	40,536	56,203	87,230

Note:

The figures set out on the table above for the twelve months ended 31 December 2006, 31 December 2007 and 31 December 2008 have been extracted from the audited financial statements of those years. The figures for the periods ended 30 June 2008 and 30 June 2009 and 30 June 2008 have been extracted from the 2009 unaudited condensed financial statements for the six months ended 30 June 2009.

Net cash flows used in operating activities

In each of the periods covered by this review, the level of net profit/(losses) has resulted in net cash (outflows)/inflows from operating activities after taking account adjustments for movements in working capital, interest expense and non-cash charges such as foreign exchange movements and share based payments. The position regarding net losses/profits is discussed more fully in the analysis of comparative financial results from operations above.

Net cash flows used in investing activities

During the period under review, significant expenditures have been invested in Kenmare's assets. The following table sets out an analysis of such expenditures:

	30 June 2009 Unaudited US$'000	*30 June 2008 Unaudited US$'000*	*FY2008 Audited US$'000*	*FY2007 Audited US$'000*	*FY2006 Audited US$'000*
Acquisition of property, plant and equipment	21,585	18,171	39,050	67,027	103,676

Note:

The figures set out on the table above for the twelve months ended 31 December 2006, 31 December 2007 and 31 December 2008 have been extracted from the audited financial statements of those years. The figures for the periods ended 30 June 2008 and 30 June 2009 have been extracted from the 2009 unaudited condensed financial statements.

30 June 2009 compared to 30 June 2008

Net cash used in investing activities increased by US$3.4 million from US$18.2 million in the first six months of 2008 to US$21.6 million in the first six months of 2009. This is primarily due to an increase in sustaining capital expenditure on the property, plant and equipment. For further information on net cash used in investing activities, see detailed description in property, plant and description as described above.

2008 compared to 2007

Net cash used in investing activities decreased by US$27.9 million from US$67.0 million in 2007 to US$39.1 million in 2008. This is primarily due to a decrease in expenditure of property, plant and equipment including construction in progress under the EPC Contract of US$25.4 million from US$29.1 million in 2007 to US$3.7 million in 2008 as a result of the payment profile of the EPC Contract. For further information on net cash used in investing activities, see detailed description in property, plant and equipment as described above.

2007 compared to 2006

Net cash used in investing activities decreased by US$56.3 million from US$103.7 million in 2006 to US$67.0 million in 2007. This is primarily due to a decrease in expenditure of property, plant and equipment including construction in progress under the EPC Contract of US$48.9 million from US$78.0 million in 2006 to US$29.1 million in 2007 as a result of the payment profile of the EPC Contract. For further information on net cash used in investing activities, see detailed description in property, plant and equipment as described above.

Net cash flows from financing activities

During the period under review, Kenmare has raised new funds as follows:

	30 June 2009 Unaudited US$'000	*30 June 2008 Unaudited US$'000*	*FY2008 Audited US$'000*	*FY2007 Audited US$'000*	*FY2006 Audited US$'000*
Proceeds on the issue of shares	–	1,593	28,269	3,542	3,892
Proceeds on shares to be issued	11	–	–	14,249	–
Repayment of borrowings	–	(17,312)	(20,335)	(4,424)	(1,756)

	30 June 2009 Unaudited US$'000	*30 June 2008 Unaudited US$'000*	*FY2008 Audited US$'000*	*FY2007 Audited US$'000*	*FY2006 Audited US$'000*
Increase in borrowings	7,077	43,954	29,316	59,691	103,183
(Decrease)/increase in obligations under finance leases	(6)	40	50	2,242	–
Net cash inflow from financing activities	7,082	28,275	37,300	75,300	105,319

Note:

The figures set out on the table above for the twelve months ended 31 December 2006, 31 December 2007 and 31 December 2008 have been extracted from the audited financial statements of those years. The figures for the periods ended 30 June 2008 and 30 June 2009 have been extracted from the 2009 unaudited condensed financial statements.

30 June 2009 compared to 30 June 2008

Net cash from financing activities decreased by US$21.1 million from US$28.3 million in the first six months of 2008 to US$7.1 million in the first six months of 2009. This is primarily due to a decrease in the amount of borrowings drawn down from the Lender Group of US$ 36.9 million from US$44.0 during the first six months of 2008 to US$7.1 million during the first six months of 2009. This was offset by a repayment of borrowings of US$17.3 million during the first six months of 2008 versus no repayment during the first six months of 2009.

2008 compared to 2007

Net cash from financing activities decreased by US$38.0 million from US$75.3 million in 2007 to US$37.3 million in 2008. This is primarily due to a decrease in the amount of borrowings drawn down from the Lender Group of US$30.4 million from US$59.7 million during 2007 to US$29.3 million during 2008. It is also due to a US$15.9 million higher repayment of borrowings in 2008 and proceeds totalling US$14.2 million received in 2007 from shares to be issued compared to no proceeds from shares to be issued in 2008. This was partly offset by proceeds of US$28.3 million received in 2008 from the issue of shares versus US$3.5 million proceeds received in 2007.

2007 compared to 2006

Net cash from financing activities decreased by US$30.0 million from US$105.3 million in 2006 to US$75.3 million in 2007. This is primarily due to a decrease in the amount of borrowings drawn down from the Lender Group of US$43.5 million from US$103.2 million during 2006 to US$59.7 million during 2007. This was partly offset by proceeds totalling US$14.2 million received in 2007 from shares to be issued compared to no proceeds from shares to be issued in 2006.

Liquidity and Capital Resources

Kenmare's requirement for funding arises principally to enable it to retain sufficient liquidity to meet its obligations and provide further financial resources to accelerate increased production plans.

Capital Resources

Kenmare's funding structure at each reporting period end was as follows:

	30 June 2009 Unaudited US$'000	*30 June 2008 Unaudited US$'000*	*FY2008 Audited US$'000*	*FY2007 Audited US$'000*	*FY2006 Audited US$'000*
Debt due after more than one year	310,423	325,677	299,982	299,570	266,152
Debt due within one year	31,478	26,807	34,842	26,273	4,424
Total debt	341,901	352,484	334,824	325,843	270,576
Shareholders' equity	243,416	187,836	223,143	193,423	184,049
Total funding	585,317	540,320	557,967	519,266	454,625

Note:

The figures set out on the table above for the twelve months ended 31 December 2006, 31 December 2007 and 31 December 2008 have been extracted from the audited financial statements of those years. The figures for the periods ended 30 June 2008 and 30 June 2009 have been extracted from the 2009 unaudited condensed financial statements.

Pursuant to the Financing Agreements, bank loans have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the "Project Companies"), two wholly-owned subsidiaries of Kenmare. The bank loans are secured by substantially all rights and assets of the Project Companies and the Mine, security interests over the shares in the Project Companies, security interests over shareholder funding provided by way of subordinated intra-group loans and over any rights to expropriation compensation payable to Congolone. In addition, the bank loans are guaranteed by Kenmare and Congolone, whose guarantees are secured by any funds standing to the credit of the Contingency Reserve Account.

Seven Senior Loan credit facilities were made available for financing the Mine, further details of which are set out in section 13(v) of Part 16. The aggregate maximum amount of the Senior Loan credit facilities is US$185 million plus €15 million of which $182.8 million and €15 million had been drawn at 30 June 2009, and US$2.2 million was undrawn and prior to June 2009 was available under the KfW (Hermes) loan facility. The availability period for the undrawn US$2.2 million expired on 30 June 2009 without the amount being drawn because of the failure of the EPC Contractor to provide the necessary paid invoices, a stipulation under this loan agreement for drawdown. On 18 December 2009 the Group entered into a Deed of Final Settlement and Release with the EPC Contractor. Under the terms of the deed, all outstanding rights, obligations and liabilities of all parties under the EPC Contract and related agreements have been mutually settled and released. Further details of the Deed of Final Settlement and Release are set out in section 13(iv) of Part 16.

Senior Loans were originally scheduled to be repaid in equal semi-annual instalments commencing on 1 February 2008 in the case of six of the seven Senior Loans facilities, and on 2 February 2009 in the case of the seventh. On 30 January 2009, a deed of waiver and amendment was entered into by the Project Companies whereby the senior principal instalments due on 2 February 2009 were deferred to be repaid in semi-annual instalments over the remaining life of the loan commencing on 4 August 2009. On 31 March 2009 a second deed of waiver and amendment was entered into by the Project Companies whereby the senior principal instalments due on 4 August 2009 (including the portion of the February 2009 principal payment that was deferred to August) were also deferred, to be repaid in semi-annual instalments over the remaining life of the loan facilities commencing on 1 February 2010. Following Completion, the Senior Loans are subject to certain additional mandatory prepayments to be funded from available cashflow after senior and subordinated debt service. The Senior Loans tenors have therefore remained unchanged and range from 6 to 9 years from 30 June 2009. Three of the Senior Loans bear interest at fixed rates and four bear interest at variable rates.

The original Subordinated Loan facilities of €47.1 million plus US$10 million (excluding capitalised interest) were fully drawn down at period ended 30 June 2009. Under the loan documents Subordinated Loans were repayable in 21 semi-annual instalments commencing on 4 August 2009. Under the March 2009 Deed of Waiver and Amendment referred to above, the first scheduled Subordinated Loan principal instalment, which would have otherwise been due on 4 August 2009 has been deferred and is scheduled for repayment on 1 February 2010, or if cash is insufficient on such payment date, on the first semi-annual payment date thereafter on which sufficient cash is available, in accordance with the terms of the Subordinated Loans Agreements. The final instalments are due on 1 August 2019. The Original Subordinated Loans denominated in Euro bear interest at a fixed rate of 10 per cent. per annum, while the Original Subordinated Loans denominated in US Dollars bear interest at variable rates. Pursuant to the original terms of the Subordinated Loans Agreements, interest on the Original Subordinated Loans was being capitalised up to and including 4 August 2009. Subordinated Loans interest is due to be paid in cash for the first time on 1 February 2010, but if cash is insufficient on such payment date to make the scheduled interest payment, interest will be capitalised and become payable on the first semi-annual payment date on which sufficient cash is available, in whole or in part, to the extent of available cash.

The Standby Subordinated Loans credit facilities of €2.8 million and US$4 million (excluding capitalised interest) were fully drawn down as at the period ended 30 June 2009. Standby Subordinated Loans bear

interest at fixed rates in respect of €2.8 million and US$1.5 million and at variable rates in respect of US$2.5 million. Standby Subordinated Loans capitalise interest and are repayable on the same terms as the Original Subordinated Loans.

The Additional Standby Subordinated Loan credit facilities of US$12 million and US$10 million (excluding capitalised interest) were fully drawn down as at the period ended 30 June 2009. The Additional Standby Subordinated Loans bear interest at variable rates. The Additional Standby Subordinated Loans capitalise interest and are repayable on the same terms as the Original Subordinated Loans.

Interest margins on the Subordinated Loans, the Standby Subordinated Loans and the Additional Standby Subordinated Loans increased with effect from 31 March 2009 by 3 per cent. The additional margin will apply until Technical Completion whereupon the additional margin will reduce to 1 per cent. until Completion is achieved. After Completion, no additional margin will apply. The additional margin will be payable only after senior loans have been repaid in full.

On 7 August 2009, Mozambique Minerals Limited, a wholly owned subsidiary undertaking of Kenmare Resources plc, entered into a loan agreement with Banco Comerical e de Investimentos, S.A. for US$2.5 million to fund the purchase of an additional product trans-shipment barge and tug for the Mine. Interest accrues at 6 month LIBOR plus 6 per cent., and is payable monthly commencing September 2009 with principal scheduled to be repaid in 54 monthly instalments commencing March 2010. This loan was drawn down on 10 August 2009. The loan is secured by a mortgage on the purchased trans-shipment barge and tug and by a guarantee from Kenmare Resources plc.

Capitalisation and Indebtedness of the Group

The following tables set forth the Group's actual capitalisation and net indebtedness as at 31 December 2009 and has been extracted from the accounting records underlying the unaudited financial information for the year ended 31 December 2009. The Group's capitalisation will change as a result of the Capital Raising. For information on the proceeds of the Capital Raising, please see section 3 of Part 7 of this Prospectus.

The information in respect of capitalisation is derived from the management accounts of the Company as at 31 December 2009, which have not been audited.

Capitalisation and Indebtedness of the Group

Indebtedness as at 31 December 2009 (unaudited)	*US$'000*
Total current debt	
Guaranteed	
Secured[(1)]	58,791
Unguaranteed/unsecured[(2)]	92
Total current debt	58,883
Total non-current debt	
Guaranteed	
Secured[(1)]	297,326
Unguaranteed/unsecured[(2)]	2,172
Total non-current debt	299,498
Total indebtedness	358,381

Capitalisation as at 31 December 2009 (unaudited)	*US$'000*
Shareholders' equity	
Share capital	74,670
Share premium account	163,147
Other reserves[(3)]	41,795
Retained losses	(57,501)
Equity attributable to Kenmare Resources plc shareholders	222,111

(1) The bank loans which have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the Project Companies) are secured by substantially all rights and assets of the

Company (other than cash held at the corporate level) and the Moma Titanium Minerals Mine; security agreements over shares in the Project Companies; and the Contingency Reserve Account and have been guaranteed by the Company during the period to Financial Completion. The bank loan made to Mozambique Minerals Limited is secured by a mortgage on the purchased transshipment barge and tug and by a guarantee from Kenmare Resources plc.

(2) The Group has leased equipment for the receipt, storage and dispensing of diesel fuel under the finance lease. The Group's obligation under the finance are unsecured with the lessor retaining title to the leased assets.

(3) Other reserves are made up the share option reserve, the capital conversion reserve fund and the revaluation reserve.

(4) The company has no indirect or contingent indebtedness.

The bank loans which have been made to the Mozambique branches of Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (the "Project Companies") are secured by substantially all rights and assets of the Project Companies and the Mine, security interests over the shares in the Project Companies, security interests over shareholder funding provided by way of subordinated intragroup loans and over any rights to expropriation compensation payable to Congolone. In addition, the bank loans are guaranteed by Kenmare and Congolone, whose guarantees are secured by any funds standing to the credit of the Contingency Reserve Account.

The bank loan made to Mozambique Minerals Limited is secured by a mortgage on the purchased transshipment barge and tug and by a guarantee from Kenmare Resources plc.

Net indebtedness

	As at 31 December 2009 US$'000
Cash	17,408
Secured	–
Cash equivalents	–
Liquidity	17,408
Current bank debt	–
Current portion of non current debt	(58,791)
Other current financial debt	(92)
Current financial debt	(58,883)
Net current financial indebtedness	(41,475)
Non-current bank loans	(297,326)
Bonds issued	–
Other non-current loans	(2,172)
Non-current financial indebtedness	(299,498)
Net financial indebtedness	(340,973)

Funding Policies and Objectives

The Group's policy with respect to liquidity and cash flow is to aim to ensure continuity of funding, and compliance with the repayment terms under the Financing Agreements, mainly through cash generated from operations, and to the extent required, through additional equity or debt funding. Where surplus cash is generated it is placed on short-term deposit accounts at standard bank rates so as to maximise interest earned whilst maintaining the liquidity requirements of the business.

Disclosures about market risk

The Group is exposed to changes in currency exchange rates, interest rates and demand for its products, as well as to changes in the political and regulatory environment in which it operates.

Foreign exchange risk

The presentation currency of the Group and the functional currency of Kenmare is the US Dollar (US$).

Kenmare has no significant interest bearing exposures other than bank balances and borrowings. The Group's current policy is not to enter into derivative financial instruments to cover this risk due to the length and payment profile over the loan period. Kenmare is, therefore, exposed to movements in US Dollars to Euro over the repayment period which may increase or decrease its finance costs and, therefore, have an impact on Kenmare's profitability. All translation differences are taken to the income statement. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year.

Interest rate risk

Kenmare is exposed to movements in interest rates which affect the amount of interest paid on borrowings as part of its debt is exposed to variable interest rates. Any increase in relevant variable interest rates would increase finance costs and therefore have a negative impact on Kenmare's profitability. 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 mix of fixed and floating rate exposures and currencies.

Political factors

Mozambique has been considered to be politically stable in recent years. Kenmare has had considerable experience operating in Mozambique and believes it will be allowed to develop and operate the Mine under a stable and predictable fiscal and legal regime. However, changes may occur in the political, fiscal and legal system in Mozambique, which might affect the ownership or operation of the Group's interests (including the development and/or operation of the Mine), including changes in exchange control regulations, expropriation of mining rights, changes in government, legislation and regulatory regimes.

Industry risks

A significant reduction in demand for or price of ilmenite, rutile and zircon would have a material adverse effect on the business. Mining operations are resource intensive and changes in the cost and/or interruptions in the supply of energy, water, fuel and labour could adversely affect a mine's economic viability. If the Group experiences interruptions in, or constraints on, its supply of energy, water, fuel or labour, the Group's costs could increase and its results could be materially adversely affected. Mining requires substantial capital investment to maintain and prolong the life and capacity of operations. Capital cost increases may negatively impact the Group's future cash flows.

Licences required by Kenmare

Kenmare is currently mining the Namalope Reserve which contains the titanium minerals ilmenite and rutile and the zirconium silicate mineral, zircon. This reserve is held under Mining Concession 735C issued by the Government of Mozambique which is valid until 28 August 2029 and is renewable thereafter.

Mining is governed by the terms of a Mineral Licensing Contract which was entered into in January 2002 covering an initial period of 25 years of mining and renewable thereafter.

A further key agreement with the Government of Mozambique in relation to the Mine is the Implementation Agreement which governs the operation of an Industrial Free Zone covering the processing and exporting aspects of the Mine and provides favourable tax treatment. This agreement was entered into in January 2002 and is not subject to renewal. The Company is not aware of any incidents which may result in the licence being revoked by the Government of Mozambique.

The environmental licence for the Mine, which includes the licence over the power transmission line, was issued by the Department of the Environment in Mozambique in April 2003, after an extensive review process and consultation with the public and stakeholders. The environmental licence was renewed in February 2010 for a further five years.

Environmental risk

The Group is subject to the environmental laws and standards in force in Mozambique, together with international standards and guidelines issued by the World Bank, AfDB and FMO as well as its own environmental policies.

Off balance sheet items

The Group had no off-balance sheet items at 30 June 2009 or at 31 December 2008, 2007 or 2006.

Significant Accounting Policies

The Group's significant accounting policies are more fully described in the 2008, 2007 and 2006 Annual Reports which are available on the Company's corporate website at www.kenmareresources.com or from Kenmare's registered office at Chatham House, Chatham Street, Dublin 2, Ireland. Some of the Group's accounting policies require the application of significant judgement and estimates by management that can affect the amounts reported in the financial statements. By their nature, these judgements are subject to a degree of uncertainty and are based on the Group's historical experience, terms of existing contracts, management's view on trends in the titanium dioxide feedstocks industry, information from outside sources and other assumptions that the Group considers to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

PART 13

UNAUDITED PRELIMINARY RESULTS

The following information, which has not been audited, is the full text of the Preliminary Results Announcement in respect of the twelve months ended 31 December 2009 issued by the Company on 5 March 2010.

Chairman's Statement

"Dear Shareholder,

These preliminary results are being issued as Kenmare also announces a fully underwritten equity issue to raise US$270 million before expenses, the primary purpose of which is to fund the expansion of production at Moma.

Moma Expansion

Our decision to move swiftly into expansion of the Moma mine is based, in large part, on our analysis of the market for titanium feedstocks. We believe that growth in consumption of titanium dioxide feedstocks for the next 5 years will be above historic trend-line growth rates due to a recovery from depressed demand during the recession and positive regional developments. Consumption of titanium dioxide feedstocks is closely correlated to world GDP and is particularly influenced by growth trends in newly industrialising economies where increasing intensity of use of pigmnent has accelerated demand for titanium feedstocks. The recession has, in the main, impacted these economies less than fully industrialised countries and they continue to experience strong growth. In addition to the cyclical recovery in demand for titanium feedstocks as world GDP grows and increasing intensity of use in the newly industrializing countries, demand is being given a further boost by a reversal of the inventory destocking which occurred during the recession. As a result, growth in consumption for titanium feedstocks in 2010 is expected to be above trend-line growth rates.

Despite the positive end-use market, the titanium feedstock supply industry is suffering from a long period of under-investment. The industry is characterised by large older mines which have been open for many years and which are now dealing with gradually reducing grades; depletion of resources causing closures; significant cost pressures, such as power costs, particularly in South Africa; and delays and difficulties in the few start up projects which have been established. All in all, the feedstock supply industry is not well positioned to respond to increasing demand. We believe that this will result in an increasing shortage of titanium feedstocks from 2012 onwards with consequent upward pressure on prices. This view is shared by many analysts of the industry. Even with a Moma expansion included in the supply forecast, there remains a significant projected deficit of supply.

Unlike most of our competitors, Kenmare is well placed to take advantage of this market opportunity. Our large, long-life, low-cost deposit at Moma provides for a capital-efficient expansion. The recently completed Expansion Study (conducted on the basis of an accuracy of estimate of +/- 25 per cent.) estimated that we can expand our production volumes of ilmenite, zircon and rutile by 50 per cent. for capital expenditure of U$200 million and that this expansion can be implemented rapidly with little disruption to the existing operation. Kenmare can seize first-mover advantage ahead of other competitors and capture upside in the developing market supply deficit with this expansion strategy. We have discussed the expansion with our lenders, who are supportive and have agreed to amend the terms of their loans to accommodate the expansion should the fund-raising be successful. Details of the amended financing arrangements will be contained in the prospectus, expected to be issued later today (the "Prospectus").

The Prospectus also provides full details of the equity-raising of U$270 million which is being implemented as a Firm Placing and Placing and Open Offer.

Operations Review

We started 2009 with a plant partially handed over by the EPC Contractor but which had severe limitations, and was unable to operate at contracted levels. Following completion of the Performance Improvement Programme (PIP) in December 2009, we now have a plant operating at materially increased production levels, and delivering increasing amounts of product to market. The operational improvements which have facilitated this progress were, in the main, paid for by the EPC Contractor through the strict enforcement of the construction contract. This contract was then closed out in December 2009 with a Deed of Final Settlement and Release, pursuant to which a final compensation payment was made to Kenmare.

While the production improvements delivered by the PIP fell short of expectations during 2009, Heavy Mineral Concentrate (HMC) production is currently at design capacity levels, with processing improvements on track. The significantly improving trend in zircon production since the commissioning of additional equipment in the zircon circuit, referred to in the announcement of 26 January 2010, has continued and is expected to be followed by improvements in rutile production. Production at levels approaching design capacity for ilmenite and zircon is expected by the end of the first half of 2010, with work to increase rutile production ongoing throughout 2010.

From the beginning of the year to the end of February 2010, eight shipments from the Mine have been completed totalling 154,000 tonnes of ilmenite and zircon, as compared to one shipment in the first two months of 2009 for 7,050 tonnes of ilmenite, and twenty four shipments in all of 2009 totalling 418,000 tonnes of ilmenite and zircon.

Production for the year ended 31 December 2009 is shown in the table below, which is adjusted for an end-of-year stock reconciliation that reduced ilmenite production by 3,900 tonnes from the level announced on 26 January 2010.

	H1 2009	*H2 2009*	*Total 2009*
	Tonnes	*Tonnes*	*Tonnes*
Mining – heavy mineral concentrate	317,000	509,200	826,200
Processing – finished products	210,000	284,400	494,400
Export Sales	148,000	270,000	418,000

I am pleased to say that we have worked safely through the year with a lost-time injury frequency rate of 0.38 per 200,000 hours worked and no serious accidents on site. This is a tribute to the high importance all management and staff at Moma place on the safety and care for one another. We continue to see malaria prevention as an important challenge for our operation and continue our awareness and prevention programmes with active engagement of staff, community and governmental authorities.

During the year, KMAD, the not-for-profit development trust founded by Kenmare with the objective of uplifting the lives of our neighbours, was awarded the prestigious Nedbank Green Mining Socio-Economic Award for its work in the local communities. This is an award programme for all mining companies with activities in Africa. Also, Ireland's Chamber of Commerce recognised Kenmare's contribution through the granting of the award for International Corporate Responsibility. We are very pleased to receive these awards, which provide us with independent confirmation of our social and community successes in Mozambique, and which encourages us to work even harder in this area.

Financial Review

Until the end of June 2009, because of the delayed ramp-up, Kenmare continued to operate an accounting policy where costs net of revenues were capitalised into the overall development expenditure for the project. From July 2009, the Group has reported revenue and related costs in the income statement.

The reported loss after tax for the year is US$30.4 million. During the first six months of the year costs of US$13.8 million, net of revenue earned of US$15.6 million and net of delay damages of US$1.2 million were capitalised in development expenditure in property, plant and equipment. Loan interest of US$13.4 million and finance fees of US$5.6 million were also capitalised resulting in an increase in development expenditure of US$32.8 million to 30 June 2009.

Revenue for the six months from July to December 2009 amounted to US$26.7 million and cost of sales for the corresponding period was US$35.2 million resulting in a gross loss of US$8.5 million. Distribution and administration costs for the six month period to December 2009 were US$1.8 million and US$1.9 million respectively. There were loan interest and finance fees of US$15.5 million during the second half of the year and deposit interest earned of US$0.2 million. In addition there was a foreign exchange loss for the year of US$2.9 million, mainly as a result of the retranslation of the Euro denominated loans, resulting in a loss for the year of US$30.4 million.

For the year, additions to property, plant and equipment amounted to US$47.7 million made up of assets of US$14.1 million and development expenditure of US$33.6 million. At 31 December 2009 net property, plant and equipment amounted to US$540.9 million. Depreciation and amortization for the six month period was US$12.9 million.

In June 2009, the Group completed a share placing resulting in US$16.1 million being received in August 2009. At 31 December 2009, Group loans totalled US$356.1 million and cash balances amounted to US$17.4 million. In January 2010, US$7.7 million was received pursuant to the exercise of warrants.

The loss in the last six months of 2009 is a result of both the slower than planned ramp-up and the depressed feedstock market situation. As detailed above, production, and market conditions, current and projected, are now healthier, providing encouraging indications of a significant improvement in operational and financial performance for the year ahead.

We are also pleased to announce the appointment of J.P. Morgan Cazenove as broker to the Company, who will be working with Davy, Canaccord Adams and Mirabaud.

We are all looking forward to the successful completion of the fund-raising and the commencement of the expansion project. Since this will not be debt funded, we will not be required to utilise a fixed price turnkey contracting method in the expansion. Hence the Company will have much greater control over the quality of construction process and ability to use the experience we have gained over the last few years.

Charles Carvill
Chairman

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, nor shall it (or any part of it), or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefor. ***This document is not a prospectus and investors should not subscribe for or purchase any securities referred to in this document except on the basis of the information in the Prospectus. Copies of the Prospectus will, following publication, be available from the offices of Eversheds O'Donnell Sweeney, One Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland and the offices of Eversheds LLP, 1 Wood Street, London EC2V 7WS, United Kingdom. Requests for prospectuses should not be made from Australia, Canada, Hong Kong, Japan or Switzerland.***

The securities to be offered in the equity issue referred to above have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act"), or under the securities legislation of any state or territory or jurisdiction of the United States. Securities may not be offered, sold, transferred or delivered, directly or indirectly in or into the United States absent registration under the Securities Act or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any states or other jurisdiction of the United States. There will be no public offer of the securities referred to herein in the United States.

KENMARE RESOURCES PLC
PRELIMINARY RESULTS
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Unaudited 2009 US$'000	*2008 US$'000*
Continuing Operations		
Revenue	26,721	–
Cost of sales	(35,170)	–
Gross loss	(8,449)	–
Distribution costs	(1,770)	–
Administration costs	(1,892)	(1,304)
Operating loss	(12,111)	(1,304)
Finance income	202	1,302
Finance costs	(15,533)	–
Foreign exchange (loss)/gain	(2,910)	347
(Loss)/profit before tax	(30,352)	345
Income tax expense	–	–
(Loss)/profit for the year and total comprehensive (loss)/income for the year	(30,352)	345
Attributable to equity holders	(30,352)	345
	US$ cents per share	*US$ cents per share*
(Loss)/earnings per share: Basic	(3.59c)	0.045c
(Loss)/earnings per share: Diluted	(3.59c)	0.042c

KENMARE RESOURCES PLC
PRELIMINARY RESULTS
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009

	Unaudited *2009* *US$'000*	*2008* *US$'000*
Assets		
Non-current assets		
Property, plant and equipment	540,924	539,672
Current assets		
Inventories	21,951	6,405
Trade and other receivables	13,311	3,033
Cash and cash equivalents	17,408	40,536
	52,670	49,974
Total assets	593,594	589,646
Equity		
Capital and reserves attributable to the Company's equity holders		
Called-up share capital	74,670	65,424
Share premium	163,147	145,088
Retained losses	(57,501)	(27,149)
Other reserves	41,795	39,780
Total equity	222,111	223,143
Liabilities		
Non-current liabilities		
Bank loans	297,326	299,982
Obligations under finance lease	2,172	2,264
Provisions	4,347	4,179
	303,845	306,425
Current liabilities		
Bank loans	58,791	34,842
Obligations under finance lease	92	28
Provisions	650	–
Trade and other payables	8,105	25,208
	67,638	60,078
Total liabilities	371,483	366,503
Total equity and liabilities	593,594	589,646

KENMARE RESOURCES PLC
PRELIMINARY RESULTS
UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Unaudited *2009* *US$'000*	*2008* *US$'000*
Cash flows from operating activities		
(Loss)/profit for the year	(30,352)	345
Adjustment for:		
Foreign exchange movement	2,910	(5,472)
Share-based payments	796	–
Finance income	(202)	(1,302)
Finance costs	15,533	–
Depreciation	12,871	–
Increase in provisions	739	1,674
Operating cash flow	2,295	(4,755)
(Increase)/decrease in inventories	(13,749)	408
(Increase)/decrease in trade and other receivables	(700)	1,809
Increase/(decrease) in trade and other payables	5,898	(4,414)
Cash used by operations	(6,256)	(6,952)
Interest received	202	1,302
Interest paid	(11,866)	(13,739)
Net cash used in operating activities	(17,920)	(19,389)
Cash flows from investing activities		
Addition to property, plant and equipment	(40,197)	(39,050)
Net cash used in investing activities	(40,197)	(39,050)
Cash flows from financing activities		
Proceeds on the issue of shares	19,582	28,269
Repayment of borrowings	(336)	(20,335)
Increase in borrowings	15,890	29,316
(Decrease)/increase in obligations under finance leases	(286)	50
Net cash from financing activities	34,850	37,300
Net decrease in cash and cash equivalents	(23,267)	(21,139)
Cash and cash equivalents at beginning of the year	40,536	56,203
Effect of exchange rate changes on cash and cash equivalents	139	5,472
Cash and cash equivalents at the end of the year	17,408	40,536

NOTES TO THE PRELIMINARY RESULTS

Note 1. Basis of Accounting and Preparation of Financial Information

While the unaudited consolidated financial statements for the year ended 31 December 2009 from which the preliminary results have been extracted are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, these preliminary results do not contain sufficient information to comply with IFRSs. The Directors expect to approve and publish full financial statements that comply with IFRSs as adopted by the European Union in April 2010. The unaudited consolidated financial statements are prepared in US Dollars under the historical cost convention.

The financial information presented in this preliminary results document does not constitute consolidated financial statements within the meaning of the Companies Acts, 1963 to 2009. A copy of the consolidated financial statements for the year ended 31 December 2009 will be annexed to the Annual Return for 2010.

The auditors have not yet issued their opinion on the consolidated financial statements for the year ended 31 December 2009. The auditors' opinion when issued is likely to draw attention to the disclosures in the consolidated financial statements in relation to the recoverability of property, plant and equipment (see Note 5 below) and in relation to investments in and amounts due from subsidiary undertakings on the parent Company's balance sheet.

In the event that the equity funding does not proceed, the auditors' opinion when issued is also likely to draw attention to the disclosures in the consolidated financial statements in relation to going concern (see Note 2 below)

The statutory accounts for the year ended 31 December 2008 prepared under IFRS as adopted by the European Union upon which the auditors have issued an unqualified opinion, but with an emphasis of matter drawing attention to the disclosures made in the financial statements concerning the recoverability of property, plant and equipment and investments in and amounts due from subsidiary undertakings, and the continued availability of adequate financing, have been filed with the Registrar of Companies.

The Directors approved this preliminary results document on 4 March 2010.

Note 2. Going Concern

On 5 March 2010 the Group announced plans to raise approximately US$270 million by means of a fully underwritten equity issue. This funding will enable the Group to proceed with a proposed expansion of the Moma Titanium Minerals Mine (the Mine or the Project) on the basis of an expansion study which was completed in January 2010. In accordance with the capital cost estimates under the expansion study, approximately US$200 million, in quarter three 2009 US$ terms and including a contingency of approximately US$18 million, of the net proceeds from the fund-raising is intended to be used to fund the engineering, procurement and construction costs of the expansion. This estimated cost is to a stated accuracy limit of +/- 25 per cent. The balance of the net proceeds of approximately US$56.7 million will be available to the extent necessary for any increase in costs of the expansion and general corporate purposes, including meeting any debt service payments which are not met from operating cash flows.

The senior and subordinated lenders to the Project (the Lender Group) have agreed to a number of waivers and amendments to the existing Project financing agreements in connection with the proposed expansion the effectiveness of which are conditional on US$200 million of the proceeds of the equity raising being deposited into the Contingency Reserve Account (an account securing certain obligations of the Group in connection with the financing of the Project) by 30 June 2010. Further detail on these waivers and amendments are set out in Note 8.

The current terms of the Project loan agreements require that "Technical Completion" be achieved by 31 December 2010. Should the equity raising not be completed and, as a result, the waivers and amendments to the Project financing agreements do not become effective, the Group would seek to agree with the Lender Group a number of amendments to the Technical Completion requirements in order to accommodate some operational aspects of the mine which are different than those originally envisaged. Furthermore, in the event

that production rates and other operational aspects from the mine were not expected to be sufficient to satisfy the Technical Completion requirements as at 31 December 2010, the Group would also seek to re-negotiate the requirements for Technical Completion and/or implement a number of operational measures in order to satisfy the Technical Completion test or to limit the scope of any necessary modifications to the Technical Completion tests.

The equity-raising is conditional on the approval of authorizing resolutions by shareholders at an EGM. If the resolutions are not approved, the equity-raising will not complete, the proposed expansion will not proceed at this time or possibly at all, and the agreed waivers and amendments to the Project financing agreements will not become effective. In this situation, the existing provisions of the Project financing agreements would, absent further renegotiation, continue to apply. Details of the existing provisions of the Project financing agreements are set out in Note 8.

In such circumstances, the Group would, to the extent it becomes necessary, take a number of actions designed to maximise cash flow and increase its cash balances in order to meet loan repayment obligations as they fall due. These steps could include disposing of stocks of titanium minerals product built up at the mine earlier than planned under the Group's shipping schedule, curtailing discretionary expenditure, seeking to obtain additional debt or equity finance and/or seeking to agree with the Project lenders amendments to loan repayment schedules. While the Directors believe they would be able to implement the necessary courses of action in order to satisfy scheduled payment obligations under the Project loans, the consequences of such actions may be inconsistent with the long term strategy of the Group. For example, the accelerated sale of inventory may affect the pricing the Group achieves for its products more generally, curtailment of expenditure may delay or prevent the delivery of benefits from the capital expenditure programme, alternative capital may be expensive, and the cost of any amendments agreed with the Project lenders may be punitive and may result in more onerous obligations than those currently prevailing.

Taking account of the factors detailed above 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 annual financial statements.

Note 3. Segment Reporting

The Group has adopted IFRS 8 Operating Segments with effect from the 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board to allocate resources to the segments and to assess their performance. In prior years management considered the operation of the Mine in Mozambique as its primary business and geographical segment. This is also the means by which information is reported to the Group's Board for the purposes of resource allocation and assessment of segment performance. Therefore there is no change to the Group's reportable segments under IFRS 8. Information regarding the Group's operating segment is reported below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

Segment revenues and results

	Unaudited	
	2009	*2008*
	US$'000	*US$'000*
Moma Titanium Minerals Mine		
Revenue	26,721	–
Cost of sales	(35,170)	–
Gross loss	(8,449)	–
Distribution costs	(1,770)	–
Segment operating loss	(10,219)	–
Central administration costs	(1,892)	(1,304)
Group operating loss	(12,111)	(1,304)
Finance income	202	1,302
Finance expenses	(15,533)	–
Foreign exchange loss/gain	(2,910)	347
(Loss)/profit before tax	(30,352)	345
Income tax expense	–	–
(Loss)/profit for the year	(30,352)	345

Segment assets

	Unaudited	
	2009	*2008*
	US$'000	*US$'000*
Moma Titanium Minerals Mine assets	571,266	554,562
Corporate assets	22,328	35,084
Total assets	593,594	589,646

Segment liabilities

	Unaudited	
	2009	*2008*
	US$'000	*US$'000*
Moma Titanium Minerals Mine liabilities	366,352	364,401
Corporate liabilities	5,131	2,102
Total liabilities	371,483	366,503

Other segment information

	Unaudited	
	2009	*2008*
	US$'000	*US$'000*
Depreciation and amortisation		
Moma Titanium Minerals Mine	12,830	9,682
Corporate	41	26
Total	12,871	9,708
Additions to non-current assets		
Moma Titanium Minerals Mine	43,651	63,651
Corporate	4,024	124
Total	47,675	63,775

Depreciation for the first six months to the 30 June 2009 of US$5.8 million and the 2008 depreciation charge of US$9.7 million have been capitalised in development expenditure in property, plant and equipment. During the year mobile equipment at the Moma Titanium Minerals Mine with net book value of US$0.2 million (2008: US$0.2 million) were deemed impaired and therefore written off. Development expenditure at Corporate level with a cost of US$0.05 million was deemed impaired and therefore written off.

Revenue from major products	*Unaudited 2009 US$'000*
Ilmenite	18,855
Zircon	7,866
Total	26,721

Revenue for the first six months to the 30 June 2009 of US$15.6 million has not been included in the above amount as this has been capitalised in development expenditure in property, plant and equipment. Revenue earned in 2008 of US$25.3 million has been capitalised in development expenditure in property, plant and equipment.

Geographical information	*Unaudited 2009 US$'000*
Revenue from external customers	
Europe	13,700
USA	8,458
Asia	4,563
Total	26,721

The Group's revenue from external customers is generated by the Moma Titanium Minerals Mine, the non-current assets of which are US$536.8 million (2008: US$539.5 million).

Information about major customers

Included in revenues are US$8.5 million from the sale of ilmenite to the Group's largest customer, US$7.7 million from the sale of zircon to the Group's second largest customer and US$4.6 million from the sale of ilmenite to the Group's third largest customer during the six month period ended 31 December 2009. All revenues are generated by the Mine.

Note 4. (Loss)/Earnings per share

The calculation of the basic and diluted (loss)/earnings per share attributable to the ordinary equity holders of the parent is based on the loss after taxation of US$30.4 million (2008: profit US$0.3 million) and the weighted average number of shares in issue during 2009 for the purposes of basic earnings/(loss) per share of 844,314,758 (2008: 760,160,548) and for diluted earnings/(loss) per share of 891,343,016 (2008: 825,386,342).

In 2009 the basic loss per share and the diluted loss per share are the same, as the effect of the outstanding share options and warrants are anti-dilutive.

Note 5. Property Plant and Equipment

	Plant & Equipment US$'000	*Buildings & Airstrip US$'000*	*Mobile Equipment US$'000*	*Fixtures & Equipment US$'000*	*Construction In Progress US$'000*	*Development Expenditure US$'000*	*Total US$'000*
Cost							
At 1 January 2008	257,502	3,812	6,022	2,535	46,082	176,365	492,318
Transfer from construction in progress	2,403	–	177	78	(2,658)	–	–
Reclassification to inventory	(1,182)	–	–	–	–	–	(1,182)
Additions during the year	793	–	525	135	2,281	60,041	63,775
Impairment during the year	–	–	(486)	–	–	–	(486)
At 1 January 2009	259,516	3,812	6,238	2,748	45,705	236,406	554,425
Transfer from construction in progress	47,354	289	1,107	115	(48,865)	–	–
Reclassification to inventory	(1,797)	–	–	–	–	–	(1,797)
Additions during the year	6,360	–	263	5	7,473	33,574	47,675
Adjustment as a result of the DOFS&R	–	–	–	–	–	(25,758)	(25,758)
Impairment during the year	–	–	(362)	–	–	(48)	(410)
At 31 December 2009	311,433	4,101	7,246	2,868	4,313	244,174	574,135
Accumulated Depreciation							
At 1 January 2008	2,775	74	2,207	302	–	–	5,358
Charge for the year	7,445	191	1,252	820	–	–	9,708
Impairment during the year	–	–	(313)	–	–	–	(313)
At 1 January 2009	10,220	265	3,146	1,122	–	–	14,753
Charge for the year	11,042	195	1,351	894	–	5,188	18,670
Impairment during the year	–	–	(212)	–	–	–	(212)
At 31 December 2009	21,262	460	4,285	2,016	–	5,188	33,211
Carrying Amount							
At 31 December 2009	290,171	3,641	2,961	852	4,313	238,986	540,924
At 31 December 2008	249,296	3,547	3,092	1,626	45,705	236,406	539,672

An EPC Contract for the engineering, procurement, building, commissioning and transfer of facilities at the Moma Titanium Minerals Mine in Mozambique was entered into on 7 April 2004. The EPC Contractor was a joint venture formed for this project by subsidiaries of Multiplex Limited and Bateman B.V. The facilities, excluding the roaster, were taken over from the EPC Contractor in 2007. At 1 September 2009, the roaster was taken over. On 12 December 2009, a Deed of Final Settlement and Release (DOFS&R) was signed by the Project Companies and the EPC Contractor. Under the terms of the DOFS&R, substantially all outstanding rights, obligations and liabilities of all parties under the EPC contract and related agreements have been mutually settled and released.

Included in property, plant and equipment is the acquired valuation of US$41.6 million for the mining and processing plant. Under the transition to IFRS, the Group has elected to use this valuation as the deemed cost as and from the 1 January 2005.

During the year 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 as this is the business and geographic segment of the Group. 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 a life-of-mine financial model. The recoverable amount obtained from the financial model represents the present value of the future pre-tax and pre-finance cash flows discounted at the average effective borrowing rate of the Moma Titanium Mineral Mine of 8.8 per cent. Key assumptions include the following:

- Life of mine, which is currently estimated at 28 years, is based on the Namalope proved and probable reserves.
- The cash flows assume ramp-up to expected production levels during 2010 for ilmenite and zircon, and 2011 for rutile. Expected production levels are annual production levels of approximately 800,000 tonnes of ilmenite per annum plus co-products, rutile and zircon.
- 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 not exceeding those forecast by the lender's independent marketing consultant.
- Operating and capital replacement costs are based on approved budget costs for 2010 and escalated by 2 per cent. per annum thereafter.

The discount rate is the significant factor in determining the recoverable amount and a 1 per cent. change in the discount rate results in an 8 per cent. change in the recoverable amount.

A detailed asset review during the year resulted in a mobile equipment with net book value of US$0.2 million deemed to be impaired and therefore written off.

During the year the mining reserve was increased and represents approximately a 28 year life at expected production levels. This has resulted in a change in the unit of production depreciation which is calculated using the quantity of Heavy Mineral Concentrate produced in the period as a percentage of the total quantity of Heavy Mineral Concentrate material to be produced in current and future periods based on the mining reserve.

Included in plant and equipment are capital spares of US$1.0 million (2008: US$0.5 million). The Company has reclassified consumable spares included in property, plant and equipment of US$1.8 million (2008: US$1.2 million) into inventory.

Substantially all the property, plant and equipment of the Group is or will be mortgaged, pledged or otherwise secured to provide collateral for the senior loans (the Senior Loans) and the subordinated loans (the Subordinated Loans) provided to the Project, or in the case of the trans-shipment barge Peg, and tug workboat Sofia IIII, a loan provided to the Group, as detailed in Note 8.

The carrying amount of the Group's plant and equipment includes an amount of US$1.5 million (2008: US$1.7 million) in respect of assets held under a finance lease.

During the first six months ended 30 June 2009, the Group continued to build up production to target levels. From the 1 July 2009 the mine was considered to be capable operating at target levels of production and as a result the Group has reported revenue and costs in the income statement from July 2009 onwards.

During the first six months of the year additions to development expenditure include loan interest capitalised of US$13.4 million (2008: US$26.9. million), finance fees of US$5.6 million (2008: US$1.5 million), costs of US$13.8 million (2008: US$31.7 million) net of revenue earned of US$15.6 million (2008: US$25.3 million) and net of delay damages of US$1.2 million (2008: US$3.1 million).

As a result of the DOFS&R noted above US$25.8 million of EPC Contract accruals net of receipt of US$10 million, were credited to development expenditure in December 2009. Included in development expenditure are costs of US$1.0 million in relation to the expansion of the current mining operation. Deferred exploration expenditure of US$0.05 million was deemed to be impaired and therefore written off. This has resulted in development expenditure increasing by US$7.8 million during the year.

Included in plant and equipment is US$2.9 million relating to the product trans-shipment barge, Peg, and tug workboat, Sofia III. These vessels were purchased in August 2009 and are currently located in Western Australia. The vessels will be brought to the mine during 2010. The vessels require modifications to bring them into use for mineral product shipments.

The recovery of property, plant and equipment is dependent upon the successful operation of the Moma Titanium Minerals Mine and continued availability of adequate funding for the mine. The Directors are satisfied that at the balance sheet 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.

Note 6. Trade and Other Receivables

	Unaudited *2009* *US$'000*	*2008* *US$'000*
Trade receivables	4,557	593
Other receivables	8,178	2,343
Prepayments	576	97
	13,311	3,033

The carrying amount of the trade and other receivables represents the maximum credit exposure. Before entering into sales contracts with new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly during the year. In addition the Project lenders, in certain circumstances, must approve new customers as detailed in the financing documentation.

On 31 July 2009 the Group entered into a trade finance facility with Absa Corporate and Business Bank.

Of the US$4.6 million outstanding from trade receivables above, US$4.55 million was current (i.e. not past due). There has been no impairment in trade receivables during the year and no allowance for impairment has been provided for during the year or at the year end.

US$7.7 million of other receivables relates to shares to be issued at the year end of which all was received post year end. Warrants were due to expire on 31 December 2009. On 20 November 2009, the Company entered into an agreement with a transferee to take up unexercised warrants at 31 December 2009. On 30 November 2009, at an extraordinary general meeting of warrant-holders, an amendment to the terms of the warrants was approved, permitting the Company to transfer those warrants which had not been exercised by 31 December 2009 to a transferee (nominated by the Company) who would be permitted to exercise the transferred warrants.

At 31 December 2009 there were 16.2 million shares to be issued as a result of warrant-holders exercising their warrants on or before 31 December 2009 and 10.1 million of shares to be issued to the transferee pursuant to the agreement noted above.

Note 7. Cash and Cash Equivalents

	Unaudited *2009* *US$'000*	*2008* *US$'000*
Immediately available without restriction	10,255	19,548
Contingency Reserve Account	1	15,292
Shareholder Funding Account	25	24
Project Companies Account	7,127	5,672
	17,408	40,536

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment.

Cash at bank earns interest at variable rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Contingency Reserve Account and Shareholder Funding Account are accounts established under a cash collateral and shareholder funding deed to secure the obligations of the Company and Congolone Heavy Minerals Limited (a wholly-owned subsidiary) under the Completion Agreement as detailed in Note 8.

The amount required by the Project financing agreements to be maintained in the Contingency Reserve Account from time to time depends on a calculation involving capital and operating costs, interest and principal payments, and reserve account contributions required to achieve completion under the Project loans as referred to in Note 8. Upon the effectiveness of the waivers and amendments to the financing agreements set out in Note 8, there will no longer be a requirement to maintain a specific amount on the CRA.

Note 8. Bank Loans

	Unaudited *2009* *US$'000*	*2008* *US$'000*
Senior Loans	190,592	188,844
Subordinated Loans	165,525	145,980
	356,117	334,824
The borrowings are repayable as follows:		
Within one year	58,791	34,842
In the second year	41,722	36,633
In the third to fifth years inclusive	124,979	109,899
After five years	130,625	153,450
	356,117	334,824
Less: amount due for settlement within 12 months	(58,791)	(34,842)
Amount due for settlement after 12 months	297,326	299,982

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 the Project Companies.

Under the Completion Agreement, the Company and Congolone Heavy Minerals Limited have guaranteed the Project loans during the period prior to "Completion". The final date for achieving Completion was formerly 30 June 2009. The Deed of Waiver and Amendment dated 31 March 2009 extended this date to 31 December 2012. Completion occurs upon meeting certain tests and satisfying certain conditions, including installation of all required facilities, meeting certain cost, efficiency, and production benchmarks and social and environmental requirements ("Technical Completion", which must take place by 31 December 2010), meeting marketing requirements (which must take place by 30 June 2011), meeting legal and permitting requirements, and meeting certain financial requirements including filling of specified reserve accounts to the required levels. Upon Completion, the Company's and Congolone Heavy Minerals Limited's guarantee of the Project loans will terminate. Failure to achieve Technical Completion by 31 December 2010 or, subject to extension for *force majeure* not to exceed 365 days, failure to achieve Completion by 31 December 2012, would result in an event of default under the Project financing agreements which, following notice, would give Project lenders the right to accelerate the loans against the Project Companies, and exercise their security interests in the shares and assets (including accounts) of the Project Companies, and require payment under the guarantee provided under the Completion Agreement. If payment is not made under the

guarantee or if there is any other "Completion Default" under the Completion Agreement, the Project lenders may exercise security interests in the Contingency Reserve Account and the Shareholder Funding Account.

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 of which US$182.8 million and €15 million had been drawn at 31 December 2009, and US$2.2 million was undrawn and prior to June 2009 was available under one of the facilities. The availability period for the undrawn US$2.2 million expired on 30 June 2009 without the amount being drawn down because of the failure of the EPC Contractor to provide the necessary tied content. Settlement of any claim in respect of such failure was included as part of the Deed of Final Settlement and Release detailed in note 5.

Senior Loans were originally scheduled to be repaid in equal semi-annual installments commencing on 1 February 2008 in the case of six of the seven Senior Loan facilities, and on 2 February 2009 in the case of the seventh. Principal instalments originally scheduled to be paid in 2008 were paid when due. On 30 January 2009 a Deed of Waiver and Amendment was entered into by the Project Companies whereby the Senior principal installments due on 2 February 2009 were deferred, to be repaid over the remaining life of the respective loan facility commencing on 4 August 2009, and pursuant to which Kenmare Resources plc contributed US$15 million to the Contingency Reserve Account between 12 December 2008 and 31 January 2009. On 31 March 2009 a second Deed of Waiver and Amendment was entered into by the Project Companies whereby the Senior Loan principal instalments due on 4 August 2009 were also deferred, to be repaid over the remaining life of the loan facilities commencing on 1 February 2010 in equal semi-annual installments.

The Senior Loan tenors have therefore remained unchanged and range from 5.5 years to 8.5 years from 31 December 2009. 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 down at year end. Under the loan documents Subordinated Loans were repayable in 21 semi-annual installments commencing on 1 August 2009. The Subordinated Loans denominated in Euro bear interest at a fixed rate of 10 per cent. per annum, while the Subordinated Loans denominated in US Dollars bear interest at six month LIBOR plus 8 per cent. 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 down at year end. Standby Subordinated Loans bear interest at fixed rates of 10 per cent. per annum in respect of €2.8 million and US$1.5 million and at six month LIBOR plus 8 per cent. 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 down at year end. The Additional Standby Subordinated Loans bear interest at 6 month LIBOR plus 5 per cent.

Pursuant to the original terms of the financing documentation, interest on the Subordinated Loan, Standby Subordinated Loans and the Additional Standby Subordinated Loans (the Subordinated Loans) was capitalised up to and including 4 August 2009. Interest on the Subordinated Loans was due to be paid in cash for the first time on 1 February 2010, but as cash was insufficient on such date to make the schedule interest payment, interest was capitalised and becomes payable on the first semi-annual payment date on which sufficient cash is available in the Project Companies, in whole or in part, to the extent of available cash

Under the second Deed of Waiver and Amendment referred to above, the first scheduled Subordinated Loan principal instalment, which would have otherwise been due on 4 August 2009 has been deferred and is scheduled for repayment on 1 February 2010, but since cash was insufficient on such date, is scheduled for repayment on the first semi-annual payment date thereafter on which sufficient cash is available in the Project Companies, in accordance with the terms of the financing documentation. The final installments are due on 1 August 2019.

Standby Subordinated lenders have an option to require that Kenmare Resources plc purchase the Standby Subordinated Loans on agreed terms.

Under the second deed of waiver and amendment referred to above, interest margins on subordinated loans were increased by 3 per cent. per annum until Technical Completion and by 1 per cent. per annum until Completion. This additional margin is scheduled to be paid after senior loans have been repaid in full but may be prepaid without penalty.

Amendments to Project loans

On 5 March 2010 the Company, Congolone Heavy Minerals Limited and the Project Companies entered into a deed of waiver and amendment (the "Expansion Funding Deed of Waiver and Amendment" or the "Expansion Deed") with the Project lenders and the lenders' agents. The effectiveness of the waivers and amendments set out in this deed is conditional on (a) the certification by SRK, the lender's independent engineer, of its reasonable satisfaction with the expansion study and that the operations of the Project Companies will not be adversely affected in any material respect by the construction and operation of the expansion contemplated by the expansion study, and (b) the deposit of US$200 million into the Contingency Reserve Account by 30 June 2010.

The certification by SRK was obtained on 19 February 2010 and hence the only condition that remains to be satisfied is the deposit of US$200 million into the Contingency Reserve Account, which the Group expects to make immediately upon completion of the equity raising. Upon satisfaction of this condition, the Expansion Deed provides, amongst other things, for the following, which apply notwithstanding any provision of the financing agreements, including those described under the heading "Project loans" above:

a. The funds deposited into the Contingency Reserve Account may be transferred by Congolone Heavy Minerals Limited, at its sole discretion, to the secured Project bank accounts controlled by the Project Companies. Once deposited in those accounts, the funds are required to be applied in accordance with the provisions of the financing agreements (as amended, including pursuant to the Expansion Deed) pursuant to which such funds may in the absence of an event of default, be spent on, amongst other things, the expansion;

b. Funds deposited into the Contingency Reserve Account may not be transferred other than to the Project Accounts, until and unless the Completion Agreement is terminated in accordance with its terms (an event of default under the financing documents);

c. All continuing funding requirements in relation to the Contingency Reserve Account cease to have effect. As a result, there will be no minimum balance required to be maintained in the Contingency Reserve Account;

d. Failure to achieve Completion by the final completion date ceases to be an event of default. Instead, failure to achieve Non-Technical Completion by the final completion date, which has been extended to 31 December 2013, is an event of default. "Non-Technical Completion" occurs when the marketing, legal and other conditions, financial, and environmental certificates specified in the Completion Agreement (in the case of the environmental certificate, as verified by the independent engineer) have been delivered;

e. The target date to achieve Technical Completion is extended to 31 December 2011, and failure to achieve Technical Completion by the target date ceases to constitute an event of default. Instead, the consequence of failure to achieve Technical Completion by the target date is that the interest rates applicable to the Senior Loans and Subordinated Loans increase by 1 per cent. per annum and 2 per cent. per annum respectively until Technical Completion is achieved;

f. The requirement to fund the Price Drop Reserve Account and the Operating Cost Reserve Account (reserve accounts of the Project Companies) as a continuing obligation or as conditions to completion cease to apply. Instead, the funding of these accounts to a reduced level will be a condition to making distributions from the Project Companies to the Company: in the case of the Price Drop Reserve Account, from a minimum of US$10 million to US$2.5 million; and in the case of the Operating Cost

Reserve Account, from an amount equal to six months' operating costs to two months' operating costs;

g. The terms of all certificates under the Completion Agreement, other than the marketing certificate, were amended; in particular:

   i. the physical facilities certificate was amended to better reflect the current physical facilities at the mine;

   ii. the production certificate was amended to reflect less onerous operational and production levels and to reflect more accurately the products currently produced at the mine;

   iii. the efficiency certificate was made less onerous, simplified and updated to reflect current costs;

   iv. the financial certificate was amended to remove the funding requirements relating to the Operating Cost Reserve Account and the Price Drop Reserve Account and to require the transfer to the Project Accounts of any amounts then remaining in the Contingency Reserve;

h. certain waivers and accommodations were granted in connection with the expansion and the expansion study; and

i. certain additional undertakings were provided by the Project Companies, including in relation to the expansion, although it should be noted that it is not a condition of the Expansion Deed or of any completion test or any financing agreement that the expansion is implemented or completed.

Other Group bank borrowings

On the 7 August 2009 Mozambique Minerals Limited (a wholly-owned Group subsidiary) entered into a loan agreement with Banco Comerical e de Investimentos, S.A. for US$2.5 million to fund the purchase of an additional product trans-shipment barge, Peg, and a tug/work boat, Sofia III. Interest accrues based on 6 month LIBOR plus 6 per cent., payable monthly in arrears commencing September 2009, and principal is scheduled to be repaid in 54 equal monthly installments commencing March 2010. This loan was drawn down on the 10 August 2009. The loan is secured by a mortgage on the Peg and Sofia III and by a guarantee from Kenmare Resources plc.

Note 9. 2009 Annual Report and Accounts

The Annual Report and Accounts will be posted to shareholders before 30 April 2010."

PART 14

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Financial Information

1. Effect of the Capital Raising

The unaudited pro forma financial information set out in this Part 14 has been prepared to illustrate the effect of the Capital Raising as if it had occurred on 31 December 2009. The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the Group's actual financial position or results following the Capital Raising.

The unaudited pro forma statement of consolidated balance sheet has been prepared on the basis of the notes below.

Pro Forma Balance Sheet	*Unaudited Balance Sheet as at 31 December 2009 US$'000*	*Pro Forma Adjustments Net proceeds from Capital Raising US$'000*	*Unaudited Pro Forma Balance Sheet as at 31 December 2009 US$'000*
Assets			
Non-current assets			
Property, plant & equipment	540,924	–	540,924
	540,924	–	540,924
Current assets			
Inventories	21,951	–	21,951
Trade and other receivables	13,311	–	13,311
Cash and cash equivalents	17,408	256,658	274,066
	52,670	256,658	309,328
Total assets	593,594	256,658	850,252
Equity			
Capital and reserves attributable to the Company's equity holders			
Called-up share capital	74,670	122,147	196,817
Share premium	163,147	134,511	297,658
Retained losses	(57,501)	–	(57,501)
Other reserves	41,795	–	41,795
Total equity	222,111	256,658	478,769
Liabilities			
Non-current liabilities			
Bank loans	297,326	–	297,326
Obligation under finance lease	2,172	–	2,172
Provisions	4,347	–	4,347
	303,845	–	303,845

Pro Forma Balance Sheet	*Unaudited Balance Sheet as at 31 December 2009 US$'000*	*Pro Forma Adjustments Net proceeds from Capital Raising US$'000*	*Unaudited Pro Forma Balance Sheet as at 31 December 2009 US$'000*
Current liabilities			
Bank loans	58,791	–	58,791
Obligation under finance lease	92	–	92
Provisions	650	–	650
Trade and other payables	8,105	–	8,105
	67,638	–	67,638
Total liabilities	371,483	–	371,483
Total equity and liabilities	593,594	256,658	850,252

Notes:

1. The consolidated balance sheet of the Group as at 31 December 2009 has been extracted without material adjustment from the Preliminary Results.

2. (i) An adjustment has been made to reflect the proceeds of the Placing and Open Offer and the Firm Placing. The increase in cash and deposits of US$256.7 million reflects, in aggregate, proceeds of approximately US$270 million (by way of a combination of the Placing and Open Offer and the Firm Placing) net of expenses thereof which are estimated to be US$13.3 million.

   (ii) The adjustment of US$122.2 million to equity share capital reflects the issue of 1,497,030,066 New Ordinary Shares at par value.

   (iii) The adjustment of US$134.5 million to the share premium account reflects the net proceeds of US$256.7 million less the aggregate of the par value of equity shares (US$122.2 million).

3. Save as disclosed above, no adjustment has been made to take account of the trading or other transactions of the Group since 31 December 2009.

Section B: Report on the Unaudited Pro Forma Financial Information

Deloitte.

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Kenmare Resources plc
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Deloitte & Touche
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Ireland

The Directors
J&E Davy
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49 Dawson Street
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Ireland

5 March 2010

Dear Sirs and Madam

Kenmare Resources plc (the "Company")

We report on the pro forma financial information (the "**Pro forma financial information**") set out in Part 14 of the Company's prospectus dated 5 March 2010 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the proposed Capital Raising to raise US$270 million (Stg£179.6 million) might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 December 2009. This report is required by Annex 1 item 20.2 of the EU Prospectus Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company ("Directors") to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the EU Prospectus Regulation.

It is our responsibility to form an opinion, in accordance with Annex II item 7 of the EU Prospectus Regulation as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the EU Prospectus Regulation.

Save for any responsibility arising under paragraph 2(2)(f) of Schedule 1 of the Prospectus Regulations to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report, or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the EU Prospectus Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and published by Chartered Accountants Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in jurisdictions outside Ireland or the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Paragraph 2(2)(f) of Schedule 1 of the Prospectus Regulations we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the EU Prospectus Regulation.

Yours faithfully

Deloitte & Touche
Chartered Accountants

Deloitte & Touche is an Irish member firm of Deloitte Touche Tohmatsu ('DTT'), a Swiss Verein, whose member firms are legally separate and independent entities. Neither DTT nor any of its member firms has any liability for each others' act or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

PART 15

TAXATION INFORMATION

1. GENERAL

The statements of Irish and United Kingdom tax laws set out below are based on existing Irish and the United Kingdom tax laws, including relevant regulations, administrative rulings and practices in effect on the date of this Prospectus and which may apply to investors who are the beneficial owners of shares. Legislative, administrative or judicial changes may modify the tax consequences described below.

The statements are not exhaustive, do not constitute tax advice and are intended only as a general summary.

Prospective purchasers should consult their own tax advisors as to the tax consequences in Ireland and the United Kingdom or other relevant jurisdictions of the purchase, ownership and disposition of the Ordinary Shares.

2. IRELAND

This summary relates only to the position of shareholders who are resident or ordinarily resident in Ireland (with the exception of the comments in relation to stamp duty and dividend withholding tax). This summary does not purport to be a complete analysis of all the potential tax consequences of acquiring shares pursuant to the Open Offer, the placing, holding and disposing of shares and only sets out the Irish tax treatment of shareholders who hold their shares directly as an investment and who are the beneficial owners of those shares. Furthermore, this information only applies to shares held as capital assets and does not apply to all categories of shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes and shareholders who have, or who are deemed to have, acquired their shares by virtue of an office or employment.

2.1 *Capital Gains Tax (CGT)*

2.1.1 *New Ordinary Shares acquired pursuant to the Open Offer*

The acquisition of New Ordinary Shares by way of an Open Offer may not be regarded as a reorganisation of the share capital of the Company for the purposes of Irish taxation of chargeable gains unless shares are actually issued to all shareholders *pro rata* to their existing shareholding in the Company.

If the acquisition of New Ordinary Shares under the Open Offer is not regarded as a reorganisation, the New Ordinary Shares acquired by each Qualifying Shareholder under the Open Offer will, for the purposes of Irish taxation of chargeable gains, be treated as acquired as part of a separate acquisition of Ordinary Shares. The consideration provided for the New Ordinary Shares will be the shareholders base cost when calculating the gain/loss on a subsequent disposal of those shares in the Company.

If the acquisition of the New Ordinary Shares is regarded as a reorganisation then the New Ordinary Shares acquired by each Qualifying Shareholder under the Open Offer and the Existing Ordinary Shares in respect of which they are issued will, for the purposes of Irish taxation of chargeable gains, be treated as the same asset and as having been acquired at the same time as the Existing Ordinary Shares. The consideration provided for the New Ordinary Shares pursuant to the Open Offer would be treated as enhancement expenditure on the Existing Ordinary Shares when computing any gain or loss on any subsequent disposal.

2.1.2 *Acquisition of Ordinary Shares pursuant to the Placings*

The issue of Ordinary Shares pursuant to the Placing will not be regarded as a reorganisation of share capital for the purposes of Irish taxation of chargeable gains and, accordingly, any such

Ordinary Shares will constitute a new holding separate from any existing shareholding in the Company.

The consideration provided for these Ordinary Shares will constitute the shareholder's base cost when calculating the gain/loss on a subsequent disposal of those shares in the company.

2.1.3 *Disposals of Ordinary Shares and New Ordinary Shares*

The current rate of capital gains tax ("CGT") is 25 per cent.

Liability to Irish tax on capital gains will depend on the individual circumstances of shareholders. Irish tax resident or ordinarily resident shareholders that acquire Ordinary Shares will be considered, for Irish tax purposes, to have acquired their Ordinary Shares at a base cost equal to the amount paid for the Ordinary Shares. On subsequent dispositions, Ordinary Shares acquired at an earlier time will generally be deemed, for Irish tax purposes, to be disposed of on a "first in, first out" basis before Ordinary Shares acquired at a later time.

Irish tax resident or ordinarily resident shareholders that dispose of their Ordinary Shares may be subject to Irish tax on capital gains to the extent that the proceeds realised from such a disposition exceed the base cost of the Ordinary Shares and New Ordinary Shares disposed of and any allowable deductions (subject to the availability of any exemptions or reliefs and in certain situations indexation). The first €1,270 of an individual's annual chargeable gains are exempt.

Shareholders who are not resident, or in the case of individuals, not resident or ordinarily resident for tax purposes in Ireland should not be liable for Irish CGT on chargeable gains realised on a disposal of their Ordinary Shares or on the disposal of the New Ordinary Shares unless such Shares are used, held or acquired for the purposes of a trade carried on in Ireland through a branch or agency. There are specific anti-avoidance provisions that may apply to individuals who temporarily cease to be Irish tax resident for a period of less than 5 years. In certain circumstances a shareholder who is an individual and who is temporarily non-Irish tax resident may still be liable to Irish taxation on any chargeable gain realised when they are not resident/ordinarily resident in Ireland (subject to the availability of exemptions or reliefs).

2.2 ***Dividend Withholding Tax***

Distributions made by the Company are generally subject to Irish dividend withholding tax ("DWT") at the standard rate of income tax (currently 20 per cent.). Where DWT applies, the Company is responsible for withholding DWT at source and forwarding the relevant payment to the Irish Revenue. A dividend for Irish DWT purposes includes any income distribution made by the Company to its shareholders, including a cash dividend, non cash dividend and additional shares that are received in lieu of a cash dividend.

DWT is not payable where an exemption applies provided that the Company or a relevant qualifying intermediary (the qualifying intermediary from whom the dividend is received ("Relevant Qualifying Intermediary")) has received all necessary documentation required by the relevant legislation from the shareholder prior to payment of the dividend.

Certain categories of Irish tax resident shareholders are entitled to an exemption from DWT, including (but not limited to) Irish tax resident companies, qualifying employee share ownership trusts, charities approved by the Revenue Commissioners, Irish approved pension funds. and collective investment undertakings. It is a requirement that the shareholder has made the appropriate declaration to the company or Relevant Qualifying Intermediary prior to the payment of the dividend. Except in very limited circumstances, distributions by the Company to Irish tax resident shareholders who are individuals are not exempt from DWT.

Certain non-Irish tax resident shareholders (both individual and corporate) are also entitled to an exemption from DWT. In particular, a non-Irish tax resident shareholder is not subject to DWT on dividends received from the Company if the shareholder is:

(i) an individual shareholder resident for tax purposes in either a member state of the European Union (apart from Ireland) or in a country with which Ireland has a double tax treaty, and the individual is neither resident nor ordinarily resident in Ireland; or

(ii) a corporate shareholder that is not resident for tax purposes in Ireland and which is ultimately controlled, directly or indirectly, by persons resident in either a member state of the European Union (apart from Ireland) or in a country with which Ireland has a double tax treaty; or

(iii) a corporate shareholder resident for tax purposes in either a member state of the European Union (apart from Ireland) or a country with which Ireland has a double tax treaty provided that the corporate shareholder is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland; or

(iv) a corporate shareholder that is not resident for tax purposes in Ireland and whose principal class of shares (or those of its 75 per cent. parent) is substantially and regularly traded on a recognised stock exchange in Ireland or on a recognised stock exchange of another member state of the European Union or in a country with which Ireland has a double tax treaty or on such other stock exchange approved by the Minister for Finance; or

(v) a corporate shareholder that is not resident for tax purposes in Ireland and is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each is substantially and regularly traded on a recognised stock exchange in Ireland or on a recognised stock exchange of another member state of the European Union or in an country with which Ireland has a double tax treaty or on such other stock exchange approved by the Minister for Finance.

Provided that, in all cases noted above, the shareholder has made the appropriate declaration to the Company or the Relevant Qualifying Intermediary prior to the payment of the dividend.

A shareholder in any of the above exempt categories who suffers DWT may be able to make a reclaim subsequently from the Irish tax authorities.

A shareholder resident in a treaty country and who is not within any of the above exempt categories may be able to make a reclaim subsequently from the Irish tax authorities of all or part of the tax withheld, pursuant to the terms of the applicable treaty.

The Finance Bill 2010 published on 4 February 2010 removes the requirement for non resident companies receiving dividends from Irish resident companies to obtain a tax residence or auditor's certificate in order to obtain exemption for DWT at source. Instead a self assessment system will apply under which a non-resident company will provide a declaration and certain information to the dividend paying company or intermediary to claim exemption from DWT. These arrangements apply to dividends and declarations made on or after the passing of the Finance Act 2010.

2.3 ***Taxation of Dividends***

Individual Irish tax resident shareholders are subject to Irish income tax on the gross amount of any dividend (i.e. the amount of the dividend received plus any DWT withheld by the Company) at their marginal rate of tax (currently either 20 per cent. or 41 per cent. depending on the individual's circumstances). Individual Irish tax resident shareholders may, depending on their circumstances, also be subject to the Irish health levy (up to €75,036 – 4 per cent.; in excess of €75,036 – 5 per cent.) and income levy (up to €75,036 – 2 per cent.; between €75,036 and €174,980 – 4 per cent.; in excess of €174,980 – 6 per cent.) and pay related social insurance contributions ("PRSI") (3 per cent.) in respect of dividend income. Individuals who are ordinarily resident in Ireland may also be subject to income tax, levies and PRSI depending on their circumstances.

Individual Irish resident shareholders are generally entitled to claim a credit for the DWT deducted against their resulting Irish income tax liability and to have refunded to them any amount by which DWT exceeds such income tax liability provided that they furnish the statement of DWT suffered to the Irish Revenue.

Corporate Irish tax resident shareholders are generally exempt from Irish tax on dividend income received from an Irish tax resident company. If an Irish tax resident corporate shareholder is a close company, as defined under Irish legislation, it may, in certain circumstances, be liable to a 20 per cent. investment income surcharge.

In practice, non-Irish tax resident shareholders are, unless they meet the conditions for exemption from DWT, liable to Irish income tax (currently 20 per cent.) on dividends received from the Company but will be entitled to a credit against such Irish income tax for DWT withheld. In addition in limited circumstances, a shareholder who is an individual and who is non-Irish resident may be subject to the levies/PRSI, subject to exemptions being available. The income levy may be available as a credit against foreign tax due on the dividend, depending on their circumstances. Where a non-Irish tax resident shareholder is entitled to exemption from DWT then no Irish income tax arises on the dividend.

2.4 ***Capital Acquisitions Tax***

Irish Capital Acquisitions Tax ("CAT") comprises principally of Gift Tax and Inheritance Tax. CAT could apply to a gift or inheritance of the Ordinary Shares irrespective of the place of residence, ordinary residence or domicile of the donor and donee. This is because the Ordinary Shares of the Company are regarded as property situated in Ireland as the Share Register of the Company is held in Ireland. The person who receives the gift or inheritance is primarily liable for CAT.

CAT is levied at a rate of 25 per cent. above certain tax free thresholds. The appropriate tax free threshold is dependent upon (1) the relationship between the donor and the donee and (2) the aggregation of the values of previous gifts and inheritances received by the donee from persons within the same group threshold. Gifts and inheritances passing between spouses are exempt from CAT.

2.5 ***Stamp Duty***

The issue of Ordinary Shares either by virtue of the Open Offer or the share placement will not give rise to a stamp duty liability. In addition, capital duty has been abolished in Ireland.

Irish stamp duty, which is a tax imposed on certain documents, is payable on all transfers of Ordinary Shares in an Irish registered company (other than transfers made between spouses, transfers made between 90 per cent. associated companies, or certain other exempt transfers) regardless of where the document of transfer is executed. Irish stamp duty is also payable on electronic transfers of Ordinary Shares under the CREST system.

A transfer of Ordinary Shares is subject to stamp duty at a rate of 1 per cent. (rounded down to the nearest euro) of the value of the consideration received for the transfer, or in certain circumstances, if higher, the market value of the shares transferred. Where the consideration for a sale is expressed in a currency other than euro, the duty will be charged on the euro equivalent calculated at the rate of exchange prevailing at the date of the transfer.

Transfers of Ordinary Shares where no beneficial interest passes (e.g. a transfer of legal ownership of shares to a nominee) will generally be exempt from stamp duty, if the transfer form contains an appropriate certificate or the electronic transfer is correctly flagged.

The person accountable for the payment of stamp duty is the transferee or, in the case of a transfer by way of gift or for consideration less than the market value, both parties to the transfer. Stamp duty is normally payable within 30 days after the date of execution of the transfer. Late or inadequate payment of stamp duty will result in liability for interest, penalties and possible surcharges.

The sale of Ordinary Shares will be subject to stamp duty on the value of the property passing at a rate of 1 per cent. The duty is payable by the purchaser.

3. UNITED KINGDOM

This summary only covers the principal UK tax consequences for the absolute beneficial owners of Ordinary Shares and any dividends paid in respect of them, in circumstances where the dividends paid are regarded for UK tax purposes as that person's own income (and not the income of some other person), and who are resident (or, in the case of individuals only, ordinarily resident and domiciled) in (and only in) the UK for tax purposes. In addition, the summary (i) only addresses the tax consequences for holders who hold the Ordinary Shares as capital assets and does not address the tax consequences which may be relevant to certain other categories of holders, for example, dealers or persons acquiring Ordinary Shares in connection with employment; (ii) does not address the tax consequences for holders that are insurance companies, collective investment schemes or persons connected with the Group; (iii) assumes that the holder does not control or hold, either alone or together with one or more associated or connected persons, including the immediate family and related trusts of a Director, directly or indirectly, 5 per cent. or more of the shares and/or voting power of the Group; (iv) assumes that there will be no register in the United Kingdom in respect of the Ordinary Shares and that the sole register will be maintained in Ireland; and (v) assumes that the Ordinary Shares will not be paired with shares issued by a Group incorporated in the United Kingdom.

3.1 ***Capital Gains Tax (CGT)***

3.1.1 *Acquisition of shares Open Offer Shares*

As a matter of UK tax law, the acquisition of New Ordinary Shares by way of an Open Offer may not be regarded as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains. The published practice of HM Revenue and Customs to date has been to treat an acquisition of New Ordinary Shares by an existing Shareholder up to his *pro rata* entitlement pursuant to the terms of an Open Offer as a reorganisation but it is understood that HM Revenue and Customs may not apply this practice in circumstances where an Open Offer is not made to all Shareholders.

To the extent that the acquisition of New Ordinary Shares under the Open Offer is regarded as a reorganisation, then a Qualifying Shareholder who acquires New Ordinary Shares up to the level of his *pro rata* entitlement will not be regarded as making any disposal of his Existing Ordinary Shares. Instead the New Ordinary Shares acquired by each Qualifying Shareholder under the Open Offer and the Existing Ordinary Shares in respect of which they are issued will, for the purposes of UK taxation of chargeable gains, be treated as the same asset and as having been acquired at the same time as the Existing Ordinary Shares. The amount paid for the New Ordinary Shares will be added to the base cost of the Existing Ordinary Shares when computing any gain or loss on any subsequent disposal, but, for the purposes of calculating the indexation allowance (in the case of corporate Shareholders) on a subsequent disposal of Ordinary Shares, the amount paid will generally be taken into account only from the time that the payment was made. In the case of non corporate Shareholders, indexation allowance is not available.

If, or to the extent that, the acquisition of New Ordinary Shares under the Open Offer is not regarded as a reorganisation, the New Ordinary Shares acquired by each Qualifying Shareholder under the Open Offer will, for the purposes of UK taxation of chargeable gains, be treated as acquired as part of a separate acquisition of Ordinary Shares.

3.1.2 *Acquisition of Ordinary Shares pursuant to the Placing*

The issue of Ordinary Shares pursuant to the Placing will not be regarded as a reorganisation of share capital for the purposes of UK taxation of chargeable gains and, accordingly, any such Ordinary Shares will constitute a new holding separate from any existing shareholding in the Company. The consideration provided for these Ordinary Shares will constitute the

shareholder's base cost when calculating the gain/loss on a subsequent disposal of those shares in the company.

3.1.3 *Disposal of Ordinary Shares and New Ordinary Shares*

Any capital gain made on a disposal of Ordinary Shares by UK shareholders may, depending on the shareholder's individual circumstances, and subject to any available exemption or relief, be liable to tax in the United Kingdom. For a shareholder not within the charge to corporation tax, such as an individual, trustee or personal representative, capital gains tax will be payable at a flat rate of currently 18 per cent. on the gain above the capital gains annual exemption.

A UK resident, ordinarily resident and domiciled individual will be taxed on an arising basis on all capital gains. However, a UK resident but non UK domiciled individual can claim to be assessed on gains arising to the extent that the gain has been remitted to the UK as noted in section 3.2.

Some shareholders may be subject to charges of foreign taxation on any gain depending on their personal circumstances. In addition, individual shareholders who are temporarily non-UK resident may be liable to UK capital gains tax in the year of return to the UK on chargeable gains realised in their intervening years under anti-avoidance legislation. A temporarily non-UK resident individual is an individual who was resident or ordinarily resident in the UK for at least 4 out of the 7 tax years prior to departure from the UK and who returned to the UK before the passing of 5 complete tax years of absence.

3.2 ***Dividends paid by the Group to Shareholders Resident in the United Kingdom***

When the Company pays dividends, it is in principle required for Irish tax purposes to withhold 20 per cent. of the gross amount of the dividend paid to shareholders resident in the United Kingdom for tax purposes ("UK Shareholders") and to account for that amount to the Irish tax authorities. However, dividend payments to individual UK holders should be exempt from Irish withholding tax under Irish domestic legislation. See Section 2.2 above for further details on the various Irish domestic exemptions.

Corporate Shareholders who are UK resident should note that Finance Act 2009 made significant changes to the corporation tax treatment of dividends, including the corporation tax treatment of dividends paid to UK-resident companies by companies not resident in the United Kingdom. Although it is likely that most dividends paid on the Shares to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax the exemptions are not comprehensive and are also subject to anti-avoidance rules. Note that there are special rules for Shareholders which are small companies.

Shareholders within the charge to corporation tax should consult their own professional advisers in relation to the implications of the legislation.

Most corporate shareholders should also be entitled to an exemption from Irish Dividend Withholding Tax. Where Irish Withholding Tax is applied to a dividend, a UK corporate shareholder should be able to reclaim this.

3.2.1 *UK Shareholders Exempt from Irish Dividend Withholding Tax*

UK resident, ordinarily resident and domiciled individuals will be subject to UK income tax on the gross dividends received from the Group on an arising basis, that is, when the dividend is paid to the individual. An individual shareholder who is a basic-rate taxpayer will be subject to UK income tax on such dividends at a rate currently of 10 per cent. and higher-rate taxpayers will be subject to UK income tax at a rate currently of 32.5 per cent. to the extent that such sum, when treated as the top slice of the Shareholders income, falls above the threshold for higher rate income tax (expected to rise to 42.5 per cent. from 6 April 2010 for higher-rate taxpayers with income greater than £150,000 per annum). UK resident individuals in receipt of

dividends from non-UK resident are generally entitled to a non-repayable tax credit of one ninth of the dividend received. Tax is then charged on the amount of the dividend received, grossed up to include the tax credit. Thus the effective rate of UK income tax on dividends on shares for such individual shareholders is 0 per cent. for basic-rate taxpayers and 25 per cent. of the cash dividend in the case of higher-rate taxpayers (rising to 36.1 per cent. of the cash dividend from 6 April 2010 for higher-rate taxpayers with income greater than £150,000 per annum).

3.2.2 *UK Shareholders Liable to Irish Dividend Withholding Tax*

UK shareholders for whom dividend payments are not exempt from withholding tax under Irish domestic legislation may be eligible for relief at source or a refund from the Irish tax authorities in respect of an amount equal to 5 per cent. of the gross amount of the dividend under the UK/Ireland Tax Treaty. The remaining 15 per cent. Irish withholding tax is generally allowed as a credit against the UK tax liability of a UK holder, but any excess of such Irish withholding tax over the UK tax payable on the aggregate amount of the dividend and the Irish withholding tax is generally not refundable.

UK resident, ordinarily resident and domiciled individuals will be subject to UK income tax on the gross dividends received from the Group on an arising basis, that is, when the dividend is paid to the individual. An individual shareholder who is a basic-rate taxpayer will be subject to UK income tax on such dividends at a rate of currently 10 per cent. and higher-rate taxpayers will be subject to UK income tax at a rate of currently 32.5 per cent. to the extent that such sum, when treated as the top slice of the Shareholders income, falls above the threshold for higher rate income tax (expected to rise to 42.5 per cent. from 6 April 2010 for higher-rate taxpayers with income greater than £150,000 per annum). UK resident individuals in receipt of dividends from non-UK resident companies are generally entitled to a non-repayable tax credit of one ninth of the gross dividend received. Tax is then charged on the gross amount of the dividend received, grossed up to include the notional tax credit. Credit can then be claimed for Irish dividend withholding tax paid by the UK shareholder up to the amount of UK tax payable, but not exceeding 15 per cent. of the gross dividend received. Thus the effective rate of UK income tax on dividends on shares for such individual shareholders is 0 per cent. for basic-rate taxpayers and 10 per cent. of the cash dividend prior to the deduction of Irish withholding tax in the case of higher-rate taxpayers (rising to 21.1 per cent. of the cash dividend prior to the deduction of Irish withholding tax from 6 April 2010 for higher-rate taxpayers with income greater than £150,000 per annum).

3.3 ***Stamp Duty***

No UK stamp duty should be payable in connection with the issue of the New Ordinary Shares.

No UK stamp duty should be payable on the transfer of the New Ordinary Shares provided that any instrument of transfer is not executed in the United Kingdom and does not relate to any property situated, or to any matter or thing done or to be done, in the United Kingdom.

No SDRT should be payable on any agreement to transfer the New Ordinary Shares provided that the shares are not registered in any register kept in the United Kingdom.

Under the CREST system for paperless share transfers, no UK stamp duty should arise on a transfer of New Ordinary Shares into or within the system provided that any instrument of transfer is not executed in the United Kingdom and does not relate to any property situated, or to any matter or thing done, or to be done, in the United Kingdom, nor (so long as the New Ordinary Shares are not registered in any register kept in the United Kingdom) should SDRT arise on such transfers.

3.4 ***Inheritance Tax***

Ordinary Shares beneficially owned by an individual who is domiciled or deemed to be domiciled in the UK may (subject to certain exemptions and reliefs) be subject to inheritance tax on the death of

the individual or, in certain circumstances, if the Ordinary Shares are the subject of a gift by such individuals in the 7 years prior to death. As the Group's sole register will be maintained in Ireland, Ordinary Shares should be assets situated in Ireland for the purposes of UK inheritance tax. Accordingly, UK inheritance tax should not be payable where the individual shareholder is not domiciled in the United Kingdom (nor deemed to be domiciled in the United Kingdom). An individual is deemed to be domiciled in the UK for UK inheritance tax purposes if they were UK resident for at least 17 of the 20 tax years prior to death or gift of the Ordinary Shares, or if they were UK domiciled within 3 years of death or gift of the Ordinary Shares.

For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares, bringing them within the charge to inheritance tax Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. Shareholders should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

4. US FEDERAL INCOME TAXATION

4.1 *General*

The following is a summary based on present law including the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as the income tax treaty between the United States and Ireland (the "US/Ireland Treaty"), all as currently in effect and all subject to change at any time, possibly with retroactive effect of certain US federal income tax considerations relevant to the receipt, exercise and disposition of Open Offer Entitlements pursuant to the Open Offer and to the purchase, ownership and disposition of New Ordinary Shares. This summary addresses only a US Holder (as defined below) that (i) receives Open Offer Entitlements with respect to Existing Shares and, if exercised, acquires Open Offer Shares as part of the Placing and Open Offer, or purchases Firm Placed Shares as part of the Firm Placing, (ii) holds Existing Shares and will hold Open Offer Entitlements or New Ordinary Shares as capital assets and (iii) uses the US dollar as their functional currency. The discussion is a general summary only; it is not a substitute for tax advice. This summary does not purport to be a comprehensive description of all tax considerations that may be relevant to particular investors in light of their particular circumstances. This summary does not address the tax treatment of US Holders subject to special rules, such as banks, dealers, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, retirement plans, real estate investment trusts, regulated investment companies, US expatriates, persons that own (or are deemed to own for US federal income tax purposes) 10 per cent. or more of the Company's voting stock, persons holding Existing Shares, Open Offer Entitlements or New Ordinary Shares as part of a hedge, straddle, conversion or other integrated financial transaction, persons resident in the United Kingdom and persons holding Existing Shares, Open Offer Entitlements or New Ordinary Shares through a permanent establishment or fixed base outside of the United States. The discussion does not address US state and local or non-US tax considerations.

THE STATEMENTS ABOUT US FEDERAL INCOME TAX ISSUES CONTAINED IN THIS DOCUMENT ARE MADE TO SUPPORT MARKETING OF THE OPEN OFFER AND FIRM PLACING. NO TAXPAYER CAN RELY ON THEM TO AVOID US FEDERAL TAX PENALTIES. EACH PROSPECTIVE ACQUIRER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF THE RECEIPT, EXERCISE AND DISPOSITION OF OPEN OFFER ENTITLEMENTS AND THE ACQUISITION, OWNERSHIP AND DISPOSITION OF NEW ORDINARY SHARES UNDER THE LAWS OF THE REPUBLIC OF IRELAND, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PROSPECTIVE ACQUIRER MAY BE SUBJECT TO TAXATION.

For the purposes of this summary, a "US Holder" is a beneficial owner of Existing Shares, Open Offer Entitlements or New Ordinary Shares that is for US federal income tax purposes (i) a citizen or an individual resident of the United States, (ii) a corporation (or other business entity treated as a corporation) created in or organised under the laws of the United States or its political subdivisions, (iii) an estate, the income of which is subject to US federal income taxation without regard to its source or (iv) a trust subject to the control of a US person and the primary supervision of a US court.

The tax consequences to a partner in a partnership participating receiving or exercising Open Offer Entitlements or purchasing, owning and disposing of New Ordinary Shares generally will depend on the status of the partner and the activities of the partnership. Partnerships should consult their own tax advisors about the US federal income tax consequences to their partners of receiving, exercising and disposing of Open Offer Entitlements and of acquiring, owning and disposing of New Ordinary Shares.

US Holders should note that the discussions above entitled "Irish Taxation" and "UK Taxation" are also relevant. See in particular the discussions of Irish stamp duty and Dividend Withholding Tax.

4.2 ***Open Offer Entitlements***

4.2.1 *Receipt*

A US Holder should be entitled to treat the receipt of Open Offer Entitlements as a non-taxable distribution with respect to its Existing Shares, and the following discussion assumes the distribution is not taxable. However, the manner of application of the US federal income tax rules applicable to the distribution of Open Offer Entitlements is not entirely clear. Accordingly, it is possible that the distribution of Open Offer Entitlements to a US Holder could be characterized as a distribution taxable as a dividend. The remainder of this discussion assumes, however, the distribution of Open Offer Entitlements to a US Holder is non-taxable.

If the fair market value of Open Offer Entitlements when received is less than 15 per cent. of the fair market value of the Existing Shares, the Open Offer Entitlements will have no tax basis unless the US Holder affirmatively elects to allocate its adjusted tax basis in its Existing Shares to the Open Offer Entitlements in proportion to the relative fair market values of the Existing Shares and the Open Offer Entitlements on the date Open Offer Entitlements are received. A US Holder must make this election in a statement attached to its tax return for the taxable year in which it receives the Open Offer Entitlements.

If the fair market value of Open Offer Entitlements when received is 15 per cent. or more than the fair market value of the Existing Shares, a US Holder must allocate its adjusted tax basis in its Existing Shares between the Existing Shares and the Open Offer Entitlements in proportion to their relative fair market values on the date Open Offer Entitlements are received.

If the Company had been a passive foreign investment company at any time during a US Holder's holding period with respect to any of Company's shares, please see the discussion below under "Passive foreign investment company" for discussion of important rules which may apply.

4.2.2 *Exercise*

A US Holder will not recognise taxable income when it receives Open Offer Shares by exercising Open Offer Entitlements. The holder's tax basis in the Open Offer Shares will equal its tax basis, if any, in the Open Offer Entitlements exercised plus the US dollar value of the non-US currency exercise price of the Open Offer Entitlements on the acquisition date (or, in the case of cash basis and electing accrual basis taxpayers, the settlement date).

If a US Holder uses previously acquired non-US currency to pay the acquisition price for the Open Offer Shares, any currency gain or loss that it recognises on the exchange of the non-US currency for Open Offer Shares will generally be US source ordinary income or loss.

4.2.3 *Expiration*

If a US Holder allows Open Offer Entitlements to expire without exercising them, the Open Offer Entitlements should be deemed to have no tax basis. The holder therefore should recognise no loss upon the expiration of the Open Offer Entitlements. Any tax basis that was allocated from Existing Shares to the Open Offer Entitlements would revert to and remain with the Existing Shares.

4.3. ***New Ordinary Shares***

4.3.1 *Dividends*

Subject to the discussion below under "Passive foreign investment company" the gross amount of distributions to US Holders with respect to the Shares (including any Irish tax withheld) will be taxable as ordinary income from foreign sources to the extent that the amount of cash or fair market value of any property distributed does not exceed the Company's current and accumulated earnings and profits (as determined under US federal income tax principles). To the extent that the amount of distributions with respect to the Shares exceeds such earnings and profits, such distributions will be treated first as a return of capital which reduces the holder's adjusted tax basis in its Shares dollar-for-dollar (but not below zero), with any excess taxable as gain from the sale or exchange of a capital asset. Any such capital gain will be long-term capital gain if the holder is treated as holding such Shares for more than one year immediately prior to such distribution.

Dividends paid in non-US currency will be included in income in a US dollar amount based on the exchange rate in effect on the date of receipt of the dividend, whether or not the currency is converted into US dollars at that time. A US holder's tax basis in the foreign currency will equal the US dollar amount included in income. Any gain or loss on a subsequent conversion or other disposition of the foreign currency for a different US dollar amount generally will be US source ordinary income or loss.

Dividends received in taxable years beginning before 1 January 2011 (unless extended by legislation) will qualify for the special reduced tax rate available to non-corporate US Holders that meet certain eligibility requirements (including holding period) in respect of qualified dividend income provided that (i) the Company is not a passive foreign investment company ("PFIC") in the year of distribution or in the immediately preceding taxable year and (ii) the Company's principal class of shares is substantially and regularly traded on one or more recognized stock exchanges, including but not limited to the Irish Stock Exchange. For this purpose, shares in a class of shares are considered to be substantially and regularly traded on one or more recognized stock exchanges in a fiscal year if trades in such class are effected on one or more of such stock exchanges other than in de minimis quantities during every quarter and the aggregate number of shares of that class traded on such stock exchange or exchanges during the previous fiscal year is at least 6 per cent. of the average number of shares or units outstanding in that class during that taxable year. Based on information for 2009 the Company's shares were substantially and regularly traded in 2009.

Dividends paid to corporate US Holders will not be eligible for the dividends-received deduction.

A US Holder will be entitled to claim a foreign tax credit for Irish income tax withheld, if any, from dividends paid to such US Holder, subject to generally applicable limitations. A US Holder that does not elect to claim a US foreign tax credit may instead claim a deduction for Irish income tax withheld, but only for a taxable year in which the US Holder elects to do so with respect to all foreign income taxes paid or accrued in such taxable year. With certain exceptions, dividends paid by the Company will be treated as a foreign source "passive" income for purposes of computing the US Holder's foreign tax credit allowable under US federal income tax law. The rules relating to computing foreign tax credits or deducting foreign income taxes are complex and, therefore, US Holders are urged to consult their own tax

advisers regarding the availability of foreign tax credits or deductions with respect to any Irish withholding tax in their particular circumstances.

4.3.2 *Disposition*

Subject to the discussion below under "Passive foreign investment company", a US Holder generally will recognise capital gain or loss on the sale or other disposition of the New Ordinary Shares in an amount equal to the difference between the US dollar value of the amount realised from the disposition and the US Holder's adjusted tax basis in the New Ordinary Shares. Any gain or loss realised generally will be treated as arising from US sources. It will be long-term capital gain or loss if the holder has held the New Ordinary Shares for more than one year. Long term capital gains derived by individuals and certain other non corporate US Holders are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

A US Holder that receives non-US currency on the disposition of New Ordinary Shares will realize an amount equal to the US dollar value of the non-US currency received on the date of disposition (or, in the case of cash basis and electing accrual basis taxpayers, the settlement date) whether or not converted into US dollars at that time. The US Holder will recognise currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realised. A US Holder will have a tax basis in the non-US currency received equal to its value at the spot rate on the settlement date. Any currency gain or loss realised on the settlement date or on a conversion or subsequent disposition of the non-US currency generally will be US source ordinary income or loss.

4.3.3 *Passive foreign investment company*

US Holders would be subject to a special, potentially adverse US federal tax regime if the Company were, or were to become, a PFIC for US federal income tax purposes. A non-US company is a PFIC in any taxable year in which either (i) at least 75 per cent. of its gross income is passive income or (ii) at least 50 per cent. of the quarterly average value of its assets is attributable to assets that produce or are held to produce passive income. In applying these tests, a non-US corporation that directly or indirectly owns at least 25 per cent. by value of the stock of another corporation is treated as if it held its proportionate share of the other corporation's assets and received directly its proportionate share of the other corporation's income. Whether a non-US company is a PFIC is determined annually, and a company's status could change depending among other things upon changes in the composition of its gross income and in the composition and relative value of its assets.

For US Holders that did not own the Company's shares prior to 1 January 2010, based on the gross income projections provided by management for 2010 and following years the Company should not be considered a PFIC in 2010 or in following taxable years However, because the determination of whether a non-US corporation is a PFIC is made annually, and thus may be subject to change, there can be no assurance that the Company will not be a PFIC in the current or any subsequent taxable year.

The Company believes that it may have been a PFIC for its taxable years 2009 and prior. Whether the Company would still be regarded as a PFIC with respect to New Ordinary Shares purchased by US Holders that hold Existing Shares with a holding period that begins before 1 January 2010 is unclear under current statute and regulations. We suggest that the such shareholders consult their own US tax advisors regarding whether the New Ordinary Shares are shares in a PFIC and, if so, the potentially adverse US federal income tax consequences to them of owning stock of a PFIC as described in the following paragraph and of making certain elections designed to lessen those adverse consequences that may be available to them.

If the Company is a PFIC with respect to a US Holder's Open Offer Entitlements or New Ordinary Shares, the US Holder will be subject to additional taxes on any excess distribution

and any gain realized from the disposition of New Ordinary Shares (regardless of whether the Company continues to be a PFIC). A US Holder has an excess distribution to the extent that distributions on New Ordinary Shares during a taxable year exceed 125 per cent. of the average amount received during the three preceding taxable years (or, if shorter, the US Holder's holding period). To compute the tax on excess distributions or on any gain, (i) the excess distribution or gain is allocated rateably over a US Holder's holding period, (ii) the amount allocated to the current taxable year and any year before the Company became a PFIC is taxed as ordinary income in the current year and (iii) the amount allocated to other taxable years is taxed at the highest applicable marginal rate in effect for each year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each year. The Company has not determined whether it will maintain the information necessary to enable US Holders to make a "qualified electing fund" election.

US Holders should consult their own tax advisors concerning the Company's PFIC status, the consequences to them if the Company were a PFIC for any taxable year, the possible effects of lower-tier PFICs on their timing and character of income and loss and the advisability of making any elections that may be available to them.

4.3.4 *Backup Withholding and Information Reporting*

Amounts received with respect to the Open Offer Entitlements, dividends paid in respect of the Open Offer Shares and proceeds from disposition of Open Offer Shares may be reported to the US Internal Revenue Service unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding at the applicable statutory rate may apply to reportable payments unless the holder provides its taxpayer identification number or otherwise establishes a basis for exemption. Any amount withheld may be credited against the holder's US federal income tax liability or refunded to the extent it exceeds the holder's liability.

If a US Holder acquires Open Offer Shares for an amount aggregating to more than $100,000 (or the equivalent in foreign currency) the holder may be required to file an IRS Form 926 for the holder's taxable year in which the subscription occurs. US Holders should consult their own tax advisors to determine whether they are subject to any Form 926 filing requirements.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF RECEIPT OF THE OPEN OFFER ENTITLEMENTS AND AN INVESTMENT IN NEW ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

PART 16

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names and functions are set out in Part 6 of this Prospectus, are responsible for the information in the Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

2. INFORMATION ON THE GROUP

Incorporation and principal place of business

The Company was incorporated in Ireland on 7 June 1972 pursuant to the 1963 Act under the name Kenmare Oil Exploration Limited (registered number 37550). On 5 June 1985 the Company re-registered as a public limited company under the name Kenmare Oil Exploration Plc. On 28 July 1987 the Company changed its name to Kenmare Resources plc. The principal legislation under which the Company operates is the Companies Acts and the regulations made thereunder. The registered office of the Company is at Chatham House, Chatham Street, Dublin 2, Ireland (Tel: +353 1 6710411).

Organisational Structure

The Company is the ultimate holding company of the following subsidiaries, which are or may be significant to the context of the Group as a whole. The percentage of legal and/or beneficial ownership is shown below:

Subsidiary	*Country of Incorporation & Registered Office*	*Percentage*
Kenmare UK Company Limited*	Northern Ireland	100%
Kenmare Minerals Company Limited	Republic of Ireland	100%
Kenmare C.I. Limited	Jersey	100%
Congolone Heavy Minerals Limited	Jersey	100%
Kenmare Graphite Company Limited	Jersey	100%
Kenmare Moma Mining (Mauritius) Limited	Mauritius	100%
Kenmare Moma Processing (Mauritius) Limited	Mauritius	100%
Mozambique Minerals Limited	Jersey	100%

Both KMML and KMPL operate in Mozambique through branches', namely Kenmare Moma Mining (Mauritius) Limited Mozambique Branch and Kenmare Moma Processing (Mauritius) Limited Mozambique Branch. These branches have registered offices in Mozambique. Mozambique Minerals Limited operates in Mozambique through a branch namely Mozambique Minerals Branch. This branch has a registered office in Mozambique. The activities of the above subsidiaries, with the exception of those which are dormant (marked with *), are mineral exploration, management and development.

3. SHARE CAPITAL

(a) ***Authorised and Issued Share Capital***

The following table shows the authorised, issued and fully paid share capital, comprising Ordinary Shares and Deferred Shares in Kenmare of nominal value €0.06 and €0.25 respectively:

	As at 31 December 2008		*As at 30 June 2009*		*As at 3 March 2010*		*Following the Capital Raising*	
	€'000	*Number*	*€'000*	*Number*	*€'000*	*Number*	*€'000*	*Number*
Authorised Ordinary Shares	54,000	900,000,000	54,000	900,000,000	90,000	1,500,000,000	180,000	3,000,000,000
Authorised Deferred Shares	25,000	100,000,000	25,000	100,000,000	25,000	100,000,000	25,000	100,000,000
Ordinary Issued and fully paid	47,719	795,324,610	52,651	877,524,610	54,366	906,097,146	144,188	2,403,127,212
Deferred Issued and fully paid	12,008	48,031,393	12,008	48,031,393	12,008	48,031,393	12,008	48,031,393

The Deferred Shares were created in 1991 by subdividing each ordinary share of IR25p into one Deferred Share of IR20p and one new Ordinary share of IR5p. The Deferred Shares are non-voting, carry no dividend rights and the Company may purchase any or all of these shares at a price not exceeding €0.01 for all the Deferred Shares so purchased.

The nominal value of the Ordinary Shares is €0.06 each and the nominal value of the Deferred Shares is €0.25 each. All Ordinary and Deferred Shares in issue as of the date of this Prospectus are fully paid.

The Capital Raising is conditional, *inter alia*, on the passing of the Resolutions (as described in section 10 of Part 7 of this Prospectus).

Pursuant to a resolution approved at an extraordinary general meeting of the Company on 18 November 2009, the Directors are currently authorised to exercise all powers of the Company to allot relevant securities (within the meaning of section 20 of the 1983 Act) up to an aggregate nominal amount equal to the authorised but as yet unissued share capital of the Company from time to time. The authority expires (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company save that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority thereby conferred had not expired. Resolution (2) proposed for consideration at the EGM, which is subject to and contingent upon the passing of Resolution (1) (Resolution (1) is in turn subject to the Placing and Open Offer Agreement having become unconditional in all respects save for any condition relating to Admission having occurred) to increase the authorised ordinary share capital from €90,000,000 to €180,000,000 by the creation of an additional 1,500,000,000 new Ordinary Shares, proposes to authorise the Directors to exercise all powers of the Company to allot relevant securities (within the meaning of section 20 of the 1983 Act) up to a maximum amount equal to the aggregate nominal value of the authorised but unissued share capital of the Company as at the close of business on the date of passing of Resolution (2). If Resolution (2) is passed, and becomes effective in accordance with its terms, the authority conferred thereby shall be in substitution for all existing authorities of the Directors under section 20 of the 1983 Act.

Pursuant to a resolution approved at an extraordinary general meeting of the Company on 18 November 2009, the Directors are authorised, pursuant to section 24 of the 1983 Act, to allot equity securities for cash pursuant to section 20 of the 1983 Act as if sub-section (1) of section 23 of the 1983 Act did not apply to any such allotment. This authority is limited to (a) the allotment of equity securities in connection with any offer of securities open for any period fixed by the Directors by way of rights issue, open offer or otherwise in favour of Shareholders and/or any person having any right to subscribe for or convert securities into Ordinary Shares and in addition (b) in connection with the exercise of any options or warrants granted by the Company and (c) the allotment of equity securities up to a maximum of the aggregate nominal value equal to the nominal value of 10 per cent. of the issued share capital of the Company from time to time ("Section 24 Authority"). Resolution (3) proposed for consideration at the EGM, which is subject to the passing of Resolution (2) at the EGM, seeks a new authority to disapply statutory pre-emption rights in relation to the allotment of equity securities. If approved, this Resolution will authorise the Directors to allot equity securities for cash: (i) in connection with any offer of securities by way of rights issue, open offer or otherwise in favour of Shareholders subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory, or otherwise howsoever; (ii) in connection with the exercise of any options or warrants to subscribe granted by the Company; (iii) pursuant to and in connection with the Capital Raising and, (iv) in addition and without prejudice to the foregoing, to allot securities up to a maximum aggregate nominal value of €14,418,763. If Resolution (3) is passed and becomes effective in accordance with its terms, the authority conferred thereby shall be in substitution for all existing authorities of the Directors under section 24 of the 1983 Act.

(b) The Ordinary Shares are admitted to listing on the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority and to trading on the regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange.

(c) In the three financial years in respect of which the Company's consolidated accounts have been audited preceding the date of this Prospectus and in the period from 1 January 2009 to 3 March 2010 (the latest practicable date prior to the publication of this Prospectus) Kenmare issued the following share capital:

Date	*Number of shares*	*Price per share (Stgp,€c, IRp)*	*Reason for Issue*
29 January 2010	130,000	Stg 19p	Exercise of warrants
18 January 2010	16,023,762	Stg 19p	Exercise of warrants
12 January 2010	10,135,002	Stg 19p	Exercise of warrants
9 December 2009	4,569	Stg 19p	Exercise of warrants
1 December 2009	864,277	Stg 19p	Exercise of warrants
27 October 2009	378,872	Stg 19p	Exercise of warrants
23 September 2009	1,352	Stg19p	Exercise of warrants
11 September 2009	12,038	Stg19p	Exercise of warrants
21 August 2009	945,473	Stg19p	Exercise of warrants
4 August 2009	54,000,000	Stg19p	Placing
17 July 2009	42,767	Stg19p	Exercise of warrants
8 July 2009	34,424	Stg19p	Exercise of warrants
30 June 2009	6,715,460	Stg7.89p	Finance fees under terms of the March 2009 Deed of Waiver and Amendment
15 May 2009	18,218,971	Stg7.89p	Finance fees under terms of the March 2009 Deed of Waiver and Amendment
1 May 2009	3,265,569	Stg7.89p	Finance fees under terms of the March 2009 Deed of Waiver and Amendment
20 October 2008	195,365	Stg9p	Exercise of warrants
4 September 2008	51,229,700	Stg32p	Placing
12 August 2008	9,466	Stg19p	Exercise of warrants
29 July 2008	100,000	Stg34p	Exercise of share options
19 June 2008	254,673	Stg19p	Exercise of warrants
13 June 2008	100,000	Stg39.5p	Exercise of share options
7 May 2008	219,676	Stg19p	Exercise of warrants
17 April 2008	8,912	Stg19p	Exercise of warrants
26 March 2008	526	Stg19p	Exercise of warrants
26 March 2008	11,766	Stg 17p	Exercise of warrants
24 January 2008	45,329,162	Stg17p	Exercise of warrants
8 January 2008	1,741,900	Stg9p	Exercise of warrants
18 December 2007	200,000	Stg23.75p	Exercise of share options
4 December 2007	400,000	Stg9p	Exercise of warrants
14 November 2007	60,000	IR25p	Exercise of share options
14 November 2007	100,000	IR5.25p	Exercise of share options
14 November 2007	100,000	IR11p	Exercise of share options
14 November 2007	100,000	IR16p	Exercise of share options
14 November 2007	500,000	Stg40p	Exercise of share options
14 November 2007	500,000	Stg48p	Exercise of share options
11 October 2007	833	Stg19p	Exercise of warrants
10 October 2007	573,604	Stg19p	Exercise of warrants
13 September 2007	1,398,764	Stg19p	Exercise of warrants

Date	*Number of shares*	*Price per share (Stgp,€c, IRp)*	*Reason for Issue*
27 August 2007	250,000	Stg9p	Exercise of warrants
23 August 2007	125,000	Stg23.75p	Exercise of share options
14 August 2007	250,000	Stg9p	Exercise of warrants
7 August 2007	250,000	Stg9p	Exercise of warrants
25 July 2007	465,569	Stg19p	Exercise of warrants
23 July 2007	250,000	Stg9p	Exercise of warrants
23 July 2007	100,000	Stg34p	Exercise of share options
3 July 2007	13,974	Stg19p	Exercise of warrants
11 June 2007	141,900	Stg9p	Exercise of warrants
28 May 2007	131,887	Stg19p	Exercise of warrants
24 May 2007	250,000	Stg9p	Exercise of warrants
9 May 2007	125,000	Stg23.75p	Exercise of share options
3 May 2007	260,000	Stg9p	Exercise of warrants
18 April 2007	250,000	Stg9p	Exercise of warrants
18 April 2007	263,762	Stg19p	Exercise of warrants
28 March 2007	1,280,526	Stg19p	Exercise of warrants
13 March 2007	8,928	Stg19p	Exercise of warrants
8 February 2007	500,000	Stg9p	Exercise of warrants
16 February 2007	64,439	Stg19p	Exercise of warrants
17 January 2007	5,899	Stg19p	Exercise of warrants
16 January 2007	100,000	Stg10p	Exercise of share options
16 January 2007	650,000	Stg9p	Exercise of warrants
30 November 2006	700,000	Stg9p	Exercise of warrants
30 November 2006	8,148	Stg19p	Exercise of warrants
30 November 2006	200,000	Stg10p	Exercise of share options
23 November 2006	500,000	€25c	Exercise of share options
13 October 2006	1,765	Stg19p	Exercise of warrants
15 September 2006	4,500,000	Stg18p	Exercise of warrants
6 September 2006	1,312,500	Stg18p	Exercise of warrants
6 September 2006	6,643	Stg19p	Exercise of warrants
21 July 2006	300,000	Stg9p	Exercise of warrants
6 July 2006	200,000	Stg9p	Exercise of share options
6 July 2006	400,000	Stg9p	Exercise of warrants
21 June 2006	1,000,000	Stg9p	Exercise of warrants
8 June 2006	7,622	Stg19p	Exercise of warrants
2 May 2006	375,000	Stg19p	Exercise of warrants
2 May 2006	67,373	Stg9p	Exercise of warrants
6 April 2006	21,971	Stg19p	Exercise of warrants
27 February 2006	26,648	Stg19p	Exercise of warrants
27 February 2006	1,000,000	Stg9p	Exercise of warrants
8 February 2006	500,000	Stg9p	Exercise of warrants
8 February 2006	13,198	Stg19p	Exercise of warrants
20 January 2006	67,333	€24c	Exercise of share options
20 January 2006	835,000	IR25p	Exercise of share options
20 January 2006	221,629	IR5p	Exercise of share options
20 January 2006	800,000	IR5.25p	Exercise of share options
20 January 2006	950,000	IR11p	Exercise of share options
20 January 2006	60,000	IR14.25p	Exercise of share options
20 January 2006	80,000	IR17p	Exercise of share options
17 January 2006	80,000	Stg13.5p	Exercise of warrants
5 January 2006	300,000	Stg25p	Exercise of share options
5 January 2006	36,000	Stg13.5p	Exercise of warrants

(d) On 30 November 2009, at an extraordinary general meeting of Warrantholders, an amendment was passed to permit the Company to transfer those warrants to subscribe for Ordinary Shares which had not been exercised by 31 December 2009 to a transferee (nominated by the Company) who would be permitted to exercise the transferred warrants during a limited extended period following the original expiry deadline for exercise of the warrants. On 17 November 2009, Kenmare entered into an agreement with an existing institutional shareholder in Kenmare ("the Warrant Underwriter"), whereby the Warrant Underwriter committed to subscribe for up to 26,370,553 outstanding warrants, which were not exercised prior to 31 December 2009 at the warrant exercise price of Stg19p. Each warrant entitled the holder to subscribe for one ordinary share in the Company, representing in aggregate approximately 3 per cent. of the then issued share capital of the Company. Exercise in full of the outstanding warrants would raise approximately Stg£5 million for the Company. The purpose of this arrangement was to secure the funds represented by the warrants for the Company. The arrangement did not impact on the existing rights of warrantholders to exercise their warrants.

16,153,762 warrants were exercised by the original warrant holders prior to 31 December 2009 (with the related shares issued in January 2010), whilst the remaining 10,135,002 warrants were transferred to the Warrant Underwriter and have now been exercised. The exercise in full of all outstanding warrants raised approximately £5 million for the Company.

(e) On 30 June 2009 the Group entered into arrangements with its brokers to place 54 million new ordinary shares at Stg19p per share to ensure that the Company continued to retain sufficient liquidity to meet its obligations and provide further financial resources to accelerate production expansion plans. Settlement occurred on 4 August 2009.

(f) On 29 August 2008, the Group entered into arrangements with its brokers to place 51,229,700 new ordinary shares at Stg32p per share to enable the Company to increase the production rate at the Mine to achieve production targets as set out in the 2008 interim results announcement and for general corporate purposes. Settlement occurred on 4 September 2008.

(g) During 2009, 28.2 million Ordinary Shares were issued to the Lender Group as fees under the terms of the March 2009 Deed of Waiver and Amendment. The March 2009 Deed of Waiver and Amendment resulted in a deferral of the scheduled Senior Loan principal instalments due on 4 August 2009 in the amount of US$11.3 million to be repaid commencing 1 February 2010 over the remaining life of the respective Senior Loan in equal semi-annual instalments.

(h) On 23 November 2007, at an extraordinary general meeting of Warrantholders, an amendment was passed to reduce the subscription price of warrants from Stg19p to Stg17p per Ordinary Share for a period from the date of the Extraordinary General Meeting up to and including 12 December 2007. 45,340,928 warrants were exercised and 45,329,162 Ordinary Shares were issued on 24 January 2008 with the balance on 26 March 2008. The remaining 29,261,155 warrants which were not exercised at the temporarily reduced subscription price had a latest exercise date of 23 July 2009 and an exercise price of Stg19p per share. On 11 June 2009 the Board extended the exercise period on outstanding warrants to 31 December 2009. As Kenmare continued to ramp-up production at the Mine, the Board was of the view that it was an appropriate time to access the additional funds represented by the warrants and the Board determined that the extended exercise period would result in increased funds for the Company.

(i) The issued share capital of the Company at 1 January 2007 was 686,453,379 Ordinary Shares. As noted under subparagraph (c) above, the Group issued 9,664,186 new Ordinary Shares in 2007. As a result, the issued share capital of the Group stood at 696,123,464 Ordinary Shares at 1 January 2008. As noted at subparagraph (c) above, 99,201,146 new Ordinary Shares were issued during 2008, and as a result there were 795,324,610 Ordinary Shares in issue at 31 December 2008. As noted under subparagraph (c) above, the Group issued 28,200,000 new Ordinary Shares in the first six months of 2009. As a result, the issued share capital of the Group stood at 823,524,610 Ordinary Shares in issue at 30 June 2009 and a further 54 million shares that were deemed to be issued as an arrangement for their placing had been entered into. Hence as at 30 June 2009, being the date of the most recent balance sheet included in the historical financial information in Part 11 of this Prospectus, the Group reported an issued share capital of 877,524,610 Ordinary Shares.

Save as disclosed in this section 3 of this Part 16, no share or loan capital of the Company or its subsidiaries have, within the three years preceding the date of this Prospectus, been issued or are proposed to be issued for cash or other consideration and, no commissions, discounts, brokerage or other special terms have been granted by the Company or any of its subsidiaries in connection with any such issue or sale.

The Company does not hold any treasury shares, nor are there any Ordinary Shares held by or on behalf of the Company or any of its subsidiaries.

4. MAJOR SHAREHOLDERS

As at 3 March 2010 (being the latest practicable date prior to the publication of Prospectus), the names of persons, other than Directors, who were directly or indirectly interested in 3 per cent. or more of the Issued Share Capital, and the amount of each such person's interest, in so far as the Company is aware, are as set out below. The number of Ordinary Shares in which these persons, subject to the assumptions stated in the notes below, will be interested following the Capital Raising is also set out below:

	Number of Ordinary Shares	*% of Existing Ordinary Share Capital*	*Number of Ordinary Shares following Capital Raising*	*% of Enlarged Issued Share Capital*
Nortrust Nominees Limited	150,144,478	16.6	274,176,872	11.4
State Street Nominees Limited	111,244,406	12.3	203,141,958	8.5
BNY Mellon Nominees Limited	62,626,899	6.9	114,362,163	4.8
BNY Custodial Nominees (Ireland)	58,043,747	6.4	105,992,929	4.4
HSBC Global Custody Nominee (UK)	42,132,849	4.6	76,938,246	3.2
Chase Nominees Limited	33,775,921	3.7	61,677,768	2.6
Euroclear Nominees Limited	31,946,144	3.5	58,336,436	2.4
BBHISL Nominees Limited	29,361,200	3.2	53,616,104	2.2
European Investment Bank	29,279,645	3.2	53,467,177	2.2
Lynchwood Nominees Limited	27,060,500	3.0	49,414,826	2.1

Notes:

M&G holding of 165,694,896 is held through a number of nominees.

State Street Nominees Limited hold their Ordinary Shares for a number of underlying shareholders. The Company has not been notified that any of these shareholders have a holding of greater than 10 per cent.

The number of Ordinary Shares held following the Capital Raising and the percentage of the Enlarged Issued Share Capital assumes, for illustrative purposes only, that the Shareholders identified above subscribe for their pro rata entitlements under the Open Offer in full only.

Save as disclosed above, the Company has not received notice and is not aware of any person who, directly or indirectly, is interested in 3 per cent. or more of the Issued Share Capital.

The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

None of the Company's major shareholders has different voting rights to other holders of Ordinary Shares.

The Company is not aware of any person who, following Admission, will, directly or indirectly, exercise control over the Company.

In so far as is known to the Company, there are no arrangements the operation of which may, at a date subsequent to the date of this Prospectus, result in a change of control of the Company.

5. MANDATORY TAKEOVER BIDS, SQUEEZE-OUT AND SELL-OUT RULES

(a) ***Mandatory Bids***

The Existing Ordinary Shares are admitted to listing on the Official Lists and to trading on the main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange. As a result the Company is subject to the provisions of the Irish Takeover Rules.

As an Irish company with shares admitted to listing on the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority, only the Irish Takeover Panel would monitor and supervise a takeover bid for the Company. The Irish Takeover Rules regulate acquisitions of the Company's securities.

Rule 5 of the Irish Takeover Rules prohibits the acquisition of securities or rights over securities in a company, such as the Company, in respect of which the Irish Takeover Panel has jurisdiction to supervise, if the aggregate voting rights carried by the resulting holding of securities and by the securities the subject of such rights, if any, would amount to 30 per cent. or more of the voting rights of that company. If a person holds securities or rights over securities which in the aggregate carry 30 per cent. or more of the voting rights, that person is also prohibited from acquiring securities carrying 0.05 per cent. or more of the voting rights, or rights over such securities, in a 12 month period. Acquisitions by and holdings of concert parties must be aggregated. The prohibition does not apply to purchases of securities or rights over securities by a single holder of securities (including persons regarded as such under the Irish Takeover Rules) who already holds securities, or rights over securities, which represent in excess of 50 per cent. of the voting rights.

Rule 9 of the Irish Takeover Rules provides that where a person acquires transferable securities which, when taken together with transferable securities held by concert parties, amount to 30 per cent. or more of the voting rights of a company, that person is required under Rule 9 to make a general offer – a "mandatory offer" – to the holders of each class of transferable, voting securities of the company to acquire their securities. The obligation to make a Rule 9 mandatory offer is also imposed on a person (or persons acting in concert) who holds securities conferring 30 per cent. or more of the voting rights in a company and who increases that stake by 0.05 per cent. or more in any 12 month period. Again, a single holder of securities (including persons regarded as such under the Irish Takeover Rules) who holds securities conferring in excess of 50 per cent. of the voting rights in a company may purchase additional securities without incurring an obligation to make a Rule 9 mandatory offer.

There have been no mandatory takeover bids nor any public takeover bids by third parties in respect of the share capital of the Company in the last financial year or in the current financial year to date.

(b) ***Squeeze Out***

Section 204 of the Act (as amended by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006) sets out a procedure enabling a bidder for an Irish company which has securities admitted to trading on an EU regulated market, such as Kenmare, to acquire compulsorily the securities of those holders who have not accepted a general offer – the "squeeze-out" right on the terms of the general offer.

The main condition which needs to be satisfied before the "squeeze-out" right can be exercised is that the bidder, pursuant to acceptance of a bid for the beneficial ownership of all the transferable voting securities (other than securities already in the beneficial ownership of the bidder) in the capital of the company, has acquired, or unconditionally contracted to acquire, securities which amount to not less than nine tenths of the nominal value of the securities affected and carry not less than nine tenths of the voting rights attaching to the securities affected.

Section 204 (as amended) also provides for rights of "sell-out" for shareholders in Irish companies which have securities admitted to trading on an EU regulated market, such as Kenmare. Holders of securities carrying voting rights in the company who have not accepted a bid by way of a general offer for the beneficial ownership of all of the voting securities in the company (other than securities already in the beneficial ownership of the bidder) have a corresponding right to oblige the bidder to

buy their securities, on the terms of the general offer under which the beneficial ownership of the securities of the assenting security holders was acquired by the bidder. The main condition to be satisfied to enable the exercise of "sell-out" rights is that the bidder has acquired, or unconditionally contracted to acquire, securities which amount to not less than nine tenths in nominal value of the securities affected and which carry not less than nine-tenths of the voting rights attaching to the securities affected.

(c) ***Buy-Out***

The Irish Takeover Rules also give minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of the Ordinary Shares in the Company and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer related who had not accepted the offer could by written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his rights to be bought out within one month of that notice arising.

(d) ***Substantial Acquisition Rules***

The Substantial Acquisition Rules are designed to restrict the speed at which a person may increase a holding of voting securities (or rights over such securities) of a company which is subject to the Irish Takeover Rules, including the Company. The Substantial Acquisition Rules prohibit the acquisition by any person (or persons acting in concert with that person) of shares or rights in shares carrying 10 per cent. or more of the voting rights in the Company within a period of seven calendar days if that acquisition would take that person's holding of voting rights to between 15 per cent. and 30 per cent. of the voting rights in the Company.

(e) ***Irish Merger Control Legislation***

Under Irish merger control legislation, any person or entity proposing to acquire direct or indirect control of the Company through the acquisition of Ordinary Shares or otherwise must, subject to various exceptions and if various financial thresholds are met or exceeded, provide advance notice of such acquisitions to the Irish Competition Authority. Failure to notify properly is an offence under Irish law. The Competition Act 2002, as amended, defines "control" as existing if, by reason of securities, contracts or any other means, decisive influence is capable of being exercised with regard to the activities of a company. Under Irish law, any transaction subject to the mandatory notification obligation set out in the legislation (or any transaction which has been voluntarily notified to the Irish Competition Authority) will be void, if put into effect before the approval of the Irish Competition Authority is obtained or before the prescribed statutory period following notification of such transaction lapses without the Irish Competition Authority having made an order.

6. DIRECTORS

Name	*Age*	*Position*	*Period during which has served as Director**
Charles Carvill	81	(Chairman)	23 years 9 months
Peter McAleer	67	(Deputy Chairman)	8 years 5 months
Michael Carvill	50	(Managing Director)	23 years 9 months
Jacob Deysel	35	(Chief Operations Officer)	9 months
Tony McCluskey	45	(Finance Director)	10 years 9 months
Terence Fitzpatrick	49	(Technical Director)	15 years 10 months
Sofia Bianchi	53	(Non-executive Director)	1 year 10 months
Ian Egan	62	(Non-executive Director)	11 years 8 months
Simon Farrell	59	(Non-executive Director)	10 years 2 months
Tony Lowrie	67	(Non-executive Director)	3 years 6 months

* from election/co-option to date of this Prospectus.

Mr. Charles Carvill, Chairman, is the father of Mr. Michael Carvill, Managing Director. The business address of each of the Directors is Chatham House, Chatham Street, Dublin 2, Ireland.

(a) **Profiles of the Directors**

Charles Carvill, *Chairman*

Charles Carvill has been involved in the mining industry for over 40 years. He served as a director of Tara Exploration and Development Limited, the parent company of Tara Mines, for over 20 years and was a founding member and subsequently director of Minquest plc which later merged with Kenmare Resources plc. He is founder and chairman of Carvill Group Limited and Vico Properties plc, a Belfast based construction and development group with activities in the Republic of Ireland, Northern Ireland, Scotland, England and Germany.

Peter McAleer, *Deputy Chairman*

Peter McAleer has over 40 years international experience at board and senior management level in the natural resources sector. He has been involved in the discovery and/or successful development of more than 10 base and precious metal deposits and has extensive experience in project development and financing. He holds a Bachelor of Commerce and is qualified as a Barrister at Law. He has been involved in the management of mining operations in Australia, Chile, Europe and North America. In the late 1990's as a director of Equatorial Mining Limited and President of Equatorial Latin America he was Equatorials representative on the owners team which arranged the financing of the Minera El Tesoro copper project in Chile which involved raising project financing of US$296 million. He is also chairman of Latin Gold Limited (Australia) and a director of Kingsgate Consolidated Limited (Australia).

Michael Carvill, *Managing Director*

Michael Carvill is a Fellow of the Institute of Engineers of Ireland (FIEI). He holds a BSc in Mechanical Engineering (Queen's University, Belfast) and an MBA (Wharton School, University of Pennsylvania). He worked as a contracts engineer in Algeria and as a project engineer at Tara Mines, Ireland. He has been the Managing Director of Kenmare since 1986.

Jacob Deysel, *Chief Operations Officer*

Jacob Deysel was appointed Chief Operations Officer in February 2009 and is responsible for completing the ramp-up to full production at Kenmare's Mine. Jacob was co-opted to the Board in June 2009. He joined from Richards Bay Minerals, the world's largest single producer of titanium dioxide feedstocks. He holds a BSc in Mine Engineering and a Masters in Business Administration, both from the University of Witwatersrand in South Africa. He has worked in the titanium dioxide feedstock industry since 2003. Previously he worked with Gold Fields Limited at Driefontein Mine where he was ultimately Operations Manager for the West Complex consisting of seven operating shafts. At Richards Bay Minerals, Jacob has had responsibility for the mine's five plants in addition to geology, mine planning and maintenance.

Tony McCluskey, *Finance Director*

Tony McCluskey has worked with Kenmare since 1991. He was originally appointed as Company Secretary and Financial Controller, before becoming Finance Director in 1999. He holds a Bachelor of Commerce degree from University College Cork and is a Fellow of the Institute of Chartered Accountants. Before joining Kenmare, he worked for a number of years with Deloitte & Touche as a senior manager in Dublin and also worked overseas.

Terence Fitzpatrick, *Technical Director*

Terence Fitzpatrick is a graduate of University of Ulster (Mech. Eng.). He worked as Project Manager and then Technical Director of Kenmare from 1990 to 1999. He was responsible for the development of the Ancuabe Graphite Mine, which achieved completion on schedule and budget in 1994. He was

appointed to the Board of Kenmare in 1994. He served as a Non-executive Director from 2000 to 2008. He was appointed as Technical Director in February 2009.

Sofia Bianchi, *Non-executive Director*

Sofia Bianchi has extensive experience in banking, fund management and mergers & acquisitions (M&A). She is currently Portfolio Manager with BlueCrest Capital Management. She held the position of Deputy Managing Director of the Emerging Africa Infrastructure Fund with Standard Bank London from 2002 to 2007. She previously held a senior position with European Bank for Reconstruction & Development. From 1987 to 1992 she was a member of a global M&A advisory team, Prudential Bache Capital Funding, where she initiated, structured and executed cross-border M&A transactions. She holds a BA in Economics from George Washington University, Washington, DC and an MBA from Wharton School, University of Pennsylvania. She was appointed to the Board as a Non-executive Director in May 2008.

Ian Egan, *Non-executive Director*

Ian Egan has worked in the natural resources industry for more than 35 years, including holding senior management positions at BHP, Utah Mining Australia Limited, Mineral Deposits Limited and N L Industries Inc. He is a fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) and a Fellow of the Australian Institute of CPAs (FCPA). He has been awarded a BEc in Accounting and Law and an MEc in Industry Economics from the University of Sydney.

Simon Farrell, *Non-executive Director*

Simon Farrell has over 30 years experience in the mining industry at senior management and board level, principally in the areas of finance, marketing and general management. He holds a BComm degree from the University of Western Australia and an MBA from the Wharton School at the University of Pennsylvania. He is a Fellow of both the Australian Society of Accountants and the Australian Institute of Company Directors. He was appointed to the Board in January 2000.

Tony Lowrie, *Non-executive Director*

Tony Lowrie has over 35 years association with the equities business. He was a partner with Hoare Govett, London from 1976 until 1986 when it was sold to Security Pacific. He then became a member of the main Board of Security Pacific Hoare Govett for a period from 1986 to 1991. He led a management buyout of Asian Equities in 1991 and became Chairman of HG Asia Securities in 1991. He held this position until HG Asia Securities was sold to ABN AMRO Bank in 1996 at which point he assumed the role of Chairman for ABN AMRO Asia Securities until 2004. He was formerly also a Managing Director of ABN AMRO Bank. He has been a non-executive director in several quoted Asian closed end funds. He is a director of the Edinburgh Dragon Fund and Allied Gold Limited. He has been a non-executive director of Dragon Oil plc, and had, for 18 years, been a non-executive director of J. D. Wetherspoon plc.

(b) **Other Matters**

During the five years immediately prior to the date of this Prospectus, save for Kara Engineering Limited, a company which Mr Terence Fitzpatrick was previously a director of and which went into voluntary liquidation in August 2007, none of the Directors have:

(i) been convicted in relation to a fraudulent offence;

(ii) been associated with any bankruptcies, receiverships or liquidations whilst acting in his or her capacity as a member of an administrative, management or supervisory body of a company, or a member of senior management of a company; or

(iii) received an official public incrimination and/or sanction by a statutory or regulatory authority (including designated professional bodies) or been disqualified by a court from acting as a

member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

(c) **Directors Conflicts of Interests**

There are no potential conflicts of interest between each of the Director's duties to the Group and his or her respective private interests and any other duties. Carvill Group Limited and Vico Properties plc are property companies which are not affiliated to the Group. Both Mr. Charles Carvill and Mr. Michael Carvill are directors of these companies and their duties to these companies do not conflict with the duties which they owe as Directors to Kenmare Resources plc.

None of the Directors was appointed to his or her position pursuant to an arrangement or understanding with a major shareholder, customer, supplier or other person.

(d) **Directorships**

The Directors and the companies and partnerships of which each such person has been a director or partner at any time in the past five years and, where indicated, of which each is currently a director or partner are set out below:

Name of Director	*Current Directorships/Partnerships*	*Previous Directorships/Partnerships*
Charles Carvill	Carvill Group Limited Vico Properties plc Vico Investments (NI) Limited Carvill Construction Limited The Embankment Management Company Woodbrook Management Company (NI) Limited Vico Securities Limited Vico Properties Scotland Limited Vico Scotland Limited Vico Estates & Development Co Limited Vico Estates Limited Vico Estates Scotland Limited Carvill (Scotland) Limited Vico Land and Estates Limited Vico Investment Properties Limited Vico Camperdown Limited Vico Projects Limited Chatham Investments Limited Chatham International Limited Vico Commercial Limited Vico Management Services Limited Stelle Limited Vico Dumbarton Limited Vico Developments (Scotland) Limited Garscube Road Developments Limited Vico Properties East Anglia Limited Vico Properties (Northern) Limited Empson Road Limited Vico Kent Limited Portland Gate Limited Carvill (Newcastle) Limited Vico Investments Limited	Lyndhurst Meadows Management Company Limited Ross's Mill Management Company Limited Leo Securities Limited

Name of Director	*Current Directorships/Partnerships*	*Previous Directorships/Partnerships*
Charles Carvill (*Continued*)	Vico Investments (Scotland) Limited Carvill Construction Limited Carvill (Irl) Limited Vico Properties Limited Protech Management Services Limited Boyne Properties Limited Carvill Development (IOM) Limited Carvill (IOM) Limited	
Peter McAleer	Latin Gold Kingsgate Consolidated Limited Norwest Mining Consultants Limited Doogary Investment limited Black Eagle Resources Golden Eagle Resources Biotechnical Process International Limited	Equatorial Mining North America Inc Equatorial Resources Limited Kalahari Diamonds Limited Westmag Limited Sekaka Diamonds Limited Fortuna Resources Limitada
Michael Carvill	Carvill Group Limited Vico Properties plc Vico Investments (NI) Limited Carvill Construction Limited Varna Limited Vico Securities Limited Vico Properties Scotland Limited Vico Scotland Limited Vico Estates & Development Co Limtied Vico Estates Limited Vico Estates Scotland Limited Carvill (Scotland) Limited Vico Land and Estates Limited Vico Investment Properties Limited Vico Camperdown Limited Vico Projects Limited Chatham Investments Limited Vico Commercial Limited Vico Management Services Limited Stelle Limited Vico Dumbarton Limited Vico Properties East Anglia Limited Vico Properties (Northern) Limited Empson Road Limited Vico Kent Limited Portland Gate Limited Vico Investments Limited Vico Investments (Scotland) Limited Carvill Construction Limited Carvill (Irl) Limited Vico Properties Limited Killiney Court Management Co Limited Carvill Development (IOM) Limited Carvill (IOM) Limited	Leo Securities Limited Hawthorn Securities Limited
Terence Fitzpatrick		Kara Engineering Limited

Name of Director	*Current Directorships/Partnerships*	*Previous Directorships/Partnerships*
Sofia Bianchi	Open Joint Stock Company Probusiness bank	
Ian Egan	Nagermir Pty Limited Paddington Holdings Pty Limited Soria Moria Pty Limited Cheyne Walk Investments Pty Limited	Coronimite Pty Limited Simba Mines Inc Simbajamba Limited CityView Corporation Limited Fortitude Minerals Limited
Simon Farrell	Cherek Pty Limited Karratta Pty Limited Wunda-Y Partnership Wunda-Y Unit Trust Coal of Africa Limited NiMag Limited	SA Mineral Resources plc GMA Resources plc Petroasia P/L Greenstone Gold Mines P/L Cove Mining P/L Evoc Mining P/L
Tony Lowrie	Edinburgh Dragon Fund Limited Allied Gold Limited	ABN Amro Bank NV Thai Euro Fund Limited Quadrise Fuels International plc Dragon Oil plc JD Wetherspoon plc

Jacob Deysel and Tony McCluskey have no current or previous directorships outside of the Group.

7. INTERESTS OF THE DIRECTORS' IN SHARE CAPITAL

(a) As at the close of business on 3 March 2010 (being the latest practicable date prior to the publication of this Prospectus), the interests (all of which are beneficial) of the Directors in the Existing Ordinary Shares, which have been notified by each Director to the Company pursuant to sections 53 or 64 of the 1990 Act or which are required pursuant to section 59 of the 1990 Act to be entered into the register referred to therein were as set out below.

The number of Ordinary Shares in which these persons, subject to the assumptions stated in the notes below, will be interested following the Capital Raising is also set out below.

Name of Director	*Number of Ordinary Shares (as at the latest practicable date)*	*% of Issued Share Capital*	*Number of Ordinary Shares following the Capital Raising*	*% of Enlarged Issued Share Capital*
C. Carvill	6,605,449	0.73	9,605,449	0.40
P. McAleer	156,250	0.02	572,917	0.02
M. Carvill	3,822,830	0.42	5,072,830	0.21
J. Deysel	–	–	416,667	0.02
T. McCluskey	231,250	0.03	606,250	0.03
T. Fitzpatrick	41,026	0.01	108,808	0.00
S. Bianchi	–	–	1,666,667	0.07
I. Egan	333,333	0.04	1,400,000	0.06
S. Farrell	466,333	0.05	1,236,769	0.05
T. Lowrie	2,464,230	0.27	7,464,230	0.31

Notes:

All of the Directors have indicated their intention to participate in the Firm Placing and in the Placing. The number of New Ordinary Shares held by them following the Capital Raising assumes for illustrative purposes that they receive all New Ordinary Shares for which they subscribe under the Placing and the Firm Placing. No assumption is made with respect to their participation in the Open Offer.

(b) As at the close of business on 3 March 2010, (being the latest practicable date prior to the publication of this Prospectus), the interests (all of which are beneficial) of the Directors in Options over Ordinary Shares were as set out below:

Director	*Options Held*	*Option Price*	*Expiry Date*
C. Carvill	725,000	IR25p	31 December 2011
	41,629	IR5p	31 December 2011
	300,000	IR5.25p	31 December 2011
	500,000	IR11p	31 December 2011
	430,000	IR16p	31 December 2011
	500,000	Stg40p	29 September 2013
P. McAleer	750,000	Stg14.25p	31 December 2011
	500,000	Stg40p	29 September 2013
M. Carvill	100,000	IR9p	31 December 2011
	430,000	IR16p	31 December 2011
	1.000,000	IR20p	31 December 2011
	3,000,000	Stg23.75p	12 May 2012
	2,000,000	Stg40p	29 September 2013
	3,500,000	Stg21p	30 June 2016
J. Deysel	1,000,000	Stg9p	7 January 2016
I. Egan	200,000	Stg10.50p	31 December 2011
	300,000	IR9p	31 December 2011
	430,000	IR16p	31 December 2011
	250,000	IR20p	31 December 2011
	500,000	Stg23.75p	12 May 2012
	500,000	Stg40p	29 September 2013
S. Farrell	430,000	IR16p	31 December 2011
	250,000	IR20p	31 December 2011
	500,000	Stg40p	29 September 2013
T. Fitzpatrick	300,000	IR11p	31 December 2011
	100,000	IR16p	31 December 2011
	500,000	Stg40p	29 September 2013
	2,000,000	Stg9p	7 July 2016
T. Lowrie	500,000	Stg40p	29 September 2013
T. McCluskey	100,000	IR9p	31 December 2011
	430,000	IR16p	31 December 2011
	400,000	IR20p	31 December 2011
	2,000,000	Stg23.75p	12 May 2012
	1,500,000	Stg40p	29 September 2013
	2,500,000	Stg21p	30 June 2016

(c) Save as set out in section 7 of this Part 16, no Director has any interests, whether beneficial or non-beneficial, in the Ordinary Shares.

8. DIRECTORS' REMUNERATION AND SERVICE CONTRACTS

(a) The following table shows the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to the Directors by the Group for services in all capacities to the Group during the last full financial year, being the year ended 31 December 2009:

Executive Directors	*Salary US$'000*	*Bonus US$'000*	*Other Benefits US$'000*	*Pension US$'000*	*Fees US$'000*	*Total US$'000*
M. Carvill	514	–	11	40	–	565
T. McCluskey	445	–	3	33	–	481
T. Fitzpatrick*	250	–	–	–	–	250
A. Brown**	68	–	2	6	–	76
J. Deysel***	226	–	–	–	–	226
Non-executive Directors						
C. Carvill	–	–	–	–	142	142
P. McAleer	–	–	–	–	77	77
S. Bianchi	–	–	–	–	43	43
I. Egan	–	–	–	–	163	163
S. Farrell	–	–	–	–	43	43
T. Lowrie	–	–	–	–	43	43
TOTAL	1,503	–	16	79	511	2,109

* Mr. Terence Fitzpatrick was appointed as acting Operations Director on 1 September 2008 and appointed as Technical Director on 2 February 2009.

** Mr. Alastair Brown retired from the Board in April 2009.

*** Mr. Jacob Deysel was co-opted to the Board on the 11 June 2009 and the remuneration above relates to the period of his directorship.

(b) The following are the principal terms of the service contracts which have been entered into with the Directors.

Executive Directors

(i) The Company has a contract with Vico Properties plc dated 25 February 1987 for the provision of services by Mr. Michael Carvill. The contract is terminable by either party on two years' notice. The contract has no fixed term and it is deemed to continue unless terminated by either party. Mr. Michael Carvill's total remuneration for 2009 was US$565,000 including a basic salary of US$514,000, benefits in kind of US$11,000 and annual pension contributions of US$40,000.

(ii) Mr. Jacob Deysel commenced employment with the Company on 1 February 2009. Mr. Deysel was co-opted to the Board on 11 June 2009. His position is terminable by either party on three months' notice. The contract has no fixed term and it is deemed to continue unless terminated by either party. Mr. Jacob Deysel's remuneration for 2009 was US$226,000 made up entirely of a basic salary of US$226,000.

(iii) Mr. Tony McCluskey commenced employment with the Company on 1 November 1991. His position is terminable by either party on two years' notice, has no fixed term and it is deemed to continue unless terminated by either party. Mr. McCluskey's total remuneration for 2009 was US$481,000 including a basic salary of US$445,000, benefits in kind of US$3,000 and annual pension contributions of US$33,000.

(iv) Mr. Terence Fitzpatrick has a service contract with the Company dated 1 February 2009. The contract is terminable by either party on three months' notice. The contract has no fixed term and it is deemed to continue unless terminated by either party. Mr. Fitzpatrick's total remuneration for 2009 was US$250,000 made up entirely of a basic salary of US$250,000.

Save as disclosed above, there are no benefits upon termination of employment.

Executive Directors are subject to retirement by rotation every three years and may offer themselves for reappointment at the Company's Annual General Meeting. Mr. McCluskey and Mr Fitzpatrick will retire from the Board by rotation at the Annual General Meeting in 2010 and offer themselves for re-

election. Mr. Deysel will retire from the Board in accordance with the Articles of Association at the Annual General Meeting in 2010 and will offer himself for election. Mr. M Carvill will retire from the Board by rotation at the Annual General Meeting in 2011 and may offer himself for re-election.

Save as set out above, there are no existing service contracts between any Executive Director and any member of the Group other than contracts expiring or determinable by the employing company.

Benefits in kind comprise health insurance and in certain cases, company cars. Contributions are made to private pension plans of certain Executive Directors, calculated in accordance with provisions of their service contract.

Non-executive Directors

The Non-executive Directors are remunerated by way of consultancy fees set out in agreements between each of them and Congolone Heavy Minerals Limited, a subsidiary undertaking of the Company. In addition Mr. Ian Egan currently has a consultancy contract with the Company under which he receives US$120,000 per annum for marketing services provided.

The Non-executive Directors comprise Mr.Charles Carvill who has served on the Board for 23 years, Mr. Peter McAleer who has served on the Board for 8 years, Ms. Sofia. Bianchi who has served on the Board for 1 year, Mr. Ian Egan who has served on the Board for 11 years, Mr. Simon Farrell who has served on the Board for 10 years and Mr. Tony Lowrie who has served on the Board for 3 years.

Non-executive Directors are subject to retirement by rotation every three years and may offer themselves for reappointment at the Company's Annual General Meeting. In addition, Non-executive Directors serving more than nine years on the Board are subject to re-election on an annual basis.

Mr Charles Carvill, Mr. McAleer, Mr. I. Egan and Mr. S. Farrell are subject to retirement and will offer themselves for re-election at the 2010 Annual General Meeting. Ms. S. Bianchi and Mr. T. Lowrie are subject to retirement at the 2011 Annual General Meeting and may offer themselves for re-election.

(c) There are no outstanding loans granted by any member of the Group to the Directors, nor are there any guarantees provided by any member of the Group for their benefit.

(d) In the year ended 31 December 2008 the aggregate remuneration paid (including pension contributions), share based payments and benefits in kind granted to the Directors by members of the Group amounted to approximately US$2.8 million. The estimated aggregate remuneration and benefits in kind of the Directors (including pensions contributions) but excluding share based payments for the financial year to 31 December 2009 under the arrangements in force at the date of this Prospectus will amount to approximately US$2.2 million.

There are no arrangements under which a Director of the Company has waived or agreed to waive future emoluments.

(d) The Company contributes to individual pension schemes on behalf of certain employees. Contributions to the scheme are charged in the period in which they are payable to the scheme. Contributions for 2009 totalled US$0.1 million (2008: US$0.2 million).

9. SHARE OPTION SCHEME

Kenmare established a Share Option Scheme by a resolution of the Directors and by a special resolution of the members of the Company on 12 June 1987. The purpose of the Share Option Scheme is to provide for the granting of Share Options to employees and Directors of the Company and its subsidiaries and associated companies as those terms are defined in the rules of the Scheme.

(a) The Scheme is administered by the Board who are empowered to grant Share Options in accordance with the rules of the Scheme. The Scheme is available to Directors or members of management of the Company or any subsidiary or associated company (as defined) whether officers or employees, or other persons who play a significant part in the management or development of the Company and such

person shall be nominated by the Board. For this purpose the Board shall have absolute discretion as to eligibility for participation in the Share Option Scheme.

(b) The exercise price of an option is the higher of the nominal value of the shares over which the Option is granted and the market value of such shares. The market value is the average dealt price of the shares over the ten dealing days on the Irish Stock Exchange ending on the day prior to the day the Option was granted.

(c) Unless otherwise determined by the Board an Option shall not be capable of being exercised later than seven years after the granting of the Option. No Option shall be exercisable after the participant ceases to hold the office or employment by virtue of which he or she is eligible to participate in the Scheme unless a specific determination regarding an employee is made by the Board.

(d) Options in respect of Ordinary Shares only are granted under the Scheme. The aggregate nominal value of Ordinary Shares issued under the Scheme shall not exceed 10 per cent. of the aggregate nominal value of the total issued share capital of the Company from time to time.

At 3 March 2010 (being the latest practicable date prior to the publication of this Prospectus), there were unexercised Options in issue that had been granted under the Share Option Scheme to persons (other than Directors) to subscribe for a total of 17,811,629 Ordinary Shares, exercisable at an average price of €0.37 per Ordinary Share. The latest exercise date of these Options is 30 June 2016.

10. COMPLIANCE WITH CORPORATE GOVERNANCE

Corporate Governance

The Directors recognise the importance of good corporate governance and have ensured that appropriate corporate governance procedures are in place. Throughout the financial year ended 31 December 2009 and up to and including the date of this Prospectus, the Company has applied the principles and complied with the provisions of the Combined Code except for the following matters:

- The Non-executive Directors have been granted Options under the Share Option Scheme. Options were deemed by the Board the most appropriate means to recognise the significant contribution Non-executive Directors have made to the development of the Group. Details of Non-executive Directors' Options are set out in section 7 of this Part 16.
- Notice period on rolling service contracts with Executive Directors is up to two years as provided for in their terms and conditions of employment. These terms and conditions have been determined appropriate by the Remuneration Committee in order to retain key personnel and expertise within the Company.

The Board of Directors

The Board consists of ten Directors, four Executive Directors and six Non-executive Directors. Mr. Jacob Deysel was appointed to the Board in June 2009. On 7 March 2008 Mr. P. McAleer was appointed as the Senior Independent Non-executive Director.

The roles of the Non-executive Chairman (Mr. C. Carvill) and Managing Director (Mr. M. Carvill) are separate.

Operation of the Board

The Board has reserved certain items for its consideration and decision. These include approval of the strategic plans of the Group, approval of financial statements, the annual budget, major acquisitions, review of the Group's system of internal control, significant contracts, major investments, interim and preliminary results announcements, appointment of Directors and the Company Secretary and circulars to shareholders.

The Board has delegated responsibility for the management of the Group, through the Managing Director to executive management.

All Directors are subject to retirement by rotation and may offer themselves for reappointment at the Company's Annual General Meeting. In addition, Non-executive Directors serving more than nine years on the Board are subject to re-election on an annual basis.

Directors may take independent advice in the furtherance of their duties at the Company's expense.

Independence of Non-executive Directors

The Board has determined that each of the Non-executive Directors is independent. In reaching that conclusion, the Board took into account a number of factors that might appear to affect the independence of some of the Non- Executive Directors, including whether the Non-executive Director has been an employee of the Group within the last five years; has or had within the last three years, a material business relationship with the Group; receives remuneration from the Group other than a Director's fee; has close family ties with any of the Group's advisers, Directors or senior employees; holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies; represents a significant shareholder or has served on the Board for more than nine years from the date of their first election.

The Non-executive Directors are remunerated by way of consultancy fees set out in agreements between each of them and Congolone Heavy Minerals Limited, a subsidiary undertaking of Kenmare Resources plc. Details of the Non-executive Directors' consultancy fees are set out in section 8 of this Part 16. The Non-executive Directors have been granted Options under the Share Option Scheme. Options were deemed by the Board the most appropriate means to recognise the significant contribution Non-executive Directors have made to the development of the Group. Details of Non-executive Directors' share options are set out in section 7 of this Part 16. Mr. C. Carvill, Chairman is the father of Mr. M. Carvill, Managing Director. The Non Executive Directors hold shares in the Group as set out in section 7 of this Part 16. Mr. C. Carvill, Mr. I. Egan and Mr. S. Farrell have served on the Board for more than nine years from the date of their first election.

In each of the cases detailed above, the Board considered and concluded, that the independence of the relevant Non- Executive Director was not compromised as they discharged their duties in a proper and consistently independent manner and constructively challenge the Executive Directors and the Board.

Nomination Committee

The Nomination Committee consists of all the Non-executive Directors and is chaired by Mr. Charles Carvill.

The main responsibilities of the Nomination Committee include:

- identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- before making an appointment, evaluating the balance of skills, knowledge and experience on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment;
- reviewing periodically the time required from a Non-executive Director. Performance evaluation is used to assess whether the Non-executive Director is spending enough time to fulfil their duties;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future;
- regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations to the Board with regard to changes considered advisable; and
- keeping under review the leadership needs of the organisation, both Executive and Non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

Audit Committee

The Audit Committee consists of the Non-executive Directors, namely Mr. Charles Carvill, Ms. Sofia Bianchi, Mr. Ian Egan, Mr. Simon Farrell and Mr. Peter McAleer. The Audit Committee is chaired by Mr. Peter McAleer. The Audit Committee has determined that Mr. Ian Egan, as a Fellow of the Australian Society of Certified Practising Accountants (CPA Australia), is the committee's financial expert. As outlined in the Directors' biographical details, set out in section 6 of this Part 16, members bring considerable financial and accounting experience to the work of the Audit Committee. The main responsibilities of the Audit Committee include:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- reviewing the Group's internal financial controls and internal control and risk management systems;
- monitoring and reviewing whether a dedicated internal audit function is required;
- making recommendations to the Board for it to put to the Shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- developing and implementing policy on the engagement of external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm; and
- reporting to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

Internal Control

The Board has responsibility for the Group's system of internal control. This involves an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and reviewing the effectiveness of the resultant system of internal control that has been in place throughout the year and up to the date of approval of the annual report and accounts. The Board has delegated to management the planning and implementation of the systems of internal control throughout the Group. The system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and accords with the guidance in Internal Control: Guidance for Directors on the Combined Code (Turnbull October 2005). The key elements of the system include that:

- the Board, in conjunction with management, identifies the major risks faced by the Group and determines the appropriate course of action to manage these risks;
- risk assessment and evaluation is an integral part of the management process throughout the Group. Risks are identified, evaluated and appropriate risk management strategies implemented;
- the Board maintains control and direction over appropriate strategic, financial, organisational and compliance issues, and has put in place an organisational structure with defined lines of responsibility and authority; and
- capital expenditures are controlled centrally and, if in excess of pre-defined levels, are subject to approval by the Board.

Remuneration Committee

The Remuneration Committee consists of Mr. Charles Carvill, Ms. Sofia. Bianchi, Mr. Ian Egan, Mr. Simon Farrell, Mr. Tony Lowrie and Mr. Peter McAleer. The Remuneration Committee is chaired by Ms. Sofia Bianchi. The main responsibility of the Remuneration Committee is to determine the total individual

remuneration package of each Executive Director including, where appropriate, bonuses and share options. The remuneration of Non-executive Directors is a matter for the Chairman and Executive members of the Board. The remuneration of the Chairman is a matter for the Board. No Director is involved in any decisions as to their own remuneration.

The philosophy of the Remuneration Committee in determining Executive Directors' remuneration is to ensure that individuals are appropriately rewarded relative to their responsibility, experience and value to the Group. In setting its remuneration policy the Remuneration Committee has given consideration to the provisions of the Combined Code and stock exchange requirements on Directors' remuneration.

11. MEMORANDUM AND ARTICLES OF ASSOCIATION

The principal object of the Company as set out in clause 3(i) of its Memorandum is "to prospect, explore and further the search for development, production, transport, refining, acquisition and sale in Ireland or elsewhere and whether on land or sea of solid, liquid and gaseous hydrocarbons and other minerals and their products and by-products". A full description of the objects of the Company is set out in clause 3 of the Memorandum which is available for inspection as provided in section 25 of this Part 16.

The Articles, contain *inter alia*, provisions to the following effect;

(i) ***Deferred Shares***

The Deferred Shares do not entitle the holders thereof to receive a dividend or distribution and do not entitle the holders thereof to receive notice of or to attend, speak or vote at any general meeting of the Company. On a return of capital on a winding-up of the Company, the holders of Deferred Shares are only entitled to receive the amount paid up on such shares after the repayment of the capital paid up on the Ordinary Shares and €12,697 per Ordinary Share and the holders of the Deferred Shares have no other rights to participate in the assets of the Company. The Company is authorized at any time to appoint any person to execute on behalf of the holders of Deferred Shares a transfer thereof, without making payment to the holders of the Deferred Shares, to such person(s) as the Company may determine as being the holder thereof.

(ii) ***Votes of Members***

(aa) Subject to any rights or any restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, but so that no one member shall on a show of hands have more than one vote in respect of the aggregate number of shares of which he is the holder, and on a poll every member who is present in person or by proxy shall have one vote for each share of which he is the holder.

(bb) No member shall be entitled to vote at any general meeting unless all calls or other sums immediately payable by him in respect of shares in the Company have been paid.

(cc) Votes can be given either personally by members or by proxy.

(iii) ***Variation of Rights***

(aa) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided in the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent and writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles of Association relating to general meetings shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. If at any adjourned meeting of such holders a quorum as above defined is not present within 30 minutes of the time appointed for the adjourned meetings, those members who are present in person or by proxy shall be deemed to be a quorum. Any holder of shares of the class present in person or by proxy may demand a poll.

(bb) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iv) ***Dividends***

(aa) The holders of Ordinary Shares in the Company are entitled equally, save as set out in paragraph (cc) below, to participate in dividends. The Company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the Directors. The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividends shall be paid otherwise than out of profits available for distribution. No dividends shall bear interest against the Company. The holders of Deferred Shares shall not have the right to receive any dividend or distribution in respect thereof.

(bb) The Directors may deduct from any dividend payable to any member all sums of money (if any) immediately payable by such member to the Company on account of calls or otherwise in relation to the shares of the Company.

(cc) Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

(dd) All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

(v) ***Transfer of Shares***

Any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Directors may approve from time to time. The instrument of the transfer must be:

(aa) Signed by or on behalf of the transferor, fully paid, and, if partly paid, also by or on behalf of the transferee.

(bb) Accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

(cc) In respect of one class of share only. The registration of transfers may be suspended at such times and for such periods, not exceeding in the whole 30 days in each year, as the Directors may from time to time determine. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. If the Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

(vi) ***Winding Up***

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Acts, divide among the members *in specie* or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest

the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

(vii) ***Alteration of Share Capital***

(aa) The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

(bb) The Company may by ordinary resolution:

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the Companies Acts; and

(iii) cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.

(cc) The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised and consent required by law, and the further consent set out in the Articles.

(viii) ***Directors***

(aa) The number of directors shall not be less than two. The Company may by ordinary resolution from time to time vary the minimum number and likewise may by ordinary resolution fix and from time to time vary the maximum number of Directors.

(bb) At each annual general meeting of the Company, one-third of the Directors or, if their number is not three or a multiple of three, then the number nearest one-third shall retire from office. A retiring Director shall be eligible for re-election.

(cc) The remuneration of the Directors shall from time to time be determined by ordinary resolution of the Company. The Directors may also be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

(dd) (1) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with section 194 of the 1963 Act and may not vote in respect of any contract or arrangement or any other proposal in which he has a material interest, save as disclosed in this sub-paragraph (dd).

(2) A Director shall (in the absence of some other material interest other than as indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolutions concerning any of the following matters namely:

- The giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries.

- The giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security.

- Any proposal concerning an offer of the shares or debentures or other securities of or by the Company for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof.
- Any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in 1 per cent. or more of the issued shares of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant companies (any such interest being deemed for the purpose of the Articles to be a material interest in all circumstances).
- Any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Revenue Commissioners for taxation purposes.

(3) Where any question arises in any meeting as to the materiality of a Director's interest or entitlement of any Director to vote and if such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the Chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in the case where the nature or extent of the interests of the Director concerned have not been fairly disclosed.

(ee) A shareholding qualification for Directors may be fixed by the Company in general meeting and, unless and until so fixed, no such qualification shall be required. A Director who is not a member of a Company shall nevertheless be entitled to attend and speak at general meetings.

(ix) ***Borrowing Powers***

Subject to Part III of the 1983 Act the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(x) ***Indemnity of Officers***

Every Director, managing director, agent, auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in relation to his acts while acting in such office, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 391 of the 1963 Act in which relief is granted to him by the court.

(xi) ***Disclosure of Interests***

The Directors may at any time and from time to time, in their absolute discretion, if they consider it to be in the interest of the Company to do so, give a notice to the holder or holders of shares (or any of them) requiring such holder or holders to notify the Company in writing within such period as may be specified in such notice (which shall not be less than twenty-eight days from the date of service of such notice) of full and accurate particulars of all or any of the following matters, namely:

(1) his interest in such shares;

(2) if his interest in the share or shares does not consist of the entire beneficial interest in it or them, the interests and identity of all persons having any beneficial interest in the share or shares (provided that one joint holder of a share shall not be obliged to give particulars of interests of persons in the share which arise only to another joint holder); and

(3) any arrangements (whether legally binding or not) entered into by him or any person having any beneficial interest in the share whereby it has been agreed or undertaken, or a holder or beneficial owner of such share can be required, to transfer the share or any interest therein to any person (other than a joint holder of the share) or to act in relation to any meeting of the Company or of any class of shares of the Company in a particular way or in accordance with the wishes or directions of any such person (other than the person who is a joint holder of such share).

(xii) ***General Meetings***

(aa) The Company must hold a general meeting in each year as its annual general meeting in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one annual general meeting of the Company and the date of the next.

(bb) The Directors may at any time call an extraordinary general meeting. Extraordinary general meetings shall also be convened by requisition of the members, as provided in Section 132 of the 1963 Act.

(cc) In the case of an annual general meeting or a meeting called for the passing of a special resolution twenty-one days' notice at least, and in any other case and subject to compliance with the provisions of the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009, at least fourteen days' notice, shall be given in writing to all members entitled to receive such notice and to the auditors for the time being of the Company.

(dd) No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote shall be a quorum.

(xiii) ***Allotment and Issue of Shares***

Subject to the provisions of the Articles relating to new shares, the shares are at the disposal of the Directors. The Directors may allot, grant options over or otherwise dispose of these in accordance with the Companies Acts to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders. No shares shall be issued at a discount, and in the case of shares offered to the public for subscription, the amount payable on application on each share shall be not less than 25 per cent. of the nominal value of the share and the whole of any premium on it.

(xiv) ***Restriction of Voting Rights***

(aa) If at any time the Directors determine that a Specified Event (defined below) has occurred in relation to any shares, the Directors may serve a notice to such effect on the holder. Upon the service of any such notice (a "**Restriction Notice**") no holder of the shares specified in such Restriction Notice shall, for so long as such Restriction Notice shall remain in force, be entitled to attend or vote at any general meeting, either personally or by proxy.

(bb) A Restriction Notice will be cancelled by the Directors as soon as is reasonably practicable, and in any event not later than forty-eight hours after the holder(s) concerned have remedied the default by virtue of which the Specified Event shall have occurred.

(cc) For the purposes of the Articles of Association, the expression "Specified Event" in relation to any share shall mean either of the following events:

(i) the failure by the holder(s) to pay any call or instalment of a call in the manner and at the time appointed for payment, or

(ii) the failure by the holder(s) thereof to comply, to the satisfaction of the Directors, with the disclosure of interest provisions of the Articles (summarised at *(x)* above).

(xv) ***Pre-emption Rights***

Pre-emption rights on a new allotment of equity securities have by way of special resolution passed on 18 November 2009 been disapplied in connection with the allotment of equity securities:

(a) in connection with any offer of securities open for any period fixed by the Directors by way of rights, open offer or otherwise in favour of holders of ordinary shares and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any holders of options under any of the Company's share option schemes for the time being) and subject to such exclusions or arrangements as the Directors may deem necessary or expedient in relation to legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory;

(b) in connection with the exercise of any options or warrants to subscribe granted by the Company; and

(c) (in addition to the authority described in by paragraphs (a) and (b) above), up to a maximum aggregate nominal value equal to the nominal value of 10 per cent. of the issued share capital of the Company from time to time.

This power expires on the date of the next annual general meeting of the Company after the passing of the resolution or, if earlier, the date which is 15 months from the passing of the resolution, save that the Company may before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred thereby had not expired.

If the Resolutions are passed, and beome effective in accordance with their terms, this power shall fall away and the Directors will be authorised to allot equity securities for cash pursuant to section 20 of the 1983 Act as described in section 3 of Part 16 of this Prospectus as if statutory pre-emption rights did not apply to any such allotment (the "New Section 24 Authority"). The New Section 24 Authority will, if granted, be limited to allotments of equity securities for cash in connection with any offer of securities by way of rights issue, open offer or otherwise in favour of Shareholders, in connection with the exercise of any options or warrants, in connection with the Capital Raising and otherwise to allot shares for cash up to a maximum nominal amount of 10 per cent. of the issued share capital of the Company from time to time.

12. RELATED PARTY TRANSACTION(S)

In addition to the Directors' service contracts and letters of appointment set out in section 8 of this Part 16 the following agreements constitute the related party transactions entered into by the Group and disclosed in the 2006 Annual Report, 2007 Annual Report, 2008 Annual Report, the 2009 Half Yearly Financial Report and up to the date of this Prospectus:

- The Company entered into a contract dated 25 February 1987 with Vico Properties plc for the provisions of services by Mr. Michael Carvill. Vico Properties plc is a related party of the Company as both Mr. Charles Carvill and Mr. Michael Carvill are Directors of both the Company and Vico Properties plc. There was a balance outstanding owed to Mr. Michael Carvill as at 31 December 2009 of US$0.04 million (31 December 2008: US$0.2 million, 31 December 2007: US$0.2 million, 31 December 2006: US$0.2 million) between these related parties.

- The Company performed certain administrative services for Vico Properties plc. The charge for the year ended 31 December 2009 was US$0.03 million (year ended 31 December 2008: US$0.04 million, year ended 31 December 2007: US$0.04 million, year ended 31 December 2006: US$0.03 million).

- During the period ending 30 June 2009, 9 million share options were granted to Directors at a cost of US$1.9 million (nil as at 31 December 2008 and 2007; US$3.3 million as at 31 December 2006), the key management personnel of the Group. The share options are exercisable at a price equal to the

quoted market price of the Company's shares on the date of grant. The options vest over a three year period. US$0.8 million of the costs has been recognised in the period.

The possible participation by M&G in the Placing and the Firm Placing, details of which are contained in section 10 of Part 7 of this document, is a related party transaction under the Listing Rules. Such participation is subject to the approval of Resolution (5) at the EGM by Independent Shareholders. The participation by certain of the Directors in the Placing and the Firm Placing is also a related party transaction under the Listing Rules but, because of the respective size of the individual Directors participation, does not require specific Shareholder approval.

13. MATERIAL CONTRACTS

The following is a summary of the material contracts (other than contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the publication of this Prospectus and any other contracts which have been entered into by any member of the Group which contain any provision under which any member of the Group has any obligation or entitlement which is or may be material to the Group at the date of this Prospectus.

(i) ***Placing and Open Offer Agreement***

On 5 March 2010, the Company entered into a placing and open offer agreement with J.P. Morgan Cazenove, Davy, Canaccord and Mirabaud Securities. Pursuant to the Placing and Open Offer Agreement, Davy has been appointed as sponsor, J.P. Morgan Cazenove has been appointed as Global Co-ordinator and Davy, Canaccord and Mirabaud Securities have been appointed as co-bookrunners.

J.P. Morgan Cazenove, Davy, Canaccord and Mirabaud Securities have agreed, as agents for the Company, to procure subscribers for the New Ordinary Shares at the Issue Price subject, in certain cases, to clawback under the Open Offer. The Underwriters have agreed under the Placing and Open Offer Agreement that, to the extent that subscribers have not been procured for the New Ordinary Shares and such New Ordinary Shares are not otherwise the subject of valid applications under the Open Offer, they will subscribe themselves for such New Ordinary Shares the subject of the Capital Raising at the Issue Price subject to the terms and conditions set out in the Placing and Open Offer Agreement.

The obligations of the Banks and the Underwriters under the Placing and Open Offer Agreement are subject to certain standard conditions including, among others:

- the passing, without amendment, of the Resolutions at the EGM on the specified date, being 29 March 2010 (and not, except with the prior written consent of J.P. Morgan Cazenove and Davy, at any adjournment of such meeting);
- Admission taking place by not later than 8.00 a.m. on 1 April 2010 or such later time or date (not later than 15 April 2010) as the Company, J. P. Morgan Cazenove and Davy may agree); and
- the Placing and Open Offer Agreement having become unconditional in all respects, and not having been terminated, in accordance with its terms.

In consideration of their services under the Placing and Open Offer Agreement, and subject to their obligations under the Placing and Open Offer Agreement having become unconditional and the Placing and Open Offer Agreement not having been terminated, the Company will pay the Underwriters a commission of 1.75 per cent. of the Issue Price multiplied by the aggregate number of New Ordinary Shares, whether or not any of the Underwriters are called upon to subscribe or procure subscribers for any of the New Ordinary Shares under the Placing and Open Offer Agreement. The Company has also agreed to pay Conditional Placees a commission of 1.75 per cent. of the value of the New Ordinary Shares for which they have agreed to subscribe under the Placing.

The Company has also agreed to bear all costs and expenses relating to the Capital Raising, including, but not limited to, the fees and expenses of its professional advisers, the cost of preparation,

advertising, printing and distribution of this Prospectus and all other documents connected with the Capital Raising, the fees of the Irish Stock Exchange, the UK Listing Authority and the London Stock Exchange and any charges by CREST.

The Company has given certain customary representations and warranties and indemnities to each of the Banks under the Placing and Open Offer Agreement. The liabilities of the Company under the Placing and Open Offer Agreement are unlimited as to time and amount.

The Placing and Open Offer Agreement may be terminated by the Banks upon the occurrence of certain specified events, which are standard for an agreement of this nature, including, but not limited to, failure to satisfy the conditions contained in the agreement, a breach by the Company of its obligations under the agreement, the applications for admission to listing and trading being refused or withdrawn or material adverse change, but only prior to Admission.

(ii) ***Warrant Underwriting Agreement***

On 20 November 2009, Kenmare entered into an agreement with Blackrock, an existing institutional shareholder in Kenmare ("the Warrant Underwriter"), whereby, in consideration for a commission of 1 per cent. on the value of the outstanding warrants at the warrant exercise price, the Warrant Underwriter committed to subscribe for up to 26,370,553 outstanding warrants, which were not exercised prior to 31 December 2009 at the warrant exercise price of Stg19p. Each warrant entitled the holder to subscribe for one ordinary share in the Company, representing in aggregate approximately 3 per cent. of the then issued share capital of the Company. The purpose of this arrangement was to secure the funds represented by the warrants for the Company. The arrangement did not impact on the existing rights of warrantholders to exercise their warrants.

(iii) ***Mining Regime***

Mining Concession 735C, issued by the Minister of Mineral Resources of the Government of Mozambique to KMML, permits KMML to mine the heavy sands at the Namalope Reserve under the terms of the Mineral Licensing Contract until 28 August 2029 and is renewable thereafter.

The Mineral Licensing Contract (the "Contract") was entered into on 21 January 2002 by KMML and the Ministry of Mineral Resources and Energy of the Government of Mozambique. The Contract regulates the survey, exploration, evaluation, development, construction, mining, handling, transportation, disposal, purchase and sale of HMC and associated minerals and by-products. The Contract regulates an initial period of 25 years of mining and is renewable thereafter. Amongst other things, the Mineral Licensing Contract provides for a stabilised set of fiscal, customs and foreign exchange rights and for prompt, adequate and effective compensation if the mining operations are expropriated. In addition, in the case of a change in Mozambican law that would, demonstrably, adversely and materially alter the rights and/or obligations of KMML (including its fiscal, customs and foreign exchange rights and obligations) the ministry is required to use its reasonable endeavours to ensure offsetting changes in laws applicable to KMML and/or, at its option, provide full and fair compensation.

KMPL entered into an Implementation Agreement with the Government of Mozambique in relation to the Mine on 21 January 2002. The Implementation Agreement governs the operation of an Industrial Free Zone and covers the processing and exporting aspects of the Mine. The Implementation Agreement is effective until November 2024 and is renewable thereafter. Amongst other things, the Implementation Agreement provides for a stabilised set of fiscal, customs and foreign exchange rights and for prompt, adequate and effective compensation if the processing and export operations are expropriated. In addition, in the case of a change in Mozambican law that adversely affects the rights and incentives of KMPL, the Company and their affiliates granted in and pursuant to the Implementation Agreement and the Terms of Authorisation, the Government of Mozambique is required to ensure offsetting changes in laws applicable to the affected persons and/or, at its option, provide full and fair compensation.

The environmental licence for the Mine, which includes the licence over the power transmission line, was issued by the Department of the Environment in Mozambique in April 2003. The environmental licence was renewed in February 2010 for a further five years.

(iv) ***Construction Contract***

EPC Contract

The Project Companies entered into an EPC Contract with Multiplex Limited and Bateman B.V. on 7 April 2004 as joint and several contractors and guarantors for the engineering, procurement, building, commissioning and transfer of the facilities of the Mine. Multiplex Limited and Bateman B.V. were replaced as the EPC Contractor (but not as guarantors) by Multiplex Engineering (Mauritius) Limited and Bateman Projects Limited respectively pursuant to a Deed of Novation dated 4 August 2004.

Under the terms of the EPC Contract, the EPC Contractor had an obligation to build the project facilities in return for payment of a specified contract price. The base contract price of a notional US$220 million (calculated on the basis of specified exchange rates) was split between four currencies (Rand, US Dollars, Australian Dollars and Euros) and split into four components, provisional sum items, adjustable cost items, fixed cost items, and margin. While the majority of the contract price was fixed, the EPC Contract also provided for the possibility of potential cost increases within certain cost categories.

Any increase in the cost of provisional sum items was entirely for the account of the Project Companies. If adjustable cost items increased by US$20 million, the Project Companies would have to absorb 95 per cent. of the first US$5 million, 90 per cent. of the second US$5 million, 80 per cent. of the third US$5 million and 70 per cent. of the last U$5 million, for a maximum additional cost to the Project Companies of US$16.75 million with the EPC Contractor absorbing US$3.25 million. Of the maximum US$16.75 million of overruns to be absorbed by the Project Companies, the final US$3.5 million was to be funded in the first instance by a loan from the EPC Contractor.

The facilities were to be physically completed in a 27 month period commencing 5 August 2004 with certain tests on completion to take place at such time. The 27 month construction period was subject to extension in circumstances attributable to actions of the Project Companies and for events of *force majeure* such as extreme weather conditions. Failure to complete the works and pass the tests on completion within the specified time was to result in the EPC Contractor having a liability to pay liquidated delay damages at a rate of US$400,000 per week to a maximum of US$20 million.

A series of production and performance tests (referred to as tests after completion) were to be carried out within twelve months after the tests on completion. Failure of the constructed facilities to meet the standards specified in the tests after completion was to give rise to liquidated performance damages being paid, calculated on the basis of certain performance shortfalls, in an aggregate amount of up to US$20 million.

EPC Deed of Amendment

Pursuant to a Deed of Amendment dated 18 May 2005, (the "EPC Deed of Amendment") between the Project Companies and the EPC Contractor, the terms of the EPC Contract were amended to convert the South African Rand portion of the contract price to U.S. Dollars at certain rates of exchange to take advantage of guaranteed rates of exchange offered by ECIC pursuant to an Exchange Risk Cover Policy.

Deed of Amendment (Roaster)

The largest provisional sum item in the EPC Contract was a roaster, intended to produce a roasted ilmenite product, which is broadly a higher value product than unroasted ilmenite, although, given the capital and operating costs associated with a roaster, more expensive to produce. An allowance of US$14.67 million was included in the contract price for the roaster. As a condition to the first disbursement of Senior Loans, it was required to convert the roaster to a fixed cost item under the EPC Contract.

Final metallurgical test work resulted in a requirement for a larger roaster than originally envisaged, a result of both a higher throughput requirement and a longer residence time. Together with increased unit costs for steel and other materials used in the manufacture of the roaster, this resulted in an increase in the cost of the roaster from US$14.67 million to US$24 million.

As a result, the EPC Contractor entered into a fixed price contract with a subcontractor for the supply of the roaster but this did not cover the installation and commissioning of the roaster. Furthermore, the EPC Contractor was not prepared to offer the Project Companies liquidated damages for delay or performance beyond those on offer from its subcontractor.

These developments required an amendment to the EPC Contract, in the form of the Deed of Amendment (Roaster) dated 18 May 2005, as well as a waiver from the Lender Group.

Deed of Amendment and Settlement

On 21 December 2006, the Project Companies and the EPC Contractor entered into the Deed of Amendment and Settlement that divided the Mine into the following sections for the purposes of taking-over:

Section 1	Dredges and WCP
Section 2	MSP
Sections 3 & 4	Slimes Management System
Section 5	Product Transportation Barge
Section 6	Roaster

The deed provided for reductions of the EPC Contractor's weekly delay damages after the first four sections were "taken over" (which is when works have been completed and tests on completion passed for a particular section), with a further reduction after the fifth section is taken over.

The deed also provided for a settlement of the EPC Contractor's claims for additional costs associated with variations to the scope of work as requested by the Project Companies, for cost escalation during the supply of the roaster and for unforeseen costs for which the EPC Contractor was entitled to claim under the EPC Contract.

Deed of Final Settlement and Release

The Project Companies entered into a Deed of Final Settlement and Release with the EPC Contractor on the 18 December 2009. Under the terms of this deed, substantially all outstanding rights, obligations and liabilities of all parties under the EPC Contract and related agreements have been mutually settled and released and a payment of approximately US$3.9 million was paid to the Project Companies.

This Deed of Final Settlement and Release has ended the EPC Contractor's involvement with the construction and commissioning of the Mine.

(v) ***Financing Agreements***

The principal Financing Agreements are the Common Terms Agreement, the Senior Loan Agreements, the Subordinated Loan Agreements, the Subordinated Lenders Option Agreement, the Completion Agreement and the Cash Collateral and Shareholder Funding Deed. These Financing Agreements have been amended, modified, novated and waived from time to time since being entered into on 18 June 2004 and further amendments and waivers have been agreed by the Lender Group in connection with the Capital Raising and the Expansion, which as of the date of this Prospectus are conditional only on the deposit of US$200 million into the Contingency Reserve Account. As part of the Agreed Financing Agreements, funds deposited into the Contingency Reserve Account may be transferred by Congolone, at its sole discretion, to certain accounts controlled by the Project Companies and secured in favour of the Lender Group. Once deposited in those accounts, the funds are required to be applied in accordance with the provisions of the Common Terms Agreement, pursuant to which the funds transferred from the Contingency Reserve Account may be spent on the Expansion.

Common Terms Agreement, Senior and Subordinated Loan Agreements and Amendments

The Project Companies have part-funded the construction of the Mine pursuant to the Common Terms Agreement, Senior Loan Agreements and Subordinated Loan Agreements. Under these documents the Lender Group has made available to the Project Companies the Senior Loans, the Original Subordinated Loans (made available under documentation entered into in June 2004), the Standby Subordinated Loans (made available under documentation entered into in June 2005) and the Additional Standby Subordinated Loans (made available under documentation entered into in August 2007). The Senior Loans, Original Subordinated Loans, the Standby Subordinated Loans and the Additional Standby Subordinated Loans are summarised below:

	Maximum Available (figures in millions)*	*Maturity*	*Interest Rate***
Senior Loans			
AfDB	US$40	August 2018	LIBOR+4.25%
ABSA (guarantor: ECIC)	US$80	August 2015	5.85%
EIB	€15	June 2018	EFR+3.50%
KfW (guarantor: Hermes)	US$25.5	August 2015	5.45%
KfW (political risk insurance: MIGA)	US$15	June 2018	LIBOR+3.50%
FMO	US$19.5	August 2016	LIBOR+5.30%
EAIF	US$5	June 2018	LIBOR+5.30%
Total	US$185 + €15		

	Maximum Available (figures in millions)*	*Maturity*	*Interest Rate***
Original Subordinated Loans			
EIB	€40	August 2019	10%
FMO	€7.1	August 2019	10%
EAIF (as sub-participant in FMO's Subordinated Loan)	US$10	August 2019	LIBOR+8.00%
Total	US$10 + €47.1		

	Maximum Available (figures in millions)*	*Maturity*	*Interest Rate***
Standby Subordinated Loan			
EIB	€2.8	August 2019	10%
FMO	US$1.5	August 2019	10%
EAIF (as sub-participant in FMO's Standby Subordinated Loan)	US$2.5	August 2019	LIBOR+8.00%
Total	US$4 + €2.8		
Additional Standby Subordinated Loan			
EAIF (as sub-participant)	US$12	August 2019	LIBOR+5.00%
FMO	US$10	August 2019	LIBOR+5.00%
Total	US$22		

* excluding capitalised interest in the case of the Subordianted Loans.

** (excluding, in the case of Subordinated Loans, any additional interest margin payable under the March 2009 Deed of Waiver and Amendment).

The Common Terms Agreement was entered into among the Project Companies, the Senior Lenders, the Subordinated Lenders, and certain administrative parties, in particular the security trustee, administrative agent and account bank (the "Lenders' Agents"). The Common Terms Agreement

incorporates the provisions common to all Senior Loans and the Subordinated Loans, including conditions precedent to disbursement, mandatory and voluntary prepayment provisions, provisions governing the operation of the Project Accounts and the application of funds in these accounts, representations and warranties made by the Project Companies, covenants, events of default and common terms in relation to the remedies available to the Lender Group in respect of an event of default, including in respect of enforcement of security.

In addition to certain other provisions dealing with disbursements and scheduled repayments, and mandatory and voluntary prepayments of Senior Loans and Subordinated Loans, the Common Terms Agreement provides that if a change in control (as defined in the Common Terms Agreement) occurs in respect of either of the Project Companies and the Lenders, acting reasonably, determine that immediately after the occurrence of such change in control: (a) the consolidated net worth of the entity acquiring control (directly or indirectly) of the Borrowers (the "Ultimate Parent") is less than US$200 million; or (b) the jurisdiction of organisation or the principal place of business of the Ultimate Parent is any of (i) Andorra, Liberia, Liechtenstein, Marshall Islands, Monaco, Nauru and Vanuatu or (ii) a jurisdiction then subject to United Nations sanctions; or (c) the Ultimate Parent does not have access (directly and/or through its affiliates) to sufficient relevant mining experience to manage the Mine, then the Lenders may elect to require all outstanding Senior Loan obligations and Subordinated Loan obligations to be prepaid (and any prepayment fee payable on the Subordinated Loans to be paid) in full within six months of the date of the Change in Control.

Pursuant to the accounts provisions of the Common Terms Agreement, the Project Companies are required to maintain a number of Project Accounts that, absent an event of default, are controlled by the Project Companies but fully secured in favour of the Lender Group. These Project Accounts include an offshore proceeds account, a senior debt reserve account, an operating cost reserve account, a price drop reserve account, and a sinking fund account. The provisions specify when and how the Project Accounts should be funded from cash flow available to the Project Companies and the priorities applicable to funds standing to the credit of the relevant accounts.

The covenants in the Common Terms Agreement are customary for an agreement of this nature, and relate, among other things, to limitations on indebtedness, restrictions on distributions to shareholders, disposal of assets, operation of the mine adherence to environmental guidelines, provision of information, requirements to enter into specified levels of contracted product offtake and personnel.

The events of default specified under the Common Terms Agreement, which are generally customary for an agreement of this nature ("Events of Default"), include:

- failure to pay interest or principal amounts when due on Senior Loans or Subordinated Loans;
- defaults under an individual Senior Loan Agreement or Subordinated Loan Agreement;
- material inaccuracy of representations and warranties when made;
- breach of covenants or other provisions contained in the Common Terms Agreement;
- insolvency;
- cross default;
- default under or termination of the Completion Agreement prior to Completion;
- abandonment of the Mine;
- a Material Project Agreement (as that term is defined in the Common Terms Agreement) being unenforceable or terminated and not being replaced with agreements reasonably acceptable to Majority Lenders;
- a security interest being no longer valid first or second priority security interest in favour of the Senior and Subordinated Lenders, respectively;

- occurrence and continuation of a Political Risk Event (as that term is defined in the Common Terms Agreements);
- failure to achieve Completion by the Final Completion Date (originally specified as 30 June 2009 and subsequently extended to 31 December 2012); however, should delays occur during the construction period due to *force majeure*, this deadline will be extended by a period equivalent to the delay involved (not to exceed, in the aggregate, 365 days);
- event of default under the Completion Agreement or termination of the Completion Agreement prior to the Completion Date;
- default under the Cash Collateral and Shareholder Funding Deed;
- prior to Completion, Michael Carvill ceasing to be a senior executive of Kenmare due to his resignation or dismissal, unless within 120 days of such cessation he has been replaced at Kenmare by one or more suitably experienced executives acceptable to a majority of the Lenders, acting reasonably; and
- a material adverse change in Mozambique or in a country bordering Mozambique, in each case not constituting a political risk event, occurring since the date of the Common Terms Agreement which renders it unlikely that the Borrowers will be able to meet their obligations to pay Senior Loans and/or Subordinated Loans as they fall due or that Completion will be achieved by the final completion date;
- Pursuant to the Deed of Amendment and Waiver entered into on 31 March 2009, it is also an event of default if Technical Completion is not achieved on or before 31 December 2010.

Upon an event of default, the Lenders (or, in relation to certain events of default, individual Lenders) may instruct the security trustee to declare a default by notice to the Project Lenders. On a declared default a number of rights and remedies may be available to the Lenders (or in certain circumstances, individual Lenders) subject to certain limitations and grace periods. These rights and remedies include control over the Project Accounts, intervention in the management of the Project Companies, the acceleration of the Senior Loans and Subordinated Loans and the enforcement of the security interests described below.

In addition to the Common Terms Agreement, individual Senior Loan Agreements and Subordinated Loan Agreements were entered into between each of the Senior Lenders and Subordinated Lenders and the Project Companies and contain pricing terms, loan maturity/repayment provisions and loan-specific provisions and covenants (e.g. relating to export financing). EAIF sub-participates in certain tranches of the Subordinated Loans provided by FMO through back-to-back arrangements with FMO. While FMO is the lender of record under the relevant Subordinated Loan Agreement, EAIF bears the ultimate economic exposure the Project Companies in relation to the Subordinated Loans in which it sub-participates.

The Senior Loans and Subordinated Loans and the fees of the Lenders' Agents are secured by substantially all rights and assets of the Project Companies and by security interests over the shares in the Project Companies, over shareholder funding provided by members of the Group to the Project Companies by way of subordinated intra-group loans and over any rights to expropriation compensation payable to Congolone. In addition, the Senior Loans and Subordinated Loans are guaranteed by Kenmare and Congolone under the Completion Agreement until Completion.

The rights of the Subordinated Lenders to payment and to the benefit of the collateral are subordinated to those of the Senior Lenders and the Lenders' Agents.

Senior Loans of US$15 million provided by KfW benefit from a contract of guarantee issued by the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank. The contract of guarantee provides 95 per cent. cover for defined political risks regarding transfer restriction, expropriation, war and civil disturbance or breach of contract.

Additional Senior Loans of US$25.5 million provided by KfW benefit from a Hermes guarantee which covers both political risks and commercial risks.

The Senior Loans of US$80 million provided by Absa benefit from a political and commercial risk policy of insurance issued by ECIC. Under this policy, Absa is insured for payment defaults to the extent of 100 per cent. for political risks and 80 per cent. for commercial risks.

Senior Loans were originally scheduled to be repaid in equal semi-annual instalments commencing on 1 February 2008 in the case of six of the seven Senior Loan facilities, and on 2 February 2009 in the case of the seventh. Principal instalments originally scheduled to be paid in 2008 were paid when due. On 30 January 2009, a deed of waiver and amendment was entered into by the Project Companies whereby the Senior Loan principal instalments due on 2 February 2009 were deferred, to be repaid over the remaining life of the loans commencing on 4 August 2009, and pursuant to which Kenmare contributed US$15 million to the Contingency Reserve Account between 12 December 2008 and 31 January 2009. On 31 March 2009 a second deed of waiver and amendment was entered into by the Project Companies whereby, amongst other things, the senior principal instalments due on 4 August 2009 were also deferred, to be repaid over the remaining life of the loans commencing on 1 February 2010.

The Senior Loan tenors have therefore remained unchanged and range from 5½ to 8½ years from 31 December 2009.

The Subordinated Loans were repayable in 21 semi-annual instalments commencing on 4 August 2009. Under the March 2009 Deed of Waiver and Amendment referred to above, the first scheduled repayment of Subordinated Loan principal, which would have otherwise been due on 4 August 2009 was deferred and was scheduled for repayment on 1 February 2010, or, if cash is insufficient on such payment date, on the first semi-annual payment date thereafter on which sufficient cash is available, in accordance with the terms of the financing documentation. The final instalments of the Subordinated Loans are due on 1 August 2019.

Pursuant to the original terms of the loan documentation, Subordinated Loan interest up to and including 4 August 2009 has been capitalised, with the capitalised amount to be repaid in equal instalments over the remaining life of the loan. Subordinated Loan interest was due to be paid in cash for the first time on 1 February 2010, but because cash was insufficient on such payment date to make the scheduled interest payment, interest was capitalised and becomes payable on the first semi-annual payment date on which sufficient cash is available, in whole or in part, to the extent of available cash. Future interest payments, for which cash is not available, will be capitalised in the same manner as the February 2010 interest payment.

Standby Subordinated Loans are subject to an option in favour of the Subordinated Lenders who may elect to require that Kenmare purchase the Standby Subordinated Loans on agreed terms on the third semi-annual payment date occurring after one year after Completion.

Under the terms of the March 2009 Deed of Waiver and Amendment, Subordinated Loans attract an additional interest margin of 3 per cent. until Technical Completion and an additional interest margin of 1 per cent. until Completion. This Additional Subordinated Lender Margin will be payable only after Senior Loans have been repaid, but may be prepaid from amounts otherwise available for distribution to the Group or from funds provided by the Group other than via the CRA.

The final date for achieving Completion under the original Common Terms Agreement was 30 June 2009. The March 2009 Deed of Waiver and Amendment extended this date to 31 December 2012. However, in addition, the March 2009 Deed of Waiver and Amendment imposed two additional requirements on the Project Companies, namely, first, that the physical facilities certificate, the production certificate, the efficiency certificate and the environmental certificate (verified where appropriate by the Lenders' independent engineer) be delivered on or before 31 December 2010 (the delivery of such certificates constituting "Technical Completion") and, second, that the marketing certificate be delivered on or before 30 June 2011.

A failure to deliver the completion certificates referred to above, or, subject to extension for *force majeure* not to exceed 365 days, failure to achieve Completion by 31 December 2012, would

result in an event of default under the Common Terms Agreement. The consequences of an event of default are described above.

Subordinated Lenders Option Agreement

The Subordinated Lenders Option Agreement has been entered into by Kenmare, Congolone, Kenmare C.I. Limited and Kenmare UK Co. Limited, the Project Companies, EIB and FMO. The agreements provides as follows:

In the event of a change in control of Kenmare or the Project Companies, the Subordinated Lenders may elect to receive an amount equal to the their outstanding Subordinated Loans plus a prepayment fee calculated as 30 per cent. of the outstanding principal amount under the Subordinated Loans (such amount, the "Prepayment Amount").

In the event of a partial control event in relation to a Project Company (defined as the acquisition of more than 25 per cent. of the voting shares or capital stock in a Project Company whether in a single acquisition of such rights or through a series of transactions over a period of up to 12 months), the Subordinated Lenders may elect to receive an amount equal to the Prepayment Amount multiplied by the percentage of voting or capital stock in a Project Company acquired directly or indirectly by the third party (such amount, the "Partial Prepayment Amount").

If the change in control or partial control event occurs directly in respect of Kenmare, the Prepayment Amount or Partial Prepayment Amount is payable by Kenmare. If the change in control or partial control event occurs directly in respect of a subsidiary of Kenmare, then the member of the Kenmare Group that made the transfer shall apply the whole of the net proceeds received, or, if the Prepayment Amount or Partial Prepayment Amount is less than the net proceeds, such amount of the net proceeds that is equal to such Prepayment Amount or Partial Prepayment Amount.

If Kenmare is unable to pay the Prepayment Amount or Partial Prepayment Amount in full, or the net proceeds applied by the transferring member of the Kenmare Group is insufficient to pay the Prepayment Amount or Partial Prepayment Amount in full, then the Project Companies will be required to apply funds otherwise available for distributions to shareholders towards payment of the outstanding amount of the Prepayment Amount or Partial Payment Amount, as the case may be.

In the event of either (i) prior to Completion a change in control in respect of Kenmare in which more than 90 per cent. of Kenmare's outstanding voting and capital stock is acquired by a third party or (ii) following Completion, any change in control in respect of Kenmare, the Subordinated Lenders may elect, as an alternative to the prepayment right described above, to transfer all of the outstanding Subordinated Loan obligations to Kenmare, and Kenmare would then be required to purchase the relevant outstanding Subordinated Debt at face value plus a premium of 30 per cent. of the outstanding principal amount under the Subordinated Loans. In the event of a partial control event in respect of Kenmare following Completion, each Subordinated Lender will be entitled to transfer a prorated amount of its Subordinated Loans to Kenmare in return for prorated purchase price.

Completion Agreement

The Completion Agreement was entered into between Kenmare, Congolone, the Senior Lenders, the Subordinated Lenders and the Lenders' Agents. The agreement provides, among other things, that Kenmare and Congolone guarantee the Senior Loans and Subordinated Loans until "Completion", subject to agreed exceptions related to Political Risk Events (as defined in the Common Terms Agreement). If a Political Risk Event arises, this may lead to suspension and/or termination of Kenmare's and Congolone's obligations under the Completion Agreement. Termination of such obligations in such circumstances would constitute an event of default under the Common Terms Agreement.

Under the Completion Agreement, Completion will occur when the Lenders receive the following certificates from the Project Companies, some of which are required to be verified by SRK, the Lenders' independent engineer:

(i) a physical facilities certificate, as to the completion of the construction of the physical facilities for the Mine;

(ii) a production certificate as to the commencement and continued operation of the Mine (including the processing plants) for a period of 90 working days during which certain defined operating requirements have been satisfied (the "Completion Test Period"), including requirements as to production, processing rates, recovery rates and product quality;

(iii) an efficiency certificate as to the efficiency of the operations in terms of operating costs and levels during the Completion Test Period;

(iv) a marketing certificate as to the shipment of certain defined quantities of saleable product;

(v) a legal and other conditions certificate as to effectiveness of certain contracts, authorisations and security interests, compliance with the Financing Documents, insurance coverage and the operation of the Mine in accordance with the mine plan and in a manner consistent with normal industry practice;

(vi) a financial certificate as to the compliance with certain financial covenants, including in relation to the funding of certain reserve accounts, and as to the ability of the Project Companies to repay amounts of the Subordinated Loans falling due on the next payment date (including any amounts that have been deferred to such payment date); and

(vii) an environmental certificate as to the compliance of the Mine with respect to environmental, social and health and safety matters.

The Completion Agreement contains certain covenants and undertakings and events of default relating to Kenmare and Congolone. A failure to pay amounts due under the Completion Guarantee (including upon acceleration by the Lenders of their Senior Loans and Subordinated Loans) would constitute an event of default under the Completion Agreement.

Any event of default under the Completion Agreement will constitute an event of default under the Common Terms Agreement.

Upon the achievement of Completion, the Completion Guarantee and Kenmare's and Congolone's other obligations under the Completion Agreement terminate, other than in certain limited respects and subject to re-instatement in certain limited circumstances.

Cash Collateral and Shareholder Funding Deed

The Contingency Reserve Account is established and maintained under the Cash Collateral and Shareholder Funding Deed entered into by Congolone, Kenmare, the Senior Lenders, the Subordinated Lenders and the Lenders' Agents. Pursuant to the Cash Collateral and Shareholder Funding Deed, the balance required to be maintained by Congolone in the Contingency Reserve Account from time to time depends on a calculation involving capital and operating costs, interest and principal repayments, and reserve account contributions required to achieve Completion. To the extent that the balance in the Contingency Reserve Account is less than the amount required pursuant to the calculation, Congolone is required to deposit additional funds into the Contingency Reserve Account within a certain time period. Failure to meet this requirement would result in an event of default under the Common Terms Agreement. The Cash Collateral and Shareholder Funding Deed also provides for the circumstances in which funds may be transferred from the Contingency Reserve Account.

Pursuant to the March 2009 Deed of Waiver and Amendment, the Lender Group has waived the continuing funding requirement in relation to the Contingency Reserve Account until 31 December 2010.

Pursuant to the Expansion Funding Deed of Waiver and Amendment, and subject to the deposit of US$200 million into the Contingency Reserve Account, the funding requirements in respect of the Contingency Reserve Account will be waived in their entirety, and the limitations on transfers from

the Contingency Reserve Account will be relaxed, provided that such transfers are only to the Project Accounts.

Amounts standing to the credit of the Contingency Reserve Account secure Kenmare's and Congolone's obligations under the Completion Agreement and, upon an event of default under the Completion Agreement, the Lender Group can enforce its security interests over any amounts standing to the credit of the Contingency Reserve Account.

Expansion Funding Deed of Waiver and Amendment

On 5 March 2010 the Company, Congolone and the Project Companies entered into a further deed of waiver and amendment with the Lender Group and the Lenders' Agents (the "Expansion Funding Deed of Waiver and Amendment"). The substantive provisions of this deed are expressed to be conditional on:

- the certification by SRK, the Lender Group's independent engineer, of its reasonable satisfaction with the Expansion Study and that the operations of the Project Companies will not be adversely affected in any material respect by the construction and operation of the expansion contemplated by the Expansion Study; and
- the deposit of funds of at least US$200 million in the Contingency Reserve Account by 30 June 2010.

The certification by SRK was obtained on 19 February 2010 and hence the only condition that remains to be satisfied is the deposit of funds into the Contingency Reserve Account, which Kenmare expects to make immediately upon completion of the Capital Raising. Upon satisfaction of this condition, the Expansion Funding Deed of Waiver and Amendment provides, amongst other things, for the following, which apply notwithstanding any provision of the Financing Agreements, including those described above, to the contrary:

a. The funds deposited into the Contingency Reserve Account may be transferred by Congolone, at its sole discretion, to the secured Project Accounts controlled by the Project Companies. Once deposited in those accounts, the funds are required to be applied in accordance with the provisions of the Common Terms Agreement (as amended, including pursuant to the Expansion Funding Deed of Waiver and Amendment); pursuant to those provisions, the funds transferred from the Contingency Reserve Account may be spent on, amongst other things, the Expansion;

b. Funds deposited into the Contingency Reserve Account may not be transferred other than to the Project Accounts, until and unless the Completion Agreement is terminated in accordance with its terms;

c. All continuing funding requirements in relation to the Contingency Reserve Account cease to have effect. As a result, there will be no minimum balance required to be maintained in the Contingency Reserve Account;

d. There will not be event of default if Completion is not achieved by the specified date;

e. The final date by which Technical Completion is to be achieved is extended to 31 December 2011, although failure to achieve Technical Completion by this date will not constitute an event of default;

f. If Technical Completion is not achieved by 31 December 2011, the interest rates applicable to the Senior Loans and Subordinated Loans increase by 1 per cent. and 2 per cent. respectively; this increase shall apply until Technical Completion is achieved;

g. The marketing certificate, the legal and other conditions certificate, financial certificate and the environmental certificate (in the case of the environmental certificate, as verified by the

independent engineer) must be delivered by the Project Companies on or before 31 December 2013; failure to deliver these certificates will constitute an event of default;

h. The requirement on the Project Companies to fund the Price Drop Reserve Account and the Operating Cost Reserve Account as a continuing obligation under the Common Terms Agreement, or as conditions to Completion shall cease to have effect. However, the funding of these accounts remains a condition to making distributions from the Project Companies to members of the Kenmare Group, for which purpose, the required balances in these accounts are reduced, in the case of the Price Drop Reserve Account, from a minimum of US$10 million to US$2.5 million and, in the case of the Operating Cost Reserve Account from an amount equal to six months' operating costs to the greater of the Project Companies' estimate of the next two months' operating costs and the operating costs for the two most recent months for which management accounts are then available;

i. The terms of all certificates under the Completion Agreement, other than the marketing certificate, were amended; in particular:

   i. the physical facilities certificate was amended to better reflect the current physical facilities at the Mine;

   ii. the production certificate was amended to reflect less onerous operational and production levels and to reflect more accurately the actual products produced at the mine;

   iii. the efficiency certificate was made less onerous, simplified and updated to reflect current costs and assumptions on fuel prices;

   iv. the financial certificate was amended to remove the funding requirements relating to the Operating Cost Reserve Account and the Price Drop Reserve Account and to require the transfer to the Project Accounts of any remaining amounts of the $200 million deposited into the Contingency Reserve Account as a condition precedent to the effectiveness of the substantive provisions of the Expansion Funding Deed of Waiver and Amendment;

j. certain waivers and accommodations were granted in connection with the Expansion and the Expansion Study; and

k. certain additional undertakings were provided by the Project Companies, including in relation to the Expansion, although it should be noted that it is not a condition of the Expansion Funding Deed of Waiver and Amendment or of any Completion Test or any Financing Agreement that the Expansion is implemented or completed.

Under the terms of the Expansion Funding Deed of Waiver and Amendment, each Lender is to be paid a work fee of either US$40,000 or €30,000 at the election of the relevant Lender. The payment of such work fee is contingent on the Deposit. In addition, the Borrowers are required to reimburse the Lenders for certain out of pocket costs and expenses.

(vi) ***Factoring Agreement***

On 31 July 2009 KMPL and Absa entered into a factoring facility agreement pursuant to which Absa provides KMPL with a facility to sell certain accounts receivable from specified customers to Absa. There are limits to the amounts Absa will advance in relation to receivables owed by particular customers and the aggregate amount that Absa will advance under the facility cannot exceed US$12 million. The sale of receivables is generally on a non-recourse basis vis-a-vis KMPL, subject to certain exceptions. KMPL receives payment from Absa for the receivable at a discount to its face value upon sale to Absa.

The facility replaces a similar factoring facility provided by Barclays Bank plc, which expired in January 2009. The facility provided by Absa is subject to annual review and is cancellable by Absa

upon notice. Similarly, Absa may refuse to purchase receivables from a customer of KMPL's for credit-related reasons.

(vii) ***Power Supply Agreement***

In December 2002, Kenmare and the Mozambican State-owned utility, Electricidade de Mozambique signed a Power Supply Agreement covering the provision of low cost electrical power to the Mine. This agreement enables low cost, hydro-electrically generated power to be available to the Mine. The agreement sets out the terms and conditions for the provision of this power and ensures that the Mine will pay a low cost tariff for the power supplied.

14. LITIGATION

Except to the extent disclosed below, no member of the Group is engaged in or, so far as the Company is aware, has pending or threatened any governmental, legal or arbitration proceedings which may have or have had in the recent past (covering the 12 months preceding the date of this Prospectus) a significant effect on the financial position or profitability of the Company or the Group.

On 27 July 2007, Mr. Donal Kinsella initiated High Court proceedings against the Company and the Chairman of the Company (Mr. Charles Carvill) claiming, amongst other things, damages for conspiracy, injury to his good name, libel, breach of confidence and loss of office. Mr. Kinsella's claim relates to the circumstances surrounding (i) the issue of a press statement on 10 July 2007 on behalf of the Company (ii) his removal as chairman of the Company's audit committee and (iii) Mr. Kinsella's subsequent removal from the office as a director of the Company by shareholders at an extraordinary general meeting of the Company held on 9 November 2007.

Mr. Kinsella's lawyers have recently indicated that Mr. Kinsella's libel claim will be heard by a judge and jury and the remainder of his claim as a non-jury action. A notice of trial has been served in respect of Mr. Kinsella's libel claim. The proceedings may come to trial during 2010. Given the nature of the case, it is not possible to quantify the potential liability to the Group should Mr. Kinsella's claim succeed. The proceedings are being actively defended by the Company and a full defence has been filed. The Company's Director and Officer's insurer has been notified of the claim.

15. EMPLOYEES

The following table shows the average number of employees for of the last three financial years for which audited financial information has been published and at the date of this Prospectus, in each case broken down by persons employed by main category of activity and geographic location. The number of temporary staff employed by the Group is not significant.

Number of employees

	2006	*2007*	*2008*	*As at 3 March 2010*
Geographical Analysis				
Mozambique	135	338	443	649
Ireland	10	10	11	9
Total	145	348	454	658
Analysis by Activity				
Management and administration	42	58	151	233
Mining and operations	103	290	303	425
Total	145	348	454	658

16. INVESTMENTS

Save in respect of expenditure in relation to the development of the Mine, the Group has made no principal investments in the years ended 31 December 2006, 2007 and 2008 or in the period since 30 June 2009 up to the date of this Prospectus. No principal investments are in progress and there are no principal future investments on which the Group has made firm commitments.

17. INFORMATION ON HOLDINGS

Save for the interest in its subsidiaries as listed in section 2 of this Part 16. the Company does not hold a proportion of capital in any undertakings likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

18. SIGNIFICANT CHANGE

Save for the completion of the placing in August 2009 (agreement entered into in June 2009) raising approximately £10 million (as referred to in section 3(e) of Part 16 of this document), the exercise of all of the outstanding warrants in December 2009 (with the corresponding shares issued in January 2010) raising in aggregate approximately £5 million (as referred to in section 3(d) of Part 16 of this document), the entry into the Deed of Final Settlement and Release with the EPC Contractor in December 2009 under which substantially all outstanding rights, obligations and liabilities of all parties under the EPC Contract and related agreements were mutually settled and released and a payment of approximately US$3.9 million was paid to the Project Companies (the principal terms of the Deed of Final Settlement and Release are contained in section 13(iv) of Part 16 of this Prospectus), and save for the reported loss after tax for the year ended 31 December, 2009 of US$30.4 million, reflecting, *inter alia*, the Group's initiation of reporting of revenue and related costs in the income statement from July 2009 (as further explained in section 7 of Part 7 of this Prospectus entitled "Current Trading and Prospects") there has been no significant change in the financial or trading position of the Company since 30 June 2009, being the end of the last period for which interim financial information has been published.

19. PROPERTY, PLANT & EQUIPMENT

(a) The tangible fixed assets of the Group include property, plant and equipment at the Mine. This includes the dredge pond, dredges, wet concentrator plant, mineral separation plant, product warehouse, mineral export facility and related infrastructure. All the tangible fixed assets are owned by Kenmare with the exception of the leased equipment for the receipt, storage and dispensing of diesel fuel which is held under a finance lease. The assets are used to mine annually approximately 800,000 tonnes of ilmenite plus co-products rutile and zircon.

(b) The Group operates from the following principal establishments:

Location approximate area	*Principal Activities*	*Title*	*Sq. Meter*
Moma Titanium Minerals Mine, Tupuito, Nampula Province, Mozambique	Mining of titanium minerals	Mining Concession	124.6 million
Chatham House, Chatham Street, Dublin 2, Ireland	Head office administration	Leasehold	260

(c) The Group is subject to environmental laws and regulations in connection with all of its operations. The Group may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Group from undertaking its desired activities. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future. At present there are no issues in relation to any of the Group's assets that relate to the environment or to environmental regulations.

20. WORKING CAPITAL

The Company is of the opinion that, taking into account existing available financing facilities and the net proceeds of the Capital Raising, the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of the publication of this Prospectus.

21. DIVIDEND POLICY

The Group has not declared a dividend during the period from 1 January 2006 to the date of this Prospectus, and does not expect to declare a dividend in the short term. The Company is seeking to generate capital growth for Shareholders, through re-investment of cashflows in the Mine, and may recommend distribution of dividends at some future date, depending on the generation of sustainable profits, when it becomes financially and commercially prudent to do so.

22. CONSENTS

(a) Deloitte and Touche, Chartered Accountants and Registered Auditors, has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report as set out in Part 14(B) and references to its report in the form and context in which it appears and has authorised the contents of that section of this Prospectus. As these shares have not and will not be registered under the US Securities Act, Deloitte and Touche has not filed a consent under Section 7 of the US Securities Act.

(b) J.P. Morgan Cazenove, which is regulated in the United Kingdom by the FSA, has given and not withdrawn its written consent to the issue of this Prospectus with inclusion herein of its name, and references thereto in the form and context in which it appears.

(c) Davy, which is regulated in Ireland by the Financial Regulator, has given and not withdrawn its written consent to the issue of this Prospectus with inclusion herein of its name, and references thereto in the form and context in which it appears.

(d) Canaccord Adams, which is regulated in the United Kingdom by the FSA, has given and not withdrawn its written consent to the issue of this Prospectus with inclusion herein of its name, and references thereto in the form and context in which it appears.

(e) Mirabaud Securities, which is regulated in the United Kingdom by the FSA, has given and not withdrawn its written consent to the issue of this Prospectus with inclusion herein of its name, and references thereto in the form and context in which it appears.

(f) Rothschild, which is regulated in the United Kingdom by the FSA, has given and not withdrawn its written consent to the issue of this Prospectus with inclusion herein of its name, and references thereto in the form and context in which it appears.

(g) TZMI has given and has not withdrawn its written consent to the issue of this Prospectus with inclusion herein of its name and its statement on the projected global deficit in supply of TiO_2 feedstocks to 2015, as detailed under the heading "Opportunity for Expansion" in section 2 of Part 7 of this Prospectus, and references thereto in the form and context in which they appear and has authorised the contents of those statements in this Prospectus.

23. THIRD PARTY INFORMATION

This Prospectus includes market share and industry data, which were obtained by the Group from industry publications and surveys, internal Group surveys and competitors' annual reports and publications. The market, economic and industry data sourced from third parties which is used throughout this Prospectus has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The market, economic and industry data has been derived from the following sources: (1) TZ Minerals International PTY Ltd, Mineral Sands Annual Review, June 2009; (2) TZ Minerals International PTY Ltd, 'The Global Zircon Industry, The Next Decade', December 2009; (3) DuPont Presentation: 'DuPont Business Review Series, September 2009'. Presented by Rick Olson, Vice

President – General Manager of DuPont Titanium Technologies; (4) IBMA Presentation: 'Intertech TiO_2 2009, Pricing Trends for TiO_2 to 2015'. Presented by James R. Fisher, CEO of IBMA Inc. on 18 March 2009; and (5) TZMI statement on the projected global deficit in supply of TiO_2 feedstocks to 2015.

The aforementioned third party sources generally state that the information they contain has been obtained from sources believed to be reliable. However, these third party sources commonly also state that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Group does not have access to the facts and assumptions underlying such market data, statistical information and economic indicators contained in these third party sources, the Group is unable to verify such information.

In addition certain information in this Prospectus is not based on published statistical data or information obtained from independent third parties. Such information and statements reflect the Directors' best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industries in which it competes, as well as information published by its competitors. To the extent that no source is given for information contained in this Prospectus, or is identified as being the Directors' belief, such information is based on the following: (i) in respect of the Group's market position, information obtained from trade and business organisations and associations and other contacts within the industries in which it competes; (ii) in respect of industry trends, the Directors' and the senior management team's business experience, experience in the industry and the local markets in which the Group operates; and (iii) in respect of market share and the performance of the Group's operations, the Company's internal analysis of the audited and unaudited Group information.

24. GENERAL

a. The audited consolidated financial statements and annual accounts of the Company as at and for the years ended 31 December 2006, 31 December 2007 and 31 December 2008, upon which unqualified reports have been given, have been audited by Deloitte and Touche. Deloitte and Touche are registered to carry out audit work by Chartered Accountants Ireland.

b. The Capital Raising is being underwritten in full by the Underwriters pursuant to the Placing and Open Offer Agreement, details of which are set out in section 13(i) of this Part 16.

c. The total costs, charges and expenses payable by the Company in connection with the Capital Raising, including all commissions payable, are estimated to be £8.8 million (exclusive of VAT).

d. There were no interruptions in the Group's business in the last twelve months which have or have had significant effect on the Group's financial position.

e. The Ordinary Shares are in registered form, are capable of being held in uncertificated form, are admitted to listing on the Official Lists and are admitted to trading on the Irish Stock Exchange's and the London Stock Exchange's respective regulated markets for listed securities.

f. The Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue.

g. For the purposes of Section 24(5) of the Companies Amendment Act 1983, the Directors state that: (i) their reasons for recommending the grant of a specific authority to disapply statutory pre-emption rights in relation to the allotment of New Ordinary Shares pursuant to the Firm Placing and the Placing are as set out in the letter from the Chairman of the Company in Part 7 of this Prospectus; (ii) the amount to be paid to the Company in respect of the allotment of New Ordinary Shares is as set out in this Prospectus; and (iii) their justification of that amount is as set out in this Prospectus in particular under the headings "Background to and reasons for the Capital Raising" in the letter from the Chairman of the Company in Part 7 of this Prospectus.

25. DOCUMENTS ON DISPLAY

Copies of the documents referred to below will be available for inspection in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the following offices: in Ireland at the offices of Eversheds O'Donnell Sweeney, details of which are set out in Part 6 of this Prospectus and in the United Kingdom at the offices of Eversheds LLP, details of which are set out in Part 6 of this Prospectus, in each case until the completion of the Capital Raising:

(a) the Memorandum and Articles of Association of the Company;

(b) the written consents referred to in section 22 of this Part 16;

(c) the report by Deloitte & Touche set out in Part 14 (B) of this Prospectus;

(d) the statement from TZMI on the projected global deficit in supply of TiO_2 feedstocks to 2015;

(e) the audited annual report and accounts of Kenmare for each of the financial years ended 31 December 2008, 2007 and 2006;

(f) the 2009 Half Yearly Financial Report;

(g) the Preliminary Results;

(h) the Expansion Study; and

(i) this Prospectus, the Application Form and the Form of Proxy.

26. ANNOUNCEMENT ON RESULTS OF THE CAPITAL RAISING

Kenmare will make an announcement(s) to a Regulatory Information Service giving details of the results of the Capital Raising as soon as possible following the completion of the Capital Raising.

This Prospectus is dated 5 March 2010.

PART 17

INFORMATION INCORPORATED BY REFERENCE

The annual report and accounts of Kenmare for each of the financial years ended 31 December 2008, 2007 and 2006 and the 2009 Half Yearly Financial Report are available for inspection in accordance with section 25 of Part 16 of this Prospectus and contain information which is relevant to the Capital Raising. This Prospectus is also available on Kenmare's website at www.kenmareresources.com.

The table below sets out the various sections of such documents which are incorporated by reference into this Prospectus so as to provide the information required under the Prospectus Regulations and to ensure that Shareholders and other prospective investors are aware of all information which, according to the particular nature of Kenmare and of the New Ordinary Shares, is necessary to enable Shareholders and other prospective investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Kenmare.

Document	*Section*	*Page Numbers*
2009 Half Yearly Financial Report	Independent Review Report	6–7
	Unaudited group condensed Income Statement	8
	Unaudited group condensed Balance Sheet	9
	Unaudited group condensed Cash Flow Statement	10
	Unaudited group condensed Statement of Changes in Shareholders Equity	11
	Notes to the group condensed Financial Statements	12–20
2008 Annual Report	Independent Auditor's Report	42–43
	Consolidated Income Statement	44
	Consolidated Balance Sheet	45
	Consolidated Cash Flow Statement	46
	Consolidated Statement of Changes in Equity	47
	Accounting Policies and Basis of Preparation	51–55
	Notes to the Financial Statements	56–77
2007 Annual Report	Independent Auditor's Report	37–38
	Consolidated Income Statement	39
	Consolidated Balance Sheet	40
	Consolidated Cash Flow Statement	41
	Consolidated Statement of Changes in Equity	42
	Accounting Policies and Basis of Preparation	46–49
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2006 Annual Report	Independent Auditor's Report	27–28
	Consolidated Income Statement	29
	Consolidated Balance Sheet	30
	Consolidated Cash Flow Statement	31
	Consolidated Statement of Changes in Equity	32
	Accounting Policies and Basis of Preparation	35–36
	Notes to the Financial Statements	37–49

The information which is incorporated by reference throughout this Prospectus is so incorporated in compliance with Regulations 27 and 28 of the Prospectus Regulations. The parts of the documents other than those incorporated by reference (as per the table above) are either not relevant or are covered elsewhere in this Prospectus.

PART 18

DEFINITIONS

"1990 Act"	the Companies Act 1990;
"1963 Act"	the Companies Act 1963;
"1983 Act"	the Companies (Amendment) Act 1983;
"2005 Act"	the Investment Funds, Companies and Miscellaneous Provisions Act 2005;
"2011 Annual General Meting"	the annual general meeting of the Company to be held in 2011;
"2010 Annual General Meeting"	the annual general meeting of the Company to be held in 2010;
"2009 Half Yearly Financial Report"	the unaudited half yearly financial report of Kenmare for the six month period ended 30 June 2009;
"2008 Annual Report"	the annual report and accounts of Kenmare for the year ended 31 December 2008;
"2007 Annual Report"	the annual report and accounts of Kenmare for the year ended 31 December 2007;
"2006 Annual Report"	the annual report and accounts of Kenmare for the year ended 31 December 2006;
"Absa"	Absa Bank Limited, a South African bank;
"AfDB"	African Development Bank, an international organisation established and existing under the agreement establishing the African Development Bank and having its headquarters in Abidjan, Republic of the Cote D'Ivoire;
"Additional Standby Subordinated Loans"	additional Subordinated Loans in an aggregate principal amount of US$22 million made to the Project Companies by FMO and, by way of sub-participation, EAIF, pursuant to an amendment to the Subordinated Loan Agreement dated 28 August 2007;
"Additional Subordinated Lender Margin"	additional interest accruing on the Subordinated Loans at the rate of 3 per cent. per annum from 31 March 2009 until the date of Technical Completion, and at the rate of 1 per cent. per annum from the date of Technical Completion until the date of Completion, and thereafter, nil;
"Admission"	the admission of the New Ordinary Shares to the Official Lists becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the respective regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange becoming effective in accordance with the Admission and Disclosure Standards;
"Admission and Disclosure Standards"	the "Admission and Disclosure Standards" of the London Stock Exchange and the Admission to Trading Rules of the Irish Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to

	trading on the Irish Stock Exchange's and London Stock Exchange's respective regulated markets for listed securities;
"Agreed Financing Amendments"	the agreed amendments to the Financing Agreements set forth in the Expansion Funding Deed of Waiver and Amendment;
"Aker Solutions" or "AS"	Aker Solutions E&C International Ltd;
"Annual General Meeting"	the annual general meeting of the Company;
"Application Form"	the personalised application form on which Qualifying Non-CREST Shareholders who are registered on the register of Kenmare at the Record Date may apply for Open Offer Shares under the Open Offer;
"Articles" or "Articles of Association"	the articles of association of the Company;
"Audit Committee"	the audit committee established by the Board, as described in section 10 of Part 16 of this Prospectus;
"August Payment"	a payment of US$17.8 million in respect of repayment of principal and payment of interest under the Senior Loans due on 3 August 2010;
"Banks"	J.P. Morgan Cazenove, Davy, Canaccord Adams and Mirabaud Securities;
"BHP"	BHP Billiton Limited of BHP Billiton Centre 180 Lonsdale Street Melbourne Victoria 3000, Australia;
"Board"	the board of directors of Kenmare Resources plc;
"Business Day(s)"	a day/days (not being a Saturday or Sunday) on which banks are open for normal banking business in Dublin, Ireland;
"Canaccord Adams"	Canaccord Capital Inc, trading as Canaccord Adams of 7th Floor, Cardinal Place, 80 Victoria Street, London SW1, United Kingdom;
"Capital Raising"	the Placing and Open Offer and the Firm Placing;
"Cash Collateral and Shareholder Funding Deed"	the cash collateral and shareholder funding deed dated 18 June 2004, as amended, varied, novated from time to time to time, entered into among Kenmare, Congolone, the Lender Group, and Absa as administrative agent, Absa Bank Limited, London branch, as account bank and security trustee, as described in section 13(v) of Part 16 of this Prospectus;
"CCSS"	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities;
"Closing Price"	the closing, mid-market quotation of an Existing Ordinary Share, as published in the daily official list of the London Stock Exchange, or as the case may be, the closing, middle market quotation of an Existing Ordinary Share, as published in the daily official list of the Irish Stock Exchange;
"Combined Code"	means the Combined Code on Corporate Governance published in June 2008 by the UK Financial Reporting Council, as amended or replaced from time to time;

"Common Terms Agreement"	the agreement dated June 18 2004, as amended, varied and novated from time to time, entered into among the Project Companies, the Lender Group and Absa as administrative agent, Absa Bank Limited, London branch, as account bank and security trustee setting forth common terms for the provision of the Senior Loans and Subordinated Loans to the Project Companies, as described in section 13(v) of Part 16 of this Prospectus;
"Companies Acts"	the Companies Acts 1963 to 2009;
"Completion"	in summary the achievement of Technical Completion and the satisfaction of certain other legal, financial and marketing conditions, as evidenced by the delivery of the completion certificates specified in the Completion Agreement in the manner so specified, as described in section 13(v) of Part 16 of this Prospectus;
"Completion Agreement"	the agreement dated 18 June 2004 and as amended, varied and novated from time to time among Kenmare, Congolone, the Lender Group and Absa as administrative agent, Absa Bank Limited, London branch, as account bank and security trustee, as described in section 13(v) of Part 16 of this Prospectus;
"Completion Guarantee"	the guarantee in the Completion Agreement by Kenmare and Congolone of all amounts of Senior Loans as described in section 13(v) of Part 16 of this Prospectus;
"Completion Tests"	the conditions to be satisfied by the Mine and the Project Companies for purposes of achieving Completion, being the conditions set forth in the completion certiifcates specified in the Completion Agreement and the delivery of such certiifcates in the manner so specified, as described in section 13(v) of Part 16 of this Prospectus;
"Computershare"	Computershare Investor Services (Ireland) Limited, the Registrar and receiving agent of the Company;
"Conditional Placees"	any persons who have agreed or shall agree to subscribe for Open Offer Shares pursuant to the Placing subject to clawback to satisfy valid applications by Qualifying Shareholders pursuant to the Open Offer;
"Congolone"	Congolone Heavy Minerals Limited, a wholly owned indirect subsidiary of Kenmare;
"Contingency Reserve Account" or "CRA"	the account established, maintained and secured in favour of the Lender Group in accordance with the Cash Collateral and Shareholder Funding Deed into which certain cash collateral is deposited as collateral security for Kenmare's and Congolone's obligation under the Completion Agreement;
"CREST"	the relevant system (as defined in the 1990 Act (Uncertificated Securities) Regulations 1996 of Ireland), as amended enabling title to securities to be evidenced and transferred in dematerialised form operated by Euroclear UK & Ireland Limited;
"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars

	Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since);
"CREST Regulations"	the Companies Act 1990 (Uncertificated Securities) Regulations 1996, including (i) any enactment or subordinate legislation which amend or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
"Davy"	J&E Davy (trading as Davy) of Davy House, 49 Dawson Street, Dublin 2, Ireland;
"Deed of Amendment and Settlement"	the deed entered into on 18 December 2006 between the Project Companies and the EPC Contractor to amend the EPC Contract, principal terms of which are described in section 13(iv) of Part 16 of this Prospectus;
"Deed of Final Settlement and Release"	the deed entered into on 18 December 2009 between the Project Companies and the EPC Contractor to settle and release all outstanding rights under the EPC Contract, principal terms of which are described in section 13(iv) of Part 16 of this Prospectus;
"Deferred Shares"	deferred shares of €0.25 each in the capital of the Company which are non-voting, carry no dividend rights and may be repurchased by the Company at a price not exceeding 1c for all such Deferred Shares so purchased;
"Deposit"	the deposit of US$200 million into the Contingency Reserve Account by no later than 30 June 2010, as required under the Expansion Funding Deed of Waiver and Amendment to give effect to the Agreed Financing Amendments;
"Directors"	the directors of the Company;
"Disclosure and Transparency Rules"	the rules made by the FSA of the United Kingdom made under Part VI of the FSMA and as set out in the FSA Handbook relating to the disclosure of information in respect of financial instruments which have been admitted to the trading on a regulated market or for which a request for admission to trading on such a market has been made, as amended from time to time;
"Du Pont"	DuPont Titanium Technologies of Chestnut Run Plaza, Wilmington, DE 19805, USA;
"DWT"	dividend withholding tax, as provided for in Section 172 of the Taxes Consolidation Act 1997;
"EAIF"	Emerging Africa Infrastructure Fund Limited, a limited liability company organised and existing under the laws of Mauritius;
"ECIC"	Export Credit Insurance Corporation of South Africa Limited, a corporation organised under the laws of the Republic of South Africa;
"EdM"	Electricite de Mozambique;

"EIA"	Environmental Impact Assessment;
"EIB"	European Investment Bank, a European Union institution established by the Treaty of Rome;
"EMP"	Environment Management Programme;
"enabled for settlement"	in relation to Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock event transactions (each as described in the CREST Manual issued by Euroclear);
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting of the Company, to be held at 11.00 a.m. on 29 March 2010 at The Westbury Hotel, Grafton Street, Dublin 2, Ireland or any adjournment thereof, notice of which is set out at the end of this Prospectus;
"Engineering Study"	the engineering study being performed by Aker Solutions in relation to the Expansion;
"Enlarged Issued Share Capital"	the Existing Ordinary Shares as enlarged by the allotment and issue of the New Ordinary Shares;
"EPC"	Engineering, Procurement and Construction;
"EPC Contract"	the contract for the building, and transfer of facilities at the Mine;
"EPC Contractor"	the joint venture formed between subsidiaries of Multiplex Limited and Bateman B.V.;
"EPCM"	Engineering, Procurement Construction and Management;
"EPCM Contract"	the contract for the engineering, procurement, construction and management of the Expansion;
"EPCM Contractor"	the contractor responsible for delivering the EPCM Contract;
"EU"	the European Union;
"EU Prospectus Regulation"	EU Commission Regulation 809/2004 of 29 April 2004 implementing Directive 2003/71/EC;
"EUR" or "€" or "Euro"	euro, the lawful currency of Ireland;
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST;
"European Economic Area"	the European Economic Area, being the 27 EU member states, plus Iceland, Liechtenstein and Norway;
"Excluded Territories"	Australia, Canada, Hong Kong, Japan and Switzerland and any other jurisdictions where the extension of availability of the Placing and Open Offer would breach any applicable law or any one of them as the context requires;
"Excluded Territory Shareholder"	subject to certain exceptions, a Qualifying Shareholder who has a registered address in or are otherwise located in the United States or any Excluded Territory;
"Executive Directors"	Michael Carvill, Jacob Deysel, Terence Fitzpatrick and Tony McCluskey;
"Existing Ordinary Shares"	the Ordinary Shares in issue at the Record Date;

"Existing Shareholders"	holders of Existing Ordinary Shares;
"Expansion"	the upgrade of the existing Moma mining operation, the construction and commissioning of a new mining operation and the expansion of the MSP to achieve a circa 50 per cent. increase in ilmenite production capacity to circa 1,200,000 tonnes per year plus associated co-products of zircon and rutile;
"Expansion Funding Deed of Waiver and Amendment"	the deed of waiver and amendment dated 5 March 2010, relating to the Common Terms Agreement, Cash Collateral and Shareholders Funding Deed, Senior Loan Agreements and Subordinated Loan Agreements entered into by the Project Companies, the Lender Group and the Lenders' Agents, as detailed in section 13(v) of Part 16 of this Prospectus;
"Expansion Plan" or "Expansion Study"	the expansion study completed by Kenmare into the expansion of production capacity of the Mine;
"Final Completion Date"	currently under the Financing Agreements, 31 December 2012 and, upon the effectiveness of the Agreed Financing Agreements, 31 December 2013;
"Financial Regulator"	the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland;
"Financing Agreements"	the loan documentation for the financing of the Mine entered into with the Lender Group including the Common Terms Agreement, the Completion Agreement, the Cash Collateral and Shareholders Funding Deed, Senior Loan Agreements, Subordinated Loan Agreements, Subordinated Lenders' Option Agreement and amendments thereto;
"Firm Placees"	those persons (if any) with whom Firm Placed Shares are to be placed;
"Firm Placed Shares"	the 748,515,033 New Ordinary Shares which are the subject of the Firm Placing;
"Firm Placing"	the placing of the Firm Placed Shares with the Firm Placees;
"Form of Proxy"	the form of proxy to be used at the Extraordinary General Meeting;
"FMO"	Financierings Maatschappij Voor Ontwikkslingslanden N.V., a limited liability company organised and existing under the laws of the Netherlands;
"FSA"	the Financial Services Authority of the United Kingdom;
"FSA Handbook"	the handbook of rules and guidance issued by the FSA, as amended from time to time;
"FSMA"	Financial Services and Markets Act 2000 of the United Kingdom, as amended from time to time;
"Global Co-ordinator"	J.P. Morgan Cazenove;
"GRD Minproc Limited"	GRD Minproc Limited of Australia, engineering consultants with experience e in mine development and mineral sands;

"Hermes"	Hermes Kreditversicherungs-AG a company incorporated in the laws of the Federal Republic of Germany;
"IBMA"	International Business Management Associates Inc.;
"IFRS"	the International Financial Reporting Standards as adopted by the European Union;
"Independent Shareholders"	the shareholders other than M&G, being those Shareholders who are eligible to vote on Resolution (5);
"Implementation Agreement"	the agreement for the Moma Heavy Mineral Sands Industrial Free Zone Project between Kenmare Moma Processing Limited (a company incorporated in Jersey whose rights and interests were transferred to KMPL in November, 2002), a wholly owned subsidiary of Kenmare, and Mozambique dated 21 January 2002, as described in section 13(iii) of Part 16 of this Prospectus;
"Ireland"	Ireland other than Northern Ireland, and the word "Irish" shall be construed accordingly;
"Irish Stock Exchange" or "ISE"	The Irish Stock Exchange Limited;
"Irish Takeover Panel"	the Irish Takeover Panel, established under the Irish Takeover Panel Act, 1997;
"Irish Takeover Rules"	the Irish Takeover Panel Act 1997, Takeover Rules 2007 and 2008;
"ISIN"	International Securities Identification Number;
"Issue Price"	Stg12p (€0.13) per New Ordinary Share;
"Issued Share Capital" or "Issued Shares"	the 906,097,146 Ordinary Shares which were in issue on 3 March 2010 (being the latest practicable date prior to the publication of this Prospectus);
"J.P. Morgan Cazenove"	J.P. Morgan Securities Ltd. (which conducts its UK investment banking activities as J.P. Morgan Cazenove) of 125 London Wall, London EC2Y 5AJ;
"KfW"	KfW, a public law institution organised under the laws of the Federal Republic of Germany;
"Kenmare" or "the Company"	Kenmare Resources public limited company, a company registered in Ireland with registered number 37550 and having its registered office at Chatham House, Chatham Street, Dublin 2;
"Kenmare Group" or "the Group"	Kenmare and its subsidiaries, subsidiary undertakings, branches and associate undertakings;
"KMML"	Kenmare Moma Mining (Mauritius) Limited, a wholly-owned indirect subsidiary of Kenmare which is incorporated in Mauritius;
"KMPL"	Kenmare Moma Processing (Mauritius) Limited, a wholly-owned indirect subsidiary of Kenmare, which is incorporated in Mauritius;
"Lender Group" or "Lenders"	the group of lenders which have provided Senior Loans and Subordinated Loans to the Group for the Mine being the EIB, AfDB, FMO, KfW, EAIF and Absa;

"Lenders' Agents"	the administrative agent, the security trustee and the account bank appointed pursuant to the terms of the Common Terms Agreement;
"Listing Rules"	the listing rules issued by the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA and as set out in the FSA Handbook, as amended from time to time and/or the listing rules issued by the Irish Stock Exchange;
"LIBOR"	London Interbank Offered Rate;
"London Stock Exchange"	the London Stock Exchange plc;
"March 2009 Deed of Waiver and Amendment"	the deed of waiver and amendment relating to the Common Terms Agreement, Cash Collateral and Shareholder Funding Deed, Senior Loan Agreements and Subordinated Loan Agreements entered into by the Project Companies, the Lender Group and the Lenders' Agents on 31 March 2009 as detailed in section 13(v) of Part 16 of this Prospectus;
"Market Abuse Directive"	Directive 2003/6/EC;
"Market Abuse Rules"	the Market Abuse Rules of the Financial Regulator issued under section 34 of the 2005 Act;
"M&G"	M&G Investment Management Limited and its associates (as defined in the Listing Rules);
"Member State"	a member state of the EU;
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company;
"MIGA"	Multilateral Investment Guarantee Agency (part of the World Bank);
"Mine"	the Moma titanium minerals mine consisting of a heavy mineral sands mine, processing facilities and associated infrastructure which is located in the north east coast of Mozambique under licence to KMML and KMPL;
"Minerals Concentrator Plant"	the minerals concentrator plant which was purchased from BHP Titanium Minerals Pty Limited, a subsidiary of BHP in January 2000;
"Mineral Licensing Contract"	the contract dated 21 January 2002 for the exploration, development and production of heavy minerals in areas of Moma, Congolone and Quinga between KMML, a wholly-owned subsidiary of Kenmare and the Ministry of Mineral Resources and Energy in Mozambique;
"Mining Concession"	mining concession 735C issued by the Government of Mozambique to KMML relating to the Namalope Reserve which is valid until 28 August 2029;
"Mirabaud Securities"	Mirabaud Securities LLP of 21 St. James's Square, London, SW1Y 4JP, United Kindom;
"Moma"	a series of heavy mineral sands deposits on the north east coast of Mozambique that have been incorporated into an integrated operation with each individual deposit individually named;

"Money Laundering Legislation"	Part IV and section 57 of the Criminal Justice Act 1994 (as supplemented and amended by sections 21 and 23 of the Criminal Justice (Theft and Fraud) Offences Act 2001) and the Criminal Justice (Terrorist Offences) Act 2005 of Ireland, and the Money Laundering Regulations 2007 (SI No. 2007/2157) of the United Kingdom, as applicable;
"Mozambique"	the Republic of Mozambique;
"Namalope Reserve"	the deposit of heavy mineral sands contained within the Mining Concession;
"Nampula"	capital city of the province in which the Mine is situated;
"Nataka Resource"	the deposit of heavy mineral sands contained within the Nataka exploration licenses;
"New Ordinary Shares"	the new Ordinary Shares to be issued by the Company pursuant to the Capital Raising and "New Ordinary Share" means any one of them;
"Nomination Committee"	the nomination committee established by the Board, as described in section 10 of Part 16 of this Prospectus;
"Non-Technical Completion"	satisfaction of the non-technical requirements for Completion other as set out in Section 13 in the discussion of the Expansion Funding Deed of Waiver and Amendment
"Notice"	the notice of EGM set out at the end of this Prospectus;
"Non-executive Directors"	the Directors other than the Executive Directors;
"Official Lists"	the official lists of the UKLA and the Irish Stock Exchange;
"Open Offer"	the offer to Qualifying Shareholders, constituting an invitation to apply for the Open Offer Shares on the terms and subject to the conditions set out in this Prospectus and, in the case of Qualifying Non-CREST Shareholders, in the Application Form;
"Open Offer Entitlements"	an entitlement of a Qualifying Shareholder to apply for 19 Open Offer Shares for every 23 Existing Ordinary Share(s) held by him or her on the Record Date pursuant to the Open Offer;
"Open Offer Shares"	the 748,515,033 New Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer;
"Operating Cost Reserve Account"	a Project Account to be funded by the Project Companies in a variable amount determined by reference to anticipated operating costs of the Project Companies and operated and administered in accordance with the Common Terms Agreement;
Original Subordinated Loans	the Subordinated Loans in an aggregate principal amount of €47.1 million and US$10 million made to the Project Companies by EIB and FMO, and by way of sub-participation in FMO's Standby Subordinated Loans, EAIF, pursuant to agreements entered into on 18 June 2004;
"Ordinary Shares"	the ordinary shares with a nominal value of €0.06 each in the share capital of the Company including, if the context requires, the New Ordinary Shares;

"Overseas Shareholder(s)"	the Shareholders who are resident in, or who are citizens of, or who have registered addresses in territories other than Ireland or the United Kingdom;
"PFIC"	a "passive foreign investment company" within the meaning of section 1297 of the US Internal Revenue Code of 1986, as amended;
"PIP"	performance improvement programme entered into by the Project Companies and the EPC Contractor in 2008 and 2009 to address the deficiencies in the plant and equipment;
"Placing"	the conditional placing of the Open Offer Shares with Conditional Placees in accordance with the Placing and Open Offer Agreement;
"Placing and Open Offer"	the Placing and the Open Offer;
"Placing and Open Offer Agreement"	the conditional agreement dated 5 March 2010 between the Company and J.P. Morgan Cazenove, Davy, Canaccord Adams and Mirabaud Securities, further details of which are set out in section 13(i) of Part 16 of this Prospectus;
"Preliminary Results" or "Preliminary Results Announcement"	the announcement by the Company of the unaudited preliminary results in respect of the twelve months ended 31 December 2009 as published on 5 March 2010 and reproduced in Part 13 of this Prospectus;
"Price Drop Reserve Account"	a Project Account to be funded by the Project Companies in a variable amount related to the changes in ilmenite prices and operated and administered in accordance with the Common Terms Agreement;
"Project Accounts"	the accounts established by the account bank for the benefit of the Project Companies pursuant to the Common Terms Agreement, which are secured in favour of the Lender Group and the Lenders' Agents;
"Project Companies"	KMML and KMPL;
"Prospectus"	this document issued by Kenmare dated 5 March 2010;
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC;
"Prospectus Regulations"	the Prospectus (Directive 2003/71/EC) Regulations 2005;
"Prospectus Rules"	the Prospectus Rules of the Financial Regulator issued under section 51 of the 2005 Act and/or, where appropriate, the UK Prospectus Rules of the FSA under Part VI of the FSMA and as set out in the FSA Handbook, as amended from time to time;
"Qualifying CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares in uncertificated form in CREST;
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares in certificated form;
"Qualifying Shareholders"	Shareholders on the register of members of the Company on the Record Date, with the exclusion (subject to exceptions) of persons

	with a registered address or located in the United States or any Excluded Territory;
"Ramp Up"	the ramp up of the Mine to achieve design capacity levels of 800,000 tpa of ilmenite, 50,000 tpa of zircon and 14,000 of rutile;
"Record Date"	6.00 p.m. on 3 March 2010;
"Registrar" or "Receiving Agent" or "Computershare"	Computershare Investor Services (Ireland) Limited;
"Regulation S"	means Regulation S, as promulgated under the US Securities Act;
"Regulatory Information Service" or "RIS"	one of the regulatory information services authorised by the Irish Stock Exchange and/or the FSA to receive, process and disseminate regulated information from listed companies;
"Remuneration Committee"	the remuneration committee established by the Board, as described in section 10 of Part 16 of this Prospectus;
"Resolutions"	the resolutions to be proposed at the Extraordinary General Meeting in connection with the Capital Raising, contained in the Notice which is set out at the end of this Prospectus;
"Revenue Commissioners"	the Irish Revenue Commissioners;
"Rothschild"	N.M. Rothschild & Sons Limited, of New Court, St. Swithin's Lane, London EC4P 4DU, United Kingdom;
"SEC"	the US Securities and Exchange Commission;
"Senior Lenders"	the group of lenders that have provided Senior Loans to the Project Companies being EIB, AfDB, FMO, KfW, EAIF and Absa;
"Senior Loans"	the loans with Senior Lenders as detailed in section 13(v) of Part 16 of this Prospectus;
"Senior Loan Agreement"	each of the agreement entered into between the Project Companies and a Senior Lender, as described in section 13(v) of Part 16 of this Prospectus;
"Share Options" or "Options"	options granted pursuant to the terms of the Share Option Scheme;
"Share Option Scheme"	the Kenmare Share Option Scheme adopted by the Company on 12 June 1987;
"Shareholders"	holders of Ordinary Shares;
"SRK"	SRK (UK) Limited;
"Sponsor"	Davy, in its capacity as sponsor to Kenmare in respect of the Capital Raising under the Listing Rules;
"Standby Subordinated Loans"	additional Subordinated Loans in an aggregate principal amount of €2.8 million and US$4 million made to the Project Companies by EIB and FMO, and by way of sub-participation in FMO's Standby Subordinated Loans, EAIF, pursuant to agreements entered into on 30 June 2005;
"Subordinated Lender"	the group of lenders that have provided the Subordinated Loans to the Mine being the EIB, FMO and as a sub-participant in FMO's Subordinated Loans EAIF;

"Subordinated Loan(s)"	the loans from Subordinated Lenders to the Project Companies, including the Additional Standby Subordinated Loans and the Standby Subordinated Loans as detailed in section 13(v) of Part 16 of this Prospectus;
"Subordinated Loan Agreements"	the agreements entered into between the Project Companies and EIB and FMO, pursuant to which the Subordinated Loans have been made available to the Project Companies, as described in section 13(v) of Part 16 of this Prospectus;
"subsidiary"	shall be construed in accordance with the 1963 Act;
"Subsidiary undertakings"	shall have the meaning given by the European Communities (Companies: Group Accounts) Regulations 1992;
"Technical Completion"	the completion of the construction of the Mine to the point where it is operational in a defined manner as evidenced by the delivery of certain completion tests specified in the Completion Agreement by the Project Companies (as detailed in section 13(v) of Part 16 of this document);
"Transparency Regulations and Rules"	means the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Financial Regulator issued under section 22 of the Investments, Funds, Companies and Miscellaneous Provisions Act, as amended from time to time;
"TZMI"	TZ Minerals International Pty Limited, independent consultant in the mineral sands and TiO_2 pigment industries;
"UK Listing Authority" or "UKLA"	the UK Listing Authority, being the FSA acting as the competent authority for the purposes of Part VI of the FSMA;
"uncertificated" or in "uncertificated form"	the Ordinary Shares recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of an instruction issued in accordance with the rules of CREST;
"United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"Underwriters"	J.P. Morgan Cazenove, Davy and Canaccord Adams;
"US", "USA" or "United States"	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to the jurisdiction of the United States of America;
"US Holders" or "U.S. Holders"	a beneficial owner of Existing Shares, Open Offer Entitlements or New Ordinary Shares that is for US federal income tax purposes (i) a citizen or an individual resident of the United States, (ii) a corporation (or other business entity treated as a corporation) created in or organised under the laws of the United States or its political subdivisions, (iii) an estate, the income of which is subject to US federal income taxation without regard to its source or (iv) a trust subject to the control of a US person and the primary supervision of a US court;
"US Securities Act"	the US Securities Act of 1933, as amended;

"Warrant Underwriter"	the underwriter of the outstanding warrants in accordance with the terms of the Warrant Underwriting Agreement;
"Warrant Underwriting Agreement"	an agreement dated 20 November 2009 in relation to the underwriting of unexercised warrants, the principal terms of which are set out in section 13(ii) of Part 16 of this Prospectus;
"Warrantholders"	a holder or holders of warrants in Kenmare; and
"World Bank"	The World Bank Group, a development bank which provides loans, policy advice, technical assistance and knowledge sharing services to low and middle income countries throughout the world.

PART 19

GLOSSARY OF TECHNICAL TERMS

The following are definitions of certain terms that are commonly used in the titanium mining industry and in this Prospectus.

beneficiated ilmenite	an upgraded product produced from ilmenite in which some of the iron content of the mineral has been removed to increase the TiO_2 content;
definitive feasibility study	the definitive feasibility study of the Mine which was completed by GRD Minproc Limited on 28 February 2001;
frit	is a ceramic composition that has been fused, quenched to form a glass, and granulated. Frits form an important part of the batches used in compounding enamels and ceramic glazes;
fluxes	A flux is a chemical cleaning agent used as a coating on welding rods to facilitate welding by removing oxidisation from the metals to be welded;
heavy mineral concentrate or HMC	heavy mineral concentrate extracted from mineral sand deposits and which include ilmenite, zircon, rutile and other non valuable heavy minerals and silica;
heavy minerals	economic minerals with a specific gravity of greater than 2.85;
ilmenite	titanium-iron oxide ($FeTio_3$), a naturally occurring mineral with a TiO_2 content generally ranging from 34 per cent. to 65 per cent.;
km	kilometres;
kV	kilovolt;
MSP	mineral separation plant;
MW	megawatt;
opacifier	a substance added to a material in order to make the ensuing system opaque. Opacifiers must have a refractive index substantially different from the material it is placed on;
pre-feasibility study	the pre-feasibility study of the Mine which was completed by GRD Minproc Limited in February 2000;
rutile	is crystalline titanium dioxide which, in its pure state, contains close to 100 per cent. TiO_2. Natural concentrates typically contain 94 per cent. to 96 per cent. TiO_2;
slagging	the smelting of ilmenite in an electric furnace to produce a titanium dioxide feedstock (slag) and the co-product pig iron;
slimes	a fine clay fraction in the ore of a heavy mineral deposit;
slurry	a semi-liquid mixture of fine particles of ore and water;
spares	spare parts for the Mine;
tailings	the remaining lighter non valuable material in the ore deposit left after recovering the HMC;

THM	total heavy minerals including non-valuable heavy minerals;
TiO_2	means titanium dioxide, which occurs in a number of naturally occurring minerals including ilmenite and rutile as well as in beneficiated ilmenite products such as titanium slag and synthetic rutile;
TiO_2 unit	the amount of (100 per cent.) titanium dioxide contained in a specific tonnage of a specific TiO_2 mineral. For instance 1,000 tonnes of a 54.3 per cent. TiO_2 ilmenite would contain 543 TiO_2 units;
tph	tonne per hour;
trommel	a cylindrical (or conical) revolving screen used for screening or resizing the feed to them which is usually a slurried ore;
underflow	one of two streams that is produced from either a cyclone or an upstream classifier when it is feed with a slurry, which carries the coarse fraction of the material contained in the slurry. The other flow is an overflow, which contains the finer fraction of the material contained in the slurry;
WCP	wet concentrator plant;
WCP A	the existing WCP;
WCP B	the second WCP built for the Expansion;
WHIMS	Wet High Intensity Magnetic Separation; and
zircon	is zirconium silicate ($ZrSiO_4$), a zircon product generally containing 65 per cent. Z_RO_2 plus H_fO_2 used in the ceramics industry for the production of opacifiers and frits, refractory and foundry applications, and in the production of zirconia, zirconium metal, and zirconium chemicals.

Reserves and resources

The Australian Code for the Reporting of Exploration Results, mineral resources and ore reserves (the "JORC Code " or "the Code") sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, mineral resources and ore reserves. This code has been widely adopted around the world as the exploration reporting standard.

The Joint Ore reserves Committee ("JORC") was established in 1971 and published several reports containing recommendations on the classification and public reporting of ore reserves prior to the release of the first edition of the JORC Code in 1989.

Revised and updated editions of the Code were issued in 1992, 1996 and 1999. The 2004 edition supersedes all previous editions.

The Code provides for a direct relationship between indicated minerals resources and probable ore reserves and between measured mineral resources and proved ore reserves. In other words, the level of geoscientific confidence for probable reserves is the same as that required for the *in situ* determination of indicated mineral resources and for proved ore reserves is the same as that required for the *in situ* determination of measured mineral resources. In each case the ore reserve is that part of the mineral resource which, after the application of all mining factors, results in an estimated tonnage and grade which, in the opinion of the competent person or persons making the estimates, can be the basis of a viable project after taking account of all relevant metallurgical, marketing, environmental, legal, social and governmental factors.

Reserves	resources known to be economically feasible for extraction. Reserves are either Probable Reserves *or* Proven Reserves. Generally the conversion of resources into reserves requires the application of various modifying factors, including mining and geological, metallurgical, economic, environmental and marketing;
Resources	mineral resources are those economic mineral concentrations that have undergone enough scrutiny to quantify their contained grade, tonnage, shape, densities and physical characteristics to a certain degree. None of these resources are ore, because the economics of the mineral deposit may not have been fully evaluated. *Indicated resources* are simply economic mineral occurrences that have been sampled (from locations such as outcrops, trenches, pits and drillholes) to a point where an estimate has been made, at a reasonable level of confidence, of their contained mineral content, grade, tonnage, shape, densities, physical characteristics. *Measured resources* are indicated resources that have undergone enough further sampling that a 'competent person' (defined by the norms of the relevant mining code; usually a geologist) has declared them to be an acceptable estimate, at a high degree of confidence, of the grade, tonnage, shape, densities, physical characteristics and mineral content of the mineral occurrence;
mineral resource	the concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resources are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories;
inferred mineral resource	that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability;
indicated mineral resources	that part of a mineral resources for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed;
measured mineral resource	that part of a mineral resources for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity;

ore reserve	the economically mineable part of a measured or indicated mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves;
probable ore reserve	the economically mineable part of an indicated, and in some circumstances measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified; and
proved ore reserve	the economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

NOTICE OF EXTRAORDINARY GENERAL MEETING
of
KENMARE RESOURCES PLC

(Incorporated and registered in Ireland under the Companies Act 1963 with registered number 37550)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Kenmare Resources plc (the "Company") will be held at 11.00 a.m. on 29 March 2010 at The Westbury Hotel, Grafton Street, Dublin 2, Ireland for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions numbered (1), (2), (4) and (5) will be proposed as ordinary resolutions and resolution numbered (3) will be proposed as a special resolution:

(1) THAT, subject to the Placing and Open Offer Agreement having become unconditional in all respects save for any condition relating to Admission having occurred (as such terms are defined in the prospectus of the Company dated 5 March 2010, a copy of which has been produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification only (the "**Prospectus**")), the authorised ordinary share capital of the Company be and is hereby increased from €90,000,000 to €180,000,000 by the creation of 1,500,000,000 new ordinary shares of €0.06 each, such new ordinary shares ranking *pari passu* in all respects with the existing authorised and issued ordinary shares of €0.06 each in the capital of the Company.

(2) THAT, in substitution for all existing authorities of the Directors pursuant to section 20 of the Companies (Amendment) Act 1983, and subject to and contingent upon the passing of resolution (1) above, the Directors be and are hereby generally and unconditionally authorised pursuant to Section 20 of the Companies (Amendment) Act 1983 to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 20 of the Companies (Amendment) Act 1983) up to a maximum amount equal to the aggregate nominal value of the authorised but unissued share capital of the Company as at the close of business on the date of passing of this resolution. The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution, or, if earlier, the date which is 15 months from the passing of this resolution, provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired.

(3) THAT, in substitution for all existing authorities of the Directors pursuant to section 24 of the Companies (Amendment) Act 1983, and subject to and contingent upon the passing of resolution (2) above, the Directors be and are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983 to allot equity securities (as defined by Section 23 of the Companies (Amendment) Act, 1983) for cash as if sub-Section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:–

(a) in connection with any offer of securities open for any period fixed by the Directors by way of rights, open offer or otherwise in favour of holders of ordinary shares and/or any persons having a right to subscribe for or convert securities into ordinary shares in the capital of the Company (including, without limitation, any holders of options under any of the Company's share option schemes for the time being) and subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory or otherwise howsoever;

(b) in connection with the exercise of any options or warrants to subscribe granted by the Company;

(c) pursuant to and in connection with the Capital Raising (as such term is defined in the Prospectus); and

(d) (in addition and without prejudice to the authorities conferred by paragraphs (a), (b) and (c) of this resolution), up to a maximum aggregate nominal value of €14,418,763.

The power hereby conferred shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, the date which is 15 months from the passing of this resolution, save that the Company may before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

(4) THAT, subject to and contingent upon the passing of resolutions (1), (2) and (3) above, the Directors, for the purposes of the Listing Rules, be and are hereby generally and unconditionally authorised to issue the New Ordinary Shares under the Capital Raising (as such terms are defined in the Prospectus) at an issue price of Stg12p (€0.13) per New Ordinary Share, with such prices representing, respectively, a discount of 41.8 per cent. to the closing mid-market price of Stg20.6p per ordinary share of the Company (as derived from the daily official list of the London Stock Exchange) on 4 March 2010, and a discount of 45.7 per cent. to the closing mid-market price of €0.24 per ordinary share of the Company (as derived from the daily official list of the Irish Stock Exchange) on 4 March 2010, being the last business day prior to the announcement of the Capital Raising.

(5) THAT, subject to and conditional upon the passing of resolutions (1), (2), (3) and (4) above, the allotment and issue of up to a maximum of 432,600,000 New Ordinary Shares to M&G in the Firm Placing and the Placing (as such terms are defined in the Prospectus), and the payment to M&G of any fee in connection with the Firm Placing and the Placing, by way of a commission of 1.75 per cent. of the value of the New Ordinary Shares for which it has agreed, or shall agree, to subscribe under the Placing, which constitutes a related party transaction pursuant to the Listing Rules by reason of M&G being a related party because it is a substantial shareholder in the Company (being a party which is entitled to exercise or control the exercise of 10 per cent. or more of the Company's votes able to be cast on all or substantially all of the matters at general meetings of the Company) and which constitutes a class 1 transaction because of the size of the potential participation by M&G in the Firm Placing and the Placing, be and is hereby approved.

Dated: 5 March 2010

By Order of the Board
DEIRDRE CORCORAN
Company Secretary

Registered Office:
Chatham House,
Chatham Street,
Dublin 2,
Ireland.

NOTES:

Entitlement to attend and vote

(1) Only those Shareholders registered on the Company's register of members:

- 48 hours before the time appointed for the EGM; or
- if the Extraordinary General Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned Extraordinary General Meeting

shall be entitled to attend and vote at the Extraordinary General Meeting.

Website giving information regarding the meeting

(2) Information regarding the Extraordinary General Meeting, including the information required by section 133A(4) of the Companies Act 1963, is available from www.kenmareresources.com.

Attending in person

(3) The Extraordinary General Meeting will be held at 11.00 a.m. on 29 March 2010 at The Westbury Hotel, Grafton Street, Dublin 2, Ireland. If you wish to attend the Extraordinary General Meeting in person, you are recommended to attend at least 15 minutes before the time appointed for holding of the Extraordinary General Meeting to allow time for registration. Please bring the attendance card attached to your Form of Proxy and present it at the shareholder registration desk before the commencement of the Extraordinary General Meeting.

Appointment of proxies

(4) A member entitled to attend, speak and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote in his/her behalf. A member may appoint more than one proxy to attend and vote at the Extraordinary General Meeting in respect of shares held in different securities accounts. A member acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different shares held by that member. A proxy need not be a member of the Company.

(5) A Form of Proxy for use by members is enclosed with this Notice of Extraordinary General Meeting (or is otherwise being delivered to Shareholders). Completion of a Form of Proxy (or submission of proxy instructions electronically) will not prevent a shareholder from attending the Extraordinary General Meeting and voting in person should they wish to do so.

(6) To be valid, the Form of Proxy must be delivered to Computershare Investor Services (Ireland) Limited, PO Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible and, in any event, so as to be received not less than forty-eight hours before the time for the holding of the meeting, or any adjournment thereof.

(7) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

(8) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK and Ireland (EUI)'s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Computershare Investor Services (Ireland) Limited, as issuer's agent, (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

(9) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or Sponsored Member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(10) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.

(11) In case of a corporation, the instrument shall be either under its common seal or under the hand of an officer or attorney duly authorised in that behalf.

(12) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and for this purpose, seniority will be accepted to order in which the names stand in the Register of Members in respect of a joint holding.

(13) If a proxy is executed under a power of attorney, such power of attorney must be deposited with the Company with the Instrument of Proxy.

Action to be taken

(14) Electronic proxy appointment is available for the Extraordinary General Meeting. This facility enables a Shareholder to lodge its proxy appointment by electronic means by logging on to the website of the Registrars, www.computershare.com/ie/voting/kenmare. Alternatively, for those who hold Ordinary Shares in CREST, a Shareholder may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare (CREST participant ID 3RA50). In each case the proxy appointment must be received by no later than 11.00 a.m. on 27 March 2010.

Issued shares and total voting rights

(15) The total number of issued shares on the date of this notice of Extraordinary General Meeting is 909,097,146. On a vote by show of hands every shareholder who is present in person and every proxy has one vote (but no individual shall have more than one vote). On a poll every shareholder shall have one vote for every share carrying voting rights of which he is the holder.

The ordinary resolutions require a simple majority of shareholders voting in person or by proxy to be passed. The special resolution require a majority of not less than 75 per cent. of those who vote either in person or by proxy to be passed.

Questions at the Extraordinary General Meeting

(16) Under section 134C of the Companies Act 1963, the Company must answer any question you ask relating to the business being dealt with at the Extraordinary General Meeting unless:

- answering the question would interfere unduly with the preparation for the Extraordinary General Meeting or the confidentiality and business interests of the Company;
- the answer has already been given on a website in the form of an answer to a question; or
- it appears to the Chairman of the Extraordinary General Meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

Shareholders' right to table draft resolutions

(17) Under section 133B of the Companies Act 1963, a Shareholder or Shareholders meeting the qualification criteria set out below may table a draft resolution for the item on the agenda of the Extraordinary General Meeting.

The relevant request must be made by a shareholder or shareholders holding 3 per cent. of the issued share capital, representing at least 3 per cent. of the total voting rights of all the shareholders who have a right to vote at the Extraordinary General Meeting.

The request:

- may be in hard copy form or in electronic form;
- must set out the draft resolution in full or, if supporting a draft resolution sent by another shareholder, clearly identify the draft resolution which is being supported;
- must be authenticated by the person or persons making it (by identifying the shareholder or shareholders meeting the qualification criteria and, if in hard copy, by being signed by the shareholder or shareholders); and
- must be received by the Company not later than 48 hours before the Extraordinary General Meeting to which the request relates.

The request must be made in accordance with one of the following ways:

- a hard copy request which is signed by the shareholder(s), states the full name and address of the shareholder(s) and is sent to the Company Secretary, Kenmare Resources plc, Chatham House, Chatham Street, Dublin 2, Ireland; or
- a request which states the full name and address and the Shareholder Reference Number (or SRN) (as printed on the face of the accompanying Form of Proxy) of the shareholder(s) and is sent to info@kenmareresources.com.

Any draft resolution must not be such as would be incapable of being passed or otherwise be ineffective (whether by reason of inconsistency with any enactment or the Company's memorandum and articles of association or otherwise).

Any draft resolution must not be defamatory of any person, frivolous or vexatious.