

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, if you are in a territory outside Ireland or the United Kingdom, another appropriately authorised independent financial adviser.

If you sell or have sold or have otherwise transferred all of your Existing Ordinary Shares before 8.00 a.m. (Dublin time) on 1 July, 2016, please send any documents issued by the Company in connection with the Capital Raise, if and when received, 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 the United States and any other 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 holding(s) of Existing Ordinary Shares which were sold or transferred were held in uncertificated form and were sold or transferred before 5.00 p.m. on 29 June, 2016, 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 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.

The distribution of this document and the accompanying documents, and/or the transfer of the Open Offer Entitlements through CREST into jurisdictions other than Ireland and the United Kingdom 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 such jurisdictions. In particular, subject to certain exceptions, this Prospectus should not be distributed, forwarded or transmitted to or into the United States or, subject to certain exceptions, any other Excluded Territory, or into any other jurisdiction where the extension or availability of the Placing would breach any applicable law.

This document comprises:(a) a circular prepared in accordance with the Listing Rules of the Financial Conduct Authority (“FCA”) in connection with the Extraordinary General Meeting being convened by way of the Notice of EGM contained at the end of this document; and (b) a prospectus relating to the Capital Restructuring prepared in accordance with Chapter 1 Part 23 of the Companies Act 2014, as amended (the “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, as amended, (“the EU Prospectus Regulation”). The Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under the European Parliament and Council Directive 2003/71/EC of 4 November, 2003 (the “Prospectus Directive”). The Central Bank 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 to be offered to the public in any member state of the European Economic Area. The Company has requested that the Central Bank provide a certificate of approval and a copy of this Prospectus to the FCA as the competent authority in the United Kingdom for the purposes of the Prospectus Directive.

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, in electronic form on the Company’s website: www.kenmareresources.com. Save for information expressly stated to be incorporated by reference into this Prospectus as described in Part 16 (*Information Incorporated by Reference*), other materials on the Company’s website are not incorporated into, and do not form part of, this document.

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 for the New Ordinary Shares to be admitted to the ISE Official List and trading on its regulated market. Application has been made to the FCA for the New Ordinary Shares to be admitted to listing on the UK Official List. Application have also been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its regulated market for listed securities. It is expected that Admission of the New Ordinary Shares to be issued pursuant to the Cornerstone Placing, Firm Placing and Open Offer will become effective and that dealings in respect of the New Ordinary Shares to be issued pursuant to the Cornerstone Placing, Firm Placing and Open Offer will commence at 8.00 a.m. on 26 July, 2016. It is expected that dealings in the New Ordinary Shares to be issued pursuant to the Cornerstone Placing, Firm Placing and Open Offer on the respective regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange will commence at 8.00 a.m. on 26 July, 2016. It is expected that Admission of the New Ordinary Shares to be issued pursuant to the Debt Equitisation (if any) and the Lender Underwriting (if any) will become effective and that dealings in respect of the New Ordinary Shares to be issued pursuant to the Debt Equitisation and the Lender Underwriting will commence at 8.00 a.m. on 28 July, 2016.

Kenmare Resources plc

(Incorporated and registered in Ireland under the Companies Act 2014, with registered number 37550)

Proposed Capital Reorganisation and

Proposed Capital Restructuring comprising

Proposed Cornerstone Placing of US\$100 million (approximately £73.9 million)

Proposed Firm Placing of US\$145.7 million (approximately £107.8 million)

and

Proposed Open Offer of up to US\$122.7 million (approximately £90.8 million)

in each case at US\$3.132 per share*

**to raise in aggregate not less than US\$275 million (approximately £203.4 million)
(including Lender Underwriting) and up to US\$368.4 million (approximately £272.5 million)**

* reflecting a 1 for 200 Consolidation

*Canaccord Genuity
Joint Bookrunner and Joint Broker*

*Davy
Sponsor, Joint Bookrunner and
Joint Broker*

*Mirabaud
Joint Bookrunner and Joint
Broker*

*Rothschild
Financial Adviser to the Company*

*Hannam & Partners
Financial Adviser to the Company*

Your attention is drawn to the letter from the Chairman which is set out in Part 7 (Letter from the Chairman) of this Prospectus. You should read the whole of this Prospectus and any documents incorporated herein by reference (a list is set out in Part 16 (Documents Incorporated by Reference)). Qualifying Shareholders and any other persons contemplating a purchase of, or subscription for, Ordinary Shares should review the risk factors set out in Part 2 (Risk Factors) of this Prospectus for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Resolutions and the Capital Raise and deciding whether or not to purchase New Ordinary Shares pursuant to the Capital Raise.

This document also contains a circular in connection with the Extraordinary General Meeting of the Company (the "EGM") convened to be held for the purpose of considering and if thought fit approving the Resolutions for the purpose of and in connection with the implementation of the Capital Reorganisation and Capital Restructuring and upon approval of which the Capital Restructuring is, *inter alia*, conditional. The EGM is convened to be held at 10.15 a.m. on 25 July, 2016 at The Fitzwilliam Hotel, St. Stephen's Green, Dublin 2, Ireland (or if later, as soon as possible as the AGM of the Company convened to be held at 10.00 a.m. on the same date and at the same venue shall have been concluded or adjourned).

The Capital Restructuring is conditional, *inter alia*, on (i) the passing of all of the Capital Restructuring Resolutions at the EGM; (ii) Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer becoming effective by not later than 26 July, 2016 (or such other date as is provided for herein); (iii) the Cornerstone Subscription Agreement having become unconditional in all respects and not having been terminated in accordance with its terms; (iv) the Placing Commitments having become unconditional in all respects and not having been terminated in accordance with their terms; (v) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms; and (vi) those conditions to the Admission Effective Date under the Amendment, Repayment and Equitisation Agreement that fall to be satisfied or waived prior to Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer having been satisfied or waived and the Amendment, Repayment and Equitisation Agreement not having been terminated in accordance with its terms. The New Ordinary Shares to be issued pursuant to the Capital Restructuring will, on Admission, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by the Company after the date of issue of such New Ordinary Shares.

Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with registered addresses in any of the Excluded Territories) will be sent an Application Form on 1 July, 2016. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement at 8.00 a.m. on 4 July, 2016. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding action to be taken in connection with the Open Offer Entitlements. Applications under the Open Offer may only be made by Qualifying Shareholders 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.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 22 July, 2016. The procedures for acceptance and payment are set out in Part 9 of this Prospectus and, where relevant, in the Application Form.

The Form of Proxy for use at the EGM accompanies this document and to be valid, should be completed and returned in accordance with the instructions thereon as soon as possible but in any event so as to be received by the Company's Registrar not later than 10.15 a.m. on 23 July, 2016. Completion and return of a Form of Proxy does not preclude a shareholder from attending and voting at the EGM should they wish to do so.

Rothschild, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Kenmare Resources plc and is acting for no one else in connection with the Capital Restructuring and will not be responsible to any other person other than Kenmare Resources plc for providing the protections afforded to clients of Rothschild or for providing advice in connection with the Capital Restructuring or any other arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Rothschild by FSMA or the regulatory regime established thereunder, Rothschild does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by Rothschild, the Company or any other person, in connection with the Company or any other matter described in this document and nothing in this document shall be relied upon as a promise or a representation in this respect, whether as to the past or the future. Rothschild accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

Hannam & Partners, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Kenmare Resources plc and is acting for no one else in connection with the Capital Restructuring and will not be responsible to any other person other than Kenmare Resources plc for providing the protections afforded to clients of Hannam & Partners or for providing advice in connection with the Capital Restructuring or any other arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Hannam & Partners by FSMA or the regulatory regime established thereunder, Hannam & Partners does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by Hannam & Partners, the Company or any other person, in connection with the Company or any other matter described in this document and nothing in this document shall be relied upon as a promise or a representation in this respect, whether as to the past or the future. Hannam & Partners accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

Davy, which is regulated in Ireland by the Central Bank, is acting exclusively for Kenmare Resources plc in connection with the Capital Restructuring and for no one else and will not be responsible to any other person for providing the protections afforded to customers of Davy or for providing advice in connection with the Capital Restructuring or any other arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Davy by the Central Bank or by FSMA or the regulatory regime established thereunder, Davy does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by Davy, the Company or any other person, in connection with the Company or any other matter described in this document and nothing in this document shall be relied upon as a promise or a representation in this respect, whether as to the past or the future. Davy accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

Canaccord Genuity, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Kenmare Resources plc and is acting for no one else in connection with the Capital Restructuring and will not be responsible to any other person other than Kenmare Resources plc for providing the protections afforded to clients of Canaccord Genuity or for providing advice in connection with the Capital Restructuring or any other arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Canaccord Genuity by FSMA or the regulatory regime established thereunder, Canaccord Genuity does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by Canaccord Genuity, the Company or any other person, in connection with the Company or any other matter described in this document and nothing in this document shall be relied upon as a promise or a representation in this respect, whether as to the past or the future. Canaccord Genuity accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

Mirabaud, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Kenmare Resources plc and is acting for no one else in connection with the Capital Restructuring and will not be responsible to any other person other than Kenmare Resources plc for providing the protections afforded to clients of Mirabaud or for providing advice in connection with the Capital Restructuring or any other arrangement referred to in this document. Apart from the responsibilities and liabilities, if any, which may be imposed on Mirabaud by FSMA or the regulatory regime established thereunder, Mirabaud does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by Mirabaud, the Company or any other person, in connection with the Company or any other matter described in this document and nothing in this document shall be relied upon as a promise or a representation in this respect, whether as to the past or the future. Mirabaud accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

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. Fractional entitlements will not be allotted to Qualifying Shareholders and, where applicable, fractional entitlements will be rounded down to the nearest whole number of Open Offer Shares.

Notice to Overseas Shareholders

Subject to certain limited exceptions and at the sole discretion of the Company, this Prospectus and any materials related to the Capital Raise may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States.

The New Ordinary Shares to be issued pursuant to the Capital Raise have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares may not be offered or sold directly or indirectly in or into the United States, except pursuant to 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 state or other jurisdiction in the United States. There will be no public offer in the United States.

The New Ordinary Shares to be issued pursuant to the Capital Raise have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares pursuant to the Capital Raise or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

Neither this Prospectus nor the Application Form constitutes or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the New Ordinary Shares offered to any person with a registered address, or who is resident or located, in the United States or any other of the Excluded Territories, subject to certain exceptions, or to any person in any jurisdiction in which such an offer or solicitation is unlawful.

All Overseas Shareholders and any person (including, without limitation, a custodian, nominee, agent or trustee) who is holding Ordinary Shares for the benefit of such persons or who has a contractual or legal obligation to forward this Prospectus or any Application Form, if and when received, or other document to a jurisdiction outside Ireland or the United Kingdom, should read section 7 of Part 9 (Terms and Conditions of the Capital Raise) of this Prospectus entitled "Overseas Shareholders".

Subject to certain exceptions, this Prospectus and the Application Form should not be distributed, forwarded to or transmitted in or into the United States or any other Excluded Territories or in or into any jurisdiction where the extension or availability of this Prospectus and the Capital Raise would breach any applicable law and therefore, persons into whose possession this Prospectus and/or any accompanying documents related to the Capital Raise come should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of securities laws of such jurisdiction.

Capitalised terms have the meanings ascribed to them in the section headed "Definitions" in Part 17 of this Prospectus.

Dated: 1 July, 2016

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PART 1

SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the number sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer; it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

| <i>Section A—Introduction and Warnings</i> | | |
|--|--|---|
| A.1 | <i>Introduction:</i> | THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THE PROSPECTUS. ANY DECISION TO INVEST IN THE SECURITIES SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| A.2 | <i>Subsequent resale of securities or final placement of securities through financial intermediaries:</i> | Not applicable: the issuer is not engaging any financial intermediaries for any resale of securities or final placement of securities after the publication of this document. |

| <i>Section B—Issuer</i> | | |
|-------------------------|--|---|
| B.1 | <i>The legal and commercial name of the issuer:</i> | The legal and commercial name of the issuer is Kenmare Resources plc. |
| B.2 | <i>The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation:</i> | Kenmare Resources plc is incorporated in Ireland with registered number 37550 and is a public limited company under the Companies Act 2014 of Ireland and is domiciled and tax resident in Ireland. The registered office of the Company is Chatham House, Chatham Street, Dublin 2, D02 VP46, Ireland. |

Section B—Issuer

| | | |
|--------------------|---|---|
| <p>B.3</p> | <p><i>A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes:</i></p> | <p>The principal activity of the Group is the operation of the Moma Titanium Minerals Mine which is located on the north east coast of Mozambique and which has been in commercial operation since 2009. The Mine contains substantial reserves of ilmenite and associated co-products rutile and zircon. Ilmenite and rutile are used mainly in the manufacture of titanium dioxide pigment and titanium metal. Titanium dioxide pigment has high opacity and brilliant whiteness, which is principally used in paints, paper and plastics. Titanium metal is a light, strong metal with low co-efficient of thermal expansion which is used in aerospace and other demanding 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.</p> <p>The Group is a major supplier of mineral sand products to a global customer base that operates in over 15 countries, including some of the largest end users of these products.</p> |
| <p>B.4a</p> | <p><i>A description of the most significant recent trends affecting the issuer and the industries in which it operates:</i></p> | <p>During 2015 overcapacity and excess inventory continued to exert downward pressure on pigment prices. This created difficult market conditions for titanium feedstocks with poor pricing, weaker than expected volume offtake from the pigment sector and an inventory overhang (Source: TZMI).</p> <p>Demand and prices of some high grade titanium feedstocks (e.g. rutile and synthetic rutile) were more stable in 2015 as the large producers carefully managed inventories and operated production to match customer requirements. Market demand for Kenmare's chloride ilmenite was broadly in line with its expectation for chloride pigment production. Kenmare saw some offtake growth from synthetic rutile producers driven by the improving outlook in the titanium metal sector (Source: TZMI). The supply and demand for chloride ilmenite to 2020 is positive with demand expected to be constrained by available supply (Source: TZMI).</p> <p>Supply and demand analyses for sulphate ilmenite indicate that although there was a primary deficit in 2015, this was offset by accumulated inventory (Source: TZMI). The sulphate ilmenite sector is characterised by a fragmented supplier base and experienced continued downward pressure on prices through 2015 (Source: TZMI). Despite the challenging market conditions in 2015, demand for Kenmare's products remained relatively strong with good volume support from its core customers. Supply and demand analyses on the sulphate ilmenite sector to 2020 shows that without supply from new projects, or from re-incentivised higher costs capacity that has been idled, there will be a deficit of supply (Source: TZMI).</p> <p>In relation to zircon, demand for which is closely correlated with GDP growth and construction activity, zircon prices declined over the course of 2015, by, Kenmare estimates, approximately 10%. Prices have continued to decline during 2016 principally as a result of price competition. Consumption of zircon for refractory and foundry applications is expected to be relatively stable, while faster growth is expected in consumption of zircon for application in specialty chemicals, zirconium metal and chemical zirconia. Despite the positive outlook for growth in zircon demand, excess supply in the market is expected to result in subdued pricing for zircon in the coming years.</p> |

Section B—Issuer

| <p>B.5</p> | <p><i>If the issuer is part of a group, a description of the group and the issuer's position within the group:</i></p> | <p>Kenmare is the parent company of the Kenmare Group and is the ultimate holding company of the following subsidiaries (all of which are 100% owned) which are or may be significant in the context of the Kenmare Group as a whole:</p> <p>Kenmare C.I. Limited and Congolone Heavy Minerals Limited (both incorporated in Jersey) and Kenmare Moma Mining (Mauritius) Limited and Kenmare Moma Processing (Mauritius) Limited (both incorporated in Mauritius).</p> <p>The Group's principal activity, being the operation of the Moma Mine, is 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.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|--|--|--|---|---|--|---|----------------|---|----|------------|--------|--|-------------|--------|------------|--------|--------------------------------------|-------------|-------|------------|-------|---|-------------|-------|------------|-------|---|-------------|-------|---------|-------|--|-------------|-------|---------|-------|--|-------------|-------|---------|-------|--|------------|-------|-----------|-------|------------------------------------|------------|-------|-----------|-------|----------------|---|---|-----------|-------|
| <p>B.6</p> | <p><i>In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest:</i></p> <p><i>Whether the issuer's major shareholders have different voting rights, if any:</i></p> <p><i>To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled, by whom and describe the nature of such control:</i></p> | <p>Insofar as the Directors are aware, as at the Latest Practicable Date, the name of each person who, directly or indirectly, is or may become following the Capital Restructuring interested in 3% or more of the Company's capital, and the amount of such person's interest following the Capital Restructuring (subject to the stated assumptions), will be as follows:</p> <table border="1" data-bbox="550 850 1412 1462"> <thead> <tr> <th rowspan="2">Name</th> <th colspan="2">As at the Latest Practicable Date</th> <th colspan="2">Immediately on Completion of the Capital Reorganisation, Capital Raise and Debt Equitisation</th> </tr> <tr> <th>Number of Ordinary Shares of €0.06 each before the Capital Reorganisation and of €0.001 each thereafter</th> <th>% of Existing Issued Ordinary Share Capital</th> <th>Number of Ordinary Shares of €0.001 each following the Capital Raise and Restructuring</th> <th>% of Enlarged Issued Ordinary Share Capital</th> </tr> </thead> <tbody> <tr> <td>SGRF</td> <td align="right">0</td> <td align="right">0%</td> <td align="right">31,928,480</td> <td align="right">29.15%</td> </tr> <tr> <td>Prudential Group plc (M&G Group Ltd)</td> <td align="right">555,468,527</td> <td align="right">19.97%</td> <td align="right">21,490,006</td> <td align="right">19.62%</td> </tr> <tr> <td>Capital Group Companies Inc.</td> <td align="right">164,678,932</td> <td align="right">5.92%</td> <td align="right">10,573,394</td> <td align="right">9.65%</td> </tr> <tr> <td>Majedie Asset Management Limited, Majedie Asset Management Investment Fund Company and Majedie Asset Management</td> <td align="right">158,034,470</td> <td align="right">5.68%</td> <td align="right">10,750,383</td> <td align="right">9.82%</td> </tr> <tr> <td>Foord Asset Management (Singapore) Pte. Ltd</td> <td align="right">114,886,100</td> <td align="right">4.13%</td> <td align="right">574,430</td> <td align="right">0.52%</td> </tr> <tr> <td>Norges Bank (The Central Bank of Norway)</td> <td align="right">104,556,674</td> <td align="right">3.76%</td> <td align="right">522,783</td> <td align="right">0.48%</td> </tr> <tr> <td>Foord Asset Management Guernsey Ltd.</td> <td align="right">103,326,936</td> <td align="right">3.71%</td> <td align="right">516,634</td> <td align="right">0.47%</td> </tr> <tr> <td>Sanlam Four Investments UK Ltd</td> <td align="right">94,107,336</td> <td align="right">3.38%</td> <td align="right">1,715,747</td> <td align="right">1.57%</td> </tr> <tr> <td>European Investment Bank</td> <td align="right">29,279,645</td> <td align="right">1.05%</td> <td align="right">9,251,884</td> <td align="right">8.45%</td> </tr> <tr> <td>EAIF</td> <td align="right">—</td> <td align="right">—</td> <td align="right">3,656,366</td> <td align="right">3.34%</td> </tr> </tbody> </table> <p>Note: Interests shown on completion of the Capital Raise and Debt Equitisation are shown on the basis of committed participation in the Cornerstone Placing or Firm Placing where relevant only. It is not assumed that any of these Shareholders participate in the Open Offer. The above table assumes that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), with the result that the Debt Equitisation occurs in respect of its maximum amount, being US\$23.8 million, and resulting in the Lenders being issued with in aggregate 7,609,371 New Ordinary Shares pursuant to the Debt Equitisation. For the purposes of calculating the maximum holdings of each Lender (and the extent to which a Lender may be interested in 3% or more the Company's capital), it is also assumed that the maximum number of Lender Underwriting Shares are issued. In the situation of full Debt Equitisation and no more than US\$275 million being raised as aforesaid, the total number of New Ordinary Shares will be 95,604,261 and the Enlarged Issued Share Capital will be 109,513,788 Ordinary Shares (including the Absa Shares).</p> <p>None of the above listed shareholders have voting rights any different to those of other Shareholders.</p> <p>The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements the operation of which may at a subsequent date result in a change in control over the Company.</p> | Name | As at the Latest Practicable Date | | Immediately on Completion of the Capital Reorganisation, Capital Raise and Debt Equitisation | | Number of Ordinary Shares of €0.06 each before the Capital Reorganisation and of €0.001 each thereafter | % of Existing Issued Ordinary Share Capital | Number of Ordinary Shares of €0.001 each following the Capital Raise and Restructuring | % of Enlarged Issued Ordinary Share Capital | SGRF | 0 | 0% | 31,928,480 | 29.15% | Prudential Group plc (M&G Group Ltd) | 555,468,527 | 19.97% | 21,490,006 | 19.62% | Capital Group Companies Inc. | 164,678,932 | 5.92% | 10,573,394 | 9.65% | Majedie Asset Management Limited, Majedie Asset Management Investment Fund Company and Majedie Asset Management | 158,034,470 | 5.68% | 10,750,383 | 9.82% | Foord Asset Management (Singapore) Pte. Ltd | 114,886,100 | 4.13% | 574,430 | 0.52% | Norges Bank (The Central Bank of Norway) | 104,556,674 | 3.76% | 522,783 | 0.48% | Foord Asset Management Guernsey Ltd. | 103,326,936 | 3.71% | 516,634 | 0.47% | Sanlam Four Investments UK Ltd | 94,107,336 | 3.38% | 1,715,747 | 1.57% | European Investment Bank | 29,279,645 | 1.05% | 9,251,884 | 8.45% | EAIF | — | — | 3,656,366 | 3.34% |
| Name | As at the Latest Practicable Date | | | Immediately on Completion of the Capital Reorganisation, Capital Raise and Debt Equitisation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Number of Ordinary Shares of €0.06 each before the Capital Reorganisation and of €0.001 each thereafter | % of Existing Issued Ordinary Share Capital | Number of Ordinary Shares of €0.001 each following the Capital Raise and Restructuring | % of Enlarged Issued Ordinary Share Capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SGRF | 0 | 0% | 31,928,480 | 29.15% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Prudential Group plc (M&G Group Ltd) | 555,468,527 | 19.97% | 21,490,006 | 19.62% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital Group Companies Inc. | 164,678,932 | 5.92% | 10,573,394 | 9.65% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Majedie Asset Management Limited, Majedie Asset Management Investment Fund Company and Majedie Asset Management | 158,034,470 | 5.68% | 10,750,383 | 9.82% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Foord Asset Management (Singapore) Pte. Ltd | 114,886,100 | 4.13% | 574,430 | 0.52% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Norges Bank (The Central Bank of Norway) | 104,556,674 | 3.76% | 522,783 | 0.48% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Foord Asset Management Guernsey Ltd. | 103,326,936 | 3.71% | 516,634 | 0.47% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sanlam Four Investments UK Ltd | 94,107,336 | 3.38% | 1,715,747 | 1.57% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| European Investment Bank | 29,279,645 | 1.05% | 9,251,884 | 8.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EAIF | — | — | 3,656,366 | 3.34% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Section B—Issuer

| B.7 | <p><i>Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information:</i></p> <p><i>Narrative description of significant change to the issuer’s financial condition and operating results during or subsequent to the period covered by the historical key financial information:</i></p> | <p>The tables below set out the Group’s summary financial information for the periods indicated.</p> <p>The financial information for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 has been extracted without material adjustment from the audited financial statements of the Group.</p> <p>Consolidated Statement of Comprehensive Income</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="3"></th> <th colspan="3" style="text-align: center; border-bottom: 1px solid black;">Year ended 31 December</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">2015 Audited</th> <th style="text-align: center; border-bottom: 1px solid black;">2014 Audited</th> <th style="text-align: center; border-bottom: 1px solid black;">2013 Audited</th> </tr> <tr> <th style="text-align: center; border-bottom: 1px solid black;">US\$’000</th> <th style="text-align: center; border-bottom: 1px solid black;">US\$’000</th> <th style="text-align: center; border-bottom: 1px solid black;">US\$’000</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td style="text-align: right;">142,583</td> <td style="text-align: right;">174,317</td> <td style="text-align: right;">137,868</td> </tr> <tr> <td>Cost of sales</td> <td style="text-align: right;">(168,138)</td> <td style="text-align: right;">(173,366)</td> <td style="text-align: right;">(113,733)</td> </tr> <tr> <td>Gross (loss)/profit</td> <td style="text-align: right;">(25,555)</td> <td style="text-align: right;">951</td> <td style="text-align: right;">24,135</td> </tr> <tr> <td>Other operating costs</td> <td style="text-align: right;">(21,780)</td> <td style="text-align: right;">(32,415)</td> <td style="text-align: right;">(19,474)</td> </tr> <tr> <td>Impairment loss</td> <td style="text-align: right;">—</td> <td style="text-align: right;">(64,762)</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Operating (loss)/profit</td> <td style="text-align: right;">(47,335)</td> <td style="text-align: right;">(96,226)</td> <td style="text-align: right;">4,661</td> </tr> <tr> <td>Finance income</td> <td style="text-align: right;">543</td> <td style="text-align: right;">6,314</td> <td style="text-align: right;">299</td> </tr> <tr> <td>Finance costs</td> <td style="text-align: right;">(37,805)</td> <td style="text-align: right;">(34,852)</td> <td style="text-align: right;">(40,535)</td> </tr> <tr> <td>Foreign exchange gain/(loss)</td> <td style="text-align: right;">22,658</td> <td style="text-align: right;">24,113</td> <td style="text-align: right;">(6,512)</td> </tr> <tr> <td>Loss before tax</td> <td style="text-align: right;">(61,939)</td> <td style="text-align: right;">(100,651)</td> <td style="text-align: right;">(42,087)</td> </tr> <tr> <td>Income tax credit/(expense)</td> <td style="text-align: right;">1,320</td> <td style="text-align: right;">(143)</td> <td style="text-align: right;">(2,033)</td> </tr> <tr> <td>Loss after tax for the financial year . .</td> <td style="text-align: right;">(60,619)</td> <td style="text-align: right;">(100,794)</td> <td style="text-align: right;">(44,120)</td> </tr> <tr> <td>Attributable to equity holders</td> <td style="text-align: right;">(60,619)</td> <td style="text-align: right;">(100,794)</td> <td style="text-align: right;">(44,120)</td> </tr> <tr> <td>Loss per share: Basic</td> <td style="text-align: right;">(2.18c)</td> <td style="text-align: right;">(3.62c)</td> <td style="text-align: right;">(1.71c)</td> </tr> <tr> <td>Loss per share: Diluted</td> <td style="text-align: right;">(2.18c)</td> <td style="text-align: right;">(3.62c)</td> <td style="text-align: right;">(1.71c)</td> </tr> </tbody> </table> | | Year ended 31 December | | | 2015 Audited | 2014 Audited | 2013 Audited | US\$’000 | US\$’000 | US\$’000 | Revenue | 142,583 | 174,317 | 137,868 | Cost of sales | (168,138) | (173,366) | (113,733) | Gross (loss)/profit | (25,555) | 951 | 24,135 | Other operating costs | (21,780) | (32,415) | (19,474) | Impairment loss | — | (64,762) | — | Operating (loss)/profit | (47,335) | (96,226) | 4,661 | Finance income | 543 | 6,314 | 299 | Finance costs | (37,805) | (34,852) | (40,535) | Foreign exchange gain/(loss) | 22,658 | 24,113 | (6,512) | Loss before tax | (61,939) | (100,651) | (42,087) | Income tax credit/(expense) | 1,320 | (143) | (2,033) | Loss after tax for the financial year . . | (60,619) | (100,794) | (44,120) | Attributable to equity holders | (60,619) | (100,794) | (44,120) | Loss per share: Basic | (2.18c) | (3.62c) | (1.71c) | Loss per share: Diluted | (2.18c) | (3.62c) | (1.71c) |
|---|---|---|-----------|------------------------|--|--|-----------------|-----------------|-----------------|----------|----------|----------|-------------------|---------|---------|---------|-------------------------|-----------|-----------|-----------|-------------------------------|----------|-----|--------|---------------------------------|----------|----------|----------|---------------------------|---|----------|---|-----------------------------------|----------|----------|-------|--------------------------|-----|-------|-----|-------------------------|----------|----------|----------|--|--------|--------|---------|---------------------------|----------|-----------|----------|---------------------------------------|-------|-------|---------|---|----------|-----------|----------|--|----------|-----------|----------|---------------------------------|---------|---------|---------|-----------------------------------|---------|---------|---------|
| | Year ended 31 December | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2015 Audited | 2014 Audited | | 2013 Audited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | US\$’000 | US\$’000 | US\$’000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | 142,583 | 174,317 | 137,868 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of sales | (168,138) | (173,366) | (113,733) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross (loss)/profit | (25,555) | 951 | 24,135 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other operating costs | (21,780) | (32,415) | (19,474) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Impairment loss | — | (64,762) | — | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating (loss)/profit | (47,335) | (96,226) | 4,661 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finance income | 543 | 6,314 | 299 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finance costs | (37,805) | (34,852) | (40,535) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Foreign exchange gain/(loss) | 22,658 | 24,113 | (6,512) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss before tax | (61,939) | (100,651) | (42,087) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income tax credit/(expense) | 1,320 | (143) | (2,033) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss after tax for the financial year . . | (60,619) | (100,794) | (44,120) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Attributable to equity holders | (60,619) | (100,794) | (44,120) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss per share: Basic | (2.18c) | (3.62c) | (1.71c) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Loss per share: Diluted | (2.18c) | (3.62c) | (1.71c) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Section B—Issuer

| Consolidated Statement of Financial Position | | | |
|--|-------------------------|-------------------------|-------------------------|
| As at 31 December | | | |
| | <u>2015 Audited</u> | <u>2014 Audited</u> | <u>2013 Audited</u> |
| | US\$'000 | US\$'000 | US\$'000 |
| Assets | | | |
| Non current assets | | | |
| Property, plant and equipment | 834,961 | 865,217 | 967,110 |
| Deferred tax asset | 1,320 | — | 143 |
| Other receivables | 649 | 1,021 | — |
| | <u>836,930</u> | <u>866,238</u> | <u>967,253</u> |
| Current assets | | | |
| Inventories | 46,228 | 62,452 | 44,196 |
| Trade and other receivables | 20,268 | 27,118 | 19,241 |
| Cash and cash equivalents | 14,352 | 21,795 | 67,546 |
| | <u>80,848</u> | <u>111,365</u> | <u>130,983</u> |
| Total assets | <u>917,778</u> | <u>977,603</u> | <u>1,098,236</u> |
| Equity | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Called up share capital | 214,941 | 225,523 | 225,523 |
| Share premium | 431,380 | 431,380 | 431,380 |
| Retained (losses) | (175,651) | (115,032) | (14,238) |
| Other reserves | 32,804 | 22,896 | 21,547 |
| Total equity | <u>503,474</u> | <u>564,767</u> | <u>664,212</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Bank loans | — | 261,634 | 157,377 |
| Obligations under finance lease | 264 | 743 | 1,158 |
| Provisions | 22,100 | 21,624 | 22,423 |
| | <u>22,364</u> | <u>284,001</u> | <u>180,958</u> |
| Current Liabilities | | | |
| Bank loans | 341,943 | 76,040 | 197,802 |
| Obligations under finance lease | 479 | 415 | 350 |
| Provisions | 1,714 | 2,387 | 548 |
| Other financial liability | 22 | 520 | 5,851 |
| Trade and other payables | 47,782 | 49,473 | 48,515 |
| | <u>391,940</u> | <u>128,835</u> | <u>253,066</u> |
| Total liabilities | <u>414,304</u> | <u>412,836</u> | <u>434,024</u> |
| Total equity and liabilities | <u>917,778</u> | <u>977,603</u> | <u>1,098,236</u> |

Section B—Issuer

Consolidated Statement of Cash Flows

| | Year ended 31 December | | |
|--|------------------------|-----------------|-----------------|
| | 2015 Audited | 2014 Audited | 2013 Audited |
| | US\$'000 | US\$'000 | US\$'000 |
| Cash flows from operating activities | | | |
| Loss for the year | (61,939) | (100,651) | (42,087) |
| Adjustment for non-cash items | 49,008 | 112,713 | 68,028 |
| Operating cash flow | (12,931) | 12,062 | 25,941 |
| Adjustments for movements in working capital | 21,545 | (24,008) | (17,333) |
| Cash from/(used in) operations | 8,614 | (11,946) | 8,608 |
| Net interest paid | (5,655) | (6,862) | (7,250) |
| Net cash (used in)/from operating activities | 2,959 | (18,808) | 1,358 |
| Net cash used in investing activities | (5,564) | (5,187) | (82,661) |
| Net cash from/(used in) financing activities | (7,890) | (21,829) | 101,713 |
| Net (decrease)/increase in cash and cash equivalents | (10,495) | (45,824) | 20,410 |
| Cash and cash equivalents at the beginning of the year | 21,795 | 67,546 | 46,067 |
| Effect of exchange rate changes on cash and cash equivalents | 3,052 | 73 | 1,069 |
| Cash and cash equivalents at end of year | 14,352 | 21,795 | 67,546 |

HMC production decreased by 15% in 2015 to 1,100,600 tonnes compared to 1,287,300 tonnes in 2014 principally as a result of power interruptions during Q1 2015. Finished product production decreased by 10% to 821,300 tonnes compared to 911,500 tonnes in 2014. Kenmare sold 800,400 tonnes (2014: 800,000 tonnes) of finished products during the year, in line with the prior year. However as a result of continuing weak market conditions, revenue for the year was US\$142.6 million, a decrease of 18% on the 2014 revenue of US\$174.3 million.

Operating costs decreased by 8% in 2015 to US\$189.9 million from US\$205.8 million in 2014. Total cash cost per tonne of finished product decreased 13% from 2014 to 2015 and decreased by 27% between H1 2015 and H2 2015.

In order to manage liquidity, the Group invested a minimal amount of US\$5.6 million in 2015 (2014: US\$5.2 million) in property, plant and equipment, in line with the prior year. Bank loans at the end of 2015 amounted to US\$341.9 million (2014: US\$337.7 million), an increase of US\$4.2 million during the year. The net increase is a result of increases from drawdowns of Super Senior loans of US\$10.0 million (2014: nil), loan interest payments amounting to US\$5.7 million (2014: interest and principal US\$20.0 million), interest accrued of US\$32.7 million (2014: US\$31.4 million), loan amendment and advisor fees incurred of US\$17.3 million (2014: US\$8.3 million), loan amendment fees amortised of US\$3.8 million (2014: US\$2.4 million) and foreign exchange gains of US\$19.3 million (2014: US\$23.2 million). Cash balances at the year-end amounted to US\$14.4 million (2014: US\$21.8 million).

Section B—Issuer

Kenmare generated earnings before interest, tax, depreciation and amortisation (EBITDA) of negative US\$11.5 million in 2015 (2014: US\$9.4 million positive). This negative EBITDA relates mainly to the first half of 2015 (H1 EBITDA: US\$10.6 million negative) as a result of a higher cost per tonne in the period due to lower production, particularly in the first quarter. The improvement in EBITDA in H2 to a negative US\$0.9 million was helped by lower operating costs as a result of cost saving initiatives implemented, favourable foreign exchange movements and higher production.

The loss for 2015 was US\$60.6 million (2014: US\$100.8 million).

B.8 *Selected key pro forma financial information identified as such:*

Set out below is the unaudited pro forma consolidated statement of financial position of the Group as at 31 December, 2015. It has been prepared to illustrate the effect of the Capital Restructuring as if such transactions had occurred on 31 December 2015. 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 transactions.

| | Audited Consolidated Statement of Financial Position as at 31 Dec 2015 Note 1 | Interest & FX movements to date of Capital Restructuring Note 2 | Application of net proceeds from Cornerstone Placing, Firm Placing and Lender Underwriting Note 3 | Loan adjustments resulting from Capital Restructuring Note 4 | Reclassification of debt Note 5 | Unaudited pro forma Consolidated Statement of Financial Position as at 31 Dec 2015 Note 6 |
|--------------------------------------|--|---|--|--|---------------------------------------|---|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Assets | | | | | | |
| Non- Current Assets | | | | | | |
| Property, Plant & Equipment . . . | 834,961 | | | | | 834,961 |
| Deferred tax asset | 1,320 | | | | | 1,320 |
| Other Receivables | 649 | | | | | 649 |
| | <u>836,930</u> | | | | | <u>836,930</u> |
| Current Assets | | | | | | |
| Inventories | 46,228 | | | | | 46,228 |
| Trade and other receivables | 20,268 | | | | | 20,268 |
| Cash and cash equivalents | 14,352 | | 61,600 | | | 75,952 |
| | <u>80,848</u> | | <u>61,600</u> | | | <u>142,448</u> |
| Total Assets | <u>917,778</u> | <u>0</u> | <u>61,600</u> | <u>0</u> | <u>0</u> | <u>979,378</u> |
| Equity | | | | | | |
| Capital and reserves | | | | | | |
| Share Capital | 214,941 | | 97 | 9 | | 215,047 |
| Share Premium | 431,380 | | 261,503 | 24,424 | | 717,306 |
| Retained Earnings | (175,651) | (24,655) | | 42,166 | | (158,140) |
| Other Reserves | 32,804 | | | | | 32,804 |
| Total Equity | <u>503,474</u> | <u>(24,655)</u> | <u>261,600</u> | <u>66,598</u> | | <u>807,017</u> |
| Liabilities | | | | | | |
| Non- Current Liabilities | | | | | | |
| Bank loans | 0 | | | | 100,000 | 100,000 |
| Obligation under finance lease . . . | 264 | | | | | 264 |
| Provisions | 22,100 | | | | | 22,100 |
| | <u>22,364</u> | | | 0 | 100,000 | <u>122,364</u> |
| Current liabilities | | | | | | |
| Bank loans | 341,943 | 24,655 | (200,000) | (66,598) | (100,000) | 0 |
| Obligation under finance lease . . . | 479 | | | | | 479 |
| Provisions | 1,714 | | | | | 1,714 |
| Other financial liability | 22 | | | | | 22 |
| Trade and other payables | 47,782 | | | | | 47,782 |
| | <u>391,940</u> | <u>24,655</u> | <u>(200,000)</u> | <u>(66,598)</u> | <u>(100,000)</u> | <u>49,997</u> |
| Total Liabilities | <u>414,304</u> | <u>24,655</u> | <u>(200,000)</u> | <u>(66,598)</u> | <u>0</u> | <u>172,361</u> |
| Total Equity and Liabilities | <u>917,778</u> | <u>0</u> | <u>61,600</u> | <u>0</u> | <u>0</u> | <u>979,378</u> |

Notes:
(1) The audited consolidated statement of financial position of the Group as at 31 December 2015 has been extracted without material adjustment from the 2015 Annual Report.
(2) The adjustment reflects the interest and foreign exchange movements on debt from 1 January 2016 to the date of the Capital Restructuring in order to reflect the debt amount and terms contained in the Amendment, Repayment and Equitisation Agreement.

| Section B—Issuer | | |
|-------------------------|---|---|
| | | <p>(3) The adjustment reflects a net increase in cash and cash equivalents of US\$61.6 million taking into account net proceeds pursuant to the Cornerstone Placing, the Firm Placing and Lender Underwriting net of expenses thereof which are estimated to be US\$13.4 million exclusive of VAT and net of debt repayment of US\$200 million (in accordance with the terms of the Amendment, Repayment and Equitisation Agreement). The adjustment of US\$0.1 million to share capital reflects the issue of 87,803,321 New Ordinary Shares at €0.001 nominal value per share. The adjustment of US\$261.5 million to the share premium account reflects the net proceeds pursuant to the Cornerstone Placing, Firm Placing and Lender Underwriting less the aggregate of the value of the equity shares (US\$0.1 million).</p> <p>(4) The adjustment reflects the restructuring of the debt encompassing a debt write off of US\$68.6 million and a Debt Equitisation of US\$23.8 million in accordance with terms of the Amendment, Repayment and Equitisation Agreement (assuming nil proceeds are raised under the Open Offer) together with settlement of Absa fee of US\$0.8 million through the issue of shares and a write off of loan amendment fees previously capitalised of US\$25.9 million. The Debt Equitisation and the issue of the Absa Shares results in the issue of 7,800,941 New Ordinary Shares at €0.001 nominal value per share together with an adjustment of US\$24.4 million to the share premium account.</p> <p>(5) The adjustment reflects the reclassification of debt from current liabilities to non-current liabilities in accordance with the terms of the remaining debt as set out in the Amendment, Repayment and Equitisation Agreement.</p> <p>(6) The unaudited pro forma statement of financial position does not constitute financial statements within the meaning of Company Law. No adjustment has been made to reflect any change in trading performance of the Group since 31 December 2015.</p> |
| B.9 | <i>Where a profit forecast or estimate is made, state the figure:</i> | Not applicable; no profit forecast or estimate is made. |
| B.10 | <i>A description of the nature of any qualifications in the audit report on the historical financial information:</i> | Not applicable. There has been no qualification of the audit reports incorporated into this document by reference for the years ended 31 December, 2015, 2014 and 2013. Whilst not qualified, the audit report for the years ended 31 December 2015 and 2014 included emphases of matter regarding a material uncertainty in respect of going concern and realisation of assets of the Group, while the audit report for the year ended 31 December 2013 included an emphasis of matter in respect of realisation of assets of the Group. |
| B.11 | <i>If the issuer's working capital is not sufficient for the issuer's present requirements an explanation should be included:</i> | Not applicable. The Company is of the opinion that having regard to existing cash resources and available bank facilities and taking into account the net proceeds of the Cornerstone Placing and the Firm Placing and the Lender Underwriting, the Group has sufficient working capital for its present requirements, that is for at least a 12 month periods from the date of this document. |

| Section C—Securities | | |
|-----------------------------|--|--|
| C.1 | <i>A description of the type and the class of securities being offered and/or admitted to trading, including any security identification number:</i> | <p>The Company is proposing to issue a total of up to 117,629,752 New Ordinary Shares. Following the Capital Reorganisation (which will effect a 1 for 200 consolidation of the Existing Ordinary Shares) the Ordinary Shares (and the New Ordinary Shares) will have a nominal value of €0.001 each.</p> <p>The Cornerstone Placing and the Firm Placing comprises in aggregate 78,447,985 New Ordinary Shares of which 31,928,480 New Ordinary Shares are proposed to be issued under the Cornerstone Placing and of which 46,519,505 New Ordinary Shares are proposed to be issued under the Firm Placing.</p> <p>Certain Lenders have agreed to underwrite the Capital Raise to the extent that cash proceeds of the Capital Raise are less than US\$275 million, to a maximum of US\$40.77 million, through their agreement to subscribe for New Ordinary Shares at the Issue Price by equitisation of a matching amount of Project Debt.</p> <p>Based on commitments to participate in the Firm Placing of US\$145.7 million, a maximum of 9,355,335 New Ordinary Shares are issuable pursuant to the Lender Underwriting.</p> |

Section C—Securities

| | | |
|------------|--|--|
| | | <p>The Open Offer (which is not underwritten and in respect of which no participation commitments are in place) comprises in aggregate up to 39,181,767 New Ordinary Shares.</p> <p>In the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), a maximum of 7,609,371 New Ordinary Shares will be issued to Lenders at the Issue Price pursuant to the Debt Equitisation (discharging US\$23.8 million of Project Debt).</p> <p>The Open Offer is not underwritten and any Open Offer Shares not validly taken up or otherwise subscribed for in the Open Offer will not be issued. For the purposes of section 1358 of the Act, the Company confirms that, in the event that Open Offer is not subscribed for in full, the Company will allot and issue that number of Open Offer Shares in respect of which valid subscriptions are received, subject to the conditions of the Open Offer being satisfied.</p> <p>The nominal value of the Enlarged Issued Ordinary Share Capital immediately following the issue of all of the New Ordinary Shares is expected to be €109,513 divided among 109,513,788 Ordinary Shares of nominal value €0.001 each (in the event of nil subscriptions under the Open Offer) or a maximum of €131,730 divided among 131,730,849 Ordinary Shares of nominal value €0.001 each (in the event of all of the New Ordinary Shares available under the Open Offer being subscribed for).</p> <p>Following the Capital Reorganisation the ISIN number of the Ordinary Shares will be IE00BDC5DG00.</p> <p>When admitted to trading, the New Ordinary Shares will be registered with this same ISIN number.</p> <p>The ISIN number for the Open Offer Entitlements is IE00BDBGZ465. The ISIN number for Excess Entitlements is IE00BDBGZ572.</p> |
| C.2 | <i>Currency of the securities issue:</i> | The currency of the issue is US Dollars, save that a sterling and euro Issue Price is also being provided for participants in the Open Offer. |
| C.3 | <i>The number of shares issued and fully paid and issued but not fully paid. The par value per share, or that the shares have no par value:</i> | The aggregate nominal value of the issued share capital of Kenmare immediately following the completion of the Capital Reorganisation and the Capital Raise and Debt Equitisation will be €109,513 divided among 109,513,788 Ordinary Shares of nominal value €0.001 each (in the event of nil subscriptions under the Open Offer) or a maximum of €131,730 divided among 131,730,849 Ordinary Shares of nominal value €0.001 each (in the event of all of the New Ordinary Shares available under the Open Offer being subscribed for), and in each case 2,781,905,503 New Deferred Shares of €0.059995 each, all of which will be issued fully paid. |
| C.4 | <i>A description of the rights attached to the securities:</i> | <p>Each holder of New Ordinary Shares will have the right to attend and vote at meetings of Shareholders of the Company; the right to receive any dividends declared; the right to a <i>pro rata</i> share of the capital of the Company on a liquidation, dissolution or winding-up; and a right of pre-emption on the issue of further Ordinary Shares (subject to dis-application by a resolution of the Company).</p> <p>The New Ordinary Shares to be issued under the Cornerstone Placing and the Firm Placing will not carry an entitlement to participate in the Open Offer.</p> |

| <i>Section C—Securities</i> | | |
|-----------------------------|--|--|
| C.5 | <i>A description of any restrictions on the free transferability of the securities:</i> | <p>The Ordinary Shares and New Ordinary Shares are freely transferable, save that:</p> <ul style="list-style-type: none"> • the Directors in their absolute discretion and without assigning any reason therefor may decline to register any transfer of a share which is not fully paid; • the Directors may also decline to recognise any instrument of transfer unless (a) the instrument of transfer is 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; and (b) the instrument of transfer is in respect of one class of share only. |
| C.6 | <i>An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded:</i> | <p>The Existing Ordinary Shares are listed on the Official Lists (with a secondary listing on the Official List of the Irish Stock Exchange and a premium listing on the Official List of the UK Listing Authority) and are traded on the regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange.</p> <p>Applications have been made to the Irish Stock Exchange and to the UK Financial Conduct Authority for the New Ordinary Shares to be admitted to listing on the Official Lists. Applications have also been made to the Irish Stock Exchange and the London Stock Exchange for the New Ordinary Shares to be admitted to trading on their respective regulated markets for listed securities.</p> <p>In respect of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and the Open Offer, it is expected that Admission will become effective and that dealings in respect of these New Ordinary Shares will commence at 8.00 a.m. on 26 July, 2016. It is expected that dealings in the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and the Open Offer on the respective regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange will commence at 8.00 a.m. on 26 July, 2016.</p> <p>In respect of the New Ordinary Shares to be issued under the Debt Equitisation (if any) and the Lender Underwriting (if any), 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 28 July, 2016. It is expected that dealings in the New Ordinary Shares to be issued under the Debt Equitisation (if any) and the Lender Underwriting (if any) on the respective regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange will commence at 8.00 a.m. on 28 July, 2016.</p> |
| C.7 | <i>A description of the dividend policy:</i> | <p>No dividends were declared or paid during 2015 to Shareholders.</p> <p>The focus for the Company following the completion of the Capital Restructuring will be on delivering capital growth for Shareholders and on paying down Project Debt in accordance with the repayments scheduled under the Amended Financing Agreements and therefore the Board will only commence the payment of dividends as and when it is appropriate and practicable, that is when it becomes financially and commercially prudent to do so. At the operating company level, there is a cash sharing mechanism under the terms of the loans restructured pursuant to the terms of the Amended Financing Agreements in respect of 25% of funds otherwise available for restricted payments, which are required to be used to prepay loans.</p> |

Section D—Risks

| | | |
|-------------------|---|---|
| <p>D.1</p> | <p><i>Key information on the key risks that are specific to the issuer or its industry:</i></p> | <p>The key risk factors relating to the Group are:</p> <p>Non-completion of the Capital Restructuring</p> <ul style="list-style-type: none"> • If the Capital Restructuring is not completed, the Group would not have sufficient working capital and absent an alternative refinancing solution, the Lenders may enforce their security and guarantees or the Directors may be required to initiate a wind-down of some or all of the operations and/or initiate appropriate proceedings in relevant jurisdictions • If the Capital Restructuring Resolutions are not passed and the Capital Restructuring does not proceed it is highly likely that there would be no value returned to Shareholders • The Capital Restructuring is subject to conditions other than a Shareholder vote in favour of the Capital Restructuring Resolutions. Failure to fulfil any one of these conditions will result in the Capital Restructuring not proceeding <p>Risks relating to the Kenmare Group</p> <ul style="list-style-type: none"> • Even on completion of the Capital Restructuring, the Group may have a significant level of indebtedness and may not be able to meet its loan obligations to Lenders in the longer term • Even on completion of the Capital Restructuring, the Group may have a significant level of indebtedness, which may impair its operating and financial flexibility and could adversely affect the business and financial position of the Group • Even if the Capital Restructuring does proceed, Shareholders may not see a return on their investment • The Group’s performance depends on the prices it receives for its products and such prices are subject to factors outside the Group’s control. The Group’s revenue generation, results of operations and financial condition may be significantly and adversely affected by declines in the demand for and prices of ilmenite, zircon and rutile • The Group’s production is concentrated on a single asset, the Moma Mine, and if production is delayed or interrupted, Kenmare’s ability to generate revenue would be harmed, which would have a material adverse effect on its business, financial condition and results of operation • The Group is dependent on contracts with, and the Group has credit exposure to, a number of key customers. If any of these customers ceased dealing with the Group or sought to cancel or defer payment or delivery 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 revenue generation, financial condition and results of operations • 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 |
|-------------------|---|---|

Section D—Risks

- The Group's reserves and resources estimates may be materially different from quantities it may ultimately recover, its estimates of mine life may prove inaccurate and market price fluctuations and changes in operating and capital costs may render certain reserves or resources uneconomic to mine
- The ability of the Group to realise the value of assets included in the consolidated statement of financial position as at 31 December, 2015 and investments in and amounts due from subsidiary undertakings as at 31 December, 2015 in the parent company's statement of financial position is dependent on the successful operation of the Mine and the realization of cash flow forecasts. An emphasis of matter to this effect and reflecting the related uncertainties was included in the independent auditor's report in respect of the financial statements for the year ended 31 December, 2015
- Cashflow constraints have impacted on the continued development of the Moma operation and this may adversely impact on current future production and entail a catch-up spend and further capital being required to improve recoveries. If production, 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
- The Mine is heavily reliant on the power supply and power transmission line to the Mine for which supply may fluctuate. An interruption to the supply of power may have an adverse impact on production at the Mine
- The Group is required to maintain licences for the current mining operation. The permissions, approvals and leases required for the Group's operations are 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 as it does in the current manner. Further, if the Group does not receive the necessary permits, it may not be able to implement its required production plans, which may adversely affect the results of operations or financial condition of the Group
- Kenmare is exposed to a number of operational factors which may be outside its control, does not insure against certain risks and its insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions
- 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 economic instability in Mozambique
- The Group is dependent on the continued services of senior management and skilled technical personnel. Should key personnel leave or should the Group be unable to attract and retain qualified personnel, the Group's business, results of operations and financial condition may be adversely affected

Section D—Risks

| | | |
|-------------------|---|--|
| | | <ul style="list-style-type: none"> • The Company is party to a number of disputes that are subject to resolution through court or arbitral proceedings and may face the risk of other litigation in connection with its business and/or other activities. A substantial legal liability and/or an adverse ruling could have a material adverse effect on the Group’s financial condition • The Company may face the risk of industrial action which could adversely impact on production at the Mine • Physical aspects of the Moma reserve may adversely impact on production including forecast declining head feed grades in the period 2016-2020, to counter which enhancements of the mining fleet, at an estimated costs of US\$100 million over the five year period are envisaged. No such capital expenditure has yet been approved by the Board and the estimates of capital expenditure may alter as further diligence is completed. There will be a capital cost associated with the scheduled move (WCP B in 2022 and WCP A in 2026) from the Namalope deposit to the Nataka deposits. This capital cost may be in excess of the amount currently estimated by the Group and/or the Group may have insufficient resources to finance this capital cost. The WCP A dredge path envisages mining an area known as Monte Filipe in 2017 and into 2018. While this area is within the Mining Concession there is some opposition to the mining based on spiritual and economic grounds. Should the matter not be resolved in a timely fashion, a change in the dredge path to avoid Monte Filipe could have an adverse effect on the Group’s production and consequently on the Group’s business, results of operations and financial condition. • Dry mining operations, which have a higher cost than dredge mining, have been used at the Mine from time to time and may be used in the future <p>Industry Risks</p> <ul style="list-style-type: none"> • Macroeconomic conditions and commodity price volatility may adversely affect the results of operations or financial condition of the Group • Changes in operating and capital costs within the mining industry may adversely affect the results of operations or financial condition of the Group |
| <p>D.3</p> | <p><i>Key information on the key risks that are specific to the securities:</i></p> | <p>The key risk factors relating to the New Ordinary Shares are:</p> <ul style="list-style-type: none"> • The New Ordinary Shares may not be suitable as an investment for all recipients of this Prospectus • Kenmare’s share price has fluctuated and may continue to fluctuate due to a number of factors, some of which are outside the Group’s control • Admission of the New Ordinary Shares may not occur when expected • The Group is exposed to risks related to the referendum in the United Kingdom on the United Kingdom’s continued membership of the European Union, having regard to the uncertainty of the impact of the vote to leave on the fiscal, monetary and regulatory landscape in the UK • An active trading market in the New Ordinary Shares following completion of the Capital Restructuring may not develop |

Section D—Risks

- Shareholders (irrespective of whether they participate in the Open Offer) will experience dilution in their ownership of the Company as a result of the issue of the New Ordinary Shares under the Cornerstone Placing and the Firm Placing (and potentially the Debt Equitisation, the Lender Underwriting and the Government of Mozambique Warrants) and the issue of the Absa Shares
- 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 Raise or any future issue of shares
- A disposal of Ordinary Shares by major Shareholders could adversely depress the market price of Ordinary Shares
- The Cornerstone Investor will hold a significant interest in the Company, and will have an entitlement to nominate up to two Directors to the Board, following completion of the Capital Raise and may be able to exert influence over matters relating to its business. In addition some of the current larger Shareholders will 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
- Pursuant to the Debt Equitisation, Lenders may be issued with in aggregate a maximum of 7,609,371 New Ordinary Shares representing 7.0% of the then Enlarged Issued Share Capital. Pursuant to the Lender Underwriting, certain lenders may be issued with in aggregate a maximum of 9,355,335 New Ordinary Shares representing 8.5% of the then Enlarged Issued Share Capital. There can be no assurance that any major Shareholders (including the Lenders following completion of the Capital Restructuring and to the extent relevant, the expiry of any applicable lock-up) will not elect to sell some or all of their Ordinary Shares
- The market price of the Ordinary Shares could decline as a result of sales of such Ordinary Shares or as a result of the perception that these sales are likely to occur. If these or any other sales were to occur, the Company may in future have difficulty in offering or selling Ordinary Shares at a time or price it deems appropriate.
- The ability of Overseas Shareholders to bring enforcement actions or enforce judgments against Kenmare or the Directors may be limited
- There is a risk that a market price at the post Capital Reorganisation level, notwithstanding that the market capitalisation immediately before and after the Capital Reorganisation will be unchanged, will result in a diminution of liquidity. There is also a risk that the market price of an Ordinary Share following the Capital Reorganisation will fall by a greater amount and percentage than would have been possible prior to the Capital Reorganisation.
- Overseas Shareholders may not be able to exercise future pre-emption rights

| <i>Section E—Offer</i> | | |
|------------------------|--|--|
| E.1 | <i>The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror:</i> | <p>The Company's total maximum net proceeds from the Capital Raise would be approximately US\$ 355.0 million (approximately £ 262.6 million) (assuming the Open Offer is fully subscribed for in cash).</p> <p>The Company's total minimum net proceeds from the Capital Raise are expected to be approximately US\$231.4 million (approximately £171.2 million) (assuming there is nil subscription under the Open Offer, such that 7,609,371 New Ordinary Shares are issued to the Lenders pursuant to the Debt Equitisation).</p> <p>The total estimated costs and expenses of the Capital Raise payable by the Company are approximately US\$13.4 million (excluding recoverable VAT).</p> <p>No expenses will be directly charged to subscribers of the New Ordinary Shares in connection with the Capital Raise.</p> |
| E.2a | <i>Reasons for the offer, use of proceeds and estimated net amount of the proceeds:</i> | <p>The Capital Raise is being conducted in order to provide the Group with additional liquidity and to achieve a Material Deleveraging of the business in accordance with the requirements of the April 2015 Amendment and the terms of the Amendment, Repayment and Equitisation Agreement.</p> <p>The estimated net proceeds are as set out in E.1 above.</p> <p>The Company's principal use of the net proceeds of the Capital Raise will be for the Group's working capital requirements and to reduce debt. The first \$75 million (approximately £55.4 million) in gross cash proceeds will be available to the Company for working capital purposes and to discharge expenses.</p> <p>US\$200 million (approximately £147.9 million) of the net proceeds (as a result of cash proceeds and to the extent necessary the Lender Underwriting) will be used to repay and discharge in aggregate US\$268.6 million of Project Debt and Accrued Interest pursuant to the terms of the Amendment, Repayment and Equitisation Agreement.</p> <p>To the extent that funds additional to the US\$275 million are raised such funds will be used to discharge debt which would otherwise be subject to the Equitisation and to discharge remaining debt, in each case on the basis that every US\$3 raised discharges US\$4 debt.</p> |
| E.3 | <i>A description of the terms and conditions of the offer:</i> | <p>The Company intends to raise US\$245.7 million (approximately £181.7 million)(gross) by way of the Cornerstone Placing and the Firm Placing at US\$3.132 per New Ordinary Share.</p> <p>The Company may raise a maximum of a further US\$122.7 million (gross) (approximately £90.8 million) by way of the Open Offer at US\$3.132 (£2.317 or €2.818) per New Ordinary Share. A maximum of 9,355,335 New Ordinary Shares may be issued under the Lender Underwriting (based on the commitments to participate in the Firm Placing) but this number would be reduced by additional cash subscriptions under the Open Offer, and eliminated in the event that total cash subscriptions under the Cornerstone Placing, Firm Placing and Open Offer were US\$275 million.</p> <p>The Cornerstone Placing, the Firm Placing and the Open Offer are further detailed below:</p> |

Section E—Offer

Cornerstone Placing

The Company intends to raise US\$100 million (approximately £73.9 million) (gross) through the Cornerstone Placing by way of the issue of in aggregate 31,928,480 New Ordinary Shares to the Cornerstone Investor, SGRF, on and subject to the terms of the Cornerstone Subscription Agreement.

Firm Placing

The Company intends to raise US\$145.7 million (approximately £107.8 million) (gross) through the Firm Placing by way of the issue of in aggregate 46,519,505 New Ordinary Shares at the Issue Price to certain institutional investors including the Committed Shareholder. The Firm Placing is not subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Firm Placing is subject to the same conditions which apply to the Open Offer. The Firm Placing is not subject to any or a minimum level of funds being raised under the Open Offer.

The New Ordinary Shares to be issued under the Cornerstone Placing and the Firm Placing will not carry an entitlement to participate in the Open Offer.

Certain Lenders have agreed to underwrite the Capital Raise to the extent that cash proceeds of the Capital Raise are less than US\$275 million, to a maximum of US\$40.77 million, through their agreement to subscribe for New Ordinary Shares at the Issue Price by equitisation of a matching amount of Project Debt. A maximum of 9,355,335 New Ordinary Shares may be issued under the Lender Underwriting (based on the commitments to participate in the Firm Placing) but this number would be reduced by additional cash subscriptions under the Open Offer, and eliminated in the event that total cash subscriptions under the Cornerstone Placing, Firm Placing and Open Offer were US\$275 million.

Open Offer

The Company may raise up to approximately US\$122.7 million (approximately £90.8 million) (gross) through the Open Offer by way of the issue of up to 39,181,767 New Ordinary Shares at the Issue Price. The Open Offer is not underwritten and, save for a commitment by M&G to subscribe for such number of New Ordinary Shares under the Open Offer as would, when added to its existing totaling and the New Ordinary Shares subscribed for by M&G under the Firm Placing, mean that its resultant holding would equal 19.97% of the then Enlarged Issued Share Capital, there are no participation commitments in place in respect of Open Offer Entitlements.

In the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), a maximum of 7,609,371 New Ordinary Shares will be issued to Lenders at the Issue Price pursuant to the Debt Equitisation (discharging US\$23.8 million of Project Debt).

New Ordinary Shares will be available to Qualifying Shareholders under the Open Offer on the basis of:

1 New Ordinary Share (reflecting the Capital Reorganisation) for every 71 Existing Ordinary Shares

Section E—Offer

held on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held and otherwise on the terms and conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form.

In addition, pursuant to the Excess Application Facility, Qualifying Shareholders may apply for New Ordinary Shares in excess of their Open Offer Entitlements. If the total number of New Ordinary Shares applied for by all Qualifying Shareholders exceeds 39,181,767, applications made under the Excess Application Facility will be scaled back pro rata to the number of New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility.

The Capital Restructuring is conditional, *inter alia*, on (i) the passing of all of the Capital Restructuring Resolutions at the EGM; (ii) Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer becoming effective by not later than 26 July, 2016 (or such other date as is provided for herein); (iii) the Cornerstone Subscription Agreement having become unconditional in all respects and not having been terminated in accordance with its terms; (iv) the Placing Commitments having become unconditional in all respects and not having been terminated in accordance with their terms; (v) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms; and (vi) those conditions to the Admission Effective Date under the Amendment, Repayment and Equitisation Agreement that fall to be satisfied or waived prior to Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer having been satisfied or waived and the Amendment, Repayment and Equitisation Agreement not having been terminated in accordance with its terms.

It is intended that: (i) Application Forms will be despatched to Qualifying Non-CREST Shareholders (other than Excluded Shareholders) on or about 1 July 2016; (ii) the stock accounts of Qualifying CREST Shareholders (other than Excluded Shareholders) will be credited with Open Offer Entitlements, with effect from 8.00 a.m. on 4 July, 2016; (iii) the New Ordinary Shares will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their entitlements (including Excess Applications to the extent satisfied) under the Open Offer as soon as practicable after 8.00 a.m. on 26 July, 2016; and (iv) the share certificates for the New Ordinary Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders (or their nominees) who validly take up their entitlements (including Excess Applications to the extent satisfied) under the Open Offer by not later than 5 August, 2016. The Cornerstone Placing and the Firm Placing will also complete in this timetable (subject to prior satisfaction of the conditions) with Admission of the New Ordinary Shares to be issued under the Cornerstone Placing and the Firm Placing expected to occur on 26 July, 2016.

Qualifying Shareholders with registered addresses in the United States or in any of the other Excluded Territories will not be sent Application Forms and will not have their CREST stock accounts credited with Open Offer Entitlements, except where the Company and the Joint Bookrunners are satisfied that such action would not result in the contravention of any applicable law or registration or other legal or regulatory requirement in such jurisdiction.

Section E—Offer

| <p>E.4</p> | <p><i>A description of any interest that is material to the issue/offer including conflicting interests:</i></p> | <p>Not applicable. There is no interest, including any conflicting interest, that is material to the Company or the Capital Raise.</p> | | | | | | | | | | | | | | | | | | | | |
|--|--|---|------------------|---|--|----------------|----------------|----------------------------|---|--|--|-------|-------|----------------------|----|-------|--|----|-------|----------------------------------|-------|-------|
| <p>E.5</p> | <p><i>Name of the person or entity offering to sell the security:</i></p> <p><i>Details of any lock-up agreements; the parties involved; and indication of the period of the lock-up:</i></p> | <p>Kenmare Resources plc</p> <p>Under the terms of the SGRF Subscription Agreement, SGRF has agreed to a lock-up on New Ordinary Shares subscribed for pursuant to the Cornerstone Placing for a 12 month period following Completion. The lock-up is subject to certain customary exceptions including disposals pursuant to a court order, acceptance of a takeover offer or participation in a scheme of arrangement.</p> <p>To the extent that Lenders receive New Ordinary Shares pursuant to the Debt Equitisation or the Lender Underwriting, they will be subject to a lock-up on such New Ordinary Shares for a 179 day period following Completion.</p> | | | | | | | | | | | | | | | | | | | | |
| <p>E.6</p> | <p><i>The amount and percentage of immediate dilution resulting from the offer. In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer:</i></p> | <p>Upon Admission, the Enlarged Issued Share Capital is expected to be 109,513,788 Ordinary Shares in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), with the result that the Debt Equitisation occurs in respect of its maximum amount or 131,730,849 Ordinary Shares in the event that the Open Offer is subscribed for in full.</p> <p>The Capital Raise and the Capital Restructuring will result in substantial dilution for Existing Shareholders in their interests in the Company. The following table shows the dilution to the issued share capital pursuant to the Capital Raise and the Capital Restructuring:</p> <table border="1" data-bbox="550 1242 1407 1503"> <thead> <tr> <th rowspan="2"><u>Component</u></th> <th colspan="2"><u>Dilution to issued share capital</u></th> </tr> <tr> <th><u>Minimum</u></th> <th><u>Maximum</u></th> </tr> </thead> <tbody> <tr> <td>Current position</td> <td align="center">—</td> <td></td> </tr> <tr> <td>Cornerstone Placing and Firm Placing</td> <td align="right">84.9%</td> <td align="right">84.9%</td> </tr> <tr> <td>Open Offer</td> <td align="right">0%</td> <td align="right">90.1%</td> </tr> <tr> <td>Equitisation of Project Debt</td> <td align="right">0%</td> <td align="right">87.3%</td> </tr> <tr> <td>Position at Completion</td> <td align="right">59.7%</td> <td align="right">89.4%</td> </tr> </tbody> </table> <p>On this basis, the New Ordinary Shares, the subject of the Cornerstone Placing and Firm Placing and Open Offer (in the event that the Open Offer is subscribed for in full), will represent approximately 89.3% of the Company's Enlarged Issued Ordinary Share Capital.</p> <p>Shareholders who do not or cannot participate in the Open Offer will have their proportionate shareholdings in the Company diluted by approximately 87.3% as a consequence of the issue of the New Ordinary Shares issued under the Cornerstone Placing, and Firm Placing (including to the extent necessary the Lender Underwriting Shares), the Absa Shares and the Lender Shares in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate or by approximately 89.4% in the event that the Open Offer is subscribed in full.</p> | <u>Component</u> | <u>Dilution to issued share capital</u> | | <u>Minimum</u> | <u>Maximum</u> | Current position | — | | Cornerstone Placing and Firm Placing | 84.9% | 84.9% | Open Offer | 0% | 90.1% | Equitisation of Project Debt | 0% | 87.3% | Position at Completion | 59.7% | 89.4% |
| <u>Component</u> | <u>Dilution to issued share capital</u> | | | | | | | | | | | | | | | | | | | | | |
| | <u>Minimum</u> | <u>Maximum</u> | | | | | | | | | | | | | | | | | | | | |
| Current position | — | | | | | | | | | | | | | | | | | | | | | |
| Cornerstone Placing and Firm Placing | 84.9% | 84.9% | | | | | | | | | | | | | | | | | | | | |
| Open Offer | 0% | 90.1% | | | | | | | | | | | | | | | | | | | | |
| Equitisation of Project Debt | 0% | 87.3% | | | | | | | | | | | | | | | | | | | | |
| Position at Completion | 59.7% | 89.4% | | | | | | | | | | | | | | | | | | | | |

| <i>Section E—Offer</i> | | |
|------------------------|---|---|
| | | A Qualifying Shareholder who does take up their pro rata entitlement under the Open Offer, will have his proportionate shareholding in the Company diluted by approximately 59.7% as a consequence of the issue of the New Ordinary Shares issued under the Cornerstone Placing, and Firm Placing and assuming that the Open Offer is subscribed in full. |
| E.7 | <i>Estimated expenses charged to the investor by the issuer or the offeror:</i> | Not applicable. Investors will not be charged expenses by the Company in respect of the Capital Raise. |

PART 2
RISK FACTORS

Any investment in New Ordinary Shares is subject to a number of risks. Accordingly, prior to making any investment decision, prospective investors should carefully consider all the information contained in this document and incorporated by reference into this document and in particular, the risk factors described below. Some of the following factors relate principally to the Group's business and the sector in which it operates. Other factors relate principally to an investment in New Ordinary Shares.

The Board considers the following risks to be material for potential investors in the Company. Additional risks and uncertainties not currently known to the Group, or that the Group currently deems immaterial, may also have an adverse effect on the Group's business, financial condition, prospects and/or results of operations. In such a case, the market price of New Ordinary Shares could decline and investors may lose all or part of their investment. Prospective investors should read this section in conjunction with this entire document.

1. RISKS RELATING TO THE CAPITAL RESTRUCTURING

If the Capital Restructuring is not completed, the Group would not have sufficient working capital

Since the end of August 2015, the Group has not been in a position to satisfy that covenant of its Project Loans which requires the Company to furnish to its Lenders a forecast (prepared on a prescribed basis) showing that it has sufficient cash to meet a US\$10 million cash financial covenant (the "New Financial Covenant"). Breach of this covenant constitutes an event of default under the Project Loans. In addition as a result of being unable to demonstrate that the Group could repay the Super Senior Facility by April 2017 it has been unable to draw further Super Senior Loans for working capital purposes. In addition, under the terms of the April 2015 Amendment, the Group was required, in certain circumstances (such circumstances being related to the scenario where the Company was not acquired by way of a recommended bid, and therefore such circumstances having arisen), to present a proposal to the Lenders for a material deleveraging of the Group, with this proposal being required to be agreed with the Lenders by 31 January, 2016. While Kenmare did present a deleveraging plan to Lenders within the prescribed time frame, this plan was not agreed by the Lenders by 31 January, 2016, resulting in an event of default. The Project Loans have not, as of the Latest Practicable Date, been called by the Lenders as a result of these or certain other events of default.

The Capital Restructuring, if implemented, will address existing events of default, including the event of default related to the New Financial Covenant. In addition the Capital Restructuring, if implemented, represents a deleveraging plan which has been agreed with the Lenders and which will therefore satisfy the related requirement and remedy the related event of default.

If the Capital Restructuring is not completed, the Company is of the opinion that, having regard to existing cash resources, the Group does not have sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this Prospectus.

If the Capital Restructuring is not completed, to address such working capital shortfall, the Group would (in each case to the extent, and for the duration of any period, permitted by the Lenders at that time) immediately seek to agree and implement an alternative deleveraging plan that was acceptable to all relevant stakeholders. Actions that may be considered, and which the Group would immediately seek to agree and implement, would include seeking to pursue alternative sources of liquidity, including seeking debt financing, seeking a renegotiation of existing debt facilities, seeking alternative equity financing, attempting the disposal of a strategic stake in the Mine, and/or attempting the outright disposal of the Mine. However the debt capacity of the Group in current market conditions (EBITDA in respect of the year ended 31 December, 2015 was negative US\$11.5 million (2014:US\$9.4 million positive) is such that it may not be possible to raise additional debt. In addition, the fact that the Company received no other approaches to acquire the Company on a going concern basis during the 18 month period in which it was in an offer period following the June 2014 approach by Iluka, and the fact that discussions with other prospective strategic investors have been curtailed following the commitment from the Cornerstone Investor, indicate that the prospect of a disposal of the Company or the Mine and/or of a material equity injection other than the Capital Raise may be remote. There is no guarantee, and indeed a high degree of uncertainty, that any alternative plan could be agreed or implemented within the timeframes dictated by the limited remaining liquidity reserves of the Group and any extended timeframes for agreement and

implementation would require both the consent of Lenders and the provision of additional liquidity (which may not be provided by the Lenders) during the period to completion.

If the Capital Restructuring is not completed, absent an alternative restructuring solution acceptable to its Lender Group, the Lender Group, having regard to existing and other events of default that would then have occurred under the Financing Agreements (unless they were to agree to waive such events of default), may, following notice and after compliance with certain timing constraints, accelerate the payment of all sums arising under the Project Loans (including accrued interest), enforce the security and guarantees granted to the Lender Group (including by enforcing their security over the Mine) and/or take any other action permitted to be taken should a waiver not be granted by the Lender Group.

Furthermore, if the Capital Restructuring is not completed and absent support and additional funds from the Lenders, the Directors are of the opinion that the Group would not have adequate resources for the foreseeable future and the Group may be required to initiate a wind-down of some or all of its operations and/or initiate appropriate proceedings in relevant jurisdictions. In the absence of completion of the Capital Restructuring, it is expected that such action may be taken by the Lenders and/or by the Directors in a relatively short time frame (one to two months).

Any such action would be detrimental to the Group's financial condition and may cause the Group to cease trading. Whilst the precise outcome of a receivership, liquidation or other enforcement process cannot be predicted with any degree of certainty, it would severely impair Company and Shareholder value.

The Board believes, based on the advice of its financial and legal advisors, that the Capital Restructuring represents a substantially better outcome for Shareholders than they would obtain in a receivership or other court-administered insolvency process. A receivership or other court-administered insolvency may not result in a return being available to holders of common equity. On the enforcement by a Lender of their security, a sale of the Company's assets may be initiated and the proceeds applied against the Groups' outstanding debt facilities. Any potential equity shareholders' return would be dependent on the sale price achieved being in excess of the level of outstanding debt (as at 31 December, 2015 total debt outstanding was US\$367.8 million), with the sale price achievable in such a process subject to high levels of uncertainty.

The Company is of the opinion that having regard to existing cash resources and available bank facilities and taking into account the net proceeds of the Cornerstone Placing and the Firm Placing and the Lender Underwriting, the Group has sufficient working capital for its present requirements, that is for at least a 12 month period from the date of this Prospectus.

If the Capital Restructuring Resolutions are not passed and the Capital Restructuring does not proceed it is highly likely that there would be no value returned to Shareholders

In order for the Capital Restructuring to proceed, Shareholders must approve the Capital Restructuring Resolutions. If the Capital Restructuring does not occur, the Group will not benefit from the material injection of equity capital and significant debt reduction provided by the Capital Restructuring and the various events of default under the April 2015 Amendment will not be remedied. Furthermore, if the Capital Restructuring is not completed and absent support and additional funds from the Lenders, the Directors are of the opinion that the Group would not have adequate resources for the foreseeable future and the Group may be required to initiate a wind-down of some or all of its operations and/or initiate appropriate proceedings in relevant jurisdictions. In the absence of completion of the Capital Restructuring, it is expected that such action may be taken by the Lenders and/or by the Directors in a relatively short time frame (one to two months). As noted under the risk factor above entitled "***If the Capital Restructuring is not completed, the Group would not have sufficient working capital***", the Board believes, based on the advice of its financial and legal advisors, that the Capital Restructuring represents a substantially better outcome for Shareholders than they would obtain in a receivership or other court-administered insolvency process. A receivership or other court-administered insolvency may not result in a return being available to holders of common equity. On the enforcement by a Lender of their security, a sale of the Company's assets may be initiated and the proceeds applied against the Groups' outstanding debt facilities. Any potential equity shareholders' return would be dependent on the sale price achieved being in excess of the level of outstanding debt (as at 31 December, 2015 total debt outstanding was US\$367.8 million), with the sale price achievable in such a process subject to high levels of uncertainty.

The Capital Restructuring is subject to conditions other than a Shareholder vote in favour of the Capital Restructuring Resolutions. Failure to fulfil any one of these conditions will result in the Capital Restructuring not proceeding

Even if the Capital Restructuring Resolutions are passed, in order for the Capital Restructuring to be implemented in full there are other conditions that need to be fulfilled, including:

- (i) that the Capital Restructuring Agreements become unconditional in all respects and are not terminated in accordance with their respective terms; and
- (ii) Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer.

Each of the Cornerstone Subscription Agreement and the Placing and Open Offer Agreement may be terminated by, in the case of the SGRF Subscription Agreement, SGRF, and in the case of the Placing and Offer Agreement, the Brokers, in the event of a material adverse change (as defined in the respective agreements) occurring during the period following the date of the Prospectus and prior to Admission.

Moreover, the steps required to be taken to successfully effect the Capital Restructuring are inter-conditional. If any one of the Cornerstone Placing, the Firm Placing and, to the extent relevant the Lender Underwriting and the Open Offer or (in the event of nil proceeds being raised under the Open Offer) the Debt Equitisation does not occur, the Capital Restructuring will not take effect. If the Capital Restructuring does not occur, the Group will not benefit from the material injection of equity capital and significant debt reduction provided by the Capital Restructuring.

For the risks associated with the Capital Restructuring not completing, see ***“If the Capital Restructuring is not completed, the Group would not have sufficient working capital”***.

The Autoridade Tributaria de Mocambique (the “AT”), the Mozambican tax authority, may determine that the Ordinary Shares derive their value principally from Mozambican mining concessions and, accordingly, are chargeable assets for Mozambican capital gains tax purposes

The Autoridade Tributaria de Mocambique (the “AT”), the Mozambican tax authority, may determine that the Ordinary Shares derive their value principally from Mozambican mining concessions and, accordingly, are chargeable assets for Mozambican capital gains tax purposes. Under Mozambican tax law, shareholders, whether or not resident in Mozambique for tax purposes, who dispose of, or acquire shares deriving their value principally from Mozambican mining concessions, and the issuer company or its subsidiaries which hold such Mozambican mining concessions, can potentially be liable, on a joint and several basis, to Mozambican tax on an acquisition or disposal of such shares. The Mozambican capital gains tax rate is currently 32%. There is a statutory obligation under Mozambican law to account for Mozambican tax on a self-assessment basis.

In the absence of a mechanism for the collection of tax from non-resident vendors and purchasers, the AT has in the past operated a practice whereby action taken to pursue any such tax liability arising on a sale of shares (other than that arising on a change of control of the share issuing company) is taken against the share issuing company, or its subsidiaries with Mozambican mining concessions, only. No further action is taken to pursue any liability to such tax in respect of persons who are regarded as not being resident in Mozambique. The Company has, accordingly, been advised that, other than in circumstances where there were a change of control of the Group (in which circumstances the AT may seek to pursue any such tax liability from the vendor or purchaser), the AT would, if taking action to pursue any such liability to tax in connection with a sale of shares, seek to hold the Project Companies liable to such tax. The Company considers, however, that, in its circumstances and having regard to the terms of the Implementation Agreement, no such liability to Mozambican tax should arise for the Project Companies and the Group.

There can be no assurance that the AT will continue to apply this practice of taking no action to pursue any liability to such tax in respect of the Ordinary Shares in respect of persons who are regarded as not being resident in Mozambique. However, neither Ireland, nor the UK, nor many other jurisdictions, have any agreement with Mozambique which includes provision for mutual assistance in the recovery of tax debts. The ability of the AT to pursue any tax liability against Shareholders in such jurisdictions who do not bring themselves within the jurisdiction of the courts in Mozambique is, accordingly, limited by that principle of international tax law (applied in Ireland, the UK and other jurisdictions) which precludes the courts in a jurisdiction in which the principle is applied from assisting in the collection of foreign tax debts.

2. RISKS RELATING TO THE KENMARE GROUP

Even on completion of the Capital Restructuring, the Group may have a significant level of indebtedness and may not be able to meet its loan obligations to Lenders in the longer term

Following the application of the net proceeds of the Capital Raise in the manner set out in section 3 of Part 7 of this document and any or all of the Debt Equitisation occurring (in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is at least US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting) but not more than US\$275 million, the Group will continue to have a significant level of indebtedness (US\$100 million). The level of indebtedness will reduce (on a US\$4 for US\$3 basis) if more than US\$275 million cash is raised pursuant to the Capital Raise. 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 and to curtail increases in operating and/or capital cost.

Furthermore the terms of the Group's Project Loans under the Amendment, Repayment and Equitisation Agreement include a number of covenants (including operational, organisational, insurance and financial covenants) applicable to the Group. Any failure to comply with any of the foregoing provisions could result in an event of default under the Financing Agreements. The details of these covenants are set out in section 14 of Part 15 of this document.

The situations addressed in this risk factor, if arising, would not qualify the Group's statement as to the sufficiency of working capital for the next twelve months contained in section 21 of Part 15 of this Prospectus.

Even on completion of the Capital Restructuring, the Group may have a significant level of indebtedness, which may impair its operating and financial flexibility and could adversely affect the business and financial position of the Group

Even on completion of the Capital Restructuring and in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is at least US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), but not more than US\$275 million, the Group will have a significant amount of indebtedness (US\$100 million) which may impair its operating and financial flexibility and could adversely affect the business and financial position of the Group. The level of indebtedness will reduce (on a US\$4 for US\$3 basis) if more than US\$275 million cash is raised pursuant to the Capital Raise. The Group's level of indebtedness 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 Restructuring, 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 Restructuring, 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.

Even if the Capital Restructuring does proceed, Shareholders may not see a return on their investment

Even if the Capital Restructuring does proceed, the future market value of Ordinary Shares and the ability of the Group to be in a position to return value to Shareholders for their investment will continue to be highly dependent *inter alia* on the prices that the Group secures for its ilmenite, zircon and rutile products. The Group's realised prices for ilmenite, zircon and rutile would need to increase substantially above current levels for Shareholders to receive a return on their investment, and this is outside the control of Kenmare. If prices remain at their current levels for a prolonged period of time, or decline further, it is possible that Kenmare's ability to comply with the terms of its Amended Financing Agreement would be compromised, that capital expenditure at the Mine would suffer, which would in turn be expected to impact on product recovery levels, that no dividends would be declared, paid, or made and that Kenmare would be unable otherwise to return any value to its Shareholders and the market value of the Ordinary Shares may deteriorate. See also the section entitled "*Risks relating to Product Prices*".

The situations addressed in this risk factor, if arising, would not qualify the Group's statement as to the sufficiency of working capital for the next twelve months contained in section 21 of Part 15 of this Prospectus.

The Group's performance depends on the prices it receives for its products

The Group's revenue and earnings depend upon the demand for and prevailing prices of ilmenite, zircon and rutile. Such prices are based on world supply and demand and are subject to large fluctuations in response to changes in the demand for such products, whether as a result of uncertainty or a variety of additional factors also beyond the Group's control, as well as changes in supply, including as a result of new heavy mineral sands projects commencing production or closure of existing operations. Weighted average prices for Kenmare's products (on a Free on Board ("FOB") basis) in 2015 declined 16% compared to 2014. Demand for the Group's products may be reduced by thrifting or substitution by users of the Group's products. The Group's revenue generation, results of operations and financial condition may be significantly and adversely affected by declines in the demand for and prices of ilmenite, zircon and rutile.

The Group's production is concentrated on a single asset, the Moma Mine, and if production is delayed or interrupted, Kenmare's ability to generate revenue would be harmed, which would have a material adverse effect on its business, financial condition and results of operation

As a result of the concentration of its production on Moma, Kenmare is exposed, without the benefit of diversity which would come from multiple assets at multiple locations, to the effect of disruptions, loss of licence or interests at Moma, government regulation, processing or transportation capacity constraints, availability of equipment, equipment failure, facilities, personnel or services market limitations, weather events, or interruption of the transportation of diesel.

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. If the marine terminal were 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, each of 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. The Group operates two trans-shipment vessels which transport products from the jetty to the trans-shipment point, where they self-discharge into the customer's vessel. If both trans-shipment vessels became unavailable or were simultaneously in need of repair, the Group would seek to implement alternative methods of loading customers' vessels. 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 and its 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.

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 2016 to the Latest Practicable Date, 100% of the Group's revenues was derived from sales to less than ten customers. If any customer were to cease dealing with the Group or if any such customer with an existing off-take contract sought to cancel or defer delivery or payment, 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 revenue generation, financial condition and results of operations.

Further, the Group's contracts and sales process is such that, other than in specific cases where pre-payment has been negotiated by the Group, the customer receives the product prior to the due date for payment. If any of the customers were unable to or failed to pay for such products, then, unless the relevant customer's invoice had been factored (pursuant to the terms of the Factoring Agreement, details of which are incorporated into this document as referred to under section 14 of Part 15 of this document), this would have an adverse impact on the Group's revenue generation, result of operations or financial condition. Contracts can vary in duration from less than a year to up to five years, with the possibility of extensions of duration by the relevant customer. In the case of zircon, rutile and spot ilmenite sales, prices are generally variable in nature and agreed at the time of order.

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. If the increase in prevailing market prices for the Group's products that is anticipated by the Directors (further detail in relation to which is set out in section 5 of Part 10 of this document) 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.

The Group fixes its prices for its products under certain contracts by 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 balance of the Group's products are sold to its customers under contracts providing for the delivery of fixed volumes with annual or semi-annual price negotiations or under spot contracts for specific shipments. As some of the Group's products are sold under contracts at fixed price, or price set by a discount to market price, the Group will not capture the full benefit of any increase in prevailing market prices for the Group's products.

Uncertainties in relation to the realization of assets of the Group

The ability of the Group to realise the value of property, plant and equipment of US\$835 million included in the consolidated statement of financial position as at 31 December, 2015 and investments in and amounts due from subsidiary undertakings of US\$559 million as at 31 December, 2015 in the parent company's statement of financial position is dependent on the successful operation of the Mine and the realization of cash flow forecasts. An emphasis of matter to this effect and reflecting the related uncertainties was included in the independent auditor's report in respect of the financial statements for the year ended 31 December, 2015 and it was noted that no adjustments relating to the uncertainties concerning the realization of assets had been included and that the ultimate outcome could not be determined at the time of the audit report.

The Group's reserves and resources estimates may be materially different from quantities it may ultimately recover, its estimates of mine life may prove inaccurate and market price fluctuations and changes in operating and capital costs may render certain reserves or resources uneconomic to mine

The reserves and resources of the Group were compiled by Mr Paul Leandri (MAusIMM and MAIG) and Dr Alastair Brown (FIMMM). Both Mr Leandri and Dr Brown have sufficient experience relevant to the

style of mineralisation and type of deposit under consideration and to the activity which they undertook to qualify as Competent Persons as defined in the JORC Code 2012.

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

Cashflow constraints have impacted on the continued development of the Moma operation and this may adversely impact on current or future production

Due to cashflow constraints in recent years, pressures have been placed on the capital budgets allocated to the Moma operation. This has impacted the continued development of the Moma operation in terms of operational efficiency, with the principal areas impacted being the Group's replacement strategy for mobile equipment used to support the operations and the Group's planning for improvement of product recovery and quality in the mineral separation plant.

Kenmare has not followed in recent years a defined replacement strategy for the mobile equipment used to support the Moma operations. There is a risk that without further investment in new equipment, production rates at Moma may be impacted. Kenmare has sought to mitigate this risk through measures to extend the life of the existing equipment and rentals but a catch-up spend is required.

Kenmare has delayed implementation of identified projects for the improvement of product recovery and quality in the mineral separation plant.

If production, process or recovery rates are lower than anticipated, the Group may generate lower cashflow and/or revenue than anticipated which would result in an adverse effect on the Group's results of operations and financial condition.

See also the risk factor entitled "*Physical aspects of the Moma reserve may impact adversely on production*"

The Mine is heavily reliant on the power supply and power transmission line to the Mine for which supply may fluctuate

The Mine is highly reliant on the power supply comprising the Cahora Bassa hydroelectric power station on the Zambezi River, the electricity transmission system of northern Mozambique that is owned and operated by the national power company Electricidade de Mocambique ("EdM") and a single 170km transmission line to the Mine from the Nampula substation.

Power stability in the northern transmission system of EdM remains a point of focus for the Board and management.

In the first quarter of 2015 northern Mozambique experienced exceptional heavy rains and unprecedented flooding. The unprecedented flooding resulted in sections of the transmission line being brought down, cutting power to the Mine for extended periods. Physical loss of power lines had not been experienced before in Kenmare's operations.

EdM has, since this time, been investing in the power line infrastructure to increase capacity on the power network servicing the Moma Mine, from 118MW to 168MW. While power supply quality remained poor during 2015, since December 2015 there has been a marked improvement in power quality and consistency and further equipment is expected to be installed through 2016, providing another 10MW of capacity. Additions to date appear to have fixed the network overloading issues which were previously the cause of voltage collapse during peak demand periods. These improvements in grid capacity help to provide a more stable power supply to the Mine, with additional capacity to allow for increased power needs in the future.

Despite these measures, there is no certainty that there will not be further power interruptions which could affect production.

If either the Cahora Bassa power station 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 could impact customer relationships and have an adverse impact on the Group's trading and financial position. The independent 10MW diesel generation capability at the Mine partially mitigates such risk. While the Group has insurance covering business interruption in respect of its operations, such insurance may not be sufficient and/or fully cover the consequences of such business interruption. No assurance can be given that such insurance will continue to be available, or that it will be available at economically feasible premiums.

The Mine is heavily reliant on diesel, the price for which may fluctuate

Certain of the Group's operations and facilities are intensive users of diesel. Factors effecting the global energy market, such as the level of supply of oil by OPEC, the level of supply of oil by the fracking industry in the US and the level of economic activity and subsequent demand for oil in China are beyond the control of the Group and may put upward pressure on the prices paid by the Group for the fuel and energy used by it.

Any increases in energy costs will adversely affect the results of operations or financial condition of the Group.

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

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 26 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.

The Company is not aware of any incidents which may result in the Mining Concession, Mineral Licensing Contract or Implementation Agreement being revoked by the Government of Mozambique.

The permissions, approvals and leases required for the Group's operations are 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 its required production plans which may adversely affect the results of operations or financial condition of the Group.

Kenmare is exposed to a number of operational factors which may be outside its control, does not insure against certain risks and its insurance coverage may not be adequate for covering losses arising from potential operational hazards and unforeseen interruptions

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, contained whether expressly or by implication in this Prospectus or in information incorporated by reference into this Prospectus. See section 15 of Part 15 of this Prospectus for further details on potential legal liabilities.

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.

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

Interest rates on the Group's bank loans are both fixed and variable. The variable rates are based on six month US Dollar LIBOR. All the euro loans are fixed rate. Under the April 2015 Amendment all Subordinated Loans were fixed at 11%. The Group is exposed to movements in interest rates which affect the amount of interest paid on borrowings. As at 31 December 2015, 86% of the Group's debt (US\$294.9 million) was at fixed interest rates and 14% (US\$47.0 million) was at variable interest rates. (Source: Kenmare Annual Report and Accounts 2015) On completion of the Capital Restructuring the interest rate on each tranche will be revised to LIBOR plus a margin. From and including the Second Supplemental Effective Date to but excluding 1 February 2020, the margin will be 4.75%. From and including 1 February 2020 and thereafter, the margin will be 5.50%.

Any increase in the six month US Dollar LIBOR would increase finance costs and therefore have a negative effect on the Group's profitability.

The Group's corporate and Project Loans are denominated in US Dollars and euro. At 31 December 2015, the loan balance comprised US\$171.7 million denominated in US Dollars and US\$170.2 million denominated in euro. (Source: Kenmare Annual Report and Accounts 2015) However, upon completion of the Capital Restructuring, all outstanding loans will be denominated in US Dollars. All the Group's sales are denominated in US Dollars.

Group operating and capital costs are denominated in US Dollars, South African Rand, Mozambican Metical, euro, sterling, and to a lesser extent in Australian Dollars, Singapore Dollars and Chinese Renminbi. Fluctuations in these currencies will affect the Group's financial results. In this regard it is noted that there is a heightened expectation for exchange rate volatility as between sterling and other currencies having regard to the vote in the UK on 23 June, 2016 on its membership of the European Union. One of the mechanisms to mitigate this risk is the setting of the Issue Price in the Cornerstone Placing and the Firm Placing in US Dollars, thereby helping to ensure that the Company has the required funds in the required currency to deliver against its commitments under the Amendment, Repayment and Equitisation Agreement and for the Group's working capital purposes.

The Group could face increased risk and uncertainty in the event of political and economic instability in Mozambique

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

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 Mine is subject to the environmental laws and standards in force in Mozambique, together with international standards and guidelines of the World Bank, African Development Bank and FMO, as well as its own policies. The Mine applies the International Finance Corporation ("IFC") Performance Standards (2006), as set out in the Environmental Management Plan ("EMP") and is targeting compliance with the IFC Performance Standards 2012. The Mine consistently seeks to apply best practice in all of its activities. The above standards relate to emissions, effluent treatment, noise, radiation, water quality, rehabilitation, management of social impacts, amongst others. Where standards differ, Kenmare has committed to meeting the most stringent standard applicable. 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 considers that further environmental laws and/or regulations may be implemented to protect the environment and quality of life, given sustainable development and other similar goals which governmental and supra-governmental organisations and other bodies have been pursuing.

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.

The Group is dependent on the continued services of senior management and skilled technical personnel. Should key personnel leave or should the Group be unable to attract and retain qualified personnel, the Group's business, results of operations and financial condition may be adversely affected.

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. Due to the increasing extractive industry activity in Mozambique and new projects in the heavy mineral sands industry in recent years, the Group has encountered increasing competition in attracting and retaining experienced mining professionals. Should key personnel leave or should the Group be unable to attract and retain qualified personnel, the Group's business, results of operations and financial condition may be adversely affected.

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

The Group is a party to a number of disputes that are subject to resolution through court or arbitral proceedings and may from time to time face the risk of other litigation in connection with its business and/or other activities

The Group is a party to a number of disputes that are subject to resolution through court or arbitral proceedings and may from time to time face the risk of other litigation in connection with its business and/or other activities. Recovery may be sought against the Group for significant but indeterminate amounts and the existence and scope of liabilities may remain unknown for substantial periods of time. Of the two current material claims against the Group, the estimated defence costs of one have been provided for under legal provisions, and the value of the other is included in the Group's current liabilities although the Group is disputing the claim in full and has raised a substantial counter-claim. Further detail is set out in section 15 of Part 15 of this Prospectus. A substantial legal liability and/or an adverse ruling could have a material adverse effect on the Group's financial condition.

The Company may face the risk of industrial action

Non-supervisory employees, amounting to over 80% of the workforce, are represented by a union under a collective agreement. The next round of collective bargaining is expected to occur in mid-2016 in respect of a wage and benefits agreement for the following year. The Group may not be able to satisfactorily renegotiate labour agreements when they expire and may face higher wage demands. In addition, as occurred in June 2015 with unofficial industrial action causing the temporary suspension of production, existing labour agreements may not prevent a strike or work stoppage, which could have an adverse effect on the Group's results of operations, financial condition and reputation.

In June 2015, unofficial industrial action occurred at the Moma Mine. A group of employees initiated the unofficial industrial action which adversely impacted operations, with production temporarily suspended at the Mine.

Kenmare had initiated a process for retrenchment during the first quarter of 2015. After tripartite discussions with the Ministry of Labour, the union and management, an agreement was reached for reductions in shift allowances, a change in work patterns and retrenchment of 162 people, representing a significant reduction in the workforce retrenched as compared to an originally proposed retrenchment of 350 people.

On 3 July, 2015, the Company announced that all employees had returned to work and the Mine returned to normal operations, with the Company standing by the tripartite agreement made with the relevant union and the Mozambique Department of Labour in the first quarter of 2015 concerning retrenchment and changes to allowances.

While the industrial action has ceased, existing labour agreements may not prevent a further strike or work stoppage, which could have an adverse effect on the Group's earnings, financial condition and reputation.

Physical aspects of the Moma reserve may impact adversely on production

The Namalope mineral deposit being mined has declining head feed grades (for the five year period from 2011–2015 head grade at the mine was c 5.2% but over the following five years from 2016–2020 it is expected that the average grade will decline to c. 4.5%) and hence over time additional mining capacity is required to maintain heavy mineral concentrate feed to fill the mineral separation plant and therefore maximise production.

The timing of further capital investment to meet the additional mining capacity required depends on the performance of existing operations as well as market demand and prices. Development of an optimal plan is underway and prefeasibility studies are to be coordinated in 2016 to optimise the mine plan from a production and financial perspective. The capital expenditure required to enhance the mining fleet to take account of declining head feed grades has yet to be approved by the Board and will be subject, *inter alia*, to market conditions. However preliminary studies estimate the additional capital requirement to be

US\$100 million, over the five year period. No decision has been made on any such expenditure and no significant capital expenditure is expected prior to 2018 in any event. This estimate of capital expenditure may alter as further diligence is completed. In addition, while such expenditure would only be progressed in the event of market conditions being favourable (such that the expenditure could be financed from existing resources) and would, if occurring, occur primarily in and subsequent to 2018, the consequence of failing to make all or any of the investment required in the envisaged time frame would be a decline in volume produced. This would have an adverse impact on the financial performance of the Group.

The production rates forecast in the mining plan are based on the expected performance of the mining units in response to the characteristics of the orebody. Kenmare operates a model that predicts operating throughputs in response to varying orebody characteristics.

The metallurgical performance of the mining operations has remained steady and of high quality and is expected to be maintained in the future based on proper maintenance and operational procedures.

The Namalope deposit is currently being mined and will be mined until 2026 by WCP A and until 2022 by WCP B. There will be a capital cost associated with the movement of the plants from the Namalope deposit to the Nataka deposits which, absent alternative financing, would be intended to be financed from operating cashflows. This capital cost may be in excess of the amount currently estimated by the Group and/or the Group may have insufficient resources to finance this capital cost. In such a situation mining would be unable to move from the Namalope deposit to the Nataka deposit, resulting initially in a reduction in output and, as Namalope is depleted, in cessation of mining pending the re-location.

In addition, the WCP A dredge path envisages mining an area known as Monte Filipe in 2017 and into 2018. The area is within the Mining Concession, however there is some opposition to the mining based on spiritual and economic development grounds. The Group continues to have extensive engagement with the local community and local and provincial government seeking resolution of the matter. Should the matter not be resolved in a timely fashion, a change in the dredge path to avoid Monte Filipe could have an adverse effect on the Group's production and consequently on the Group's business, results of operations and financial condition.

Dry mining operations, which have a higher cost than dredge mining, have been used at the Mine from time to time to augment production and may be used in the future.

In 2011 and as a response to elevated clay levels in the ore body, the Group initiated a dry mining operation whereby ore is mined using standard mobile equipment, slurried and pumped directly to the WCP as a supplementary feed. In March 2012, the design capacity of this operation was increased from 500 tph to 1,000 tph. Principally to optimize the product mix, a second dry mining operation was also established for an additional 1,000 tph per year for a short period. Dry mining was suspended in Q2 2015 as a cost saving measure and resumed again in March 2016 in response to mining conditions encountered. While dry mining is a satisfactory short term answer to dredging issues, it is more expensive to operate than dredge mining, resulting in some of the benefits of the Mine's inherently low-cost dredging being reduced.

In the event of any further difficulties being experienced, it may be necessary to expand or continue dry mining. There can be no certainty that dry mining of the scale which may be required would be financially efficient.

3. RISKS RELATING TO THE TITANIUM MINERALS MINING INDUSTRY

Macroeconomic conditions and commodity price volatility

The Group's revenue and earnings depend upon prevailing prices for ilmenite and zircon, to a lesser extent, rutile. In relation to the Group's contracts for 2016 as of the Latest Practicable Date, the pricing of 88% of volume contracted is determined by annual or shorter period price negotiations or other market-based pricing mechanism.

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 projected cash flow from the Mine.

During 2014, 2015 and into 2016, conditions in the mining industry generally have been adverse. In 2015, the market for sulphate ilmenite was adversely hit by a mid-year 2015 slowdown in the pigment industry in China which delayed a tightening in the supply demand balance. The Chinese government responded with accommodating economic measures, but these have taken some time to take hold. The trend is now

reversing and house prices have been rising in tier 1 and tier 2 cities in China. Consequently, the demand for sulphate ilmenite has started to grow again and pigment producers have been able to raise prices.

A reduction in the global price of iron ore has had an inhibiting effect on the mining of titano-magnetite ores in China's main ilmenite producing region of Sichuan. These have been mined as a source of iron ore, producing ilmenite as a by-product, with Sichuan being the largest ilmenite producing region. The economics of mining these ores is driven by the iron ore price since broadly the ratio of iron ore to ilmenite production is approximately 8.5 to one.

Due to growing international supply, the price of iron ore is forecast to fall further and remain low for several years. Therefore it is not expected that Chinese supply of ilmenite from this domestic source will recover in the medium term.

Independent experts assess the reduction of supply of ilmenite from China during 2015 to be approximately 500 thousand tonnes. A titano-magnetite mine in Siberia, which supplied approximately 200 thousand tonnes to the Chinese market, was also put on care and maintenance at the end of 2015. Supply of ilmenite from the Murray basin in Australia has reduced with the closure of Iluka's WRP project and Iluka has also closed its two mines in the US. Production from Vietnam also reduced significantly from peak levels as the low grades present in Vietnam make mining at prices in the market in 2015 uneconomic. Additional supply from Mexico and Chinese-owned operations in Mozambique appears to have reduced based on China import trade data (Source:Ferroalloy).

Kenmare believes that the global production of sulphatable ilmenite is in deficit and inventory is being consumed. Supply and demand analyses on the sulphate ilmenite sector to 2020 show that without supply from new projects, or from re-incentivised higher cost capacity that has been idled, there will be a deficit of supply (Source: TZMI).

The zircon market is controlled by a small number of major suppliers. Competition between producers for increased market share has resulted in price competition. Kenmare expects that excess supply in the market will result in subdued pricing for zircon in the coming years.

If economic global activity does not continue to stabilize as anticipated, 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 environment 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.

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 were 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 in full onto its customers due to the fact that prices are determined by demand and supply of the products and not by cost pressures. Any increases in input costs would adversely affect the results of operations or financial condition of the Group.

3. RISKS RELATING TO THE NEW ORDINARY SHARES

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

The 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) or, in the case of persons resident in the United Kingdom, an organisation or firm authorised pursuant to the FSMA or in the case of a resident in any other jurisdiction, an appropriately authorised or exempted adviser for that jurisdiction, before making any investment decision. The Directors believe the Company is unlikely to pay dividends in the foreseeable future due to the cashflow profile of the Company and its debt repayment obligations, and as a result the Ordinary Shares and New Ordinary Shares are not suitable for investors requiring income.

Kenmare's share price has fluctuated and may continue to fluctuate due to a number of factors, some of which are outside of the Group's control

Shareholders and prospective investors should be aware that the value of an investment in the New Ordinary Shares may go down as well as up.

The market price of the Ordinary Shares, including the New Ordinary Shares, may be volatile and could be subject to significant fluctuations and may not always reflect the underlying asset value. In the 12 months prior to the Capital Raise Announcement, the price of Ordinary Shares had declined from a high in that period of Stg3.94p to Stg0.855p as of 29 June, 2016 (the latest practicable date prior to the issue of the Capital Raise Announcement).

Such risks depend on the likelihood of completion of the Capital Restructuring, 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, as well as the market's response to various events and facts including:

- fluctuations in the price of ilmenite, rutile and zircon;
- general economic and political conditions, including in Mozambique;
- variations in the Group's anticipated or actual operating results;
- business developments concerning the Group or its competitors;
- the operating and share price performance of other companies in the industries and markets in which the Group operates;
- speculation about the Group's business in the press, media or investment community; and
- other factors unrelated to the Group's operating results.

Stock markets, and the mining sector in which the Group is a participant in particular, 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 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.

Furthermore, while Kenmare reports its results of operations and financial condition in US Dollars, its share price is quoted in sterling on the LSE and in euro on the ISE. The Cornerstone Placing and the Firm Placing are both priced in US Dollars, while a sterling and euro-equivalent Issue Price has been provided in respect of the Open Offer and may be availed of by those Shareholders wishing to subscribe and settle in sterling or euro. Consequent to these arrangements and the reporting currency of the Company, Shareholders may experience fluctuations in the market price of the Ordinary Shares as a result of, amongst other factors, movements in the exchange rate between pounds sterling and the US Dollar and between euro and the US Dollar.

Admission of the New Ordinary Shares may not occur when expected

Application for Admission of the New Ordinary Shares is subject to the approval (subject to satisfaction of any conditions to which such approval is expressed to be subject) of the ISE (in the case of Admission to

the ISE Official List) and of the UKLA (in the case of Admission to the UKLA Official List) and Admission will become effective as soon as dealing notices have been issued by the ISE, the UKLA and the LSE. There can be no guarantee that any conditions to which Admission is subject will be met. Further detail on the expected timetable for Admission is set out in Part 3 of this document.

The Group is exposed to risks related to the referendum in the United Kingdom on the United Kingdom's continued membership of the European Union having regard to the uncertainties associated with the outcome of the vote

On 23 June, 2016 the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union. There are significant uncertainties in relation to the terms and time frame within which such an exit would be effected, and there are significant uncertainties as to what the impact would be on the fiscal, monetary and regulatory landscape in the UK, including *inter alia*, the UK's tax system, the conduct of cross-border business and export and import tariffs. There is also uncertainty in relation to how, when and to what extent these developments would impact on the economy in the United Kingdom, and on levels of investor activity and confidence, on market performance and on exchange rates. There is also a risk that the vote by the United Kingdom to leave could result in other member states re-considering their respective membership of the European Union. While Kenmare is not incorporated in the United Kingdom, does not prepare its financial statements in sterling, does not have any operations in the UK and the geographical focus of its business is ex- the United Kingdom, it is listed on the UKLA Official List and its securities trade on the main market for listed securities of the London Stock Exchange. Additionally there is a correlation between global economic conditions, particularly in developed economies, and the market for Kenmare's products. Accordingly the Group faces potential risks associated with the referendum in the United Kingdom and the resultant uncertainty.

An active trading market in the New Ordinary Shares following completion of the Capital Restructuring may not develop

Following completion of the Capital Restructuring, a significant portion of the Enlarged Issued Ordinary Share Capital will be held by a relatively small number of Shareholders. In particular the two largest Shareholders in the Company on completion of the Capital Restructuring will hold a maximum of 29.15% and 19.62% respectively, in each case of the Enlarged Issued Share Capital (in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), the full Debt Equitisation will occur and in this case the total number of New Ordinary Shares will be 95,604,261 and the Enlarged Issued Share Capital will be 109,513,788 Ordinary Shares) (including the Absa Shares).

Furthermore, SGRF will be subject to a 12 month lock-up on its shareholding in accordance with the terms of the Cornerstone Subscription Agreement and the Lenders will be subject to a 179 day look up on New Ordinary Shares issued pursuant to the Debt Equitisation.

Accordingly the Company will have a reduced free float (relative to the free float (based on the meaning of 'shares in public hands' under the Listing Rules) as of the Latest Practicable Date of approximately 72%) and lower levels of liquidity in trading of the Ordinary Shares may be expected.

Shareholders (irrespective of whether they participate in the Open Offer) will experience dilution in their ownership of the Company as a result of the issue of the Cornerstone Placing and the Firm Placing (and potentially the Debt Equitisation and the Government of Mozambique Warrants)

Following the issue of the New Ordinary Shares pursuant to the Cornerstone Placing and Firm Placing and the issue of the Absa Shares, Qualifying Shareholders will suffer dilution of 59.7% in their proportion of ownership and voting interests in the Enlarged Issued Ordinary Share Capital (assuming full participation by Qualifying Shareholders in the Open Offer). Qualifying Shareholders who do not take up their pro rata entitlement in full pursuant to the Open Offer, will suffer dilution of 89.6% in their proportionate ownership and voting interests in the Enlarged Issued Ordinary Share Capital (assuming nil participation by Qualifying Shareholders in the Open Offer). Shareholders in the Excluded Territories will suffer dilution of between 87.3% and 89.4% pursuant to the issue of the New Ordinary Shares.

In the event that the Government of Mozambique Warrants were exercised, this would result in a further maximum 5,466,110 Ordinary Shares being issued.

Further issuances of Kenmare shares may be dilutive to Shareholders

Other than the proposed issue of shares under the Capital Raise and the Debt Equitisation, under any management or employee incentive plan or pursuant to the exercise of any outstanding warrants or the exercise of the Government of Mozambique Warrants and in relation to the discharge of certain fees to Absa Bank Limited by way of the issue of 191,570 New Ordinary Shares at the Issue Price on completion of the Capital Restructuring, Kenmare has no current plans to issue Kenmare Ordinary Shares. 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. Under the terms of the Cornerstone Subscription Agreement, the Company has undertaken to the SGRF Investor to offer it the right, conditional upon the SGRF Investor holding or controlling the exercise of 10% or more of the total voting rights of the Company, to participate in any proposed allotment of debt or equity securities that the Company proposes to make in the same proportion that the number of New Ordinary Shares held by SGRF at that time has to the total number of Ordinary Shares in issue at that time.

In the event that Kenmare did offer additional new Ordinary Shares in the future, 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 Ordinary Shares would represent of the total issued ordinary share capital of Kenmare would be reduced accordingly, while the percentage interest represented by the holding of SGRF would, in the event that they elected to participate, be retained. An additional offering could have a material adverse effect on the market price of Kenmare shares as a whole.

Shareholders and investors outside Ireland and the United Kingdom may not be able to subscribe for or receive New Ordinary Shares in the Capital Raise 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 Raise. 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 New Ordinary Shares will not be registered under the 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 Raise.

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 Restructuring, whether from Shareholders who acquired New Ordinary Shares (including potentially by Lenders) or from pre-existing Shareholders, or the perception that these sales might occur, could adversely depress the market price of the Ordinary Shares.

The Cornerstone Investor will hold a significant interest in the Company and will have an entitlement to nominate directors to the Board following completion of the Capital Raise and may be able to exert influence over matters relating to its business. In addition some of the current larger Shareholders will continue to hold a significant interest in the Company and may be able to exert influence over matters relating to its business

The Cornerstone Investor, SGRF, will hold 31,928,480 New Ordinary Shares representing a maximum of 29.15% and a minimum of 24.24% of the Enlarged Issued Ordinary Share Capital of the Company following the completion of the Capital Restructuring. In addition, under the terms of the SGRF Subscription Agreement, SGRF shall, from Admission, be entitled to appoint two directors to the Board (subject to SGRF holding or controlling the exercise of 20% or more of the total voting rights of the Company) or to appoint one director (subject to SGRF holding or controlling the exercise of 10% or more but less than 20% of the total voting rights of the Company). Any such director nominated by SGRF shall be required to retire and seek re-election by the shareholders at the next and succeeding annual general meetings of the Company following his appointment.

In the SGRF Subscription Agreement, SGRF has confirmed that, having regard to that provision of the UK Corporate Governance Code that provides that half of the Board, excluding the chairman should

comprise independent, non-executive directors, it has no current intention to appoint more than one director to the Board.

While it is the intention of the Kenmare Board that the constituency of its Board after the Capital Restructuring and the appointment of the nominees of the Cornerstone Investor will be such as to be compliant with the related provisions of the UK Corporate Governance Code, this may entail a larger Board than would otherwise be the case.

Based on its committed participation in the Firm Placing the shareholding of M&G in the Enlarged Issued Ordinary Share Capital would be 21,490,006 Ordinary Shares, representing a 19.62% in the event of nil subscription under the Open Offer, or, based on its commitment in respect of the Open Offer, 19.97% of the Enlarged Issued Ordinary Share Capital.

The Cornerstone Investor, M&G and other significant shareholders following the Capital Raise 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 and in the case of the Cornerstone Investor, including but not limited to the application of the provisions of the SGRF Subscription Agreement.

The interests of these Shareholders may be different to 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.

Shareholders may be subject to exchange rate risks

The New Ordinary Shares are priced in US Dollars and settlement in respect of the Cornerstone Placing and the Firm Placing is available in US Dollars only. The US Dollar price has been converted to sterling at the exchange rate prevailing on 29 June, 2016 to arrive at the sterling Issue Price under the Open Offer (which is available to UK resident Qualifying Shareholders only) and the US Dollar price has been converted to euro at the exchange rate prevailing on 29 June, 2016 to arrive at the euro Issue Price under the Open Offer (which is available to all other Qualifying Non-CREST Shareholders). The Ordinary Shares are, and will continue to 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.

Holdings by Lenders and possible sale of shares by Lenders

Pursuant to the Debt Equitisation, the Lenders will be allotted and issued a minimum of nil New Ordinary Shares (not counting the Absa Shares for this purpose) and a maximum of 7,609,371 New Ordinary Shares (in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting)). Under the terms of the Lender Underwriting Equitisation, certain Lenders could also be issued in aggregate a maximum of 9,355,335 New Ordinary Shares. This means that Lenders (who will each hold any Ordinary Shares in Kenmare as individual organizations) could in aggregate hold New Ordinary Shares representing between 0% and 15.5% of the then Enlarged Issued Share Capital of the Company. Approximately half of these shares could be held by one Subordinated Lender, the European Investment Bank.

There can be no assurance that any major Shareholders (including the Lenders following completion of the Capital Restructuring and expiry of the lock-up where relevant) will not elect to sell some or all of their Ordinary Shares. The market price of the Ordinary Shares could decline as a result of sales of such Ordinary Shares or as a result of the perception that these sales are likely to occur. If these or any other sales were to occur, the Company may in future have difficulty in offering or selling Ordinary Shares at a time or price it deems appropriate.

In addition, the interests of the Lenders in their capacity as Shareholders may be different to the interests of other Shareholders. As a result, the Lender Group's 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 Lenders in their capacity as Shareholders use their influence over the Company's voting capital in ways that are or may be adverse to the interests of other Shareholders.

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 Constitution. 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, Norway or Switzerland. 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.

Number of Shares in Issue

Following the completion of the Capital Restructuring, there will be between 109,513,788 and 131,730,849 Ordinary Shares in issue. This is a relatively large number of Ordinary Shares (albeit reduced by a factor of 200 from the number of Ordinary Shares which would have been in issue absent the Capital Reorganisation) and may result in wider trading spreads and less marketability of the Ordinary Shares than would be the case if there was a lesser number of Ordinary Shares in issue.

Capital Reorganisation

The Capital Reorganisation will result in every 200 Existing Ordinary Shares being consolidated into one Ordinary Share. While the Board believes that the consolidation of the Existing Ordinary Shares is in the best interests of the Company and its Shareholders as a whole, it is expected that it will result in the share price being multiplied by a multiple of 200, with a commensurate reduction in the number of Existing Ordinary Shares in issue. The New Ordinary Shares being issued under the Capital Raise will be on a basis reflecting the Capital Reorganisation. There is a risk that a market price at the post Capital Reorganisation level, notwithstanding that the market capitalisation immediately before and after the Capital Reorganisation will be unchanged, will result in a diminution of liquidity. There is also a risk that the market price of an Ordinary Share following the Capital Reorganisation will fall by a greater amount and percentage than would have been possible prior to the Capital Reorganisation.

Overseas Shareholders may not be able to exercise future pre-emption rights

As part of the Capital Restructuring, the issued ordinary share capital of the Company will be increased and in aggregate up to 95,604,262 New Ordinary Shares will be issued. In addition, further share capital increases and share issues may be proposed in the future. Shareholders are entitled to pre-emptive rights in respect of new issues of shares for cash unless those rights are waived by a Shareholders' resolution.

Overseas Shareholders may not be able to exercise their pre-emptive rights as part of a future issue of shares for cash (even if pre-emption rights were not waived), unless the Company decides to comply with applicable local laws and regulations. This is because securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Shareholders in any future issue of shares. In particular, Shareholders who are located in the United States may not be able to exercise their rights on a future issue of shares, unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder.

The New Ordinary Shares will not be registered under the Securities Act and the Company may not file any such registration statements for future share issues, and an exemption to the registration requirements

of the Securities Act may not be available in any case. In such an event, Shareholders with a registered address, or who are located, in the United States would be unable to participate in such an issue.

Before making any investment decision, Shareholders 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 resident in the United Kingdom, an organisation or firm authorised pursuant to the FSMA or, in the case of Shareholders 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 Part 2 and the factors stated in the paragraph entitled "Forward-looking statements" in Part 5 of this Prospectus headed "Important Information".

PART 3

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| <u>Event</u> | <u>Time and/or Date</u> |
|---|------------------------------------|
| Record Date for entitlements under the Open Offer | 5.00 p.m. on 29 June, 2016 |
| Announcement of the Capital Restructuring | 30 June 2016 |
| Ex-entitlement date for the Open Offer | 1 July 2016 |
| Publication of this Prospectus, Application Forms and Forms of Proxy | 1 July 2016 |
| Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders | 8.00 a.m. on 4 July 2016 |
| Latest recommended time and date for requesting withdrawal of Open Offer Entitlements from CREST | 4.30 p.m. on 18 July 2016 |
| Latest recommended time and date for depositing Open Offer Entitlements into CREST | 3.00 p.m. on 19 July 2016 |
| Latest time and date for splitting Application Forms (to satisfy bona fide market claims) | 3.00 p.m. on 20 July 2016 |
| Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate) | 11.00 a.m. on 22 July 2016 |
| Latest time and date for receipt of Forms of Proxy in respect of the Annual General Meeting | 10.00 a.m.* on 23 July 2016 |
| Latest time and date for receipt of Forms of Proxy in respect of the Extraordinary General Meeting | 10.15 a.m. on 23 July 2016 |
| Results of the Open Offer announced through an RIS | 7.00 a.m. on 25 July 2016 |
| Annual General Meeting | 10.00 a.m. on 25 July 2016 |
| Extraordinary General Meeting | 10.15 a.m.* on 25 July 2016 |
| Capital Reorganisation Record Date | 6.00 p.m. on 25 July 2016 |
| Capital Reorganisation Effective Date | 26 July 2016 |
| Issue of the New Ordinary Shares pursuant to the Cornerstone Placing and Firm Placing and Open Offer and Admission and commencement of dealings in all such New Ordinary Shares | 8.00 a.m. on 26 July 2016 |
| CREST stock accounts expected to be credited for the New Ordinary Shares issued pursuant to the Cornerstone Placing and Firm Placing and Open Offer | 26 July 2016 |
| Issue and Admission of the New Ordinary Shares issued on the Debt Equitisation (if any) and under the Lender Underwriting Equitisation (if any) | 28 July 2016 |
| Restructuring Effective Date | 28 July 2016 |
| Shares certificates for New Ordinary Shares issued pursuant to the Cornerstone Placing and Firm Placing and Open Offer expected to be dispatched | 5 August 2016 |

* or, if later, immediately following the conclusion of the Annual General Meeting convened to be held at 10.00 a.m. on the same day and at the same location

Notes:

- (1) The Capital Raise is subject to certain restrictions relating to Shareholders with registered addresses, or who are resident, outside Ireland and the UK. See Part 9 (Terms and Conditions of the Capital Raise) of this Prospectus.

- (2) The times and dates set out in the expected timetable of principal events above and mentioned throughout this Prospectus are Dublin times and may be adjusted by the Company in consultation with the Sponsor, in which event details of the new times and dates will be notified to the Irish Stock Exchange, the FCA, the London Stock Exchange, and, where appropriate, the revised time and/or date will be notified by announcement to Shareholders through a Regulatory Information Service.
- (3) If you have any queries on the procedure for acceptance and payment in respect of the Capital Raise, you should refer to Part 8 of this Prospectus which answers some of the questions most often asked by shareholders about a Capital Raise and Part 9 of this Prospectus which contains the terms and conditions of the Capital Raise 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 Raise or to provide legal, business, financial, tax or investment advice.

PART 4

CAPITAL RESTRUCTURING STATISTICS

Number of Ordinary Shares

| | | | |
|--|--|-----------------------------------|-----------------------------------|
| Shares in issue at the Latest Practicable Date | 2,781,905,503 Ordinary Shares of nominal value €0.06 | | |
| Shares in issue immediately after the Capital Reorganisation | 13,909,527 Ordinary Shares of nominal value €0.001 | | |
| Issue Price in relation to the Cornerstone Placing | | US\$3.132 | |
| Issue Price in relation to the Firm Placing | | US\$3.132 | |
| Issue Price in relation to the Open Offer (see Part 9 Terms and Conditions of the Capital Raise) | | Stg£2.317/€2.818 | |
| Premium to the Market Price as at the Latest Practicable Date ⁽¹⁾ . . | | 35.5% | |
| Number of New Ordinary Shares to be issued under the Cornerstone Placing | | 31,928,480 | |
| Number of New Ordinary Shares to be issued under the Firm Placing | | 46,519,505 | |
| Minimum Number of New Ordinary Shares to be issued under the Open Offer | | 0 | |
| Maximum Number of New Ordinary Shares to be issued under the Open Offer | | 39,181,767 | |
| Minimum Number of New Ordinary Shares to be issued under the Debt Equitisation ⁽²⁾ | | 0 | |
| Maximum Number of New Ordinary Shares to be issued under the Debt Equitisation ⁽²⁾ | | 7,609,371 | |
| Minimum Number of New Ordinary Shares to be issued under the Lender Underwriting | | 0 | |
| Maximum Number of New Ordinary Shares to be issued under the Lender Underwriting | | 9,355,335 | |
| | | <u>Minimum⁽³⁾</u> | <u>Maximum⁽³⁾</u> |
| Aggregate number of New Ordinary Shares to be issued pursuant to the Capital Restructuring | | 95,604,261 Ordinary Shares | 117,821,322 Ordinary Shares |
| Shares in issue immediately following completion of the Capital Restructuring | | 109,513,788 Ordinary Shares | 131,730,849 Ordinary Shares |

Percentages represented by New Ordinary Shares

| | |
|--|-------|
| Cornerstone Placing and Firm Placing New Ordinary Shares as a percentage of Enlarged Issued Ordinary Share Capital of the Company immediately following completion of the Capital Restructuring ⁽³⁾ | 59.6% |
| Minimum Open Offer Shares as a percentage of Enlarged Issued Ordinary Share Capital of the Company immediately following completion of the Capital Restructuring | 0% |
| Maximum Open Offer Shares as a percentage of Enlarged Issued Ordinary Share Capital of the Company immediately following completion of the Capital Restructuring ⁽³⁾ | 29.7% |
| Minimum Lender Shares issued pursuant to the Debt Equitisation as a percentage of Enlarged Issued Ordinary Share Capital of the Company immediately following completion of the Capital Restructuring ⁽³⁾ | 0% |
| Maximum Lender Shares issued pursuant to the Debt Equitisation as a percentage of Enlarged Issued Ordinary Share Capital of the Company immediately following completion of the Capital Restructuring ⁽⁴⁾ | 7.0% |

Proceeds

| | |
|---|------------------------------------|
| Required minimum gross proceeds of the Capital Raise ⁽⁵⁾ | US\$275 million |
| Estimated minimum net proceeds of the Capital Raise based on minimum gross proceeds | US\$261.6 million (£193.5 million) |
| Maximum gross proceeds of the Capital Raise ⁽⁶⁾ | US\$368.4 million (£272.5 million) |
| Estimated expenses of the Capital Raise | US\$13.4 million (£9.9 million) |

Notes:

- (1) After adjusting for the Capital Reorganisation. The actual market price on the Latest Practicable Date was Stg0.855p on the London Stock Exchange and 1.2c on the Irish Stock Exchange.
- (2) Assuming that no further Ordinary Shares are issued as a result of the exercise of any options under the Share Option Scheme or the exercise of any subscription rights under the Warrants between the posting of this Prospectus and the closing of the Cornerstone Placing and Firm Placing and Open Offer.
- (3) Includes the Absa Shares. Assumes full subscription under the Open Offer in which case no New Ordinary Shares will be issued to the Lenders.
- (4) Assumes that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), with the result that the Debt Equitisation occurs in respect of its maximum amount, being US\$23.8 million, and resulting in the Lenders being issued with in aggregate 7,609,371 New Ordinary Shares pursuant to the Debt Equitisation.
- (5) The minimum gross and net proceeds assumes that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting).
- (6) The maximum gross and net proceeds assumes that the Open Offer is fully subscribed for in cash.

Exchange Rates:

US dollar amounts (including the Issue Price for the purpose of calculating the sterling and euro equivalents for the Open Offer) have, unless otherwise stated, been converted to sterling at a rate of US\$1:Stg£1.352 and to euro at a rate of US\$1: €1.1115, being the spot rates prevailing on the Latest Practicable Date.

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 Raise. 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 Raise 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 (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) Limited 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 Raise 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: €0.73964 being the rate prevailing as of the Latest Practicable Date;
- (ii) US Dollar amounts have been converted to euro and sterling respectively at rates of US\$1: €1.1115 and US\$1: Stg£1.352, being the rate prevailing as of the Latest Practicable Date;
- (iii) For the purposes of calculating the sterling equivalent of the Issue Price for the purposes of the Open Offer only, the US Dollar price of US\$3.132 per New Ordinary Share has been converted at a rate of US\$1: Stg£1.352, being the rates prevailing as of the Latest Practicable Date; and
- (iv) For the purposes of calculating the euro equivalent of the Issue Price for the purposes of the Open Offer only, the US Dollar price of US\$3.132 per New Ordinary Share has been converted at a rate of US\$1: €1.1115, being the rates prevailing as of the Latest Practicable Date.

Presentation of financial information

To the extent they have been incorporated by reference in this Prospectus, the audited consolidated financial statements relating to the Kenmare Group as at and for the 12 months ended 31 December, 2013, 31 December, 2014 and 31 December 2015 have been extracted without material adjustment from the published annual report and accounts of Kenmare for the 12 months ended 31 December, 2013, 31 December, 2014 and 31 December, 2015. Unless otherwise indicated, financial statements in this Prospectus for the years ended 31 December, 2013, 31 December, 2014, 31 December, 2015 have been prepared in accordance with IFRS.

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.

Incorporation of relevant information by reference

The following documents, all of which have been filed with the UK’s national storage mechanism 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) The following are incorporated by reference from the 2015 Annual Report: pages 96 to 150 of the 2015 Annual Report, comprising Kenmare’s audited consolidated financial statements for the year ended 31 December 2015 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor’s report is on pages 96 to 99, the consolidated statement of financial position as at 31 December 2015 is on page 101, the consolidated statement of comprehensive income for the year ended 31 December 2015 is on page 100, a consolidated statement of changes in equity is on page 103, the consolidated statement of cash flows is on page 102, the accounting policies are on pages 108 to 118, the explanatory notes are on pages 107 to 150;
- (b) The following are incorporated by reference from the 2014 Annual Report: pages 89 to 142 of the 2014 Annual Report, comprising Kenmare’s audited consolidated financial statements for the year ended 31 December 2014 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor’s report is on pages 86 to 88, the consolidated statement of

financial position as at 31 December 2014 is on page 90, the consolidated statement of comprehensive income for the year ended 31 December 2014 is on page 89, a consolidated statement of changes in equity is on page 92, the consolidated statement of cash flows is on page 91, the accounting policies are on pages 96 to 105, the explanatory notes are on pages 106 to 142;

- (c) The following are incorporated by reference to the 2013 Annual Report: pages 83 to 123 of the 2013 Annual Report, comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2013 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 80 to 82, the consolidated statement of financial position as at 31 December 2013 is on page 84, the consolidated statement of comprehensive income for the year ended 31 December 2013 is on page 83, a consolidated statement of changes in equity is on page 86, the consolidated statement of cash flows is on page 85, the accounting policies are on pages 90 to 98, the explanatory notes are on pages 99 to 123;
- (d) The following is incorporated by reference to the 2014 Annual Report: A summary of the principal terms of the April 2015 Amendment, which is on pages 123 to 129 of the 2014 Annual Report; and
- (e) The following are incorporated by reference to the 2010 Prospectus: a summary of the principal terms of the Common Terms Agreement, which is on pages 187 to 192 in the 2010 Prospectus; a summary of the principal terms of the Senior Loan Agreements, which is on pages 187 to 192 in the 2010 Prospectus; a summary of the principal terms of the Subordinated Loan Agreements, including the agreements relating to the Standby Subordinated Loan and the Additional Standby Subordinated Loan, which is on pages 187 to 192 in the 2010 Prospectus; a summary of the principal terms of the Subordinated Lenders Option Agreement which is on page 192 in the 2010 Prospectus; a summary of the principal terms of the Completion Agreement details of which is on pages 192 to 193 in the 2010 Prospectus; a summary of the principal terms of the Cash Collateral and Shareholder Funding Deed which is on page 193 to 194 in the 2010 Prospectus; a summary of the principal terms of the Expansion Funding Deed of Waiver and Amendment which is on pages 194 to 195 in the 2010 Prospectus; and a summary of the principal terms of the Factoring Agreement which is on page 195 to 196 in the 2010 Prospectus.

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, Chatham House, Chatham Street, Dublin 2, D02 VP46, 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

The New Ordinary Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold directly or indirectly in or into the United States, except pursuant to 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 state or other jurisdiction in the United States.

The New Ordinary Shares are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the New Ordinary Shares, an offer, sale or transfer of the New Ordinary Shares within the United States by any dealer (whether or not participating in the Capital Raise) may violate the registration requirements of the Securities Act.

Subject to certain exceptions, this Prospectus does not constitute an offer of the New Ordinary Shares to any person with a registered address, or who is resident or located in the United States or any of the Excluded Territories. The New Ordinary Shares have not been and will not be registered under the relevant laws of any state, province or territory of any of the Excluded Territories and may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly within any Excluded Territory except pursuant to an applicable exemption from registration requirements.

Notice to Overseas Shareholders

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, if and when received, or other document to a jurisdiction outside Ireland and the United Kingdom, should read section 7 of Part 9 (Terms and Conditions of the Capital Raise) 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 Norway or Switzerland. 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 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.

No action has been taken by the Company or by any of the Brokers 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 Raise, each of the Brokers and any of their affiliates, acting as investors on their own accounts, may take up New Ordinary Shares in the Capital Raise 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 Capital Raise. 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 Brokers or any of their affiliates acting in such capacity. The Brokers 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 Brokers, Rothschild and Hannam & Partners by the FSMA, none of the Brokers, Rothschild or Hannam & Partners 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 Capital Restructuring, 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 Brokers, Rothschild and Hannam & Partners 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 Brokers, Rothschild, Hannam & Partners 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 Brokers, Rothschild or Hannam & Partners 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 Raise, 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 17 of this Prospectus. Certain technical and industry terms are explained in the Glossary of Technical Terms in Part 18 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: Steven McTiernan (Chairman)
Michael Carvill*
Tony McCluskey*
Terence Fitzpatrick*
Sofia Bianchi
Elizabeth Headon
Tony Lowrie
Gabriel Smith
John Ensall
* *denotes executive*

Company Secretary: Deirdre Corcoran

Registered Office: Kenmare Resources plc
Chatham House
Chatham Street
Dublin 2, D02 VP46
Ireland
Tel. +353 1 6710411

Website: www.kenmareresources.com

**Financial Advisers to
the Company:** NM Rothschild & Sons Ltd
New Court
St. Swithin's Lane
London EC4P 4DU
United Kingdom
Hannam & Partners
(Advisory) LLP
2 Park Street
London W1K 2HX
United Kingdom

**Sponsor to the
Company:** J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

**Brokers to the
Company:** Canaccord Genuity Ltd
88 Wood Street
London EC2V 7QR
United Kingdom
J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland
Mirabaud Securities
33 Grosvenor Place
London SW1Z 7HY
United Kingdom

**Legal Advisers to the
Company:** *As to Irish law*
McCann FitzGerald
Riverside One
Sir John Rogerson's
Quay
Dublin 2
Ireland
As to English law
Linklaters LLP
One Silk Street
London
EC2Y 8HQ
United Kingdom

Joint Bookrunners: Canaccord Genuity Ltd
88 Wood Street
London EC2V 7QR
United Kingdom
J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland
Mirabaud Securities
33 Grosvenor Place
London SW1Z 7HY
United Kingdom

Legal Advisers to the

| | | |
|---------------------------------|------------------------|--------------------------|
| Joint Bookrunners: . . . | <i>As to Irish law</i> | <i>As to English law</i> |
| | Matheson | Allen & Overy LLP |
| | 70 Sir John Rogerson's | One Bishops Square |
| | Quay | London |
| | Dublin 2 | E1 6AD |
| | Ireland | United Kingdom |

Auditors and Reporting

Accountants: Deloitte
Chartered Accountants
and Statutory
Audit Firm
Deloitte & Touche
House
Earlsfort Terrace
Dublin 2
Ireland

**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 RESOURCES PLC
(Registered in Ireland with registered number 37550)

Directors:

Steven McTiernan, *Chairman*
Michael Carvill*, *Managing Director*
Tony McCluskey*, *Finance Director*
Terence Fitzpatrick*, *Technical Director*
Sofia Bianchi
Elizabeth Headon
Tony Lowrie
Gabriel Smith
John Ensall

**denotes Executive Director*

Registered Office:

Chatham House
Chatham Street
Dublin 2
D02 VP46
Ireland

1 July, 2016

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

1. Introduction

On 30 June, 2016, the Company announced the details of a Capital Restructuring which will materially reduce the debt obligations and financing costs of the Group (from outstanding debt of US\$359.7 million as of 30 April, 2016 to not more than a pro forma US\$100 million (and potentially nil)) and provide it with additional liquidity, in the form of the net proceeds of a Capital Raise and amendments to the terms of any residual Loans.

The Capital Raise is intended to raise gross proceeds (including through the Lender Underwriting) of not less than US\$275 million (approximately £203.4 million) and up to US\$368.4 million (approximately £272.5 million) by way of the Cornerstone Placing, the Firm Placing and an Open Offer. SGRF, the Cornerstone Investor, has committed to subscribe for US\$100 million (approximately £73.9 million) by way of participation in the Cornerstone Placing. Commitments to participate in the Firm Placing have also been secured from a number of other investors, including certain existing Shareholders in respect of in aggregate US\$145.7 million (approximately £107.8 million) and certain of the Lenders have agreed to underwrite the Capital Raise (by way of an agreement to subscribe for New Ordinary Shares at the Issue Price by equitisation of a matching amount of Project Debt) to the extent that cash proceeds are less than US\$275 million, to a maximum of US\$40.77 million. Based on the commitments to participate in the Firm Placing of US\$145.7 million, a maximum of 9,355,335 New Ordinary Shares are issuable pursuant to the Lender Underwriting. The proceeds of the Capital Raise (and their agreed application for working capital purposes and to repay debt as more fully described below) will enable satisfaction of the conditions of the Amendment, Repayment and Equitisation Agreement and reduction of outstanding indebtedness to no more than US\$100 million. In addition, the Open Offer may raise further gross proceeds of up to US\$122.7 million (approximately £90.8 million). Funds raised in the Open Offer up to US\$29.3 million will reduce and potentially eliminate the Lender Underwriting.

In the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), a maximum of 7,609,371 New Ordinary Shares will be issued to Lenders at the Issue Price pursuant to the Debt Equitisation, discharging up to US\$23.8 million of Project Debt such that following the completion of the Capital Restructuring, the outstanding indebtedness of the Group will be a maximum of US\$100 million (and a minimum of nil).

The Capital Raise is conditional on, amongst other things, the passing by Shareholders (or in the case of Resolution 8 the passing by the Independent Shareholders) of the Resolutions (other than Resolutions 6 and 7) proposed for consideration at the Extraordinary General Meeting on 25 July, 2016, and upon all of the Capital Restructuring Agreements becoming unconditional in all respects (or in the case of the Amendment, Repayment and Equitisation Agreement only those conditions to the Admission Effective Date that fall to be satisfied or waived prior to Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer having been satisfied or waived) not having been

terminated in accordance with their respective terms and upon Admission of the New Ordinary Shares issued under the Capital Raise. The Resolutions include the Capital Reorganisation proposal comprising a sub-division to allow for a reduction in the nominal value of the Existing Ordinary Shares so that an issue price of less than the current nominal value of €0.06 per Existing Ordinary Share can be used, and a consolidation of the resultant ordinary shares to reduce the otherwise very large number of Ordinary Shares in issue on completion of the Capital Restructuring.

The Capital Raise is comprised of in aggregate a maximum of 117,629,752 New Ordinary Shares representing 846.7% of the Existing Issued Ordinary Share Capital of the Company (of which 78,447,985 New Ordinary Shares will be issued under the Cornerstone Placing and the Firm Placing and up to 39,181,767 New Ordinary Shares will be issued under the Open Offer) and with an Issue Price of US\$3.132 (£2.317 or €2.818) per New Ordinary Share (equivalent to 1.16p per Ordinary Share before the Capital Reorganisation). The New Ordinary Shares which may be issued to Lenders under the Debt Equitisation will be a maximum of 7,609,371 in number representing 7.0% of the then Enlarged Issued Share Capital.

The purpose of Part 7 of this Prospectus (which Prospectus also comprises a circular under the Listing Rules of the FCA) is to set out the background to, and the reasons for, the Capital Restructuring 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, or in the case of Resolution 8, the Independent Shareholders, vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. Section 14 of this Part 7 sets out the actions to be taken by Shareholders in relation to voting at the Extraordinary General Meeting. Section 14 of this Part 7 and Part 9 of this document sets out the actions to be taken by Qualifying Shareholders in respect of participation in the Open Offer. The notice convening the Extraordinary General Meeting, to be held at 10.15 a.m. (or if later, immediately following the conclusion of the Annual General Meeting convened to be held at 10.00 a.m. on the same day and at the same location) on 25 July 2016 at The Fitzwilliam Hotel, St. Stephen's Green, Dublin 2, Ireland, is contained in Part 20 of this Document.

You should read the whole of this Prospectus and not rely only on any part of it. In particular your attention is drawn to the risk factors set out in Part 2 of this Prospectus, which you should read carefully.

2. Background to and Reasons for the Capital Restructuring

Background to the Capital Restructuring

The mining industry saw a sustained period of investment in supply ultimately resulting in exacerbated declines in commodity prices in the last four year period and ever increasing pressure on producers' margins. These trends have likewise impacted on the titanium dioxide feedstock markets. Weighted average FOB prices for Kenmare's products declined 16% in 2015 compared to 2014. In addition, the price of ilmenite has been adversely impacted by an overhang of inventory in the market accumulated in previous years as a number of new minerals sands projects came on stream in 2013 and 2014, while China also contributed to supply as a result of expansion (since believed to have materially contracted with the collapse in iron ore prices) in a type of iron ore production with ilmenite as a by-product.

In 2015, global supply of ilmenite reduced significantly through the year, as orebody depletion and higher cost producers progressively shut down production. Chinese ilmenite production reduced in 2015 as iron ore production continued to decline through the year. The reduction in Chinese ilmenite production is estimated at approximately 500,000 tonnes (Source: TZMI). Chinese ilmenite production has continued to reduce during 2016. Ilmenite production has also reduced in other regions, notably Australia and USA, following the closure of depleted mines, and in Russia due to iron ore related market dynamics. Declining ilmenite production is also evident in Vietnam as is concentrate production in Mozambique and other regions.

Supply and demand analyses on the sulphate ilmenite sector to 2020 show that without supply from new projects, or from re-incentivised higher cost capacity that has been idled, there will be a deficit of supply (Source: TZMI). In the short term, excess inventory above the normal working level is expected to be fully absorbed over the course of 2016. Increased consumption of ilmenite for pigment and chloride slag production, coupled with reduced supply from ilmenite producers, and the absorption of the inventory overhang, are expected to lead to tightening supply/ demand conditions emerging towards the end of 2016.

Kenmare is, the Directors believe, well-positioned to benefit from expectations of a supply deficit with its relatively low cost of production compared to either new project development or other higher cost operators. The fundamentals of continued growth in pigment demand, based on increased economic

activity driven by urbanisation trends in emerging markets and resumption of growth in the more traditional markets, such as North America and Europe, still apply and should support solid offtake of Moma ilmenite production in the future.

The weighted average price of ilmenite products sold by the Group declined by 19 per cent year on year in 2014 (relative to 2013) and by 20% per cent in 2015 (relative to 2014). (*Source: Kenmare Annual Report 2015*) EBITDA for 2015 was a negative US\$11.5 million (FY2014: US\$9.4 million positive, FY2013: US\$29.0 million positive) and the Group recorded a loss after tax in FY2015 of US\$60.6 million (FY2014 loss of US\$100.8 million, inclusive of an impairment loss of US\$64.8 million). (*Source: Kenmare Annual Report 2015*) In H1 2015, production was severely impacted as a result of grid power supply outages to the Mine due to severe flooding in Northern Mozambique which resulted in physical damage to the power lines and outages totaling 57 days during the first quarter. Consequently the negative EBITDA in the year mainly relates to the first half of 2015 (H1 EBITDA: US\$10.6 million negative) as a result of a higher cost per tonne in the period due to lower production, particularly in the first quarter. The improvement in EBITDA in H2 2015 to a negative US\$0.9 million benefited from lower operating costs as a result of cost saving initiatives implemented, favourable foreign exchange movements and higher production resulting from stable power supply. (*Source: Kenmare Annual Report 2015*)

The Group's response to these prolonged adverse conditions and the attendant impact on financial performance has included an operations review targeting cost reductions, which has resulted in a retrenchment programme reducing the number of employees by 162 and reducing operating cost by approximately US\$12.5 million per annum, as well as a number of other cost reduction initiatives. In addition, a number of amendments to the terms of the Group's Project Loans were agreed with the Group's Lenders. These included a February 2014 amendment rescheduling deferred subordinated debt repayments and deferring all remaining subordinated debt repayments to 2019 and in April 2015 a further amendment providing, *inter alia*, for a new money commitment (the "Super Senior Facility") of up to US\$50 million (US\$30 million for working capital purposes and US\$20 million available to fund certain disputed liabilities subject to arbitration); extension of the final maturity of facilities; a deferral of, and a reduction in, scheduled principal payments on the Senior Debt; elimination of scheduled interest and principal on Subordinated Debt; novating and restating the Absa corporate facility as a Subordinated Debt obligation of the Project Companies and extending the final maturity of the Project Loans from 31 March 2016 to 1 August 2021; and providing for repayment of Super Senior Facility principal, Senior Debt principal, and Subordinated Debt interest and principal (including interest and principal on the Novated Absa Facility) by means of a cash sweep dependent on the Group's consolidated cash position on each Payment Date commencing 1 August 2016. Since the end of August 2015 the Group has not been in a position to satisfy the covenant of its Project Loans which requires the Company to furnish its Lenders a forecast (prepared on a prescribed basis) showing that it has sufficient cash to meet a US\$10 million cash financial covenant. Breach of this covenant constitutes an event of default under the Project Loans albeit no such event of default has been declared by the Lenders. The April 2015 Amendment also included the requirement in certain circumstances relating to the failure to consummate a transaction with Iluka for a Material Deleveraging event to be planned and implemented. An event of default in relation to this covenant has also arisen. The Capital Restructuring is intended to address the requirement for a Material Deleveraging and any other current events of default (none of which have been declared by the Lenders).

The Company engaged with Iluka throughout 2014 and 2015 in relation to its possible offer for the Company following a conditional approach in June 2014 and Kenmare afforded Iluka both extensive due diligence access and assistance in the satisfaction of a number of regulatory and other pre-conditions cited by Iluka as being required to be satisfied before it would proceed to make an offer.

Following Iluka's statement on 7 December 2015 that it did not intend to make an offer for Kenmare, which followed unsuccessful engagement with certain institutional Shareholders from whom Iluka required irrevocable undertakings of support for its offer, the Group has been focused on the delivery of the required Material Deleveraging by way of the Capital Restructuring and on securing a sustainable future for Kenmare (with the support of the Lenders, the Cornerstone Investor and the Committed Shareholder) as an independent company.

Objectives of the Capital Restructuring

The primary objectives of the Capital Restructuring are to:

- (i) deliver the Material Deleveraging required by the Lenders under the April 2015 Amendment, thereby remedying the events of default, and, pursuant to the terms of the Amendment, Repayment and

Equitisation Agreement, achieving a new and simplified capital structure so that the Group will possess a strengthened balance sheet and a more appropriate debt service and maturity profile in light of the difficult trading conditions which have characterised the titanium dioxide feedstocks industry in the period from 2013 to 2016 (inclusive);

- (ii) ensure the Group has sufficient resources to meet its general corporate and working capital needs for at least a 12 month period;
- (iii) allow the Group to conserve cash resources pending a recovery in product prices (there will be no principal repayments (semi-annual) in respect of outstanding debt following completion of the Restructuring until 1 February 2018));
- (iv) recognise and respect the interests of the stakeholders in the business, in particular the Senior Lenders, the Subordinated Lenders and the Shareholders;
- (v) avail of the commitment from the Cornerstone Investor to invest US\$100 million at an investment price of US\$3.132 per New Ordinary Share (conditional on a further US\$175 million being raised through the Firm Placing as a result of cash subscriptions and to the extent necessary the Lender Underwriting), enabling SGRF to take a stake in the Company of approximately 29.2% (assuming no funds in excess of US\$275 million are raised). SGRF is a strategic investor, which, having completed its own diligence, believes in the long term opportunity for the Moma Mine, and will, the Board believes, be a stable and supportive shareholder; and
- (vi) avail of the commitment from certain of the Lenders to underwrite the Capital Raise to the extent that cash proceeds of the Capital Raise are less than US\$275 million, to a maximum of US\$40.77 million, through their agreement to subscribe for New Ordinary Shares at the Issue Price by equitisation of a matching amount of Project Debt;
- (vii) avail of commitments, by way of their participation in the Firm Placing, from a number of existing Shareholders and from new institutional investors to participate in Capital Restructuring at the same investment price as the Cornerstone Investor;
- (viii) provide Shareholders with an opportunity, by way of the Open Offer, alongside, and at the same price as, the Cornerstone Investor and the participants in the Firm Placing, to invest/re-invest in the Company and the Mine with a right-sized debt structure, with such investment reducing (and potentially eliminating) the proportion of New Ordinary Shares which would otherwise be held by Lenders pursuant to the Debt Equitisation, and in certain circumstances reducing (and potentially eliminating) total outstanding debt.

As announced on 20 June, 2016 it has not been possible to proceed with the original proposed investment by King Ally, which had been for US\$100 million and at the same Issue Price at which SGRF is making its investment. This was due primarily to a significant degree of uncertainty in relation to the process for King Ally to execute an investment in the Company and the terms on which it would intend to proceed with an investment. Having regard, *inter alia*, to the already lengthy period of engagement across all stakeholder groups and the imperative of the Company to complete the Capital Restructuring and restore the Kenmare Group to a more stable and sustainable financial position without further uncertainty and delay, the Company determined to proceed with the Capital Restructuring as now set out in this document (that is, to proceed with the Cornerstone Placing of US\$100 million from SGRF and to replace King Ally by increasing the size of the Firm Placing). The Company and King Ally have terminated the King Ally subscription agreement by mutual consent.

The first US\$75 million raised in cash under the Capital Raise will be available to the Company to discharge the expenses of the issue and for working capital. Thereafter US\$200 million of the net proceeds raised under the Capital Raise (as a result of cash proceeds and to the extent necessary the Lender Underwriting) will be applied to repay and discharge US\$268.6 million of Project Debt and Accrued Interest (representing a debt write off of in aggregate US\$68.6 million or approximately 25%). To the extent that funds additional to US\$275 million are raised, such funds will be used to discharge debt which would otherwise be subject to the Debt Equitisation and to discharge remaining debt, in each case on the basis that every US\$3 of cash raised will discharge US\$4 in Project Debt.

All of the characteristics of Moma which enabled its original development and its subsequent expansion in 2010, and which formed the basis for the additional accommodations and investments since made by the Lenders and Shareholders respectively, still exist. Moma constitutes a resource large enough to support a very long mine life. It is capable of being mined at low operating cost with surface mineralisation enabling

dredge mining, has access to relatively low cost hydro power, and has a coastal location giving it the ability to mine and export directly using a dedicated shipping terminal requiring minimal over-land transportation. Moma also has a diversified worldwide customer base and significant co-product revenues and ilmenite products suitable for both sulphate and chloride pigment processes without further beneficiation.

The Board believes that, with the implementation of the Capital Restructuring and the attendant material deleveraging and near term risk mitigation around the financial position of the Group, together with the benefit of the considerable operational experience gained, efficiencies and improvements being implemented at Moma over recent years (such as mitigating poor power reliability issues, increasing the effectiveness of the rutile and zircon circuits and decreasing operating costs primarily through reductions in the cost and size of the workforce), the Group will be well placed to benefit from a recovery in product pricing. While the timing of any such recovery cannot be foreseen with accuracy, the Board believes both supply and demand dynamics (further detail in relation to which is set out in section 10 below and in Part 10 of this document) indicate that conditions are conducive to an improvement in pricing.

Strategy of the Group following completion of the Capital Restructuring

Kenmare's strategy is threefold:

- to create long-term Shareholder value through production and marketing of products derived from its titanium mineral resources;
- to exploit the competitive advantages represented by its large mineral resource and existing mine facilities and infrastructure; and
- to ensure the Group is sustainable and is in a position to exploit a recovery in prices for titanium minerals after a prolonged period of adverse market conditions, including through ongoing cost reduction initiatives (all of which are intended to de-risk the business).

On completion of the Capital Restructuring, the Group will remain focused on the production and marketing of products from Moma. In 2016, Kenmare will continue to focus on improving finished production tonnages and quality, and operating time at the Mine and MSP, whilst continuing to produce high quality ilmenite, zircon and rutile products. In addition, a reduction in costs per tonne will be targeted, as a result of the cost reductions achieved in 2015 and forecasted improved product tonnages (see section 10 of this Part 7 below).

3. Use of Proceeds

The net proceeds of the Capital Raise comprising not less than US\$275 million (approximately £203.4 million) (as a result of cash subscriptions and to the extent necessary the Lender Underwriting) will be applied as follows:

- US\$61.6 million (approximately £45.6 million) will be available to meet the working capital needs of the business.
- US\$200 million (approximately £147.9 million) (as a result of cash subscriptions and to the extent necessary the Lender Underwriting) will be applied under the terms of the Amendment, Repayment and Equitisation Agreement to repay and discharge US\$268.6 million of Project Debt including in respect of Accrued Interest in fulfilment of the related requirement under the Amendment, Repayment and Equitisation Agreement (and applying the Agreed Exchange Rate); and
- Additional net cash proceeds (if any) in excess of US\$275 million will be applied to further reduce Project Debt in accordance with the terms of the Amendment, Repayment and Equitisation Agreement on a ratio of 4:3, that is that every US\$3 of cash raised will discharge US\$4 in Project Debt. To the extent that the retained level of the Project Debt following application of the gross proceeds of the Capital Raise on that basis is in excess of US\$100 million, Project Debt amounts in excess of US\$100 million will be equitised into New Ordinary Shares and issued to Lenders at the Issue Price so as to discharge that excess (the "Debt Equitisation").

The net effect of these arrangements will be that the amount of Project Debt remaining outstanding following the completion of the Capital Restructuring will not be more than US\$100 million and (in the event of the Open Offer being subscribed for in full) will be nil.

The following table summarises the sources and uses of proceeds of the Capital Raise:

| Sources | | Uses | |
|--|--|---|---------------------------------|
| Capital Raise (as a result of cash subscriptions and to the extent necessary the Lender Underwriting) and up to US\$122.7 million under the Open Offer | Minimum of US\$275 million and up to US\$368.4 million | Applied to repay and discharge debt | US\$200 million ⁽²⁾ |
| | | Working capital and expenses of the issue ⁽¹⁾ | US\$75 million |
| | | Maximum additional amount applied to repay and discharge debt | US\$93.4 million ⁽²⁾ |
| | | Minimum additional amount applied to repay and discharge debt | US\$0 million ⁽³⁾ |
| Gross Total Raised (in the case of the Minimum as a result of cash subscriptions and to the extent necessary the Lender Underwriting) | Maximum of US\$368.4 million | Total Maximum amount applied to repay and discharge debt | US\$293.4 million |
| | Minimum of US\$275 million | Total Minimum amount applied to repay and discharge debt | US\$200 million |
| | | Total gross proceeds retained by the Company | US\$75 million |

(1) Expenses of the issue are estimated at US\$13.4 million.

(2) US\$200 million (as a result of cash subscriptions and to the extent necessary the Lender Underwriting) will repay and discharge US\$268.6 million in debt and Accrued Interest under the terms of the Amendment, Repayment and Equitisation Agreement.

(3) US\$122.7 million (cash proceeds additional to \$245.7 million cash under the Capital Raise) will replace US\$29.3 million of Lender Underwriting and the balance of US\$93.4 million will repay and discharge remaining debt.

4. Summary of the Capital Restructuring

The Capital Restructuring entails the following elements:

- (i) A US\$100 million Cornerstone Placing in which SGRF will participate as the Cornerstone Investor, subscribing for 31,928,480 New Ordinary Shares at an Issue Price of US\$3.132 per New Ordinary Share and a US\$145.7 million (£107.8 million) Firm Placing in which new and existing institutional investors (including the Committed Shareholder) will participate by subscribing for in aggregate 46,519,505 New Ordinary Shares at an Issue Price of US\$3.132 per New Ordinary Share;
- (ii) An agreement by certain Lenders to underwrite the Capital Raise in respect of any shortfall on US\$275 million of up to US\$40.77 million, through their agreement to subscribe for New Ordinary Shares at the Issue Price using a matching amount of Project Debt. A maximum of 9,355,335 New Ordinary Shares may be issued under the Lender Underwriting (based on the commitments to participate in the Firm Placing) but this number would be reduced by additional cash subscriptions under the Open Offer, and eliminated in the event that total cash subscriptions under the Cornerstone Placing, Firm Placing and Open Offer were US\$275 million;
- (iii) Application of the first US\$75 million of the proceeds of the Capital Raise to discharge expenses of the issue and to be available to the Group for working capital purposes and application of US\$200 million of the proceeds of the Capital Raise (as a result of cash subscriptions and to the extent necessary the Lender Underwriting) to repay and discharge US\$268.6 million of Project Debt and Accrued Interest under the terms of the Amendment, Repayment and Equitisation Agreement;
- (iv) An up to US\$122.7 million (£90.8 million) Open Offer pursuant to which up to 39,181,767 New Ordinary Shares will be available for subscription by Qualifying Shareholders on the basis of 1 New Ordinary Shares for every 71 Ordinary Shares held on the Record Date (the Basic Entitlement, with Excess Applications also permitted);
- (v) Application of additional net cash proceeds of the Capital Raise above US\$275 million to reduce Project Debt in accordance with the terms of the Amendment, Repayment and Equitisation Agreement on a ratio of 4:3, that is that every US\$3 of cash raised will repay and discharge US\$4 in Project Debt. To the extent that the retained level of Project Debt following application of the gross proceeds of the Open Offer on that basis (and following application of US\$200 million of the proceeds of the Capital Raise (as a result of cash subscriptions and to the extent necessary the Lender Underwriting) in repayment of debt exceeds US\$100 million, the amount of outstanding Project Debt in excess of US\$100 million will be equitised into New Ordinary Shares and issued to Lenders at the Issue Price so as to discharge that excess.

The net effect of these arrangements will be that the amount of debt remaining outstanding following the completion of the Capital Restructuring will not be more than US\$100 million and (in the event of the Open Offer being subscribed for in full) will be nil.

- (vi) On completion of the Capital Restructuring, the terms of any residual Project Debt will be amended to provide, inter alia, that principal repayments in respect of outstanding Project Debt following completion of the Restructuring will be in fixed semi-annual instalments, beginning in February, 2018, with final maturity of February, 2022. Up to and including 1 February 2021 each repayment will represent approximately 9.52% of outstanding Project Debt as at the completion of the Debt Restructuring, increasing to approximately 11.11% and 22.22% on 1 August 2021 and 1 February 2022 respectively. Interest on outstanding Project Debt in the period up to 1 February 2020 will be LIBOR plus a margin of 4.75% per annum, increasing to LIBOR plus 5.50% thereafter. A summary of the principal terms of the Amended Financing Agreements is set out in section 14 of Part 15 of this document.

Further details on each of the elements of the Capital Raise are set out below.

5. Details of the Capital Raise

The Company intends to raise US\$275 million (£203.4 million) and, if subscribed for in full, a maximum of US\$368.4 million (£272.5 million) under the Capital Raise through the issue of New Ordinary Shares at a price of US\$3.132 (Stg£2.317) per New Ordinary Share (equivalent to a price of US\$0.0156 or Stg1.16p before the Capital Reorganisation). The Capital Raise is conditional, amongst other things, on Shareholder approval (and, in the case of the Related Party Resolution, the approval of the Independent Shareholders) which is being sought at the Extraordinary General Meeting.

Funds to be raised under the Capital Raise are being raised through a combination of the Cornerstone Placing, the Firm Placing and the Open Offer. In aggregate US\$275 million (£203.4 million) is committed through a combination of the commitment from the Cornerstone Investor, the commitments under the Firm Placing and the Lender Underwriting. Additional funds are not committed but in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), a maximum of 7,609,371 New Ordinary Shares will be issued to Lenders at the Issue Price pursuant to the Debt Equitisation (discharging US\$23.8 million of Project Debt).

Accordingly the completion of the Capital Restructuring is not dependent on any funds being raised other than the US\$275 million already committed (as a result of cash subscriptions and to the extent necessary the Underwriting).

Cornerstone Placing

The Cornerstone Investor, which is wholly owned by SGRF, will subscribe for 31,928,480 New Ordinary Shares at the Issue Price of US\$3.132 (£2.317 per New Ordinary Share (equivalent to a price of US\$0.0156 or 1.16p per Ordinary Share before the Capital Reorganisation) on and subject to the terms of the Cornerstone Subscription Agreement. The Cornerstone Placing represents approximately 229% of Kenmare's Existing Issued Ordinary Share Capital (adjusted for the Capital Reorganisation) and will represent approximately 29.15% of the Company's Enlarged Issued Ordinary Share Capital (in the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), or approximately 24.24% of the Company's Enlarged Issued Ordinary Share Capital in the event of subscription in full under the Open Offer. A summary of the terms on which SGRF is participating in the Cornerstone Placing is set out in section 14 of Part 15 of this document.

SGRF

SGRF is the State General Reserve Fund of the Sultanate of Oman. It was established in 1980 by Royal Decree 1/80 with the objective of achieving long term sustainable returns on the revenues generated from oil and gas related activities, that are surplus to the state's budgetary requirements. On behalf of the Sultanate of Oman, SGRF manages the reserves placed in its care to achieve best possible long term returns with acceptable risks, through investing in a diversified portfolio of asset classes in more than

25 countries worldwide. SGRF is regulated and supervised by the Financial Affairs and Energy Resources Council (FAERC) of Oman.

Under the terms of the Amendment, Repayment and Equitisation Agreement the issue of New Ordinary Shares to Lenders under the Equitisation (if arising) will occur two business days following Admission. Accordingly, in certain circumstances, for the period between Admission and the issue of the Lender Shares, the interests of SGRF (if there is to be an Equitisation) could exceed 30% of the then issued share capital of the Company. The Irish Takeover Panel has granted SGRF a waiver permitting temporary breach of the 30% threshold (the level at which a mandatory offer obligation arises under Rule 9 of the Irish Takeover Rules) without SGRF being required to make a mandatory offer. The waiver granted by the Irish Takeover Panel is subject to the following conditions: (i) that SGRF's shareholding in Kenmare will be reduced below 30% as a result of the issue of the Lender Shares and the Lender Underwriting Shares (if any) by no later than seven business days following completion of the Capital Raise; (ii) that, during the period in which SGRF holds shares conferring more than 30% of the voting rights in the Company, SGRF and any persons acting in concert with SGRF shall be restricted from exercising the voting rights conferred by any securities held in Kenmare by SGRF until such time as its shareholding has been reduced below 30% of the voting rights in Kenmare; and (iii) that details of the possible temporary breach of the 30% threshold, together with details of the Irish Takeover Panel's waiver, be disclosed by the Company. This disclosure addresses this final condition.

Firm Placing

Placees will subscribe for in aggregate 46,519,505 New Ordinary Shares at the Issue Price of US\$3.132 (£2.317) per New Ordinary Share (equivalent to 1.16p per Ordinary Share before the Capital Reorganisation). The Firm Placing represents approximately 334.4% of Kenmare's Existing Issued Ordinary Share Capital and will represent approximately 42.5% of the Company's Enlarged Issued Ordinary Share Capital in the event of nil subscription under the Open Offer or approximately 35.3% of the Company's Enlarged Issued Ordinary Share Capital in the event of subscription in full under the Open Offer.

Certain Lenders have agreed to underwrite the Capital Raise to the extent that cash proceeds of the Capital Raise are less than US\$275 million, to a maximum of US\$40.77 million, through their agreement to subscribe for New Ordinary Shares at the Issue Price by equitisation of a matching amount of Project Debt. A maximum of 9,355,335 New Ordinary Shares may be issued under the Lender Underwriting (based on the commitments to participate in the Firm Placing) but this number would be reduced by additional cash subscriptions under the Open Offer, and eliminated in the event that total cash subscriptions under the Cornerstone Placing, Firm Placing and Open Offer were US\$275 million.

The Issue Price represents a 35.5% premium to the Closing Price of £0.086 per Ordinary Share on 29 June, 2016 (being the last Business Day before the announcement of the Capital Raise). The Issue Price was determined following discussions with both existing and new shareholders including in particular the Cornerstone Investor. While a sterling equivalent and a euro equivalent Issue Price is available under the Open Offer, both the Cornerstone Placing and the Firm Placing are priced in US Dollars and will be settled in US Dollars. This means that the Company is assured receipt of a fixed amount of US dollar proceeds (being the functional currency of the Group and the currency in which it has been agreed that Project Debt will be discharged by the Group under the Amendment, Repayment and Equitisation Agreement). This, subject to the FX Arrangements, provided for under the Amendment, Repayment and Equitisation Agreement as described in section 14 of Part 15 of this document, mitigates against the risk of exchange rate fluctuations as between US Dollar and sterling and US Dollar and euro and provides the Group with certainty as to its ability to achieve the required outcome in terms of outstanding Project Debt and available working capital proceeds on completion of the Capital Restructuring.

Further details on the Related Party Resolution which address the participation by one of the Existing Shareholders in the Firm Placing is set out in section 5 of this Part 7.

Neither the Cornerstone Placing nor the Firm Placing are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

The New Ordinary Shares to be issued under the Cornerstone Placing and the Firm Placing will not carry an entitlement to participate in the Open Offer.

Application has been made to the Irish Stock Exchange for the New Ordinary Shares to be issued pursuant to the Cornerstone Placing and the Firm Placing to be admitted to the Official List and trading on its

regulated market. Application has been made to the FCA for these New Ordinary Shares to be admitted to the Official List of the FCA and application has been made to the London Stock Exchange for these New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market. It is expected that such admission will become effective and dealings in the New Ordinary Shares to be issued pursuant to the Cornerstone Placing and the Firm Placing will commence at 8.00 a.m. on 26 July, 2016, being the first business day following the passing of the Resolutions.

The New Ordinary Shares to be issued pursuant to the Cornerstone Placing and the Firm Placing will, on Admission, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by the Company after the date of issue of such New Ordinary Shares.

The effect of the Cornerstone Placing and the Firm Placing will be to reduce the proportionate ownership and voting interests in the Ordinary Shares of holders of Existing Ordinary Shares by 84.9%.

Open Offer

The Company may raise up to approximately US\$122.7 million (£90.8 million) of gross proceeds through an Open Offer of up to 39,181,767 New Ordinary Shares at the Issue Price. The Open Offer is not underwritten and there are no participation commitments in place in respect of Open Offer Entitlements.

Subject to the fulfillment of the terms and conditions set out below and in Part 9 (Terms and Conditions of the Capital Raise) of the Prospectus, Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares pro rata to their existing ordinary shareholdings at the Issue Offer Price on the basis of:

1 Open Offer Share (reflecting the Capital Reorganisation) for every 71 Existing Ordinary Shares

registered in their name at the Record Date and so in proportion for any other number of Existing Ordinary Shares then held.

Qualifying Shareholders may however apply for any whole number of New Ordinary Shares under the Open Offer. The Excess Application Facility enables Qualifying Shareholders to apply for any whole number of New Ordinary Shares in excess of, equal to or less than their Basic Entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their white 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 Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form are treated as having separate holdings for the purpose of calculating their Basic Entitlements under the Open Offer.

Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be made *pro rata* to the number of excess New Ordinary Shares applied for.

The New Ordinary Shares to be issued pursuant to the Open Offer will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by Kenmare after the date of issue of the New Ordinary Shares to be issued pursuant to the Open Offer.

Application has been made to the Irish Stock Exchange for the New Ordinary Shares to be issued pursuant to the Open Offer to be admitted to the Official List and trading on its regulated market. Application has been made to the FCA for the New Ordinary Shares to be issued pursuant to the Open Offer to be admitted to the Official List of the FCA and application has been made to the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Open Offer to be admitted to trading on the London Stock Exchange's main market. It is expected that Admission will become effective and dealings in the New Ordinary Shares to be issued pursuant to the Open Offer will commence at 8.00 a.m. on 26 July 2016, being the first business day following the passing of the Capital Restructuring Resolutions.

Application has been made to the Irish Stock Exchange for the New Ordinary Shares to be issued pursuant to the Debt Equitisation (if any) and the Lender Underwriting (if any) to be admitted to the Official List and trading on its regulated market. Application has been made to the FCA for the New Ordinary Shares to be issued pursuant to the Debt Equitisation (if any) and the Lender Underwriting (if any) to be

admitted to the Official List of the FCA and application has been made to the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Debt Equitisation (if any) and the Lender Underwriting (if any) to be admitted to trading on the London Stock Exchange's main market. It is expected that Admission will become effective and dealings in the New Ordinary Shares to be issued pursuant to the Debt Equitisation (if any) and the Lender Underwriting (if any) will commence at 8.00 a.m. on 28 July 2016.

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 4 July, 2016. The Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 4 July, 2016.

Applications through the means of 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.

Shareholders should note that the Open Offer is not a rights issue. 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 the Application Form is not a negotiable document and cannot be traded. 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 or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but instead up to a maximum of 39,181,767 New Ordinary Shares will be issued to the Lenders pursuant to the Debt Equitisation under the terms of the Amendment and Equitisation Agreement.

Shareholders who do not or cannot participate in the Open Offer will have their proportionate shareholdings in the Company diluted by approximately 87.3% as a consequence of the issue of the New Ordinary Shares issued under the Cornerstone Placing, the Firm Placing, the Lender Shares (in the event of full Debt Equitisation), the Lender Underwriting Shares (if any) and the Absa Shares or by approximately 89.4% in the event that the Open Offer is subscribed in full.

A Qualifying Shareholder who does take up their pro rata entitlement under the Open Offer, will have his proportionate shareholding in the Company diluted by approximately 59.7% as a consequence of the issue of the New Ordinary Shares issued under the Cornerstone Placing, the Firm Placing, the Lender Shares (in the event of full Debt Equitisation, the Lender Underwriting Shares (if any) and the Absa Shares or by approximately 59.7% in the event that the Open Offer is subscribed in full.

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

The Cornerstone Placing, the Firm Placing and the Open Offer are conditional, *inter alia*, upon:

- (i) the passing of all of the Capital Restructuring Resolutions;
- (ii) Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, the Firm Placing and the Open Offer becoming effective by not later than 8.00 a.m. on 26 July, 2016 (or such later date as provided for herein);
- (iii) the Cornerstone Subscription Agreement having become unconditional in all respects and not having been terminated in accordance with its terms. A summary of the material terms of the Cornerstone Subscription Agreement is contained in section 14 of Part 15 of this document;
- (iv) the Placing Commitments having become unconditional in all respects and not having been terminated in accordance with their terms. A summary of the material terms of the Placing Commitments are contained in section 14 of Part 15 of this document;
- (v) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms. A summary of the material terms of the Placing and Open Offer Agreement is contained in section 14 of Part 15 of this document; and
- (vi) those conditions to the Admission Effective Date under the Amendment, Repayment and Equitisation Agreement that fall to be satisfied or waived prior to Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer having been satisfied or waived and the Amendment, Repayment and Equitisation Agreement not having been

terminated in accordance with its terms. A summary of the material terms of the Amendment, Repayment and Equitisation Agreement is contained in section 14 of Part 15 of this document.

Accordingly, if any such conditions are not satisfied the Cornerstone Placing, the Firm Placing and the Open Offer will not proceed, 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. The attention of Shareholders is drawn to the Risk Factor section entitled '*Risks Relating to the Capital Restructuring*' which addresses this eventuality and the possible consequences for the Group.

Related Party Transaction

M&G is a related party of the Company for the purposes of the Listing Rules of the FCA because it is a substantial shareholder in the Company (being a party which holds in excess of 10% of the currently issued ordinary share capital of the Company). M&G, as at the Latest Practicable Date, is interested in 555,468,527 Existing Ordinary Shares, representing approximately 19.97% of the Existing Issued Ordinary Share Capital of the Company.

M&G is participating in the Firm Placing in respect of 18,712,664 New Ordinary Shares. This transaction is required to be classified under Chapter 11 of the Listing Rules of the FCA. This investment by M&G under the Firm Placing is classified as a related party transaction of a magnitude requiring the approval of Independent Shareholders by way of a simple majority in general meeting. Resolution 8 proposes the approval by Independent Shareholders (being for this purpose, the Shareholders other than M&G and its associates) of the maximum participation by M&G in the Firm Placing (and/or in respect of any Excess Application by M&G). Following the completion of the Capital Raise (assuming nil subscriptions under the Open Offer), the interest of M&G in the Company will be 21,490,006 Ordinary Shares representing 19.62% of the Enlarged Issued Ordinary Share Capital of the Company. M&G has also committed to subscribe for such number of New Ordinary Shares under the Open Offer (including through an Excess Application (if necessary)) as would, when added to its existing holding and the New Ordinary Shares subscribed for by M&G under the Firm Placing, mean that its resultant holding would equal 19.97% of the then Enlarged Issued Share Capital. A summary of the material terms of the Placing Commitment provided by M&G is contained in section 14 of Part 15 of this document.

M&G will not vote at the Extraordinary General Meeting on Resolution 8. 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 8 at the Extraordinary General Meeting. As referred to in section 18 of this Part 7, the Board believes that the participation by M&G in the Firm Placing in respect of 18,712,664 New Ordinary Shares, which would be on the same terms and, other than the approval of Resolution 8, 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.

6. Effect of the Capital Restructuring

In structuring the Capital Raise as part of the Capital Restructuring, the Directors have had regard, *inter alia* to:

- the minimum quantum required (after expenses of the issue) to be raised in order to secure the agreed debt reduction and the required working capital needs of the Company, being in aggregate US\$275 million, relative to the market capitalisation of the Company of approximately £23.78 million (based on the closing mid-market price on the London Stock Exchange as of the Latest Practicable Date);
- the importance of attracting new long term investors (including in particular the Cornerstone Investor but also by way of the Firm Placing), and of retaining existing institutional investors, by means of the Firm Placing;
- current market conditions;
- the stated position of SGRF that its holding as a percentage of the Enlarged Issued Ordinary Share Capital of the Company may not exceed 29.9%;
- exchange rate volatility, in particular having regard to the uncertainty in relation to the UK's vote to exit from membership of the European Union;

- the importance of providing Qualifying Shareholders with an opportunity to minimise or, in the event of full subscription under the Open Offer, eliminate, the number of New Ordinary Shares held by the Lenders pursuant to the Debt Equitisation; and
- the benefits of the Capital Restructuring as a whole in terms of deleveraging the business given the current high level of indebtedness and short to medium term cashflow requirements of the Company.

After considering all these factors, the Directors have concluded that the Capital Restructuring is the most suitable option available to the Company and its Shareholders.

Upon completion of the Capital Restructuring, the New Ordinary Shares will (assuming full subscription under the Open Offer) represent approximately 89.4% of the Company's Enlarged Issued Ordinary Share Capital and the Existing Ordinary Shares (with a new nominal value of €0.001 each) will represent approximately 10.6% of the Company's Enlarged Issued Ordinary Share Capital.

All of the Capital Restructuring Resolutions must be passed at the Extraordinary General Meeting in order for the Capital Restructuring to proceed. Please see section 17 of this Part 7, regarding the importance of the vote.

The Lender Shares to be issued pursuant to the Debt Equitisation will be a maximum of 7,609,371 in number representing 7.0% of the Enlarged Issued Share Capital (with this number reduced to nil if the Open Offer is subscribed for in full).

7. Government of Mozambique Participation

In order to facilitate the long standing objective of the Government of Mozambique to have an interest in the Moma Mine (which is a flagship project in Mozambique), in line with stated government policy, and in the context of reflecting and consolidating the strong relationship that the Company has enjoyed with the Government of Mozambique, the Company has agreed in principle with EMEM, subject to the completion of the Capital Restructuring, to issue 5,466,110 warrants to subscribe for Ordinary Shares to EMEM. The Government of Mozambique Warrants will not be listed but will be exercisable into new Ordinary Shares (on the basis of one new Ordinary Share for every warrant exercised) at a price of US\$3.84 per new Ordinary Share (representing a 22.5% premium to the Issue Price) for a period of five years from the date of grant. The consideration payable by the Government of Mozambique for these warrants is US\$1 million.

A summary of the material terms of the Government of Mozambique Participation Arrangement is contained in section 14 of Part 15 of this document.

In the event of full exercise of the Government of Mozambique Warrants, the aggregate exercise proceeds for the Company would be US\$20.9 million and the total number of new Ordinary Shares which would be issued would be 5,466,110 representing 5% of the enlarged issued Ordinary Share capital following completion of the Cornerstone Placing, the Firm Placing and the Debt Equitisation (excluding the issue of New Ordinary Shares pursuant to the Open Offer (if any)).

8. Financial Effect of the Capital Restructuring

An unaudited pro forma consolidated statement of financial position of the Group, prepared for illustrative purposes only, is included in Part 13 of this Prospectus. This illustrates the effect of the Capital Restructuring on the consolidated statement of financial position of the Group, had it been effected on 31 December, 2015.

9. Capital Reorganisation by Sub-division and Consolidation

Kenmare intends to implement a sub-division of its issued and authorised but unissued Ordinary Share capital in order to ensure it is in a position to issue New Ordinary Shares pursuant to the Capital Restructuring. The nominal value of each of the current authorised and issued Ordinary Shares is €0.06 each. This exceeds the Issue Price. Irish law provides that shares may not be issued at a discount to their nominal value. Accordingly, in order for the Company to be able to issue any New Ordinary Shares on market terms, it must reduce the nominal value of the existing issued and authorised but unissued Ordinary Shares. Kenmare also intends to implement a consolidation of the sub-divided shares in order to reduce the number of shares in issue following completion of the Capital Raise from what would otherwise be a very large number, thereby increasing the marketability of the shares and facilitating a narrower bid-offer spread than typically applies to so-called 'penny stocks'. Other than with respect to fractional

entitlements, the proportional interest of Shareholders in the issued Ordinary Share capital of the Company will remain unchanged as a consequence of the Capital Reorganisation.

The reduction in nominal value is to be effected by a sub-division of each issued and authorized but unissued Existing Ordinary Share into one Ordinary Share of nominal value €0.000005 each and one New Deferred Share of €0.059995 each. The rights attaching to the New Deferred Shares (see the following paragraphs) and the fact that they are not listed, will render them, effectively, valueless and they are being created only as a means to achieve the necessary reduction in the nominal value of the Ordinary Shares. The Existing Deferred Shares (created in 1991 as part of a previous capital reorganisation) have been cancelled.

Immediately after the sub-division, the newly subdivided Ordinary Shares of €0.000005 each will be consolidated such that for every 200 Ordinary Shares of €0.000005 each held, one consolidated new Ordinary Share of €0.001 each will result. The consolidation will give rise to fractional entitlements where Shareholders hold a number of Ordinary Shares which is not exactly divisible by 200. Under the Capital Reorganisation, Shareholders with such a holding will have their holding rounded down to the nearest whole number of new Ordinary Shares. Shareholders holding less than 200 Ordinary Shares as of the Capital Reorganisation Effective Date will not be entitled to receive any new Ordinary Shares. Fractional entitlements arising pursuant to the Capital Reorganisation will be amalgamated and sold in the market with the proceeds of sale, net of expenses, being retained for the benefit of the Company, as permitted by the Listing Rules.

Each Ordinary Share of €0.001 arising from the Capital Reorganisation will have the same rights (except as to nominal value, and including voting rights, dividend rights and rights on a return of capital) as each Existing Ordinary Share. New share certificates will be issued to Non-CREST Shareholders in substitution for their existing share certificates within 14 days of the Capital Reorganisation Effective Date. All existing share certificates will be invalid and will be cancelled. Shareholders should retain the certificates they hold in respect of the Existing Ordinary Shares until they receive certificates for the New Ordinary Shares. CREST Shareholders will have their accounts credited with the New Ordinary Shares to which they are entitled under the Capital Reorganisation on the Capital Reorganisation Effective Date.

The New Deferred Shares will have no voting rights, dividend rights and, in effect, no rights on a return of capital. The New Deferred Shares may be acquired by the Company for no consideration and cancelled. It is not intended to issue share certificates in respect of the New Deferred Shares, nor will CREST accounts be credited with the New Deferred Shares, nor will they be admitted to the Official Lists or to trading on the respective main markets of the ISE or the LSE.

Resolution 1 will effect the Capital Reorganisation by sub-division and the consolidation of the Ordinary Shares. The Capital Reorganisation, if approved, will be effective at 8.00 a.m. on 26 July, 2016 (being the Capital Reorganisation Effective Date) and will be made by reference to holdings of Existing Ordinary Shares on the register of members of the Company as at 6.00 p.m. on 25 July, 2016 (being the Capital Reorganisation Record Date).

10. Current Trading and Prospects

Current Trading

Operational

On 29 April 2016 Kenmare published its 2015 Annual Report and Accounts, together with an update on trading for the three months ended 31 March 2016 and reported, *inter alia*:

- Ore mined in Q1 2016 increased 120% to 7,061,000 tonnes (Q1 2015: 3,211,000 tonnes), mainly due to improved power supply quality and consistency in 2016;
- Heavy Mineral Concentrate (“HMC”) production in Q1 2016 increased 90% to 274,800 tonnes (Q1 2015: 144,500 tonnes);
- Ilmenite production increased 39% to 185,000 tonnes (Q1 2015: 132,900 tonnes);
- Zircon production increased 12% to 11,600 tonnes (Q1 2015: 10,400 tonnes);
- Total shipments of finished products were down 37% at 132,700 tonnes (Q1 2015: 209,600 tonnes); and

- Vastly improved power quality and consistency since the December 2015 installation of additional power transmission infrastructure by Electricidade de Moçambique (“EdM”).

On 20 June, 2016 the Company issued an operational update in respect of the year to date Q2 2016, as follows.

In April, May (“Q2 2016 to date”), the Group has continued to experience a considerable improvement in power quality and reliability as a result of additional transmission capacity commissioned by Electricidade de Moçambique in December 2015. Power should, the Directors believe, no longer be a fundamental constraint on Moma’s ability to produce.

In Q2 2016 to date, Kenmare produced 220,714 tonnes of heavy mineral concentrate (HMC), exceeding the equivalent part Q1 2016 production of 184,000 tonnes. This was largely as a result of realising the planned increase in head feed grades from 4.32% in Q1 to 5.14%. HMC supply is expected to continue to increase as head feed grades continue to increase in 2016 and mining capacity is bolstered by dry mining supplementing capacity.

This additional HMC supply has allowed ilmenite production rates to increase in Q2 2016 to date by 17%, to 145,500 tonnes produced versus an equivalent part Q1 2016 production of 124,000 tonnes.

Zircon volumes improved by 49%, as feed increased and plant recoveries improved, with 11,600 tonnes of zircon produced compared with 7,800 tonnes in an equivalent part Q1 2016. 7,600 tonnes of primary zircon were produced, compared to 5,600 tonnes in an equivalent part Q1 2016, and 4,000 tonnes of secondary grade zircon were produced, compared to 2,200 tonnes in an equivalent part Q1 2016. Zircon recoveries are required to continue to improve through the year, as expected, to achieve full year guidance.

As a result of completing delayed Q1 2016 shipments and increasing product demand, shipments of total finished products have increased significantly in Q2 2016 to date, amounting to 219,200 tonnes to the end of May, compared to 132,652 tonnes in the full Q1 2016. Further shipments in June 2016 have already made it a record quarter for product shipments. Finished product stocks reduced from 302,600 tonnes at the end of Q1 2016 to 241,800 tonnes at the end of May.

Market

In terms of market conditions in Q1 2016, there was a stabilisation of ilmenite prices in Q1 2016 as reductions in ilmenite production globally met with strong demand from pigment customers, who saw sales volumes increase between 6–12% in Q1 2016 in comparison year on year. Offtake conditions have continued to improve following the end of the quarter, resulting in the first tentative price increases for both domestically produced and imported ilmenite in the Chinese spot market. Kenmare expects stronger global pigment demand conditions to continue through 2016, driving increased feedstock consumption. In the last month the increasing tightness in the market has become more pronounced with price increases in the Chinese spot market for both domestic and imported ilmenite.

Zircon prices declined over the course of 2015, by Kenmare believes, approximately 10%. Although some of the larger producers sought to align production with market demand, increased supply from new producers, coupled with positioning by various producers for year-end sales contributed to the softness. Despite the positive outlook for growth in zircon demand, excess supply in the market is expected to result in subdued pricing for zircon in the coming years.

2016 Guidance

In its trading statement on 29 April 2016 Kenmare issued the following production and cash operating costs guidance for 2016.

Mining output through 2016 is expected to benefit from a significantly more stable power supply, with HMC also benefitting from an increase in grade from the latter part of Q2 2016 onwards. Future plant availability is anticipated to improve as a result of feed distribution and mechanical reliability improvements already completed. In addition, further recovery improvement projects are being implemented though 2016 in the non-magnetic section of the plant (processing rutile and zircon). The Group is continuing to push down costs to the extent possible and expects that as volume increases through 2016 with the benefit of improved power and product recoveries, the unit cost per tonne will continue to reduce.

The 2016 guidance on production and operating costs is as follows:

| <u>Production</u> | | <u>2016 Guidance</u> | <u>2015 Actual</u> | <u>Variance</u> |
|--|--------|--------------------------|------------------------|-----------------|
| Ilmenite | kt | 950 | 764 | 24% |
| Zircon | kt | 70 | 52 | 35% |
| of which primary | kt | 50 | 39 | 27% |
| of which secondary | kt | 20 | 12 | 61% |
| Rutile | kt | 8 | 6 | 33% |
| Costs | | | | |
| Total cash operating costs | US\$m | 145 | 136 | 6% |
| Cash operating costs per tonne of finished product | US\$/t | 141 | 166 | -15% |

Production and cost guidance is subject to a +/- 10% variance and to foreign exchange movements.

Sustaining capital in 2015 was US\$5.6 million as a result of stringent cost management, though expected to average ~US\$20m per annum in the medium term.

Prospects and Outlook

The outlook for Kenmare is intrinsically linked to the successful implementation of the Capital Restructuring. This will produce a Company with a more robust balance sheet, low levels of debt with a repayment holiday for the next 18 months, a reasonable interest rate, and a new strategic shareholder joining the shareholder register.

The Moma Mine expansion has been completed and now bedded down, costs have been substantially reduced, electricity supply, the thorn in the Company's side for the last several years, has been dramatically improved and many management system improvements have been made.

The market for merchant sulphate ilmenite (the Company's largest product) is firming and inventories appear to be declining. The production of Chinese domestic ilmenite has reduced and many projects around the world have either been closed through depletion or because they need better economics to justify their operation. Supply and demand analyses on the sulphate ilmenite sector to 2020 show that without supply from new projects, or from re-incentivised higher cost capacity that has been idled, there will be a deficit of supply. Kenmare believes that the longest downturn in the history of this industry is approaching its end. Kenmare, being, the Directors believe, the largest supplier of traded ilmenite in the world, should benefit from this recovery.

11. Overseas Shareholders

The attention of Shareholders who are citizens or residents of countries other than Ireland and the United Kingdom or have a registered address outside Ireland and the United Kingdom or who are holding Existing Ordinary Shares for the benefit of such persons is drawn to the information set out in section 7 of Part 9: "*Terms and Conditions of the Capital Raise*" of this Prospectus. Overseas Shareholders will not be entitled to take up their entitlements in the Open Offer unless such action would not result in the contravention of any legal requirement in any relevant jurisdiction.

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 Raise, if and when received, to a jurisdiction outside Ireland or the United Kingdom should read section 7 of Part 9.

12. Irish and UK Taxation

Certain information concerning Irish and UK taxation in relation to the Capital Raise is set out in Part 14 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.

13. Extraordinary General Meeting

A notice convening the Extraordinary General Meeting is contained in Part 20 of this document. The Extraordinary General Meeting will be held on 25 July, 2016 at 10.15 a.m. (or if later, immediately

following the conclusion of the Annual General Meeting convened to be held at 10.00 a.m. on the same day and at the same location) at The Fitzwilliam Hotel, St. Stephen's Green, Dublin 2, Ireland. A Form of Proxy for use at the Extraordinary General Meeting is enclosed with this document.

The Extraordinary General Meeting is being held for the purpose of considering and, if thought fit, passing the following Resolutions. In summary, the Resolutions (Resolutions 1, 2, 4, 6 and 8 which are ordinary resolutions and Resolutions 3, 5 and 7 are special resolutions) seeks the approval of Shareholders:

- (a) Resolution 1: (a) to cancel all authorised but unissued Existing Deferred Shares; (b) to sub-divide each issued and each authorised but unissued Ordinary Share of €0.06 in the share capital of the Company into one Ordinary Share of €0.000005 and one New Deferred Shares of €0.059995; and (c) to consolidate the issued Ordinary Shares of €0.000005 each resulting from the sub-division on the basis of one new Ordinary Share of nominal value €0.001 each for every 200 Ordinary Shares of nominal value €0.000005 each;
- (b) Resolution 2: to increase the authorised ordinary share capital of the Company so that the Company can give effect to the Capital Restructuring and the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants as well as for general corporate purposes;
- (c) Resolution 3: to amend the existing Memorandum of Association of the Company and to adopt a new set of articles of association with provisions reflecting the recent enactment of the Companies Act 2014, providing for the terms of the New Deferred Shares and removing references to the Existing Deferred Shares. A detailed summary of the proposed changes is included in Part 19 of this Prospectus. A copy of the proposed Amended Memorandum and Articles of Association, and a copy marked to show changes from the existing Memorandum and Articles of Association, is available for inspection as provided in section 26 of Part 15 of this Prospectus;
- (d) Resolution 4: to grant the Directors authority pursuant to Section 1021 of the Act to allot New Ordinary Shares for the purpose of or in connection with the Capital Raise (including the Lender Underwriting), the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants. The maximum aggregate nominal amount of securities which the Directors will have authority to allot pursuant to this Resolution is €167,000;
- (e) Resolution 5: to empower the Directors pursuant to Section 1023 of the Act to allot New Ordinary Shares for cash for the purpose of or in connection with the Capital Raise (including the Lender Underwriting), the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants otherwise than in accordance with statutory pre-emption rights;
- (f) Resolution 6: following Admission of the New Ordinary Shares issued under the Capital Raise, to grant the Directors authority pursuant to Section 1021 of the Act to allot Ordinary Shares for general purposes. This authority would be in substitution for any authority to allot Ordinary Shares given to the Directors at an annual general meeting of the Company (but in addition to the authority set out in Resolution 4 in relation to the allotment of the New Ordinary Shares for the purpose of or in connection with the Capital Raise, the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants). The new authority would give the Directors authority to allot new shares up to an aggregate nominal amount representing approximately one-third of the total issued ordinary share capital of the Company immediately following Admission of the New Ordinary Shares issued under the Capital Raise;
- (g) Resolution 7: following Admission of the New Ordinary Shares issued under the Capital Raise, to grant the Directors' power to disapply statutory pre-emption rights in respect of the issue of Ordinary Shares by the Company for cash (i) in the event of a rights issue or other issue of equity securities for cash and (ii) generally (otherwise than pursuant to (i) above), up to an aggregate nominal value representing approximately 5% of the total share capital of the Company in issue immediately following Admission of the New Ordinary Shares issued under the Capital Raise. This power would be in substitution for any such power to allot Ordinary Shares otherwise than in accordance with statutory pre-emption rights given to the Directors at an annual general meeting of the Company (but in addition to the power set out in Resolution 5 in relation to the allotment of the New Ordinary Shares otherwise than in accordance with statutory pre-emption rights for the purpose of or in connection with the Capital Raise, the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants); and

(h) Resolution 8: to approve the participation by M&G in the Firm Placing, being a related party transaction under the Listing Rules.

The total number of Ordinary Shares in issue as of the date of this Prospectus is 2,781,905,503 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, 6 and 8 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 8. M&G will not vote at the Extraordinary General Meeting on Resolution 8. 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 8. Resolutions 3, 5 and 7 are special resolutions and require at least 75% of the votes cast by Shareholders voting in person or by proxy to be in favour in order to be passed.

A copy of the proposed amended Memorandum of Association and the Articles of Association as proposed to be adopted will be available for inspection from the date of dispatch of this document until the close of the EGM at the addresses referred to in section 26 of Part 15 of this document and at the venue for the EGM for at least fifteen minutes before and during the meetings.

Please note that this is not the full text of the Resolutions and you should read this summary in conjunction with the Resolutions set out in the Notice.

The Capital Raise, comprising the Cornerstone Placing, the Firm Placing and the Open Offer, and the Capital Restructuring (including the Debt Equitisation) are conditional on the passing of all of the Capital Restructuring Resolutions.

14. 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) 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 later than 10.15 a.m. on 23 July, 2016. 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.eproxyappointment.com. 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 (ID 3RA50). In each case the proxy appointment must be received by no later than 10.15 a.m. on 23 July, 2016. 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.

(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 Basic 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 New Ordinary Shares under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in section 5.1 of Part 9 of this Prospectus and on the Application Form itself. You may apply for more or fewer New Ordinary Shares than you are entitled to under your Basic Entitlement and applications in excess of your Basic Entitlement will be dealt

with under the Excess Application Facility. Your completed Application Form, accompanied by full payment in accordance with the instructions in section 5.1 of Part 9 of this Prospectus, should be returned by post to Computershare Investor Services (Ireland) Limited, 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 Investor Services (Ireland) Limited, 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 22 July, 2016. 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

Qualifying CREST Shareholders who wish to apply for New Ordinary Shares under the Open Offer should refer to the procedure for application set out in section 5.2 of Part 9 of this Prospectus. The relevant CREST instructions must have settled in accordance with the instructions in section 5.2 of Part 9 of this Prospectus by no later than 11.00 a.m. on 22 July, 2016. 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. Qualifying CREST Shareholders who wish to apply for New Ordinary Shares in excess of their Basic Entitlement should refer to the procedure for Excess Applications set out in section 5.2(h) of Part 9 of this Prospectus. Applications in excess of your Basic Entitlement will be dealt with under the Excess Application Facility.

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 Capital Raise*) of this document and the Application Form.

The latest time and date for receipt of Application Forms and payment in full under the Open Offer and the settlement of relevant CREST Instructions (as appropriate) is expected to be 11.00 a.m. on 22 July, 2016, unless otherwise announced by the Company. Details of the further terms and conditions of the Cornerstone Placing, the Firm Placing and the Open Offer are set out in Part 9 (*Terms and Conditions of the Capital Raise*) of this Prospectus and, where relevant, will also be set out in the Application Forms.

For Qualifying Non-CREST Shareholders, the Open Offer Shares will be issued in certificated form and will be represented by definitive share certificates, which are expected to be dispatched by no later than 5 August, 2016 to the registered address of the person(s) entitled to them.

For Qualifying CREST Shareholders, the Receiving Agent will instruct Euroclear to credit the stock accounts of the Qualifying CREST Shareholders with their Open Offer Shares. It is expected that this will take place by no later than 26 July, 2016.

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

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 (Nos. 1 to 3) 2007 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 adviser if you are in a territory outside Ireland or the United Kingdom.

If you have any further queries regarding the Open Offer, 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 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 Firm Placing and Open Offer or provide personal legal, financial, tax or investment advice.

15. Risk factors

Shareholders and prospective investors should be aware that an investment in the Company involves a high degree of risk. The Group's business, financial condition or results of operations could be materially adversely affected by a number of risks. Risk factors relating to the Capital Restructuring, the Group, the titanium dioxide feedstocks industry and the Ordinary Shares are contained in Part 2 of this document, to which your attention is drawn.

16. Further information

You should read the whole of this Prospectus and the documents incorporated by reference herein and not just rely on the information contained in this letter. Your attention is drawn to the further information set out in this Prospectus. In particular, you should consider carefully the "Risk Factors" set out in Part 2 of this Prospectus.

17. Importance of the Vote

If the Capital Restructuring is not completed, the Group would not have sufficient working capital.

Since the end of August 2015, the Group has not been in a position to satisfy that covenant of its Project Loans which requires the Company to furnish to its Lenders a forecast (prepared on a prescribed basis) showing that it has sufficient cash to meet a US\$10 million cash financial covenant (the "New Financial Covenant"). Breach of this covenant constitutes an event of default under the Project Loans. In addition, as a result of being unable to demonstrate that the Group could repay the Super Senior Facility by April 2017, it has been unable to draw further Super Senior Loans for working capital purposes. In addition, under the terms of the April 2015 Amendment, the Group was required, in certain circumstances (such circumstances being related to the scenario where the Company was not acquired by way of a recommended bid, and therefore such circumstances having arisen), to present a proposal to the Lenders for a material deleveraging of the Group, with this proposal being required to be agreed with the Lenders by 31 January, 2016. While Kenmare did present a deleveraging plan to Lenders within the prescribed time frame, this plan was not agreed by the Lenders by 31 January, 2016, resulting in an event of default. The Project Loans have not, as of the Latest Practicable Date, been called by the Lenders as a result of these or certain other events of default.

The Capital Restructuring, if implemented, will address the event of default related to the New Financial Covenant. In addition the Capital Restructuring, if implemented, represents a deleveraging plan which has been agreed with the Lenders and which will therefore satisfy the related requirement and remedy the related event of default.

If the Capital Restructuring is not completed, the Company is of the opinion that, having regard to existing cash resources, the Group does not have sufficient working capital for its present requirements, that is for at least the 12 month period from the date of this Prospectus.

If the Capital Restructuring is not completed, to address such working capital shortfall, the Group would (in each case to the extent, and for the duration of any period, permitted by the Lenders at that time) immediately seek to agree and implement an alternative deleveraging plan that was acceptable to all relevant stakeholders. Actions that may be considered, and which the Group would immediately seek to agree and implement would include seeking to pursue alternative sources of liquidity, including seeking debt financing, seeking a renegotiation of existing debt facilities, seeking alternative equity financing, attempting the disposal of a strategic stake in the Mine, and/or attempting the outright disposal of the Mine. However the debt capacity of the Group in current market conditions (EBITDA in respect of the year ended 31 December, 2015 was negative US\$11.5 million (2014:US\$9.4 million positive) is such that it may not be possible to raise additional debt. In addition, the fact that the Company received no other approaches to acquire the Company on a going concern basis during the eighteen-month period in which it was in an offer period following the June 2014 approach by Iluka, and the fact that discussions with other prospective strategic investors have been curtailed following the commitment from the Cornerstone Investor, indicate that the prospect of a disposal of the Company or the Mine and/or of a material equity injection other than the Capital Raise may be remote. There is no guarantee, and indeed a high degree of uncertainty, that an alternative plan could be agreed or implemented within the timeframes dictated by the

limited remaining liquidity reserves of the Group and any extended timeframes for agreement and implementation would require both the consent of Lenders and the provision of additional liquidity (which may not be provided by the Lenders) during the period to completion.

If the Capital Restructuring is not completed, absent an alternative restructuring solution acceptable to its Lender Group, the Lender Group, having regard to existing and other events of default that would then have occurred under the Financing Agreements (unless they were to agree to waive such events of default), may, following notice and after compliance with certain timing constraints, accelerate the payment of all sums arising under the Project Loans (including accrued interest), enforce the security and guarantees granted to the Lender Group (including by enforcing their security over the Mine) and/or take any other action permitted to be taken should a waiver not be granted by the Lender Group.

Furthermore, if the Capital Restructuring is not completed and absent support and additional funds from the Lenders, the Directors are of the opinion that the Group would not have adequate resources for the foreseeable future and the Group may be required to initiate a wind-down of some or all of its operations and/or initiate appropriate proceedings in relevant jurisdictions. In the absence of completion of the Capital Restructuring, it is expected that such action may be taken by the Lenders and/or by the Directors in a relatively short time frame (one to two months).

Any such action would be detrimental to the Groups financial condition and may cause the Group to cease trading. Lenders might seek to initiate an enforcement or court-administered insolvency process (receivership or liquidation). Whilst the precise outcome of a receivership, liquidation or other enforcement process cannot be predicted with any degree of certainty, it would severely impair Company and Shareholder value.

The Board believes, based on the advice of its financial and legal advisors, that the Capital Restructuring represents a substantially better outcome for Shareholders than they would obtain in a receivership or other court-administered insolvency process. A receivership or other court-administered insolvency may not result in a return being available to holders of common equity. On the enforcement by a Lender of their security, a sale of the Company's assets may be initiated and the proceeds applied against the Groups outstanding debt facilities. Any potential equity shareholders' return would be dependent on the sale price achieved being in excess of the level of outstanding debt (as at 31 December, 2015 total debt outstanding was US\$367.8 million), with the sale price achievable in such a process subject to high levels of uncertainty.

The Company is of the opinion that having regard to existing cash resources and available bank facilities and taking into account the net proceeds of the Cornerstone Placing and the Firm Placing and the Lender Underwriting, the Group has sufficient working capital for its present requirements, that is for at least a 12 month period from the date of this Prospectus.

18. Directors' Intentions

Certain of the Directors are participating in the Firm Placing. Further information on such Director participation is set out in section 7 of Part 15 of this document. Due to the respective size of the individual Directors' participation in the Firm Placing relative to the market capitalization of the Company, independent shareholder approval of each of these transactions with a Director is not required. However, in accordance with the requirements of LR11.1.10 R, Davy, who are acting as sponsor to the Company, has confirmed in writing to the Company that the terms of the participation by certain of the Directors in the Firm Placing (being those where participation is of a size relative to the market capitalisation of the Company to require this confirmation), which is on the same terms as are applicable to other participants in the Firm Placing, are fair and reasonable as far as the Shareholders of the Company are concerned.

19. Directors' Recommendation

The Board has received financial advice from Rothschild in relation to the Capital Restructuring. In providing its financial advice to the Board, Rothschild has relied upon the Board's commercial assessment of the Capital Restructuring. The Board considers the Capital Restructuring to be in the best interests of the Company and the Shareholders as a whole. The Board, which has been so advised by Davy, who are acting as sponsor to the Company, considers the participation by M&G in the Firm Placing in respect of 18,712,664 New Ordinary Shares (and/or in respect of any Excess Application by M&G) (being the Related Party Transaction) 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 its financial advice to the Board, Davy has taken into account the Director's commercial assessments.

Accordingly, the Board unanimously recommends that all Shareholders (or all relevant Independent Shareholders as the case may be) vote in favour of the Resolutions as they intend to do, or procure to be done, in respect of their own beneficial holdings, amounting to 13,044,341 Ordinary Shares, representing approximately 0.469% of the Existing Ordinary Shares.

Yours sincerely,
Steven McTiernan
Chairman

PART 8

QUESTIONS AND ANSWERS ABOUT THE CAPITAL RESTRUCTURING

The questions and answers set out in this Part 8 are intended to be in general terms only and, as such, you should read Part 9 (Terms and Conditions of the Capital Raise) of this Prospectus 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 seek immediately your own financial advice from your stockbroker, solicitor, accountant, fund manager or other 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 (Nos. 1 to 3) 2007 (as amended) or the Investment Intermediaries Act 1995 (as amended) or, if you are resident in the United Kingdom, a firm authorised under the FSMA or, if you are in a territory outside Ireland or the United Kingdom, from another appropriately authorised independent financial adviser.

This Part 8 deals with general questions relating to the Capital Restructuring and more specific questions relating to Ordinary Shares held by persons resident in Ireland or the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read section 7 of Part 9 (Terms and Conditions of the Capital Raise) of this Prospectus 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 rights. If you hold your Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 9 (Terms and Conditions of the Capital Raise) of this Prospectus for full details of what action you should take. If you are a CREST Sponsored Member, you should consult your CREST Sponsor. If you do not know whether your Ordinary Shares are in certificated or uncertificated form, please call the shareholder helpline on +353 1 447 5106 (if calling from outside Ireland and the United Kingdom) 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 the Group's register of members and is unable to give advice on the merits of the Capital Restructuring or to provide legal, business, financial, accounting, tax, investment or other professional advice.

1. What is the Capital Reorganisation?

The nominal value of each of the current authorised and issued Ordinary Shares is €0.06 each. This exceeds the Issue Price. Irish law provides that shares may not be issued at a discount to their nominal value. Accordingly, in order for the Company to be able to issue any New Ordinary Shares on or close to market terms, it must reduce the nominal value of the existing issued and authorized but unissued Ordinary Shares. Kenmare also intends to implement a consolidation of the sub-divided shares in order to reduce the number of shares in issue following completion of the Capital Raise from what would otherwise be a very large number, thereby increasing the marketability of the shares and facilitating a narrower bid-offer spread than typically applies to so-called 'penny stocks'. Other than with respect to fractional entitlements, the proportional interest of Shareholders in the issued Ordinary Share capital of the Company will remain unchanged following the Capital Reorganisation.

The reduction in nominal value is to be effected by a sub-division of each issued and authorized but unissued Existing Ordinary Share into one Ordinary Share of nominal value €0.000005 each and one New Deferred Share of €0.059995 each. The rights attaching to the New Deferred Shares (see the following paragraphs) and the fact that they are not listed, will render them, effectively, valueless and they are being created only as a means to achieve the necessary reduction in the nominal value of the Ordinary Shares. The Existing Deferred Shares (created in 1991 as part of a previous capital reorganisation) have been cancelled.

Immediately after the sub-division, the newly subdivided Ordinary Shares of €0.000005 each will be consolidated such that for every 200 Ordinary Shares of €0.000005 each held, one consolidated new Ordinary Share of €0.001 each will result. The consolidation will give rise to fractional entitlements where Shareholders hold a number of Ordinary Shares which is not exactly divisible by 200. Under the Capital Reorganisation, Shareholders with such a holding will have their holding rounded down to the nearest whole number of new Ordinary Shares. Shareholders holding less than 200 Ordinary Shares as of the Capital Reorganisation Effective Date will not be entitled to receive any new Ordinary Shares. Fractional entitlements arising pursuant to the Capital Reorganisation will be amalgamated and sold in the market with the proceeds of sale, net of expenses, being retained for the benefit of the Company, as permitted by the Listing Rules.

Each Ordinary Share of 0.001 arising from the Capital Reorganisation will have the same rights (except as to nominal value, and including voting rights, dividend rights and rights on a return of capital) as each Existing Ordinary Share. New share certificates will be issued to Non-CREST Shareholders in substitution for their existing share certificates within 14 days of the Capital Reorganisation Effective Date. All existing share certificates will be invalid and will be cancelled. Shareholders should retain the certificates they hold in respect of the Existing Ordinary Shares until they receive certificates for the New Ordinary Shares. CREST Shareholders will have their accounts credited with the New Ordinary Shares to which they are entitled under the Capital Reorganisation on the Capital Reorganisation Effective Date.

The New Deferred Shares will have no voting rights, dividend rights and, in effect, no rights on a return of capital. The New Deferred Shares may be acquired by the Company for no consideration and cancelled. It is not intended to issue share certificates in respect of the New Deferred Shares, nor will CREST accounts be credited with the New Deferred Shares, nor will they be admitted to the Official Lists or to trading on the respective main markets of the ISE or the LSE.

Resolution 1 will effect the Capital Reorganisation. The Capital Reorganisation, if approved, will be effective at 8.00 a.m. on 26 July, 2016 (being the Capital Reorganisation Effective Date) and will be made by reference to holdings of Existing Ordinary Shares on the register of members of the Company as at 6.00 p.m. on 25 July 2016 (being the Capital Reorganisation Record Date).

2. What are the Cornerstone Placing, the Firm Placing and the Open Offer?

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire Open Offer Shares at the Issue Price in proportion to their existing shareholding. The Open Offer also includes an Excess Application Facility allowing application for more than a pro rata entitlement under the Open Offer.

The Cornerstone Placing and the Firm Placing are separate to the Open Offer and are not available to Qualifying Shareholders.

3. Am I eligible to participate in the Cornerstone Placing or the Firm Placing?

Participation in the Cornerstone Placing is restricted to the Cornerstone Investor and participation in the Firm Placing is restricted to those institutional and other investors invited to participate.

The New Ordinary Shares to be issued under the Cornerstone Placing and the Firm Placing do not form part of the Open Offer. As such, unless invited to be a placee, a Qualifying Shareholder will not be eligible to participate in the Firm Placing.

4. What is the Debt Restructuring?

The Debt Restructuring is a reduction of the Project Debt outstanding (to not more than US\$100 million) and a revision of the terms of the residual debt. The Debt Restructuring will only be implemented where the Capital Restructuring is completed.

5. Will the Capital Restructuring result in my Shareholding being diluted?

A Qualifying Shareholder (and Excluded Territory Shareholders who are not eligible to participate in the Open Offer) that does not take up any Open Offer Shares under the Open Offer will experience dilution of:

- (a) approximately 85.0% as a consequence of the issue of the New Ordinary Shares under the Cornerstone Placing, the Firm Placing (including, to the extent necessary, the Lender Underwriting) and the Absa Shares; and
- (b) a further approximately 29.7% as a consequence of the issue of the New Ordinary Shares under the Open Offer (assuming full take up of the Open Offer); or
- (c) a further approximately 7.0% as a consequence of the issue of all of the New Ordinary Shares under the Debt Equitisation (assuming nil take up of the Open Offer).

6. What is being offered under the Open Offer by the Company?

An aggregate of up to 39,181,767 Open Offer Shares are being offered to Qualifying Shareholders at a price of Stg£2.317 or €2.818 per Open Offer Share.

These sterling and euro prices are the sterling equivalent and the euro equivalent respectively (converted at the Latest Practicable Date exchange rates) of an Issue Price per New Ordinary Share of US\$3.132. US\$3.132 per New Ordinary Share is equivalent to US\$0.01566 per Existing Ordinary Share before the Capital Reorganisation (which entails a 1 for 200 Consolidation), or Stg1.16p and €0.0141 per Existing Ordinary Share, in each case before the Capital Reorganisation.

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 original Shareholder and may not be transmitted when satisfying a market claim. All Qualifying Non-CREST Shareholders with a registered address in the UK must make payment in sterling. All Qualifying CREST Shareholders must make payment in sterling.

Subject to the satisfaction of the conditions to the Open Offer, the amount of Open Offer Shares subscribed for by Qualifying Shareholders shall be allotted by the Company. The Open Offer is not a rights issue and any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. Qualifying Shareholders may however apply for any whole number of New Ordinary Shares under the Open Offer. The Excess Application Facility enables Qualifying Shareholders to apply for any whole number of New Ordinary Shares in excess of, equal to or less than their Basic Entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form and, 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 Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form are treated as having separate holdings for the purpose of calculating their Basic Entitlements under the Open Offer.

Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be made pro rata to the number of excess New Ordinary Shares applied for. In the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), a maximum of 7,609,371 New Ordinary Shares will be issued to Lenders at the Issue Price pursuant to the Debt Equitisation (discharging US\$23.8 million of Project Debt).

7. I hold my Existing Ordinary Shares in certificated form. How do I know if I am able to subscribe for New Ordinary Shares under the Open Offer?

Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Issue Price, on and subject to the terms and conditions of the Open Offer on the basis of:

1 Open Offer Share (reflecting the Capital Reorganisation) for every 71 Existing Ordinary Shares registered in their name at the Record Date.

If you receive an Application Form and are not a holder with a registered address in the United States or any other Excluded Territory, then you should be eligible to subscribe for Open Offer Shares under the Open Offer (as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 1 July, 2016).

Shareholders located in, or who are citizens of, or who have a registered address in a jurisdiction other than Ireland or the United Kingdom will be subject to the laws of that jurisdiction and their ability to participate in the Open Offer may be affected accordingly. Shareholders are responsible for complying with all local laws and regulations to which they are subject in relation to the Open Offer. Shareholders with a registered address outside of Ireland or the UK should read section 7 of Part 9 (*Terms and Conditions of the Capital Raise*) of this Prospectus and should take professional advice as to whether they are eligible and/or need to observe and any formalities to enable them to take up their Open Offer Entitlement.

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

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 holding of Existing Ordinary Shares on the Record Date on the following basis:

1 Open Offer Share (reflecting the Capital Reorganisation) for every 71 Existing Ordinary Shares registered in their name at the Record Date Excess Applications may also be made as referred to above.

If you hold your Existing Ordinary Shares in certificated form and do not have a registered address in the United States or any other Excluded Territory, you will be sent an Application Form that shows: (i) how many Existing Ordinary Shares you held at the close of business on 29 June, 2016 (the “Record Date”); (ii) how many Open Offer Shares you are entitled to subscribe for; and (iii) how much you need to pay if you want to take up your Open Offer Entitlement in full. If you have a registered address in the United States or any other Excluded Territory, you will not receive an Application Form.

9. I am a Qualifying Shareholder with a registered address in Ireland or the United Kingdom and I hold my Existing Ordinary Shares in certificated form. What are my choices and what should I do with the Application Form?

If you want to take up all of your Basic Entitlement

If you want to take up all of your Basic Entitlement to subscribe for Open Offer Shares, all you need to do is sign and send the Application Form, together with your cheque or banker’s draft for the full amount payable for your Open Offer Shares, payable to Computershare Investor Services (Ireland) Limited—re “Kenmare Open Offer 2016” and crossed “A/C Payee Only”, by post 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 by no later than 11.00 a.m. on 22 July, 2016. Shareholders mailing from Ireland are recommended to allow at least 4 business days for delivery. Shareholders in other jurisdictions should allow a longer period for delivery.

The Excess Application Facility

The Excess Application Facility enables Qualifying Shareholders to apply for New Ordinary Shares in excess of their Open Offer Entitlements, subject to the total number of New Ordinary Shares being applied for under the Open Offer not exceeding 39,181,767 New Ordinary Shares, in which case applications made under the Excess Application Facility will be scaled back *pro rata* to the number of New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Should the Open Offer become unconditional and applications for New Ordinary Shares under the Open Offer exceed 39,181,767 New Ordinary Shares, resulting in a scale back of applications, each Qualifying Non CREST Shareholder who has made a valid application for excess New Ordinary Shares under the Excess Application Facility and from whom payment in full for excess New Ordinary Shares has been received will receive an amount equal (and in the same currency in which the Qualifying Shareholder applied) to the number of New Ordinary Shares validly applied and paid for but not allocated to the relevant Qualifying Non CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant’s sole risk.

Qualifying Non-CREST Shareholders who wish to apply for New Ordinary Shares in excess of their Open Offer Entitlements must complete the Application Form in accordance with the instructions accompanying the Application Form.

Please note third party cheques may not be accepted other than building society cheques or banker’s drafts. All payments must be in sterling or euro and payment by CHAPS/BACS/SWIFT/SEPA or electronic transfer will not be accepted.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker’s draft, the building society or bank must endorse on the cheque or draft the applicant’s name and the number of an account held in the applicant’s name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

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 5 August, 2016.

Full instructions are set out in 9 (*Terms and Conditions of the Capital Raise*) of this Prospectus and will be set out in the Application Form.

If you do not want to take up your Basic Entitlement at all

If you do not want to take up your Open Offer Entitlement, you do not need to do anything.

If you want to take up some but not all of your Basic Entitlements

If you want to take up some but not all of your Basic Entitlements then you should write the number of Open Offer Shares you want to take up in Box 4 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write '25' in Box 4.

To work out how much you need to pay for the Open Offer Shares, if you are paying in sterling, you need to multiply the number of Open Offer Shares you wish to take up (in this example '25') by Stg£2.317, which is the price in sterling of each Open Offer Share (giving you an amount of £57.93 in this example).

To work out how much you need to pay for the Open Offer Shares, if you are paying in euro, you need to multiply the number of Open Offer Shares you wish to take up (in this example '25') by €2.818, which is the price in euro of each Open Offer Share (giving you an amount of €70.45 in this example).

You should write the resultant amount in Box 5, and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "Computershare Investor Services (Ireland) Limited—re Kenmare Open Offer" and crossed "A/C Payee Only", by post 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 by no later than 11.00 a.m. on 22 July, 2016. Shareholders mailing from Ireland are recommended to allow at least 4 business days for delivery. Shareholders in other jurisdictions should allow a longer period for delivery.

10. Will I have to pay any fees for taking up my Open Offer Entitlements?

There will be no fee payable by you for taking up your Open Offer Entitlements (the only payment required is payment of an amount equal to the number of Open Offer Shares taken up by you, multiplied by the Issue Price).

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

If you do not receive an Application Form but think that you should have received one, please contact the Shareholder helpline on (01) 447 5106 (if calling from within Ireland) or +353 1 447 5106 (if calling 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 the Company's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, financial, accounting, tax, investment or other professional advice. Calls may be recorded and monitored for security and training purposes.

12. What happens if I don't return my Application Form in time?

The Open Offer process must run according to a strict timetable. If your completed Application Form is not received prior to the relevant deadline (being 11.00 a.m. 22 July, 2016), your application will not be processed and your Open Offer Entitlement will lapse (save as otherwise provided for in Part 9 (*Terms and Conditions of the Capital Raise*) of this document). If you are posting your Application Form, it is recommended that you allow sufficient time for delivery.

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

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares will start trading ex-entitlement at 8.00 a.m. on 1 July,

2016. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase.

14. I hold my Existing Ordinary Shares in certificated form. If I take up Open Offer Shares, when will I receive the certificate representing my Open Offer Shares?

If you subscribe for Open Offer Shares and full payment for your Open Offer Shares has been received, share certificates for the Open Offer Shares are expected to be posted by no later than 5 August, 2016.

If you have converted some or all of your Open Offer Entitlements into uncertificated form, Open Offer Shares will be credited to your CREST account on 26 July 2016 in respect of Open Offer Entitlements taken up by you, in respect of which payment has been received, by 11.00 a.m. on 22 July, 2016.

15. I hold my Existing Ordinary 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 paragraph 5.2 of Part 9 (*Terms and Conditions of the Capital Raise*) of this Prospectus. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement, and should contact their CREST member should they not receive this information.

16. Will I be taxed if I take up my Open Offer Entitlements?

Please see Part 14 (*Taxation Information*) of this Prospectus for information on Irish, UK in relation to the Open Offer. This information is intended to be only a general guide to the current tax position in Ireland and the UK. Shareholders who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction other than Ireland or the UK are strongly advised to consult an appropriate professional adviser immediately.

Please note that the Shareholder helpline will not be able to assist you with taxation issues. Calls may be recorded and monitored for security and training purposes.

17. Can I change my decision to take up my Open Offer Entitlements?

Once you have returned your Application Form, you cannot withdraw your application or change the number of Open Offer Shares that you have applied for, except in the very limited circumstance.

18. What should I do if I live outside Ireland or the UK?

Whilst you may have an entitlement to participate in the Open Offer, your ability to take up entitlements to 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 Entitlements. Shareholders located or with registered addresses in an Excluded Territory (including the United States) are not able to participate in the Open Offer, save that the Company reserves the right to permit any such Shareholder to take up his rights if the Company in its sole absolute discretion is satisfied that the transaction in question would not breach any applicable law or regulation. Your attention is drawn to the information in section 7 of Part 9 (*Terms and Conditions of the Capital Raise*) of this Prospectus.

19. 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 held Existing Ordinary Shares in the Company directly and you have sold some or all of your Existing Ordinary Shares before 1 July 2016, you should contact the buyer of such shares or the person/company/agent through whom you sold such shares and (provided that the buyer is not an Excluded Territory Shareholder) forward the documentation relating to the Open Offer including the Application Form. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

If you sell any of your Existing Ordinary Shares on or after 8.00 a.m. 1 July 2016, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

20. How do I transfer my Open Offer Entitlement 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 Box 6 and the CREST Deposit Form (Box 9 on page 2 of the Application Form) and ensure they are delivered to CREST Courier and Sorting Service to be received by 3.00 p.m. on 19 July, 2016 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this. If you have transferred your Open Offer Entitlement into the CREST system, you should refer to section 5.2 of Part 9 (*Terms and Conditions of the Capital Raise*) of this Prospectus for details on how to pay for the Open Offer Shares.

21. What should I do if I think my holding of Existing Ordinary Shares is incorrect?

If you have bought or sold Existing Ordinary Shares shortly before the Record Date (being 5.00 p.m. on 29 June, 2016), your transaction may not be entered on the register of members in time to appear on the register at the Record Date. If you are concerned about the figure in the Application Form or otherwise concerned that your holding of Existing Ordinary Shares is incorrect, please contact the shareholder helpline on 01 447 5106 (if calling from within Ireland) or +353 1 447 5106 (if calling 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 the Company's register of members and is unable to give advice on the merits of the Capital Restructuring or to provide legal, business, financial, accounting, tax, investment or other professional advice. Calls may be recorded and monitored for security and training purposes.

22. Further assistance

Should you require further assistance please call the Shareholder helpline on 01 447 5106 (if calling from within Ireland) or +353 1 447 5106 (if calling 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 the Company's register of members and is unable to give advice on the merits of the Capital Restructuring or to provide legal, business, financial, accounting, tax, investment or other professional advice. Calls may be recorded and monitored for security and training purposes.

PART 9

TERMS AND CONDITIONS OF THE CAPITAL RAISE

1. Introduction

As explained in the letter from the Chairman set out in Part 7 of this Prospectus, the Company is proposing, subject to certain conditions, including the passing of the Capital Restructuring Resolutions by Shareholders at the EGM, to issue in aggregate up to 117,629,752 New Ordinary Shares through the Cornerstone Placing, Firm Placing and Open Offer, raising gross proceeds of not less than US\$275 million (approximately £203.4 million) (as a result of cash subscriptions and to the extent necessary the Underwriting) and up to US\$368.4 million (approximately £272.5 million).

78,447,985 New Ordinary Shares will be issued through the Cornerstone Placing and Firm Placing, raising gross proceeds of approximately US\$245.7 million (£181.7 million) (as a result of cash subscriptions) and up to 39,181,767 New Ordinary Shares will be issued through the Open Offer raising gross proceeds of up to approximately US\$122.7 million (£90.8 million).

Under the Excess Application Facility Qualifying Shareholders may apply for New Ordinary Shares in excess of their Open Offer Entitlements. Applications made under the Excess Application Facility will be scaled back pro rata to the number of New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility if applications are received from Qualifying Shareholders under the Open Offer for more than the available number of New Ordinary Shares (being 39,181,767 New Ordinary Shares).

Upon completion of the Capital Raise, the New Ordinary Shares to be issued under the Cornerstone Placing, the Firm Placing and Open Offer (assuming subscription in full under the Open Offer) will represent approximately 89.3% of the Enlarged Issued Ordinary Share Capital and the Existing Ordinary Shares will represent approximately 10.6% of the Enlarged Issued Ordinary Share Capital.

The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 39,181,767 Open Offer Shares pro rata to their current holdings at the Issue Price in the case of the Open Offer of Stg£2.317 or €2.818 (being the Issue Price under the Cornerstone Placing and the Firm Placing converted to sterling and euro as of the exchange rates on the Latest Practicable Date) per share in accordance with the terms of the Open Offer.

The Cornerstone Placing, the Firm Placing and the Open Offer are conditional, among other things, upon: (i) the passing of all of the Capital Restructuring Resolutions; (ii) the Cornerstone Subscription Agreement having become unconditional in all respects and not having been terminated in accordance with its terms; (iii) the Placing Commitments having become unconditional in all respects and not having been terminated in accordance with their terms; (iv) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms; (v) those conditions to the Admission Effective Date under the Amendment, Repayment and Equitisation Agreement that fall to be satisfied or waived prior to Admission of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer having been satisfied or waived and the Amendment, Repayment and Equitisation Agreement not having been terminated in accordance with its terms; and on (vi) Admission of the New Ordinary Shares issued under the Cornerstone Placing, the Firm Placing and the Open Offer becoming effective by not later than 8.00 a.m. on 26 July, 2016 (or such other date as is provided for herein);

A summary of the principal terms of the Placing and Open Offer Agreement, the Placing Commitments, the Cornerstone Subscription Agreement and the Amendment, Repayment and Equitisation Agreement are set out in section 14 of Part 15 of this Prospectus.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders was 5.00 p.m. on 29 June, 2016. 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 8.00 a.m. on 4 July, 2016. 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 22 July, 2016 with Admission and commencement of dealings in New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer expected to take place at 8.00 a.m. on 26 July, 2016. If valid applications are not received from Qualifying Shareholders in respect of their respective Open Offer Entitlements by 11.00 a.m. on 22 July, 2016, subject to the right of the Company to accept valid

applications after 11.00 a.m. on 22 July, 2016 in certain circumstances, the relevant Open Offer Entitlements will lapse.

This Prospectus and, for Qualifying Non-CREST Shareholders only, the Application Form, contain the formal terms and conditions of the Capital Raise. Your attention is drawn to section 5 of this Part 9, which gives details of the procedure for application and payment for the New Ordinary Shares available under the Open Offer. The attention of Overseas Shareholders is drawn to section 7 of this Part 9 below.

The New Ordinary Shares to be issued pursuant to the Cornerstone Placing, Firm Placing and Open Offer will, on Admission, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by the Company after the date of issue of such New Ordinary Shares.

Application has been made for the New Ordinary Shares to be issued under the Cornerstone Placing, the Firm Placing and the Open Offer to be admitted to Official List of the ISE and the LSE. The New Ordinary Shares and the Existing 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 to be issued under the Cornerstone Placing, the Firm Placing and the Open Offer, fully paid, will commence at 8.00 a.m. on 26 July, 2016.

Application has been made for the New Ordinary Shares to be issued under the Debt Equitisation (if any) and the Lender Underwriting Equitisation (if any) to be admitted to the Official List of the ISE and the LSE. It is expected that Admission will become effective and that dealings in the New Ordinary Shares to be issued under the Debt Equitisation (if any) and the Lender Underwriting (if any), fully paid, will commence at 8.00 a.m. on 28 July, 2016.

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 1 July, 2016 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 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.

Subject to the conditions referred to above being satisfied (as described in more detail in section 4 of this Part 9 and save as provided in section 7 of this Part 9 (in respect of Overseas Shareholders), it is intended that:

- (i) Application Forms in respect of the New Ordinary Shares to be offered under the Open Offer will be dispatched to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Excluded Territory Shareholders) at their own risk on 1 July, 2016;
- (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 4 July, 2016;
- (iii) the relevant 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 26 July, 2016; and
- (iv) share certificates for the New Ordinary Shares to be held in certificated form will be dispatched by post to relevant Qualifying Non-CREST Shareholders, who validly take up their entitlements by no later than 5 August, 2016 at their own risk.

The Brokers and any of their affiliates may engage in trading activity in connection with their roles under the Placing and Open Offer Agreement and in that capacity, may retain purchase, sell, offer to sell or otherwise deal for their own account in securities of the Company and related or other securities or instruments (including Ordinary Shares). In addition, the Brokers and any of the affiliates may enter into financing arrangements (including swaps) with investors, in connection with which the Brokers (or its affiliates) may, from time to time, acquire, hold or dispose of Ordinary Shares.

2. The Cornerstone Placing and the Firm Placing

Cornerstone Placing

The Cornerstone Investor will subscribe for in aggregate 31,928,480 New Ordinary Shares at the Issue Price of US\$3.132 on and subject to the terms of the Cornerstone Subscription Agreement. The Cornerstone Placing represents approximately 229% of Kenmare's Existing Issued Ordinary Share Capital and will represent approximately 29.15% of the Company's Enlarged Issued Ordinary Share Capital in the event of nil subscription under the Open Offer or approximately 24.24% of the Company's Enlarged Issued Ordinary Share Capital in the event of subscription in full under the Open Offer.

Firm Placing

The Company is proposing to issue 46,519,505 New Ordinary Shares pursuant to the Firm Placing at the Issue Price. The New Ordinary Shares to be issued under the Firm Placing are not subject to clawback and do not form part of the Open Offer. The Firm Placing will raise US\$145.7 million (approximately £107.8 million).

The Firm Placing is subject to the same conditions which apply to the Open Offer (as set out in section 1 of this Part 9).

Application will be made to the Irish Stock Exchange and to the London Stock Exchange for the New Ordinary Shares to be issued under the Cornerstone Placing and the Firm Placing to be admitted to the Official List of the ISE and the LSE respectively. Subject to the conditions set out in section 4 of this Part 9 being satisfied, it is expected that Admission will become effective at 8.00 a.m. on 26 July, 2016 and that dealings for normal settlement in the New Ordinary Shares to be issued under the Cornerstone Placing and the Firm Placing will commence at 8.00 a.m. on the same day.

The New Ordinary Shares to be issued pursuant to the Cornerstone Placing and the Firm Placing will, on Admission, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by the Company after the date of issue of such New Ordinary Shares.

3. 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 whole number of Open Offer Shares at the Issue Price (payable in full on application and free of all expenses) on the following pro rata basis:

1 New Ordinary Share (reflecting the Capital Reorganisation for every 71 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. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. In addition, under the Excess Application Facility Qualifying Shareholders may apply for New Ordinary Shares in excess of their Open Offer Entitlements. Applications made under the Excess Application Facility will be scaled back pro rata to the number of New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility if applications are received from Qualifying Shareholders under the Open Offer for more than the available number of New Ordinary Shares (being 39,181,767 New 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 New Ordinary Shares.

The Open Offer is not underwritten and any Open Offer Shares not validly taken up or otherwise subscribed for in the Open Offer will not be issued. For the purposes of section 1358 of the Act, the Company confirms that, in the event that Open Offer is not subscribed for in full, the Company will allot and issue that number of Open Offer Shares in respect of which valid subscriptions are received, subject to the conditions of the Open Offer being satisfied.

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 and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST, which will enable settlement with effect from 8.00 a.m. on 4 July, 2016, and should refer to section 5.2 of this Part 9 and also to the CREST Manual for further information on the relevant CREST procedures.

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 7 of this Part 9 below. Subject to certain limited exceptions and at the sole discretion of the Company, the Open Offer will not be made into the United States or any other of the Excluded Territories. Subject to the provisions of section 7 of this Part 9, shareholders in Excluded Territories are not being sent this Prospectus and will not be sent an Application Form or have their CREST accounts credited with Open Offer Entitlements.

Shareholders who do not or cannot participate in the Open Offer will have their proportionate shareholdings in the Company diluted by approximately 87.3% as a consequence of the issue of the New Ordinary Shares issued under the Cornerstone Placing, and Firm Placing, the Lender Shares (in the event of assured full Debt Equitisation), the Lender Underwriting Shares (if any) and the Absa Shares or by approximately 89.4% in the event that the Open Offer is subscribed in full.

A Qualifying Shareholder who does take up their pro rata entitlement under the Open Offer, will have his proportionate shareholding in the Company diluted by approximately 59.7% as a consequence of the issue of the New Ordinary Shares issued under the Cornerstone Placing, and Firm Placing, the Lender Underwriting Shares (if any), the Absa Shares and the Open Offer Shares in the event that the Open Offer is subscribed in full.

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. In the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Underwriting), a maximum of 7,609,371 New Ordinary Shares will be issued to Lenders at the Issue Price pursuant to the Debt Equitisation (discharging US\$23.8 million of Project Debt).

Before making any decision on whether to apply for or acquire Open Offer Shares, a Qualifying Shareholder should read and carefully consider all of the information contained and referred to in this Prospectus.

Application will be 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 with effect from 8.00 a.m. on 4 July, 2016. The ISIN for the New Ordinary Shares will be the same as that of the Ordinary Shares following the Share Capital Reorganisation, being (new ISIN code) IE00BDC5DG00. The ISIN for the Open Offer Entitlements is IE00BDBGZ465. The ISIN for the Excess Entitlements is IE00BDBGZ572.

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 New Ordinary Shares to be issued pursuant to the Open Offer will, on Admission, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid by the Company after the date of issue of such New 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.

4. Conditions and further terms of the Cornerstone Placing, the Firm Placing and the Open Offer

The Cornerstone Placing, Firm Placing and Open Offer are conditional, *inter alia*, upon:

- (i) the passing of all of the Capital Restructuring Resolutions;
- (ii) Admission of the New Ordinary Shares issued under the Cornerstone Placing, Firm Placing and Open Offer taking place by no later than 8.00 a.m. on 26 July, 2016 (or such other date as is provided for herein); and
- (iii) the Placing Commitment having become unconditional in all respects and not having been terminated in accordance with its terms;
- (iv) the Placing and Open Offer Agreement having become unconditional in all respects and not having been terminated in accordance with its terms. A summary of the material terms of the Placing and Open Offer Agreement is contained in section 14 of Part 15 of this Prospectus.
- (v) the Cornerstone Subscription Agreement having become unconditional in all respects and not having been terminated in accordance with its terms. A summary of the material terms (including rights of termination) of the Cornerstone Subscription Agreements is contained in section 14 of Part 15 of this Prospectus.
- (vi) those conditions to the Admission Effective Date under the Amendment, Repayment and Equitisation Agreement that fall to be satisfied or waived prior to Admission of the New Ordinary Shares to be issued under the Capital Raise having been satisfied or waived and the Amendment, Repayment and Equitisation Agreement not having been terminated in accordance with its terms. A summary of the material terms of the Amendment, Repayment and Equitisation Agreement is contained in section 14 of Part 15 of this Prospectus.

Accordingly, if any such conditions are not satisfied or waived (where capable of waiver), the Cornerstone Placing, Firm Placing and Open Offer will not proceed and any Open Offer Entitlements admitted to CREST will therefore be disabled and application monies under the Open Offer will be refunded to applicants (at the applicant's risk) in the case of qualifying Non-CREST Shareholders, and by way of CREST payment in the case of Qualifying CREST Shareholders, in each case, without 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 5 August, 2016. 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 26 July, 2016.

Applications will be made for the New Ordinary Shares to be issued pursuant to the Cornerstone Placing, the Firm Placing and the Open Offer to be admitted to trading on the Official Lists of the ISE and the LSE. Admission is expected to occur on 26 July, 2016, 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 in respect of the Capital Restructuring as set out in this Prospectus, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

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

5. 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, if you are in a territory outside Ireland or the United Kingdom, from another appropriately authorised independent financial adviser.

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 in respect of his or her Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to his or her CREST account in respect of such entitlement.

Qualifying Shareholders who hold all 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 5.2(1) 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 or Excess 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.

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 the Company's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice. Calls may be recorded and monitored for security and training purposes.

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

(a) General

Subject as provided in section 7 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. Under the Excess Application Facility, Qualifying Shareholders may apply for more than their Open Offer Entitlements should they wish to do so. If the total number of New Ordinary Shares applied for by all Qualifying Shareholders exceeds 39,181,767, applications under the Excess Application Facility will be scaled back pro rata to the number of New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility.

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 1 July, 2016. 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 as purchaser of the relevant Existing Ordinary Shares.

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 5.00 p.m. on 29 June, 2016, 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 or any other jurisdictions where to do so might constitute a violation of local securities laws or regulations. 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.

(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 or in addition to their Open Offer Entitlements under the Excess Application Facility, should complete the Application Form in accordance with the instructions printed on it. Should the number of New Ordinary Shares for which application is made by all Qualifying Shareholders exceed 39,181,767, applications under the Excess Application Facility will be scaled back pro rata to the number of excess New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Completed Application Forms should be posted to Computershare Investor Services (Ireland) Limited (who will also act as receiving agent in relation to the Open Offer), by post to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland or returned by hand (during normal business hours only) to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to be received by no later than 11.00 a.m. on 22 July, 2016, after which time Application Forms will not (save where otherwise determined by the Company) 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. Shareholders in other jurisdictions should allow a longer period for delivery. Although, should there be any postal delays or disruptions as a result of industrial action or otherwise, Qualifying Shareholders should act promptly and may need to make alternative delivery arrangements if they wish to participate in the Open Offer. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged.

All Qualifying Non-CREST Shareholders with a registered address outside the UK may elect to make payment either in euro or in sterling. This election facility is personal to the original Shareholder and may not be transmitted when satisfying a market claim. The euro price per Open Offer Share is €2.818. Payments made in euro must be made by means of a cheque drawn on a licensed bank or building society or branch of a bank or building society in Ireland or a bankers’ draft drawn on such a bank.

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 Stg£2.317. Payments made in sterling must be made by cheque or bankers' drafts drawn on a bank or building society or branch of a bank or building society in the UK or the Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or a member of either of the Committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques and bankers' 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.

All payments must be made by cheque or banker's draft made payable to "Computershare Investor Services (Ireland) Limited—re Kenmare Open Offer 2016" and crossed "A/C Payee Only". 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. The consequences of any failure to comply with Money Laundering Legislation are set out in section 6 of this Part 9.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent 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 Open Offer are fulfilled, the application monies will be kept in a separate bank account with any interest being retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued (nor will any New Ordinary Shares be issued pursuant to the Cornerstone Placing or Firm Placing) 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 Cornerstone Placing, Firm Placing and Open Offer. The interest earned on such monies, if any, will be retained for the benefit of the Company.

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 may treat as valid Application Forms from which pages 3 and 4 have been removed. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 22 July, 2016; and/or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 22 July, 2016 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) on, 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 Receiving Agent shall be irrevocably and unconditionally authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company and such Qualifying Non-CREST Shareholder, 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 absolutely. None of the Receiving Agent, the Joint Bookrunners 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 or to pay to such Qualifying Non-CREST Shareholder any amount by which such proceeds of sale exceed the amount due to the Company by such Qualifying Non-CREST Shareholder (which excess may be retained and applied by the Company for its own use and benefit absolutely).

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 £5.00 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 £5.00 will be retained for the benefit of the Company.

(d) The Excess Application Facility

The Excess Application Facility enables Qualifying Shareholders to apply for New Ordinary Shares in excess of their Open Offer Entitlements, subject to the total number of New Ordinary Shares being applied for under the Open Offer not exceeding 39,181,767 New Ordinary Shares, in which case applications made under the Excess Application Facility will be scaled back pro rata to the number of New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Should the Open Offer become unconditional and applications for New Ordinary Shares under the Open Offer exceed 39,181,767 New Ordinary Shares, resulting in a scale back of applications, each Qualifying Non CREST Shareholder who has made a valid application for excess New Ordinary Shares under the Excess Application Facility and from whom payment in full for excess New Ordinary Shares has been received will receive a pounds sterling or euro amount (depending on the currency in which payment was validly made) equal to the number of New Ordinary Shares validly applied and paid for but not allocated to the relevant Qualifying Non CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Qualifying Non-CREST Shareholders who wish to apply for New Ordinary Shares in excess of their Open Offer Entitlements must complete the Application Form in accordance with the instructions set out in this document and in the Application Form.

(e) Effect of application

By completing and delivering an Application Form, the applicant:

- (i) represents and warrants to the Company and the Brokers 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 the Brokers 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 the Brokers 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 in (or incorporated by reference in) this Prospectus;

- (iv) confirms to the Company and the Brokers 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 Brokers;
- (v) represents and warrants to the Company and the Brokers 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 the Brokers 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 (and additional New Ordinary Shares if applicable) by virtue of a *bona fide* market claim;
- (vii) represents and warrants to each of the Company and The Joint Book Runners 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 of any Excluded Territory or any jurisdiction 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 that 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 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 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 Brokers' satisfaction that such person is, or is acting on behalf of, a person eligible to participate in the Open Offer pursuant to an applicable exemption from registration under the 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, the Brokers and the Receiving Agent that (i) he or she is acquiring the Open Offer Shares in an "offshore transaction" as defined in and pursuant to Regulation S;
- (ix) 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;
- (x) 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 and subject to the Constitution of the Company;
- (xi) represents and warrants to the Company and the Brokers 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;
- (xii) confirms that in making the application, he/she is not relying and has not relied on the Brokers or any person affiliated with the Brokers in connection with any investigation of the accuracy of any information contained in this Prospectus or his/her investment decision; and
- (xiii) acknowledges that his/her application for Open Offer Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after agreement with the Brokers) other than in circumstances in which the withdrawal rights summarised in section 8 of this Part 9 apply.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, on the Shareholder Helpline on 01 447 5106 (from Ireland), or +353 1 447 5106 (from outside Ireland). Please note the Receiving Agent 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 document.

5.2 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 7 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 basic number of Open Offer Shares for which he or she is entitled to apply to subscribe for under the Open Offer and of Excess CREST Open Offer Entitlements. Entitlements to New Ordinary Shares will be rounded down to the nearest whole number and fractional Open Offer Entitlements will therefore also be rounded down.

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 and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 5.00 p.m. on 4 July, 2016, or such later time and/or date as the Company and the Brokers may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and/or the Excess CREST 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 Receiving Agent on the Shareholder Helpline, telephone number 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland). Please note the Receiving Agent 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. Calls may be recorded and monitored for security and training purposes.

(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 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 Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is IE00BDBGZ465;
- (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 RA87;
- (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 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 22 July, 2016; 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 22 July, 2016.

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 22 July, 2016 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 26 July, 2016 or such later time and date as the Company and the Brokers may agree, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent 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) 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 22 July, 2016 will constitute a valid application under the Open Offer.

(f) 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 22 July, 2016. 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.

(g) Incorrect sums or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, 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) save than any sum less than £5.00 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 the Open Offer Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest) save than any sum less than €4.00 will be retained for the benefit of the Company.

(h) The Excess Application Facility

The Excess Application Facility enables Qualifying Shareholders to apply for New Ordinary Shares in excess of their Open Offer Entitlements, subject to the total number of New Ordinary Shares for which application is made in the Open Offer not exceeding 39,181,767 in which case applications made under the Excess Application Facility will be scaled back pro rata to the number of New Ordinary Shares applied for by Qualifying Shareholders under the Excess Application Facility. A Qualifying CREST Shareholder should not make an application under the Excess Application Facility unless such relevant Qualifying CREST Shareholder has applied for his New Ordinary Shares pursuant to his Open Offer Entitlements in full. The CREST accounts of Qualifying CREST Shareholders are being credited with Excess CREST Open Offer Entitlements in order for any applications for excess New Shares to be settled through CREST and the credit of such Excess CREST Open Offer Entitlements does not in any way give you a right to the New Ordinary Shares attributable to the Excess CREST Open Offer Entitlements as the Excess CREST Open Offer Entitlements are subject to scaling back in accordance with the terms of this document. Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. However, should a CREST member become entitled to Open Offer Entitlements by virtue of a bona fide market claim, in circumstances where the CREST member was not otherwise a Qualifying CREST Shareholder and therefore does not already have Excess CREST Open Offer Entitlements credited to his CREST account, such CREST member may apply to the Registrar for the credit to his CREST account of Excess CREST Open Offer Entitlements and thereby apply for further New Ordinary Shares pursuant to the Excess Application Facility. Such requests should be made no later than 11.00 a.m. on 22 July, 2016.

Should a Qualifying CREST Shareholder cease to hold all of its Existing Shares as a result of one or more bona fide market claims, the Excess CREST Open Offer Entitlements admitted to CREST and allocated to the relevant Qualifying Shareholder will be disabled. Please note that an additional USE Instruction must be sent in respect of the Excess CREST Open Offer Entitlements.

Should the Open Offer become unconditional and applications for New Ordinary Shares under the Open Offer exceed 39,181,767 New Ordinary Shares resulting in a scale back of applications, each Qualifying CREST Shareholder who has made a valid application pursuant to Excess CREST Open Offer Entitlements under the Excess Application Facility, and from whom payment in full for the excess New Ordinary Shares has been received, will receive a pounds sterling amount equal to the number of New Ordinary Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable following the completion of the scale back, without payment of interest and at the applicant's sole risk.

Fractions of New Ordinary Shares will not be issued under the Excess Application Facility and fractions of New Ordinary Shares will be rounded down to the nearest whole number.

(i) Content of USE Instruction in respect of Excess CREST 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 Excess Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is IE00BDBGZ572;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- (v) the participant ID of the Registrar in its capacity as a CREST receiving agent. This is RA87;
- (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 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 22 July, 2016; 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 22 July, 2016.

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:

- (iii) a contact name and telephone number (in the free format shared note field); and
- (iv) 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 22 July, 2016 in order to be valid is 11.00 a.m. on that day. **Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlements.**

(j) 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 the Brokers 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 the Company and the Brokers 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 the Brokers 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 the Brokers 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 Joint Book Runners;
- (vi) represented and warranted to the Company and the Brokers 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 the Brokers 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) unless otherwise agreed by the Company in its sole discretion (after agreement with the Brokers) represented and warranted to each of the Company and The Joint Book Runners 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 of any Excluded Territory or any other jurisdiction 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 that 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 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 Brokers satisfaction that such person is, or is acting on behalf of, a person eligible to participate in the Firm Placing and Open Offer pursuant to an applicable exemption from registration under the 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, the Brokers and the Receiving Agent that (i) he or she is acquiring the Open Offer Shares in an "offshore transaction" as defined in and pursuant to 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;
- (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 and subject to the Constitution of the Company;
- (xi) represented and warranted to the Company and the Brokers 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;
- (xii) confirmed to the Company and the Brokers that in making the application he/she is not relying and has not relied on any of The Joint Book Runners or any person affiliated with the Brokers in connection with any investigation of the accuracy of any information contained in this Prospectus or his investment decision; and
- (xiii) acknowledged that his/her/its application for Open Offer Shares is legally binding and irrevocable and cannot be withdrawn/amended or qualified without the consent of the Company in its sole and absolute discretion (after agreement with the Brokers) other than in circumstances in which the withdrawal rights summarised in section 5.2(1) of this Part 9 apply.

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 5.2(j) of this Part 9.

(k) 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 Receiving Agent in connection with CREST.

(l) 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 22 July, 2016.

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 19 July, 2016 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 18 July, 2016, 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 22 July, 2016.

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” 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 any Excluded Territory or citizen(s) or resident(s) of any Excluded Territory or any jurisdiction in which the application for New Ordinary Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that it/they is/are able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) 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.

(m) Lapse of the Open Offer

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 26 July, 2016 or such later time and date as the Company and the Brokers may agree, the Open Offer will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent 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.

All enquiries in connection with the procedure for application via CREST should be addressed to the Receiving Agent, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 on the Shareholder Helpline 01 447 5106 (from Ireland) or +353 1 447 5106 (from outside Ireland). Please note that for legal reasons the Receiving Agent cannot provide advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlement, nor give any business, financial, accounting, tax, investment or other professional advice. Calls may be recorded and monitored for security and training purposes.

Qualifying 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 send a USE instruction to Euroclear in respect of their Open Offer Entitlements.

6. Money Laundering Regulations

6.1 Holders of Application Forms

To ensure compliance with the Money Laundering Legislation, the Receiving Agent 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 Receiving Agent. 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 Receiving Agent 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 6 the “relevant Open Offer Shares”) and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements and to do all such other acts and things that may be reasonably required to comply with Money Laundering Legislation.

If the Receiving Agent 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 Receiving Agent 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 Receiving Agent nor the Company nor the Brokers 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 Receiving Agent

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 Receiving Agent, and the Brokers 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 Receiving Agent such information as may be specified by the Receiving Agent 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 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) as amended (the "Money Laundering Directive"); 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 Money Laundering Directive or with a credit institution situated in a non-EEA state that imposes requirements equivalent to those laid down in the Money Laundering Directive; 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 €15,000 (approximately £12,000).

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 drawn on a branch in Ireland (or in the case of sterling for Qualifying Non-CREST Shareholders resident in the UK only, in sterling drawn on a branch in 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 Investor Services (Ireland) Limited—re Kenmare Open Offer 2016" 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, India, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the United States 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 Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18.

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). Calls may be recorded and monitored for security and training purposes.

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 22 July, 2016, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent 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).

6.2 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 Receiving Agent 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 Receiving Agent 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 Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Legislation. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent 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.

7. Overseas Shareholders

This Prospectus has been approved by the Central Bank being the competent authority in Ireland for the purposes of the Prospective Directive. The Company has requested that the Central Bank provide a certificate of approval and a copy of this Prospectus to the FCA, as the competent authority in the United Kingdom, pursuant to the passporting provisions of the Prospective Directive. Accordingly, the making of the Firm Placing and 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 restricted by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this section 7 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.

7.1 General

This document comprises a Prospectus relating to the New Ordinary Shares. Subject to certain limited exceptions this document does not 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, Lender Shares or otherwise) in the United States or any other Excluded Territories or any other jurisdiction where it is unlawful to do so.

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 restricted by the laws or regulatory requirements of the relevant jurisdictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of the relevant jurisdiction. 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 Brokers 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 neither Open Offer Entitlements nor CREST Excess Open Offer Entitlements will be credited to stock accounts in CREST of, persons with registered addresses in the United States or any other 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, the Brokers, 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 the Brokers 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 Circular 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 7.

Subject to this section 7 of this Part 9 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 other 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 any other 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 7.1 above, and to sections 7.2 to 7.9 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 sterling or euro denominated cheques or bankers' drafts or, where such Overseas Shareholder is a Qualifying CREST Shareholder, in sterling through CREST.

Due to restrictions under the securities laws of the United States and the other 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 other Excluded Territory will not qualify, unless otherwise agreed with the Company, 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 other 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.

7.2 United States

The New Ordinary Shares have not been and will not be registered under the 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, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Ordinary Shares in the United States.

Each subscriber for New Ordinary Shares in the United States will be deemed to have represented and agreed as follows:

- (i) The subscriber is aware that such New Ordinary Shares have not been and will not be registered under the Securities Act.
- (ii) The subscriber understands and agrees that such New Ordinary Shares may not be offered, sold, pledged or otherwise transferred, except (a) in offshore transactions outside the United States in accordance with Regulation S under the Securities Act, (b) pursuant to an exemption from registration under the Securities Act, or (c) pursuant to an effective registration statement under the Securities Act.

Subject to certain limited exceptions, the Company is not extending the Firm Placing and Open Offer into the United States and, subject to certain exceptions, 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 United States. 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 United States. Subject to certain limited exceptions, Application Forms sent from or postmarked in the United States, or including a United States registered address, will be deemed to be invalid.

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 dispatched from, the United States, or that provides an address in the United States 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 sections 5.1(e) and/or 5.2(j) of this Part 9, as appropriate. Accordingly, the Company reserves the right to treat as invalid (i) any Application Form which does not make the representations and warranties set out in section 5.1(e) of this Part 9, and (ii) any USE Instruction which does not make the representations and warranties set out in section 5.2(j) 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 sections. In addition, the Company and/or the Brokers reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States or that appears to the Company to have been despatched from the United States, 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 required representations and warranties set out in section 5.2(j) of this Part 9.

Notwithstanding the foregoing, applications for Open Offer Shares may be accepted, in the discretion of the Company and the Brokers, 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 Open Offer pursuant to an applicable exemption from the registration statement of the 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 Open Offer is required to disregard this Prospectus.

No representation has been, or will be, made by the Company or the Brokers as to the availability of Rule 144 under the U.S. Securities Act or any other exemption under the U.S. Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

Enforceability of U.S. judgments

The Company is a holding company organised as a public limited company incorporated under the laws of Ireland. None of the Directors or officers of the Company are citizens or residents of the United States. In addition, the majority of the Group's assets and all the assets of its Directors and officers are located outside the United States. As a result, it may not be possible for U.S. investors to effect service of process within the United States upon the Company or its Directors and officers or to enforce in the U.S. courts or outside the United States judgments obtained against them in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the securities laws of any state or territory within the United States. There is also doubt as to the enforceability in Ireland, whether by original actions or by seeking to enforce judgments of U.S. courts, of claims based on the federal securities laws of the United States. In addition, positive damages in actions brought in the United States or elsewhere may be unenforceable in Ireland.

7.3 Guernsey

The New Ordinary Shares may only be promoted in or from within the Bailiwick of Guernsey by persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the POI Law). Persons appointed by the Company and not so licensed may not promote the New Ordinary Shares in Guernsey to private investors and may only distribute and circulate any document relating to New Ordinary Shares in Guernsey to persons regulated as licensees under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

7.4 South Africa

Nothing in this document constitutes or is intended to constitute an offer to the public in South Africa in terms of the Companies Act, 2008. In South Africa this document may only be distributed to, and is only directed at, and any investment or investment activity to which this Document relates is available only to, and will be engaged in only with, persons in South Africa who (i) fall within the categories of persons set out in section 96(1)(a); or (ii) who are persons who subscribe, as principal, for securities at a minimum placing price of R1 000 000, as envisaged in section 96(1)(b), of the Companies Act, 2008.

Furthermore, this Document does not constitute a prospectus or pre-listing statement registered and/or issued in terms of the Companies Act, 2008.

7.5 Switzerland

The New Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the New Ordinary Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, the Company or the New Ordinary Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of New Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of New Ordinary Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Ordinary Shares.

7.6 General provisions relating to all Excluded Territories

In addition to the specific provisions in respect of the United States as set out at 7.2 above, 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.

7.7 EEA Member States (other than Ireland and the UK)

In relation to each EEA Member State which has implemented the Prospectus Directive (each, a “relevant member state”) (except for the UK and Ireland), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “relevant implementation date”) no New Ordinary Shares have been offered or will be offered to the public in that relevant member state, except that with effect from and including the relevant implementation date, offers of New Ordinary Shares may be made to the public in that relevant member state at any time:

- (a) to any legal entity which is a “qualified investor”, within the meaning of Article 2(1)(e) of the Prospectus Directive;
- (b) to fewer than 100 or, if the relevant member state has implemented provisions of the relevant amending directive (2010/73/EU), 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any New Ordinary Shares to the public” in relation to any New Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Open Offer and any New Ordinary Shares to be offered so as to enable an investor to decide to acquire any New Ordinary Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

7.8 Other Overseas territories

Qualifying Shareholders in jurisdictions other than the United States or any other 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 United States will be deemed by its subscription for, or purchase of, the New Ordinary Shares to have represented and agreed to the required representations and warranties set out in section 5.1(e) of this Part 9.

7.9 Waiver

The provisions of this section 7 of this Part 9 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 and the Brokers in their absolute discretion. Subject to this, the provisions of this section 7 of this Part 9 supersede any terms of the Open Offer inconsistent herewith. References in this section 7 of this Part 9 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 7 of this Part 9 shall apply to them jointly and to each of them.

8. 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 Receiving Agent, at Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland or by post to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland or by facsimile to the Receiving Agent (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 Receiving Agent after expiry of such Withdrawal Period will not constitute a valid withdrawal. Calls may be recorded and monitored for training and security purposes.

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.

9. Admission, settlement and dealings

The result of the Open Offer is expected to be announced on or around 25 July, 2016. Applications will be made for the Open Offer Shares to be admitted to trading on the Official Lists of the ISE and the LSE. Subject to certain conditions being satisfied, as set out in this Part 9, 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 26 July, 2016.

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 22 July, 2016 (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 25 July, 2016, 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 26 July, 2016). 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 dispatched by post by 5 August, 2016. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the 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 5.1 of this Part 9 above and their respective Application Form.

10. Times and dates

The Company shall, in agreement with the Brokers and after consultation with its legal advisers, be entitled to amend the dates that Application Forms are dispatched 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 London Stock Exchange, and make an announcement on a Regulatory Information Service but Qualifying Shareholders may not receive any further written communication.

11. Taxation

Certain statements regarding Irish and United Kingdom taxation in respect of the New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer are set out in Part 14 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 or the United Kingdom, should immediately consult a suitable professional adviser.

12. Further information

Your attention is drawn to the remaining parts of this Prospectus, which contain further information on the Group, 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.

13. 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 £23.8 million (based on the closing mid-market price on the London Stock Exchange as of close of business on 29 June 2016, the Latest Practicable Date) and €33.9 million (based on the closing mid-market price on the ISE as of close of business on 29 June 2016, the Latest Practicable Date). It has a premium listing on the Official List on the UKLA and a secondary listing on the Official List of the Irish Stock Exchange.

The principal activity of the Group is the operation of the Moma Titanium Minerals Mine which is located on the north east coast of Mozambique. Mining operations are carried out by Kenmare Moma Mining (Mauritius) Limited and downstream processing is undertaken by Kenmare Moma Processing (Mauritius) Limited (together the “Project Companies”), both wholly owned subsidiaries of the Company.

The Mine contains substantial reserves and resources of approximately 200 million tonnes of ilmenite, together with associated co-products rutile and zircon. These reserves and resources are equivalent to approximately 166 years of production from the current plant operating at full nameplate capacity. Ilmenite and rutile are titanium minerals used as feedstocks to produce titanium dioxide (TiO₂) 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 nature of Kenmare’s mineral sands deposit, with abundant fresh water, no overburden, good oregrade and attractive products which do not have to be upgraded before being sold, gives Kenmare the ability to mine, concentrate and separate its products with relatively low operating costs. Kenmare operates a dedicated port facility immediately adjacent to the Mine which allows for the transfer of products to customers vessels at minimum cost.

Following an expansion of the Mine completed in 2013, Kenmare has the ability to meet 9% of global titanium feedstock demand and 5% of global zircon demand (*source*: based on the TZMI estimate of total global supply in 2015). Kenmare is, the Directors believe, the largest producer of traded ilmenite globally.

Operational performance

Production, revenue and cost results for 2015 and 2014 were as follows:

| | <u>H1 2015</u> | <u>H2 2015</u> | <u>FY 2015</u> | <u>H1 2014</u> | <u>H2 2014</u> | <u>FY 2014</u> | <u>FY Change %</u> |
|--|------------------|------------------|----------------|------------------|------------------|----------------|------------------------|
| | <u>Unaudited</u> | <u>Unaudited</u> | | <u>Unaudited</u> | <u>Unaudited</u> | | |
| Production (tonnes) | | | | | | | |
| Heavy mineral concentrate | 454,500 | 646,100 | 1,100,600 | 604,200 | 683,100 | 1,287,300 | – 15% |
| Ilmenite | 324,100 | 439,400 | 763,500 | 445,600 | 409,000 | 854,600 | – 11% |
| Zircon* | 23,800 | 28,000 | 51,800 | 21,400 | 29,400 | 50,800 | 2% |
| Rutile | 2,800 | 3,200 | 6,000 | 2,800 | 3,300 | 6,100 | – 2% |
| Total final products | 350,700 | 470,600 | 821,300 | 469,800 | 441,700 | 911,500 | – 10% |
| Revenue (US\$’000) | 73,887 | 68,696 | 142,583*** | 81,222 | 93,095 | 174,317*** | – 18% |
| Finished products shipped (tonnes) | 412,000 | 388,400 | 800,400 | 399,000 | 401,000 | 800,000 | 0% |
| Average price per tonne (US\$/t) | 179 | 177 | 178 | 204 | 232 | 218 | – 18% |
| Total operating costs** (US\$’000) | 101,066 | 88,852 | 189,918*** | 99,073 | 106,708 | 205,781*** | – 8% |
| Total cash cost (US\$’000) | 69,123 | 67,322 | 136,445 | 83,002 | 90,055 | 173,057 | – 21% |
| Total cash cost per tonne finished product (US\$/t) | 197 | 143 | 166 | 177 | 204 | 190 | – 13% |

(Source: Kenmare Annual Report and Accounts 2015)

* Included in zircon production is a secondary zircon product.

** Included in operating cost are depreciation and amortisation.

*** Audited.

Kenmare considers that the greatest obstacle to its achieving Moma's potential over recent years has been the weakness in electricity supply. Kenmare has sought to improve electricity supply by installing a synchronous condenser (Dip Doctor) and diesel generators at Moma. However, without a strong and robust power transmission network, these improvements can only have limited benefits. In December 2015, however, the Mozambican state electrical utility, EdM, increased the capacity of the transmission network by 50MW (an increase of approximately 42%). A further increase of 10MW is expected to be commissioned in mid-2016. Furthermore, since April 2016, a ship-based 100MW mobile power generation plant has been positioned nearby at Nacala. The system is currently being commissioned and will both provide significant additional capacity and stabilise the network voltage. Kenmare has seen improvement in power quality and reliability in the first few months of 2016 and, as these systems settle down, the Directors believe that power will no longer be a fundamental constraint on Moma's ability to produce to its potential.

The Company has in recent years focused on reducing its operating costs. A retrenchment programme introduced in February 2015 reduced the number of employees on site by 162, with all remaining shift workers taking a significant reduction to their take home pay. All other aspects of the business, from electricity usage to supplier contracts, have been addressed to lower costs. This has resulted in an absolute cash cost reduction in 2015 of 21%, compared with the previous year. The Group continues to push down costs and expects that as volume increases through 2016, with the benefit of improved power and product recoveries, the unit cost per tonne will continue to reduce. In this context it is also noted that an external consultant was engaged during H2 2015 to support and extend the ongoing cost control and efficiency programme of the Group. Actions are ongoing in relation to implementation of a number of the resultant recommendations (which primarily related to increased efficiencies in processes and procurement) and it is expected that this process will continue following completion of the Capital Restructuring.

Further information in relation to the Group's expectations on costs and production for 2016 is contained in section 10 of Part 7 of this document.

2. STRATEGY

Kenmare's strategy is threefold:

- to create long-term Shareholder value through production and marketing of products derived from its titanium mineral resources;
- to exploit the competitive advantages represented by its large mineral resource and existing mine facilities and infrastructure; and
- to ensure the Group is sustainable and is in a position to exploit a recovery in prices for titanium minerals after a prolonged period of adverse market conditions, including through ongoing cost reduction initiatives (all of which are intended to de-risk the business).

3. HISTORY AND DEVELOPMENT OF THE GROUP

Kenmare was incorporated in Ireland on 7 June 1972 pursuant to the Companies Act 1963 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, off the town of Kenmare in Co. Kerry 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 and 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% interest in licences with respect to 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% interest in the joint venture (with no requirement to fund the development) and Kenmare took the balance of 95%. Kenmare's drilling of the Congolone deposit resulted in measured mineral resources of 167 million tonnes of ore at 3.3% 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 Pilvili 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% interest in the Congolone licence from Geozavod Gemini, resulting in the Group holding 100% 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 off-take 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 Engineering, Procurement and Construction (“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.

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 in December 2006 to provide for, among other things, a phased handover of completed sections of the Mine to the Project Companies.

In 2007, Kenmare took operational control mining facilities, the MSP, product warehouse, mineral export facilities, and all related infrastructure. Kenmare exported its first shipment of ilmenite product in December 2007. In September 2009, Kenmare took control of the roaster plant which completed the handover of all assets previously controlled by the EPC Contractor in the EPC Contract.

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”). 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.

In January 2010, Kenmare completed the Expansion Study, which 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.

In April 2010, Kenmare undertook a capital raise of £179.6 million to fund the engineering, procurement and construction costs of an expansion of the Mine.

Production in 2011 was curtailed by the intersection of areas of the orebody, which have elevated clay levels, and, to a lesser extent, by planned interruptions to facilitate the expansion upgrade to the WCP. In September 2011, the expansion upgrade of the existing WCP A took place, increasing the plant capacity from 3,000 to 3,500 tph and addressing bottlenecks in the system. In addition, a small dry mining operation was commissioned in order to increase throughput and improve flexibility of the Mine and to enable the WCPs to run at capacity. The Mine produced less HMC in 2011 and in turn less ilmenite, rutile and zircon than was originally forecast due to reduced mining rates caused by the higher than anticipated clay levels. In 2012, production was also hampered by a combination of power outages and the movement of the

dredges and WCP up to a dunal plateau where it will mine until the move to Nataka. The market for titanium dioxide feedstocks enjoyed a very positive period during 2011. Ilmenite was achieving about US\$100 per tonne at the start of the year; by the end of the year Kenmare were negotiating new contracts for delivery in the first half of 2012 at between US\$300 and US\$400 per tonne. The second half of 2012 saw a reversal in some of the very positive product pricing trends experienced in 2011 and 2012. High grade feedstocks in the second half of 2012 were impacted more acutely as pigment producers re-configured their feedstock blends to utilise a higher percentage of lower cost feedstocks such as slag and ilmenite.

In July 2012, Kenmare raised US\$60 million in a placing principally to fund additional Phase II Expansion costs.

2013 saw Kenmare complete its Phase II Expansion investment programme in the Mine. The project commenced in 2010 and is now operating and contributing to the output of the Mine. Most of the new facilities included in the Expansion were installed by the middle of 2013, and the second half of 2013 was a period of commissioning and ramp up. The Phase II Expansion increased production capacity by 50%, providing Kenmare with the ability to meet 8% of global titanium feedstock demand and 4% of global zircon demand.

In October 2013 Kenmare raised £66.33 million (US\$105.85 million) by way of a placing. The Group used the net proceeds of the placing to discharge certain near-term payment obligations in respect of the expansion at the Moma Mine (approximately US\$20 million) and to apply against the Company's US\$40 million loan from Absa Bank Limited, with the remainder of the net proceeds used for working capital purposes.

In December 2013, Kenmare announced it had negotiated an amendment of its US\$20 million facility with Absa. The facility was extended to 31 March 2015 and allowed for amounts drawn under it to be repaid and redrawn prior to the maturity date. The facility extension provided Kenmare with additional working capital flexibility.

In August 2014, Kenmare announced it had agreed an amendment to the project financing terms for the Mine, as well as an extension to the corporate loan provided by Absa. The project financing amendment removed the requirement to make scheduled principal payments of Senior Loans and payments of interest and principal of Subordinated Debt falling due in August 2014, February 2015 and August 2015 (as further described below). Instead, the Lender Group were to receive payments under a cash sweep dependent on the level of cash generation at the Mine. Simultaneously, Kenmare agreed with Absa an extension to 31 March, 2016 of Absa's US\$20 million corporate loan.

The principal amendments to the project financing agreed in August 2014 were:

- Principal repayments of Senior Loans and principal repayments and interest due in respect of Subordinated Debt that in each case fell due on 1 August, 2014, 1 February, 2015 and 1 August, 2015 payment dates were to now be paid only to the extent the Kenmare Group cash balance exceeded US\$80 million in accordance with a cash sweep mechanism.
- To the extent scheduled amounts were not paid on the due dates under the cash sweep mechanism, the balances would then be payable on the earlier of the next payment date (to the extent payable under the cash sweep) and the Deferral Amount Payment Date. The Deferral Amount Payment Date was the earlier of 31 December 2015 and 30 days after a change of control of Kenmare.
- In addition, Absa agreed that the repayment date for the US\$20 million loan provided to Kenmare would be extended from the previous date of 31 March 2015 to 31 March 2016. The terms of the extension provided that the loan would be repayable upon a change of control of Kenmare.

In return for this increased flexibility, Kenmare and the Project Companies agreed, amongst other things, to provide information to the Lenders in greater detail and on a more frequent basis, and to meet the costs of providing the Lenders with legal and other professional advisers. In addition, the Project Companies were required to deliver a budget for 2015 to the Lenders by 31 January 2015. This budget was required to show the Project Companies meeting their debts as they fell due and to be approved by the Lenders, acting reasonably, failing which an Event of Default would ensue.

Kenmare was approached in June 2014 by Iluka Resources Limited ("Iluka") with a preliminary, conditional proposal to acquire the entire share capital of Kenmare by a scheme of arrangement and initially rejected the approach on the basis of a belief that the proposed terms did not recognise the value inherent in Moma as a long-life, low-cost asset.

As market conditions continued to deteriorate in 2014 and 2015, Kenmare engaged with Iluka, providing it with extensive due diligence access, with a view to progressing a possible offer by Iluka. The proposal from Iluka entailed a share for share combination at a ratio of 0.016 Iluka shares for each Kenmare share. Iluka had set a number of pre-conditions which it required to be satisfied before proceeding with an offer. These included the receipt by Iluka of such consents and determinations from relevant authorities and the Mozambique government as might be required to effect the possible acquisition; written determination from the Mozambican tax authority of the amount of any capital gains tax; written confirmation from Kenmare's lenders on the specific terms of repayment of Kenmare's outstanding indebtedness upon a change of control of Kenmare; receipt of irrevocable undertakings of support from the Board of Kenmare and certain Kenmare institutional shareholders; and final approval from the Board of Iluka. Notwithstanding that a number of these conditions were duly satisfied, including the written determination from the Mozambican tax authority of the amount of capital gains tax, such amount being within the range expected by Iluka, Iluka announced on 7 December, 2015 that it did not intend to proceed with an offer for Kenmare.

In April 2015 the Group agreed with the Lenders a number of further amendments to its Financing Agreements.

The key terms included:

- the provision by the lenders of US\$50 million in additional standby funding;
- extension of debt maturities;
- removal of most fixed amortisation requirements to be replaced with a cash sweep leaving a minimum balance of US\$30 million in the Group;
- a requirement for material deleveraging in the medium term; and
- the appointment of a lender-approved Non-Executive Director to Kenmare's Board.

The principal terms of the April 2015 Amendment were disclosed in the 2015 Annual Report. The now proposed Capital Restructuring represents Kenmare's response to the requirement for material deleveraging and will, if implemented in full, produce a Company with a robust balance sheet, low levels of debt with a repayment holiday for the next two years, a reasonable interest rate, and with a strategic shareholder joining the shareholder register. A summary of the terms of the Project Loans which will apply to the Group following completion of the Capital Restructuring is contained in section 14 of Part 15 of this document.

4. 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% reduction in the applicable corporate tax rate in the initial ten year period of production following start up and charges a royalty of 3% based on HMC sold by KMML to KMPL at cost plus a mark-up of 15% adjusted for the inflation adjusted weighted average price of the final products sold by KMPL (approximately 45% 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% of KMPL's gross revenue will be charged after seven years of operation beginning in 2014.

Summary of reserves and resources

Summary of Reserves and Resources

The total proven and probable ore reserves in the Namalope and Nataka mining concession allocated to Kenmare as at 31 December 2015 is estimated at 1,564 million tonnes, grading 2.7% ilmenite, 0.18% zircon and 0.059% rutile, containing 42 million tonnes of ilmenite, 2.8 million tonnes of zircon and 0.92 million tonnes of rutile. The total ore resource (excluding reserves) held by Kenmare under a combination of exploration licences and mining concessions as at 31 December 2015 is estimated at 6.5 billion tonnes,

grading 2.4% ilmenite, 0.16% zircon and 0.053% rutile, containing 156 million tonnes of ilmenite, 11 million tonnes of zircon and 3.4 million tonnes of rutile. Details are set out in the Reserve-Resource table below.

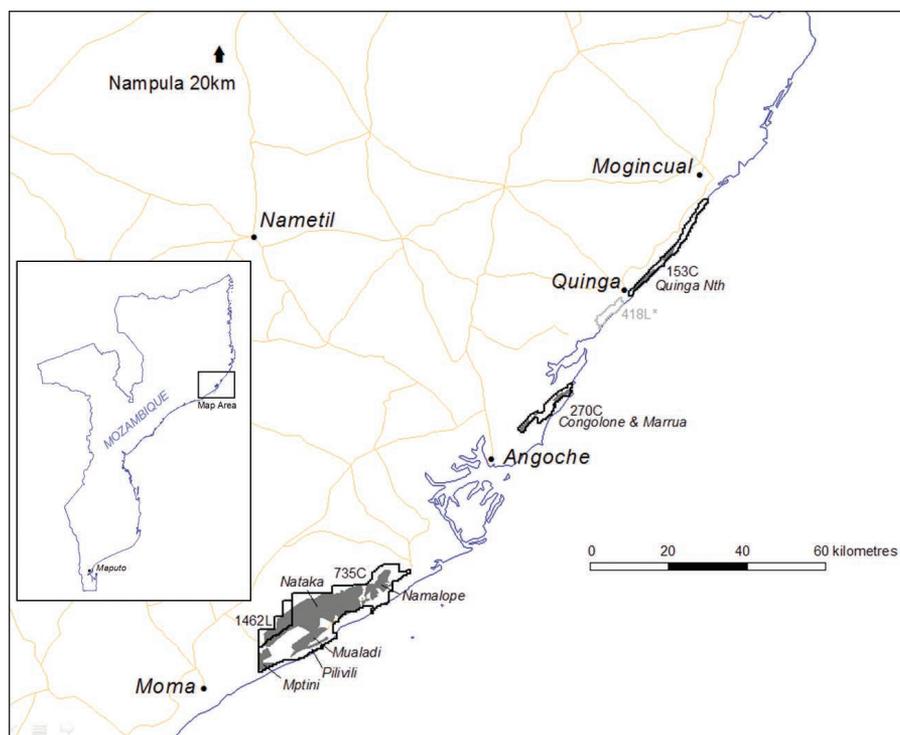
The drilling and sampling programme to improve geological definition and grade control continued in 2015 with the purpose of converting resources to reserves through increasing the knowledge and confidence in the deposit. 1,330 metres of exploration drilling was completed in Congolone and the Marrua Mining Concession 270C, while 5,709 meters of exploration drilling was completed in the Pilivili deposit lying within the Mining Concession 735C. 1,121 metres of hydrogeological drilling was completed within the year.

Exploration and mining concessions held by the Group are shown in the map below.

The additional drilling and metallurgical works undertaken in 2015 have delivered the following changes to the ore resources and reserves:

- Overall increase in 2015 reserve category ore to 42Mt ilmenite and 2.8Mt zircon from 22Mt ilmenite and 1.5Mt zircon in 2014
- Significant increases in confidence in the Nataka orebody with a 776Mt (21Mt ilmenite, 1.4Mt zircon) increase in probable reserves and a 257Mt (7.6Mt ilmenite, 0.3Mt zircon) increase in indicated resources, converted from inferred resources.
- An additional 16Mt (0.8Mt ilmenite) of measured resources identified in Congolone and 97Mt (3Mt ilmenite, 0.3Mt zircon) of new inferred resources established
- 99Mt (4.5Mt ilmenite) of indicated resources established in Pilivili from inferred resource, with an overall 39Mt increase in the Pilivili resource base, albeit at a reduced grade (– 1Mt ilmenite, – 0.2Mt zircon overall).

Further work is taking place in 2016 to build additional understanding of these deposits to establish the optimal mine plan.



Map: Exploration and Mining Concessions held by the Group

The following table sets out Kenmare's mineral resources and reserves as at 31 December 2015:

Reserve-Resource Table

| Zones | Category | Ore (Mt) | % THM* | % Ilmenite in THM | % Ilmenite in ore | % Rutile in ore | % Zircon in ore | % Slime | THM (Mt) | Ilmenite (Mt) | Rutile (Mt) | Zircon (Mt) |
|------------------|-------------------|-----------|--------|-------------------|--------------------|------------------|------------------|---------|----------|---------------|-------------|-------------|
| Reserves | | | | | | | | | | | | |
| Namalope | Proved | 229 | 4.1 | 82 | 3.3 | 0.076 | 0.23 | 7.75 | 9.0 | 7.6 | 0.17 | 0.53 |
| Namalope | Probable | 88 | 3.4 | 81 | 2.7 | 0.063 | 0.19 | 9.05 | 3.0 | 2.4 | 0.06 | 0.17 |
| Nataka | Probable | 1 248 | 3.1 | 82 | 2.6 | 0.056 | 0.17 | 15.51 | 39.0 | 32.0 | 0.70 | 2.11 |
| TOTAL RESERVES | Proved & Probable | 1 564 | 3.3 | 82 | 2.7 | 0.059 | 0.18 | 14.01 | 51 | 42 | 0.92 | 2.8 |
| Zones | Category | Sand (Mt) | % THM* | % Ilmenite in THM | % Ilmenite in sand | % Rutile in sand | % Zircon in sand | % Slime | THM (Mt) | Ilmenite (Mt) | Rutile (Mt) | Zircon (Mt) |
| Resources | | | | | | | | | | | | |
| Congolone | Measured | 183 | 3.4 | 80 | 2.7 | 0.073 | 0.23 | 5.43 | 6.2 | 5.0 | 0.1 | 0.4 |
| Namalope | Measured | 100 | 3.7 | 81 | 3.0 | 0.068 | 0.21 | 8.90 | 3.7 | 3.0 | 0.1 | 0.2 |
| Namalope | Indicated | 129 | 2.9 | 81 | 2.3 | 0.055 | 0.16 | 6.99 | 3.7 | 3.0 | 0.1 | 0.2 |
| Nataka | Indicated | 1 321 | 3.2 | 84 | 2.7 | 0.053 | 0.17 | 17.98 | 42.9 | 36.0 | 0.7 | 2.2 |
| Pilivili | Indicated | 99 | 5.5 | 84 | 4.6 | 0.097 | 0.34 | 6.18 | 5.4 | 4.5 | 0.1 | 0.3 |
| Congolone | Inferred | 97 | 3.8 | 80 | 3.1 | 0.083 | 0.26 | 3.24 | 3.7 | 3.0 | 0.1 | 0.3 |
| Pivilli | Inferred | 167 | 3.0 | 83 | 2.5 | 0.054 | 0.18 | 6.43 | 5.0 | 4.2 | 0.1 | 0.3 |
| Mualadi | Inferred | 327 | 3.2 | 80 | 2.6 | 0.061 | 0.21 | | 10.0 | 8.4 | 0.2 | 0.7 |
| Nataka | Inferred | 3 637 | 2.6 | 82 | 2.1 | 0.044 | 0.14 | 12.91 | 93.0 | 77.0 | 1.6 | 5.0 |
| Mpitini | Inferred | 287 | 3.6 | 80 | 2.9 | 0.070 | 0.24 | | 10.0 | 8.3 | 0.2 | 0.7 |
| Marrua | Inferred | 54 | 4.1 | 80 | 3.3 | 0.19 | 0.19 | | 2.2 | 1.8 | 0.1 | 0.1 |
| Quinga North | Inferred | 71 | 3.5 | 80 | 2.8 | 0.14 | 0.28 | | 2.5 | 2.0 | 0.1 | 0.2 |
| TOTAL RESOURCES | | 6 471 | 2.9 | 83 | 2.4 | 0.053 | 0.16 | 11.67 | 188 | 156 | 3.4 | 11 |

Resources are additional to Reserves. Estimates for Namalope and Nataka Reserves and the Namalope, Nataka, Congolone and Pilivili Resources comply with the JORC Code 2012 (Australasian Code for Reporting Ore Reserves and Mineral Resources). Table 1 documentation for these Reserves and Resources can be found at www.kenmareresources.com. Estimates for all other Resources were prepared and first disclosed under the JORC Code 2004. They have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since they were last reported.

The competent person for the Namalope and Nataka reserves and resources and the Pilivili and Congolone resources is Mr Paul Leandri (MAusIMM and MAIG). Mr Leandri is a current employee of Kenmare and does not hold any shares in the Company. The competent person for the other resources is Dr Alastair Brown (FIMMM). Dr Brown is an independent consultant who is a shareholder in and former employee of Kenmare. Mr Leandri and Dr Brown have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the JORC Code 2012.

THM is total heavy minerals of which ilmenite (typically 82% rutile (typically 2.0%) and zircon (typically 5.6%) total approximately 90%. Tonnes and grades have been rounded and hence small differences may appear in totals. Mt represents million tonnes.

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 26 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 14 of Part 15 of this Prospectus.

Kenmare undertakes mining and concentrating activities in two separate dredge mining operations in the Namalope deposit. Dredge mining has the lowest cost per tonne of solids handling in the mineral sands industry. Dredging takes place in two artificial freshwater dredge ponds. Two dredges in one pond feed a floating wet concentrator plant ("WCP A") and one dredge in the other pond feeds the other wet concentrator plant ("WCP B"). Before mining begins, the area ahead of the dredge path must be prepared by clearing the vegetation and removing topsoil. The topsoil is either applied directly to an area then being rehabilitated, or stockpiled for use in later rehabilitation. The dredges cut the ore at the base of the ore

face, causing mineral-bearing sands to slump into the dredge pond which measures approximately 800m long, 300m wide and up to 15m deep. The mineral-bearing sands are pumped by the dredges to the respective WCP that floats in the dredge pond behind the dredges. Feed to either WCP is supplemented, from time to time, by a dry mining operation. The dry mining operation uses standard surface mining equipment to mine the ore which is then slurried and pumped to the WCP to supplement the dredge mining feed.

The first processing stage, in the wet concentrator plants, consists of rejecting oversize material through trommels in the case of WCP A or vibrating screens in the case of WCP B. The undersize material in WCP A then passes into a surge bin as plant feed, while the undersize material in WCP B is passed through a de-sliming process prior to entering a surge bin. The respective feeds are passed over progressive stages of spiral gravity separators which separate heavy minerals from silica sand and clay tailings. The products from the wet concentrator plants are HMC and tailings.

HMC consists of the valuable heavy minerals ilmenite, rutile and zircon, some non-valuable heavy minerals, and a small amount of light minerals, the bulk of which is silica. The HMC, representing approximately 5% 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 tails fraction (silica sand) that settles immediately, and a fine tails fraction (clay) that settles less quickly, are co-deposited at the rear of the dredge pond into a series of settling ponds. Thickened fine tails are pumped from these settling ponds to drying paddocks located in the rehabilitation zone where the dried material helps the subsoil retain moisture and nutrients to aid re-vegetation.

After the tailings have sufficiently dried, they are re-contoured. Topsoil containing seeds and organic material is placed on the re-contoured tailings. Rehabilitation is completed by fertilising and seeding or planting with a variety of species of vegetation as well as food crops. When the rehabilitation of an area has been completed to an acceptable standard, the area is transferred to the government and thence to the local communities. The rehabilitation process continues to be optimised with input from local communities, the competent authorities and non-governmental organisations.

The Company is currently mining the Namalope deposit. The Namalope deposit will be mined until 2026 by WCP A and until 2022 by WCP B.

In its trading update in respect of the three months ended 31 March, 2016 Kenmare noted that for the five year period from 2011–2015, head grade at the mine was approximately 5.2% and it is expected that over the following five years from 2016–2020 the average grade will decline to approximately 4.5%. This decline in grade will require an increased mining fleet to maintain levels of HMC. The capital expenditure required to enhance the mining fleet over this period is yet to be approved by the Board and will be subject to market conditions. However preliminary studies estimate the additional capital expenditure to be US\$100 million, over the five year period.

Mineral Separation

The MSP uses screening, magnetic, electrostatic and gravity separation circuits to separate HMC into valuable minerals and non-valuable minerals, and also to separate ilmenite, rutile and zircon product grades to meet specific customer requirements.

HMC is transferred from stockpiles by front-end loaders and fed to the Wet High Intensity Magnetic Separation (“WHIMS”) plant, a feed preparation section of the MSP added during the Phase II Expansion. The WHIMS plant improves the thermal efficiency of the MSP by separating the magnetic and non-magnetic fractions in wet form, thereby allowing the non-magnetic fraction to be fed directly into the wet gravity separation circuit in a thermally efficient manner. The magnetic fraction is dried and processed by electrostatic separation in either of two ilmenite plants to produce final ilmenite products. The non-magnetic fraction of the WHIMS output passes to the wet gravity separation circuit which removes any remaining silica and 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 220,000 tonne capacity warehouse, including a separate dedicated 35,000 tonne capacity zircon warehouse, which was commissioned as part of the expanded plant. Both warehouses have facilities for loading of product onto a 2.4 km long overland conveyor, which leads to a 400m long jetty. The overland conveyor transports the product to a ship loader at the end of the jetty which loads the product onto self-propelled product trans-shipment vessels, the Bronagh J and the Peg, at a rate of approximately 1,000 tonnes per hour. The vessels then transport the products to a deep water trans-shipment point 10km offshore, where they self-discharge into sea-going customer cargo vessels. In 2011, the Group upgraded the jetty allowing transshipment vessels to berth on the southern side of the jetty in addition to the originally constructed northern berth, enhancing the export facility's flexibility and availability.

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, a sub-station, a leased 10MW diesel-powered electric generating plant, an additional 6 MW of standby diesel power generation capacity, an accommodation village, offices, laboratory, a jet-capable airstrip, water supply, sewage treatment plants and roads.

5. PRINCIPAL MARKETS

Kenmare is a well-established and recognised major global supplier of titanium mineral sand products with a customer base operating in over fifteen countries. The Group's customer base 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 or semi-annual price escalation and others have fixed volumes with annual price negotiations. These contracts are commercial contracts entered into in the normal course of business.

Total finished product production in 2015 was 821,300 tonnes (2014: 911,500), a 10% decline on the prior year. Production in 2015 comprised 763,500 tonnes of ilmenite (2014: 854,600 tonnes), 51,800 tonnes of zircon (2014: 50,800 tonnes) and 6,000 tonnes of rutile (2014: 6,100 tonnes). Annualised, 2015 sales of ilmenite and rutile represented 6% of the world's titanium dioxide feedstock supply (based on 6.6 million tonnes global supply as reported by TZMI). Closing stock of finished products at 31 December 2015 was 237,300 tonnes. (*Source: Kenmare Annual Report 2015*)

Ilmenite and Rutile Markets

Ilmenite and rutile are titanium minerals used as feedstocks to produce titanium dioxide (TiO₂) pigment, which accounts for approximately 90% of global titanium dioxide feedstocks consumption (Source:TZMI). TiO₂ pigment is a non-toxic inert product with a very high refractive index that gives it a superior ability to disperse light. This makes it the preferred pigment to impart a brilliant white colour, and offer ultraviolet protection and opacity when included in final products. TiO₂ pigment is consumed in the manufacture of paints and other coatings, plastics and paper, as well as a number of other applications, including cosmetics, food additives, ceramics, inks and textiles.

There are two industry processes for the production of TiO₂ pigment with the sulphate route and the chloride route each accounting for approximately 50% of TiO₂ pigment production. Ilmenite can be upgraded into higher TiO₂ content slag or synthetic rutile for use in the chloride process. The chloride route has been the preferred method of TiO₂ pigment production in the West for some time and is now beginning to be used in China where chloride slag plants are being constructed.

The balance of the demand for titanium feedstocks is largely accounted for by titanium metal production and for welding electrode applications. 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 including the manufacture of airframes and jet engines for the aerospace industry. It is also widely employed in the manufacture of equipment and materials used in chemical, water desalination and power plants, and in a number of growing applications in the electronics, medical and leisure industries. Rutile and some grades of ilmenite are also used as a component for coating welding electrodes.

During 2015, overcapacity and excess inventory continued to exert downward pressure on pigment prices. This created difficult market conditions for titanium feedstocks with poor pricing, weaker than expected volume offtake from the pigment sector and an inventory overhang. (Source: TZMI). However, during Q1 2016, pigment producers started to see an upturn in pigment sales volumes and there was evidence of increases in pigment prices (Source: TZMI).

Demand and prices of some high grade titanium feedstocks (e.g. rutile and synthetic rutile) were more stable in 2015 as the large producers carefully managed inventories and operated production to match customer requirements. Market demand for Kenmare's chloride ilmenite was broadly in line with its expectation for chloride pigment production. Kenmare saw some offtake growth from synthetic rutile producers driven by the improving outlook in the titanium metal sector (Source: TZMI). The supply and demand outlook for chloride ilmenite to 2020 is positive with demand expected to be constrained by available supply (Source: TZMI)

Supply and demand analyses for sulphate ilmenite indicate that although there was a primary deficit in 2015, this was offset by accumulated inventory (Source: TZMI). The sulphate ilmenite sector is characterised by a fragmented supplier base and experienced continued downward pressure on prices through 2015 (Source: TZMI). Despite the challenging market conditions in 2015, demand for Kenmare's products remained relatively strong with good volume support from its core customers.

China continues to be a large importer and producer of ilmenite. An expected increase in Chinese demand failed to materialise in 2015 due to a drawdown of inventory and a decline in pigment production in the second half (Source: TZMI). Recent price increases suggest this decline in pigment production has reversed and growth has resumed. Chinese ilmenite production reduced in 2015, as iron ore production in China, of which ilmenite is a by-product, continued to decline through the year. The reduction in Chinese ilmenite production in 2015 is estimated at approximately 500,000 tonnes (Source: TZMI). Chinese ilmenite production has continued to reduce during 2016 as a structural oversupply in the iron ore industry persists. Ilmenite production has also reduced in other regions, notably Australia and USA, following the closure of depleted mines, and in Russia due to iron ore related market dynamics. Declining ilmenite production is also evident in Vietnam as is concentrate production in Mozambique and other regions.

Chinese produced ilmenite is generally only suitable for the sulphate route of pigment production. Chinese chloride slag plants under construction will require suitable quality imported ilmenite containing low deleterious alkali metal levels, as produced by Kenmare, to make chloride slag.

The upgrading of ilmenite to chloride slag has historically been carried out by mining companies. Some pigment producers are now moving upstream in the pigment production process by owning and operating chloride slag plants which are being built in the Middle East and China. Approximately 700,000 tonnes per annum of new chloride slag capacity is in production or has been commissioned and this new capacity will require c. 1,250,000 tonnes per annum of ilmenite when fully operational.

Demand for TiO₂ pigment closely tracks growth in global GDP and demand is higher in the later stages of economic development; Chinese consumption of TiO₂ pigment is still only 50% of that of the USA and Western Europe.

Supply and demand analyses on the sulphate ilmenite sector to 2020 show that without supply from new projects, or from re-incentivised higher cost capacity that has been idled, there will be a deficit of supply (Source: TZMI). In the short term, excess inventory above the normal working level is expected to be fully absorbed over the course of 2016. Increased consumption of ilmenite for pigment and chloride slag production, coupled with reduced supply from ilmenite producers, and the absorption of the inventory overhang, are expected to lead to tightening supply/ demand conditions emerging towards the end of 2016.

Kenmare is, the Directors believe, well-positioned to benefit from expectations of a supply deficit with its relatively low cost of production compared to either new project development or other higher cost operators. The fundamentals of continued growth in pigment demand, based on increased economic activity driven by urbanisation trends in emerging markets and resumption of growth in the more traditional markets, such as North America and Europe, still apply and should support solid offtake of Moma ilmenite production in the future.

Zircon Market

Zircon is a zirconium mineral produced as a co-product of titanium minerals mining and is an important raw material for the ceramics industry 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 chemical applications, which include fused and chemical zirconia. The largest consuming regions for zircon are Mediterranean Europe and Asia, and in particular China. In addition to China, India, the Middle East and the Americas are important growth markets.

In 2015 the zircon market experienced varying demand across geographical regions with zircon consumption increasing in many regions but with weakness in China in the second half of the year. European demand grew modestly in 2015 as the ceramic industry export volumes increased assisted by the weak euro. In China many of the smaller players in the ceramics industry shut down or ceased production in 2015 following implementation of new environmental laws.

Zircon prices declined over the course of 2015 by, Kenmare estimates, approximately 10%. While larger producers sought to align production with market demand, increased supply from new second tier producers, coupled with price positioning by various producers for year-end sales contributed to the price decline. Prices have continued to decline during 2016 principally as a result of price competition between the major producers.

As with TiO₂ pigment demand, zircon demand is closely correlated to GDP growth and construction activity. Urbanisation trends and per capita income growth in emerging economies are the principal drivers of growth in demand for products such as ceramic tiles that consume zircon. Ceramic tiles are a preferred wall and floor covering in many emerging markets. While consumption of zircon for refractory and foundry applications is expected to be relatively stable, faster growth is expected in consumption of zircon for application in specialty chemicals, zirconium metal and chemical zirconia.

Despite the positive outlook for growth in zircon demand, excess supply in the market is expected to result in subdued pricing for zircon in the coming years.

6. 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 for upgrading into titanium slag and synthetic rutile.

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, sanitary ware and tableware. Kenmare's customers include some of the largest global millers that have grinding plants in multiple geographical locations.

Contracts are typically entered into for up to five years with some having fixed volumes and prices with annual price escalation and others having fixed volumes with annual or semi-annual price negotiations. Pricing of zircon is typically set on a shipment by shipment basis. 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 2015, over 95% of the Group's revenue was derived from sales to ten customers.

In 2016, the Directors estimate that approximately 81% of ilmenite produced by the Group will be sold under contract. 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.

7. 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. In 2013 Kenmare amended the power supply agreement to cater for the increased power requirement of the Mine as result of the Phase II 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 in 2017. 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.

8. COMPETITORS

The largest global producers of titanium dioxide feedstocks are the Anglo-Australian group, Rio Tinto Iron & Titanium, the US Group, Tronox and the Australian group, Iluka Resources. The main titanium feedstock producing regions are Africa, Australia, China, India, Norway, Ukraine and Canada. Together, these regions account for over 90% of global titanium feedstock production. Some of the major pigment producers also own their own mines supplying feedstocks to their pigment plants including Cristal Global's ownership of the 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 a variety of ilmenite producers in India, Vietnam, Kenya, Senegal, Norway, Ukraine and China.

9. FINANCING OF THE MOMA MINE

Development of the Moma Mine, and its subsequent expansion, has been financed through a combination of debt financing, equity financings, and, in the case of some expansion costs, cashflow from production.

Further detail in relation to the debt balances as at 31 December, 2015 is set out in Part 12 of this document. Information in relation to share issuances by the Company in the period covered by the financial information contained in this document, is set out in section 3 of Part 15 of this document.

Information in relation to the terms of the debt facilities under the April 2015 Amendment, and under the Amendment, Repayment and Equitisation Agreement (pursuant to which the Capital Restructuring is being implemented and which contain the terms on which residual debt will be available to the Group on completion of the Capital Restructuring) is set out, respectively in Part 12 of this document and in section 14 of Part 15 of this document.

10. ENVIRONMENTAL, HEALTH AND SAFETY MATTERS AND EMPLOYEES

Environment

The Group is committed to operating in an environmentally responsible manner and to minimising the impact of mining and processing operations on the local environment. The Mine 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 the Group's own policies. The Mine applies the International Finance Corporation ("IFC") Performance Standards (2006), as set out in the Environmental Management Plan ("EMP") and is targeting compliance with the IFC Performance Standards 2012. The Mine consistently seeks to apply best practice in all of its activities. The above standards relate to emissions, effluent treatment, noise, radiation, water quality, rehabilitation, management of social impacts, amongst others. Where standards differ, Kenmare has committed to meeting the most stringent standard applicable.

The environmental management system involves monitoring to ensure applicable standards are being observed, and where deviations are encountered, reporting and mitigation occur promptly. The system is modelled in accordance with ISO 14001, which requires that environmental objectives and targets be set annually and regularly reviewed throughout the year, with performance tracked and checked through scheduled audits and inspections. The objective of this system is to facilitate and achieve compliance with the commitments in the EMP as well as continual improvement of environmental performance. A joint community and company environmental monitoring practice was introduced in 2015. The aim is to engage, involve and educate communities on the needs for environmental management and ensure that the monitoring programmes underway are well understood by all stakeholders. Communities will be involved in the future sampling programmes.

Health & Safety

The Group is committed to conducting its business without risk to the health and safety of its employees, contractors and the general public and applies a strategy of zero tolerance in order to achieve zero fatalities or major injuries. Kenmare conducts regular performance reviews and legal compliance audits and acts upon the results to ensure compliance with national laws and Group policy.

Nine lost time injuries took place in 2015, the Lost Time Injury Frequency Rate (LTIFR) reached 0.47, a reduction in performance from 2014 (0.37). Total injuries, measured using the All Injury Frequency Rate (AIFR), continued to fall (2.46 to 1.87) representing a 24% reduction and an absolute reduction from 36 injuries in 2014 to 23 in 2015.

Kenmare reached 4 million hours lost time injury free in April 2015. A 4 star NOSA Safety rating was also retained. Analysis of injuries revealed common themes, and the 2016 safety strategy is focusing heavily on hazard identification, risk assessment and improving leadership's role in safe work.

The Mine's safety statistics are as follows:

| | 2015 | 2014 | 2013 |
|--|-----------|-----------|-----------|
| Man-hours worked | 3,852,283 | 4,302,702 | 5,918,960 |
| Man-hours worked since last LTI | 300,893 | 2,651,978 | 150,685 |
| Lost Time Injuries ("LTI") | 9 | 8 | 17 |
| Fatalities (included in LTIs) | — | — | 1 |
| Medical Treatment Injuries ("MTI") | 4 | 8 | 13 |
| First Aid Injuries ("FAI") | 23 | 36 | 85 |
| All Injuries ("AI") | 36 | 52 | 115 |
| Man Days lost to injuries | 391 | 361 | 661 |
| AI Frequency Rate ("AIFR") | 1.87 | 2.46 | 3.38 |
| LTI Frequency Rate ("LTIFR") | 0.47 | 0.37 | 0.50 |
| Malaria cases | 1,598 | 1,870 | 1,721 |
| Days lost to malaria | 6,480 | 7,480 | 6,884 |

Note: The higher hours worked in 2013 were as a result of the construction contractors at the Mine. Reduced hours in 2015 are a result of retrenchment in Q1 2015.

While malaria remains a significant challenge to the health and the productivity of the workforce, significant progress was made in 2015 through proactive management. Malaria cases reduced by 15% (1,598 cases) compared to 2014 (1,870 cases). Improvements in the quality and control of the malaria management programme yielded significantly reduced cases in the peak malaria season. Pesticide spraying and fogging proved effective and now takes place in most local villages as well as the main camp.

Employees

Kenmare recognises that employees are the backbone of the business and that a partnership is vital to achieving business objectives. Kenmare is committed to conducting its business without risk to the health and safety of its employees, contractors and the general public and applies a strategy of zero tolerance in order to achieve zero fatalities or major injuries. Senior managers are responsible for ensuring that appropriate organizational arrangements and resources are made available for the fulfilment of this policy and for monitoring its implementation and effectiveness.

Pre-employment, annual and exit medicals are performed at the Mine clinic. HIV/AIDS training forms part of Kenmare's induction and refresher training to all employees and contractors that come to the Mine. However, in compliance with Mozambican law, HIV/AIDS testing does not form part of a pre-employment medical. The Mines' Conditions of Employment Policy is compliant with the International Labour Organisation Labour Convention and FMO Core Labour Standards. These cover hours of work, meal breaks, transport, shift hours, overtime, standby, call outs and payment on Sundays and holidays, amongst others. Kenmare does not employ child labour or engage in any forced labour practices.

During 2015, Kenmare focused on the development of leadership behaviours and embedding of management systems helping to develop business maturity.

The total staff complement as at the end of December 2015 was 1,344 permanent employees. Of the permanent employees, Mozambicans represent 91% while expatriates represent 9%. There are 54 female employees, representing 4% of the total workforce.

A retrenchment programme and staff allowances review took place in 2015. Following an agreement reached between management, employee representatives and the Department of Labour, a total of 162 employees were retrenched; retrenchments were made from all levels of the business and from both the expatriate and Mozambican workforces. Negotiations with the employee union reduced the number of retrenchments by 214 in exchange for a reduction in shift allowances for the remaining workforce. The process of allowance reductions was staged incrementally through the remainder of 2015 and was completed by the end of the year. The Company continues to review employment levels as vacancies arise. The process of implementation of the agreement was challenging and resulted in unofficial industrial action at the end of June 2015. The Department of Labour declared the action illegal and the unionized workforce returned to work after a week of operational interruption. Kenmare management continue to focus on improving communications and developing relationships with the union.

In April 2015, Kenmare was impacted by reciprocal xenophobic threats towards South African expatriates following reports of actions taken against Mozambicans in South Africa. For precautionary reasons, South African expatriates were repatriated. However, with the assistance of strong local community and district leadership, expatriates were welcomed back after six days. Operation of the Mine was not significantly impacted by the event.

Training

Kenmare's plans to promote Mozambicans to senior positions within the Mine are underpinned by its training programme. Significant strides were made in 2015 in the development of Mozambican skills, focused particularly on:

- An apprentice programme with 27 personnel taking part;
- A technical development programme for artisan skills development with 28 participants; and
- A graduate recruitment programme with 20 participants, with an additional 29 former participants having been appointed to permanent roles.

Other programmes such as operator development, leadership development programmes and bursary schemes were also successfully completed.

11. 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 26 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 current environmental licence was issued in February 2013 and is valid for five years from date of issue.

The Mine is subject to the environmental laws and standards in force in Mozambique, together with international standards and guidelines of the World Bank, African Development Bank and FMO, as well as its own policies. The Mine applies the International Finance Corporation ("IFC") Performance Standards (2006), as set out in the Environmental Management Plan ("EMP") and is targeting compliance with the IFC Performance Standards 2012. The Mine consistently seeks to apply best practice in all of its activities. The above standards relate to emissions, effluent treatment, noise, radiation, water quality, rehabilitation, management of social impacts, amongst others. Where standards differ, Kenmare has committed to meeting the most stringent standard applicable.

12. 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.

KMAD operates in three main areas: livelihoods and economic development, health development, and education development.

Since KMAD's first activities were started in 2004 there have been significant improvements in infrastructure, with all the villages now electrified, water access improved and mobile phone coverage throughout the community. Direct and indirect employment opportunities have been created, training initiatives have been implemented and numerous development activities started by KMAD have now matured. 2015 was the final year of implementation of the 2013-2015 Strategic Plan, the details of which were finalized through extensive community consultations and the goals of which have formed the basis of a community agreement which was signed by the local leaders, the District Government and Kenmare in 2013. A new Strategic Plan for the period 2016 to 2019 is now in place with a community agreement signed in April 2016.

KMAD's goal is to work to:

- facilitate the economic development and income generation capacity of the local community. This includes maximizing the benefits of the Mine by creating secondary economic opportunities in the community and generating long-term sustainable economic opportunities independent of the Mine, as well as supporting facilitating mechanisms such as education, adult literacy and vocational training;
- improve the wellbeing of the local population. This includes supporting social development in health, with special focus on community health awareness, sports, and the construction of appropriate social infrastructure such as water pumps (accompanied by building the capacity of local water management committees) and educational facilities (including investing in vocational training).

KMAD's core values are:

- Participation: priorities for activities are based on local needs as identified by community members, and only those development initiatives with active local participation are supported by KMAD;
- Sustainability: investment in the building of skills and capacity will accompany any projects supported by KMAD to ensure their viability and only those initiatives with strong potential are supported;
- Equality: all people and communities have the same rights and are to be treated equally. KMAD particularly promotes the involvement of women in all its activities to achieve this aim;
- Efficiency: maximising local benefits of resources and leveraging off the mine infrastructure rather than setting up parallel systems and evaluating activities to look for improvement and effectiveness; and
- Integrity, Honesty and Transparency: KMAD is open about its allocation and use of resources and in its dealings with all of its partners and stakeholders.

KMAD has, in conjunction with Akhily Consultores, a specialist in community development, carried out community consultations to develop the new KMAD strategic plan. The plan served as the basis for a Memorandum of Understanding that will include specific initiatives to be undertaken in each community to be supported by KMAD from 2016 to 2019.

Eight communities within a radius of 10 km from the mine (Topuito, Thipane, Cabula, Mtiticoma, Naholoco, Mulimuni, Nathuco and Nathaca) were consulted in order to understand their ideas on development priorities. These ideas inform the basis for the new KMAD 2016 to 2019 Strategic Plan.

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 2013, 31 December 2014 and 31 December 2015 are incorporated in this Prospectus by reference. These financial statements are available on the Company's corporate website at <http://www.kenmareresources.com/investors/annual-and-interim-reports/2015.aspx> or from Kenmare's registered office at Chatham House, Chatham Street, Dublin 2, D02 VP46, Ireland.

The following are incorporated by reference from the 2015 Annual Report: pages 100 to 150 of the 2015 Annual Report, comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2015 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 96 to 99, the consolidated statement of financial position as at 31 December 2015 is on page 101, the consolidated statement of comprehensive income for the year ended 31 December 2015 is on page 100, a consolidated statement of changes in equity is on page 103, the consolidated statement of cash flows is on page 102, the accounting policies are on pages 108 to 118, the explanatory notes are on pages 107 to 150.

The following are incorporated by reference from the 2014 Annual Report: pages 89 to 142 of the 2014 Annual Report, comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2014 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 86 to 88, the consolidated statement of financial position as at 31 December 2014 is on page 90, the consolidated statement of comprehensive income for the year ended 31 December 2014 is on page 89, a consolidated statement of changes in equity is on page 92, the consolidated statement of cash flows is on page 91, the accounting policies are on pages 96 to 105, the explanatory notes are on pages 106 to 142.

The following are incorporated by reference from the 2013 Annual Report: pages 83 to 123 of the 2013 Annual Report, comprising Kenmare's audited consolidated financial statements for the year ended 31 December 2013 together with relevant accounting policies and notes prepared in accordance with IFRS. The independent auditor's report is on pages 80 to 82, the consolidated statement of financial position as at 31 December 2013 is on page 84, the consolidated statement of comprehensive income for the year ended 31 December 2013 is on page 83, a consolidated statement of changes in equity is on page 86, the consolidated statement of cash flows is on page 85, the accounting policies are on pages 90 to 98, the explanatory notes are on pages 99 to 123.

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 16 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".

Key Performance Indicators for the titanium mining industry

The key factors indicating the physical performance of Kenmare's 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) from the Mineral Separation Plant and (iii) finished product shipments. In each of the financial periods presented 100% of the Group's revenues have come from operations at the Moma Mine located in Mozambique. 100% of revenues have derived from the sale of Ilmenite, Zircon and Rutile.

The performance for the full years ended 31 December 2015, 2014 and 2013 for these indicators are as follows:

| | <u>2015</u> <u>Tonnes</u> | <u>2014</u> <u>Tonnes</u> | <u>2013</u> <u>Tonnes</u> |
|--|------------------------------|------------------------------|------------------------------|
| Production | | | |
| Heavy Mineral Concentrate ("HMC") | 1,100,600 | 1,287,300 | 1,137,200 |
| Ilmenite | 763,500 | 854,600 | 720,100 |
| Zircon* | 51,800 | 50,800 | 31,400 |
| Rutile | 6,000 | 6,100 | 4,000 |
| Total finished product production | 821,300 | 911,500 | 755,500 |
| Shipments | | | |
| Product shipped | 800,400 | 800,000 | 677,900 |

* Included in Zircon is a secondary Zircon product

2015 compared to 2014

HMC production decreased by 15% in the year to 1,100,600 tonnes compared to 1,287,300 tonnes in 2014. HMC production in Q1 2015 was severely impacted by grid power supply outages to the Mine, due to severe flooding in northern Mozambique, which resulted in serious damage to power lines and a total of 57 days of lost grid power. Production in Q2 2015 was also constrained by sporadic power outages due to remediation of the power lines damaged in the floods and industrial action that caused the loss of 9 days of Mine production in June 2015. Production in Q4 2015 was negatively impacted by poor power reliability, as a result of network transmission capacity issues, and stoppages associated with the installation of new power infrastructure by EdM. Separately, mined ore volumes were reduced in the quarter as mining conditions lowered dredge throughputs in comparison to Q3 2015. These mining conditions continued in Q1 2016. As a result, dry mining operations previously employed to supplement the dredges restarted in March 2016 at WCP A. Refurbishment of the WCP B dry mining operation is also underway to address a capacity gap at WCP B due to a harder layer in the dredge mining face, expected to last until the middle of 2017. Supplementing the gap will ensure that HMC production can be maximised. Economic evaluation is currently underway with commencement proposed for Q3 2016.

Lower HMC production limited production of final products in 2015. Ilmenite production for the year was 763,500 tonnes (2014: 854,600 tonnes). Not all magnetic concentrate was processed into final ilmenite products during the year, due to the existing product inventory and as a cost management strategy. The intermediate magnetic concentrate stockpile at the year end was 70,500 tonnes (2014: 60,600 tonnes). This stockpile is more suitable for outside storage than final product and is available for future processing into ilmenite.

Total zircon production for the year increased 2% to 51,800 tonnes (2014: 50,800 tonnes). While primary zircon production decreased by 10% to 39,400 tonnes (2014: 43,600 tonnes), the quality was improved. The revenue effect of the lower production of primary zircon was more than offset by the higher quality.

Rutile production for the year was 6,000 tonnes (2014: 6,100 tonnes), a decrease of 2%. Rutile product quality has increased and it is expected that this will result in a higher average price received on a like for like basis in 2016.

During 2015, Kenmare shipped 800,400 tonnes of finished products, in line with the prior year (2014: 800,000 tonnes). Shipments comprised of 742,200 tonnes (2014: 742,400 tonnes) of ilmenite, 52,400 tonnes (2014: 50,000 tonnes) of zircon (including 12,100 tonnes of secondary grade zircon) and 5,800 tonnes (2014: 7,600 tonnes) of rutile. Revenue for 2015 was US\$142.6 million (2014: US\$174.3 million), a decrease of 18% as a result of lower product prices, mainly in ilmenite.

Closing stock of HMC at the end of 2015 was 11,800 tonnes, compared with 29,600 tonnes at the start of the year. Closing stock of intermediate magnetic concentrate at the end of 2015 was 70,500 tonnes (2014: 60,600 tonnes). Closing stock of finished products at the end of 2015 was 237,300 tonnes (2014: 219,500 tonnes), of which 40,000 tonnes were being held for a customer under a bill and hold arrangement.

2014 compared to 2013

Production of HMC increased by 13% compared with 2013 as a result of the ramp-up of the new dredge and wet concentrator plant in a second mine pond as part of the Phase II Expansion.

Ilmenite production for the year was 854,600 tonnes (2013: 720,100 tonnes). In response to market conditions, ilmenite production was curtailed in the second half of 2014 by temporarily modifying production strategy and limiting the output of sulphate grade ilmenite while maximising the volume of zircon and rutile produced. As a result, the intermediate magnetic concentrate stockpile was increased to 60,600 tonnes (2013: nil). This stockpile is more suitable for outside storage than final product and is available for future processing into ilmenite.

Total zircon production for the year increased by 62% to 50,800 tonnes (2013: 31,400 tonnes). Importantly, there was an increase in average zircon quality and consequently average revenue per tonne across zircon products: primary zircon increased by 107% to 43,600 tonnes (2013: 21,100 tonnes), while secondary zircon decreased by 30% to 7,200 tonnes (2013: 10,300 tonnes).

Rutile production for the year was 6,100 tonnes (2013: 4,000 tonnes), an increase of 53%.

During 2014, Kenmare shipped 800,000 tonnes of finished products, up 18% (2013: 677,900 tonnes), comprised of 742,400 tonnes of ilmenite, 50,000 tonnes of zircon (including 7,800 tonnes of secondary grade zircon) and 7,600 tonnes of rutile. Revenue for 2014 was US\$174.3 million (2013: US\$161.5 million), an increase of 8%. The reported figure for 2013 of US\$137.9 million is after capitalisation of US\$23.6 million of revenue generated from the expansion facilities.

Closing stock of HMC at the end of 2014 was 29,600 tonnes, compared with 72,500 tonnes at the start of the year. Closing stock of intermediate magnetic concentrate at the end of 2014 was 60,600 tonnes. Closing stock of finished products at the end of 2014 was 219,500 tonnes (2013: 107,100 tonnes), of which 70,300 tonnes were stored outside under cover.

Results of Operations

Consolidated Statement of Comprehensive Income

The following table, for the periods indicated, sets forth certain of the Group's revenue and expense items:

Comparative Statement of Comprehensive Income

| | Year ended 31 December | | |
|---|------------------------|-----------------|-----------------|
| | 2015 Audited | 2014 Audited | 2013 Audited |
| | US\$'000 | US\$'000 | US\$'000 |
| Revenue | 142,583 | 174,317 | 137,868 |
| Cost of sales | (168,138) | (173,366) | (113,733) |
| Gross (loss)/profit | (25,555) | 951 | 24,135 |
| Other operating costs | (21,780) | (32,415) | (19,474) |
| Impairment loss | — | (64,762) | — |
| Operating (loss)/profit | (47,335) | (96,226) | 4,661 |
| Finance income | 543 | 6,314 | 299 |
| Finance costs | (37,805) | (34,852) | (40,535) |
| Foreign exchange gain/(loss) | 22,658 | 24,113 | (6,512) |
| Loss before tax | (61,939) | (100,651) | (42,087) |
| Income tax credit/(expense) | 1,320 | (143) | (2,033) |
| Loss after tax for the financial year | (60,619) | (100,794) | (44,120) |
| Attributable to equity holders | (60,619) | (100,794) | (44,120) |
| Loss per share: Basic | (2.18c) | (3.62c) | (1.71c) |
| Loss per share: Diluted | (2.18c) | (3.62c) | (1.71c) |

Comparison of Results of Operations 31 December 2015 to 31 December 2014

Revenue

During 2015, Kenmare shipped 800,400 tonnes (2014: 800,000 tonnes) of finished products, in line with the prior year. Revenue for 2015 was US\$142.6 million (2014: US\$174.3 million), a decrease of 18% as a result of lower product prices, mainly in ilmenite.

Operating expenses

Cost of sales for the year amounted to US\$168.1 million (2014: US\$173.4 million), including depreciation and amortisation of US\$30.8 million (2014: US\$36.1 million). Total cash costs of US\$136.4 million in 2015 were down by US\$36.6 million from the prior year (2014: US\$173.1 million), principally as a result of cost saving initiatives implemented during the year, together with favourable foreign exchange gains and lower production. There was a lower depreciation charge on production plant and equipment also due to the lower production in the year. Offsetting the cost savings were write downs of mineral stocks of US\$16.0 million (2014: US\$7.7 million) as a result of the lower realisable value of finished products due to weak product market conditions.

Other operating costs amounted to US\$21.8 million (2014: US\$32.4 million) and included freight costs of US\$3.7 million (2014: US\$8.2 million), which are either reimbursable by customers or factored into the sales price for product delivered to customers on a CIF (cost, insurance and freight) or CFR (cost and freight) basis; US\$0.1 million (2014: US\$0.1 million credit) as a result of demurrage costs and dispatch credits for timely shipments; distribution costs of US\$12.5 million (2014: US\$14.3 million) inclusive of depreciation of US\$5.0 million (2014: US\$4.9 million); and administration costs of US\$1.5 million (2014: US\$6.9 million), including a charge of US\$0.5 million (2014: US\$0.4 million) for share-based payments. During the year, there were arbitration costs of US\$4.0 million (2014: US\$3.1 million).

Adjusting total operating costs for depreciation of US\$35.8 million (2014: US\$40.9 million), total Group share-based payments of US\$0.7 million credit (2014: US\$1.3 million expense), freight reimbursable by customers of US\$3.7 million (2014: US\$8.2 million) and the decrease in mineral product inventory for the period of US\$14.7 million (2014: US\$17.7 million increase), the group cash operating cost for the year decreased by 21% to US\$136.4 million (2014: US\$173.1 million).

In H2 2015, management successfully reduced total cash operating costs per tonne, with operating costs remaining broadly in line with H1 2015 but final product production increasing by 34% as compared to H1 2015. This unit cost improvement is the result of a continuing drive throughout the organisation to rationalise costs and improve efficiency. A retrenchment plan was implemented in 2015 which, together with other labour cost savings, resulted in a 24% decrease in labour costs and a 14% decrease in the headcount compared with 2014. Engineering costs also reduced by 24% principally as a consequence of a sustained focus on improving efficiencies in plant maintenance.

Finance Income

Outstanding warrants are re-measured at each reporting date and the increase or decrease in the fair value is recognised as a finance cost or income in the consolidated statement of comprehensive income. The fair value of warrants at the statement of financial position date resulted in finance income of US\$0.5 million (2014: US\$6.1 million) being recognised in the consolidated statement of comprehensive income.

Other finance income of US\$0.05 million (2014: US\$0.2 million) consisted of interest on bank deposits.

Finance Costs

Loan interest and finance fees were US\$37.8 million (2014: US\$34.9 million). During the year US\$32.7 million (2014: US\$31.4 million) of loan interest was accrued, the increase due to an additional US\$10 million drawn on the Super Senior Facility in August 2015, higher subordinated loan balances and interest on subordinated loans, offset by foreign exchange gains on the euro denominated loans. US\$5.7 million (2014: US\$7.0 million) loan interest was paid on the senior loans and Absa corporate facility during the year. In July 2015, the Absa corporate facility ceased to be an unsecured debt obligation of Kenmare Resources plc and was novated as a secured subordinated debt obligation of the Project Companies.

Other financing fees of US\$5.1 million (2014: US\$3.5 million) consist primarily of higher loan fees amortised in 2015 of US\$4.4 million (2014: US\$2.7 million) as well as costs associated with finance lease interest and unwinding of the discount on mine closure provisions of US\$0.7 million in 2015 (2014: US\$0.8 million).

Exchange movements

An exchange gain of US\$22.7 million (2014: US\$24.1 million gain) arose during the year, mainly due to retranslation of euro-denominated loans. euro-denominated loans at 31 December 2015 amounted to US\$170.2 million (2014: US\$184.2 million), 50% of total debt.

Income tax expense

At the statement of financial position date Kenmare Moma Mining (Mauritius) Limited had unused tax losses of US\$7.5 million (2014: nil) available for offset against future profits.

This resulted in a tax credit of US\$1.3 million (2014: US\$0.1 million charge) and resulted in loss after tax of US\$60.6 million (2014: US\$100.8 million) for the year.

Comparison of Results of Operations 31 December 2014 to 31 December 2013

Revenue

Revenue for the year was US\$174.3 million, an increase of 8% on the 2013 revenue of US\$161.5 million. Reported revenue for 2013 was US\$137.9 million after the capitalisation of US\$23.6 million of revenue relating to product produced during the commissioning and ramp-up phase of the expansion plant. The expansion facilities, which first began operation in July 2013, continued to ramp-up production over the second half of 2013 to the level of commercial scale production capacity which was achieved by the close of 2013. During this period, the revenue generated from this production, amounting to US\$23.6 million, had been offset against the related production costs and capitalised in property, plant and equipment.

Operating expenses

Cost of sales for the year amounted to US\$173.4 million (2013: US\$136.4 million), including depreciation and amortisation of US\$36.0 million (2013: US\$24.3 million). The reported cost of sales for 2013 was US\$113.7 million excluding US\$22.7 million of costs which were capitalised.

Other operating costs amounted to US\$32.4 million (2013: US\$19.5 million) comprised of: freight costs of US\$8.2 million (2013: US\$3.4 million), which are either reimbursable by customers or factored into the sales price for product delivered to customers on a CIF or CFR basis; a credit of US\$0.1 million (2013: US\$0.4 million cost) as a result of reduced demurrage costs and dispatch credits for timely shipments; distribution costs of US\$14.3 million (2013: US\$11.0 million) inclusive of depreciation of US\$4.9 million (2013: US\$3.0 million); and administration costs of US\$6.9 million (2013: US\$3.4 million), including a charge of US\$0.4 million (2013: nil) for share-based payments. During the year, there were arbitration costs of US\$3.1 million. In October 2013, a fire occurred in the trommels section of WCP A. The cost of repair works and replacement parts amounted to US\$1.3 million (2013: nil).

Impairment loss

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. 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 finance cash flows discounted at 10%. Key assumptions include: a mine plan based on the Namalope and Nataka proved and probable reserves; average annual production of approximately 1.0 million tonnes of ilmenite plus co-products, zircon and rutile over the life of the mine; product sales prices based on contract prices as stipulated in marketing agreements with customers, or where contracts are based on market prices or production is not presently contracted, prices are forecast, taking into account the views of independent titanium mineral sands experts and management expectations including general inflation of 2% per annum. Average forecast product sales were reduced over the life of mine, taking into account the market conditions and outlook. Operating costs were based on approved budget costs for 2015 and escalated by 2% per annum thereafter and capital replacement costs were based on a life of mine capital plan considering inflation at 2% per annum from 2015.

As a result of this review, an impairment provision of US\$64.8 million was recognised in the consolidated statement of comprehensive income. The operating loss for the year amounted to US\$96.2 million (2013: US\$4.7 million profit). The decrease in operating profit resulted from lower revenues due principally to a decrease in product prices, higher operating costs and the impairment loss.

Finance income

Outstanding warrants are re-measured at each reporting date and the increase or decrease in the fair value is recognised as a finance cost or income in the consolidated statement of comprehensive income. The fair value of warrants at the statement of financial position date resulted in finance income of US\$5.5 million (2013: US\$5.9 million finance costs) being recognised in the consolidated statement of comprehensive income.

On 31 July 2014, the Group agreed with corporate bank loan provider, Absa, an extension of the maturity date of the US\$20 million corporate loan (the "Absa facility"), from 31 March 2015 to 31 March 2016. An extension fee of US\$0.8 million was settled in 7,257,850 warrants for Kenmare Resources plc shares on 1 September 2014 with an exercise price of Stg11p. The fair value of these warrants at the statement of financial position date resulted in finance income of US\$0.6 million (2013: nil) being recognised in the consolidated statement of comprehensive income.

Other finance income of US\$0.2 million (2013: US\$0.3 million) consisted of interest on bank deposits.

Finance costs

Loan interest and finance fees were US\$34.9 million (2013: US\$40.5 million). In accordance with the terms of the project financing documents, US\$4.7 million (2013: US\$5.6 million) of senior loan interest was paid and US\$24.3 million (2013: US\$22.4 million) of subordinated loan interest was accrued and capitalised. US\$2.3 million (2013: US\$2.0 million) of interest on the Absa corporate facility was paid during the year.

Other financing fees of US\$2.7 million (2013: US\$3.9 million) consist of US\$2.6 million (2013: US\$1.5 million) loan fees amortised and other fees of US\$0.1 million (2013: US\$2.4 million). Other finance costs in 2014 included finance lease interest of US\$0.2 million (2013: US\$0.3 million) and costs for unwinding of the discount on mine closure provisions of US\$0.6 million (2013: US\$0.5 million). In 2013, a charge of US\$5.9 million (2014: nil) was recorded based on the fair value of outstanding warrants at the

consolidated statement of financial position date, with the equivalent value included in finance income in the consolidated statement of comprehensive income.

Exchange movements

An exchange gain of US\$24.1 million (2013: US\$6.5 million loss) arose during the year, mainly due to retranslation of euro-denominated loans. Euro-denominated loans at 31 December 2014 amounted to US\$184.2 million (2013: US\$186.1 million), 55% of total debt.

Income tax expense

At the statement of financial position date Kenmare Moma Mining (Mauritius) Limited had unused tax losses of nil (2013: nil) available for offset against future profits.

This resulted in a tax charge of US\$0.1 million (2013: US\$2.0 million) and resulted in loss after tax of US\$100.8 million (2013: US\$44.1 million) for the year.

Consolidated Statement of Financial Position

The following table sets forth selected statement of financial position data of the Group for the periods indicated:

| | As at 31 December | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| | 2015 Audited US\$'000 | 2014 Audited US\$'000 | 2013 Audited US\$'000 |
| Assets | | | |
| Non current assets | | | |
| Property, plant and equipment | 834,961 | 865,217 | 967,110 |
| Deferred tax asset | 1,320 | — | 143 |
| Other receivables | 649 | 1,021 | — |
| | <u>836,930</u> | <u>866,238</u> | <u>967,253</u> |
| Current assets | | | |
| Inventories | 46,228 | 62,452 | 44,196 |
| Trade and other receivables | 20,268 | 27,118 | 19,241 |
| Cash and cash equivalents | 14,352 | 21,795 | 67,546 |
| | <u>80,848</u> | <u>111,365</u> | <u>130,983</u> |
| Total assets | <u>917,778</u> | <u>977,603</u> | <u>1,098,236</u> |
| Equity | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Called up share capital | 214,941 | 225,523 | 225,523 |
| Share premium | 431,380 | 431,380 | 431,380 |
| Retained losses | (175,651) | (115,032) | (14,238) |
| Other reserves | 32,804 | 22,896 | 21,547 |
| Total equity | <u>503,474</u> | <u>564,767</u> | <u>664,212</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Bank loans | — | 261,634 | 157,377 |
| Obligations under finance lease | 264 | 743 | 1,158 |
| Provisions | 22,100 | 21,624 | 22,423 |
| | <u>22,364</u> | <u>284,001</u> | <u>180,958</u> |
| Current Liabilities | | | |
| Bank loans | 341,943 | 76,040 | 197,802 |
| Obligations under finance lease | 479 | 415 | 350 |
| Provisions | 1,714 | 2,387 | 548 |
| Other financial liability | 22 | 520 | 5,851 |
| Trade and other payables | 47,782 | 49,473 | 48,515 |
| | <u>391,940</u> | <u>128,835</u> | <u>253,066</u> |
| Total liabilities | <u>414,304</u> | <u>412,836</u> | <u>434,024</u> |
| Total equity and liabilities | <u>917,778</u> | <u>977,603</u> | <u>1,098,236</u> |

Comparison of Consolidated Statement of Financial Position 31 December 2015 to 31 December 2014

Property, plant and equipment

During the year, additions to property, plant and equipment were US\$5.6 million (2014: US\$5.2 million), reflecting continued tight expenditure control due to liquidity constraints. The depreciation charge for the year was US\$35.8 million (2014: US\$40.9 million). The Group carried out an impairment review of property, plant and equipment at the year end. The mine plan is based on the Namalope and Nataka proved and probable reserves. During 2015, 776 million tonnes of the Nataka orebody was reclassified as reserves, based on additional drilling and orebody analysis. Inclusion of these additional reserves extends the last year of operations from 2033 to 2056. As a result of the increase in the life of mine, no impairment provision is required in 2015 (2014: US\$64.8 million impairment charge).

Inventory

Inventory at the year end amounted to US\$46.2 million (2014: US\$62.5 million), consisting of intermediate and final mineral products of US\$27.6 million (2014: US\$42.3 million) and consumables and spares of US\$18.6 million (2014: US\$20.2 million). Closing stock of finished products at 31 December 2015 was 237,300 tonnes (2014: 219,500 tonnes) including 40,000 tonnes being held for a customer under a bill and hold arrangement. The decrease in mineral product inventory values from the prior year is due to a write down of year end stock to forecast net realisable values. The lower product prices achieved in 2015 as a result of the weak product markets are reflected in lower product prices being forecast to be achieved in H1 2016. The reduction in consumable stock reflects tighter liquidity management initiatives implemented in the year.

Trade and other receivables

Total trade and other receivables of US\$20.9 million comprises current receivables of US\$20.3 million and non-current receivables of US\$0.6 million (2014: Total receivables of US\$28.1 million, comprising current receivables of US\$27.1 million and non-current receivables of US\$1.0 million). For 2015, US\$17.2 million (2014: US\$25.2 million) are trade receivables from the sale of mineral products and US\$3.7 million (2014: US\$2.9 million) is comprised of prepayments and other miscellaneous debtors. Trade debtors are a function of shipments made before the year end and credit terms specific to those customers. All trade receivables are current and there has been no impairment in trade receivables during the year and no allowances for impairment have been provided for during or at the year end.

Cash and cash equivalents

Cash and cash equivalents as at 31 December 2015 amounted to US\$14.4 million (2014: US\$21.8 million).

Loans and borrowings

Bank loans amounted to US\$341.9 million (2014: US\$337.7 million) at the end of the year. The reported bank loans have been adjusted for applicable lender fees of US\$25.9 million (2014: US\$11.8 million), which will be amortised over the life of the loans. During the year there was a drawdown of the Super Senior Facility of US\$10.0 million (2014: nil), loan interest payments amounting to US\$5.7 million (2014: interest and principal US\$20.0 million), interest accrued of US\$32.7 million (2014: US\$31.4 million), loan amendment and advisor fees incurred of US\$17.3 million (2014: US\$8.3 million), loan amendment fees amortised of US\$3.8 million (2014: US\$2.6 million) and foreign exchange movements of US\$19.3 million (2014: US\$23.2 million). This resulted in an overall increase in Group debt of US\$4.2 million (2014: US\$17.5 million decrease).

An amendment to the terms of the Project Loans and the Absa corporate facility was agreed with the Project Lenders and Absa on 29 April 2015. The April 2015 Amendment provided for: a new money facility (the "Super Senior Facility") of up to US\$50 million (US\$30 million for working capital purposes and US\$20 million available to fund certain disputed liabilities subject to arbitration); extension of the final maturity of existing facilities; a deferral of and a reduction in scheduled principal payments on the Senior Debt; elimination of scheduled interest and principal on Subordinated Debt; novating and restating the Absa corporate facility as a Subordinated Debt obligation of the Project Companies and extending the final maturity from 31 March 2016 to 1 August 2021; repayment of Super Senior Facility principal, Senior Debt principal, and Subordinated Debt interest and principal (including interest and principal on the Novated Absa Facility) by means of a cash sweep dependent on the Group's consolidated cash position on

each Payment Date commencing 1 August 2016; the appointment of a Lender Approved Non-Executive Director; and the payment of facility fees, restructuring fees and the fees and expenses of Project Lenders' advisors. In certain circumstances and unless a material deleveraging event has taken place in 2015, the Group was required to present for Project Lender approval a budget for 2016 by 31 January 2016 that includes a plan for a material deleveraging satisfactory to Project Lenders. The 2016 budget and material deleveraging plan were delivered to Lenders prior to 31 January 2016 but the deleveraging plan has not been approved by Lenders to date.

On 24 July 2015, the conditions precedent to effectiveness of the April 2015 Amendment were satisfied and the terms thereof came into effect. On 11 August 2015, US\$10.0 million of the Super Senior Facility was drawn.

As at the 31 December 2015, the Project Companies were in breach of a number of loan covenants and as a result loan balances were classified as falling due immediately.

Trade and other payables

Included in trade and other payables of US\$47.8 million (2014: US\$49.5 million) is US\$19.5 million (2014: US\$19.5 million) relating to capital projects which are disputed by the Group in arbitration proceedings.

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 2007. The lease is on a fixed repayment basis and the aggregate lease obligation of US\$0.7 million in 2015 (comprising non-current obligations of US\$0.2 million and current obligations of US\$0.5 million) has reduced by US\$0.4 million from 2014 (total obligations of US\$1.2 million, comprising non-current obligations of US\$0.8 million and current obligations of US\$0.4 million).

Provisions

Total provisions in 2015 amounted to US\$23.8 million, comprising current provisions of US\$1.7 million and non-current provisions of US\$22.1 million (2014: total provisions of US\$24.0 million, comprising current provisions of US\$2.4 million and non-current provisions of US\$21.6 million).

The Mine closure provision (2015: US\$19.9 million, 2014: US\$19.3 million) represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site. The costs are estimated on the basis of a formal closure plan, are subject to regular review and are estimated based on the net present value of estimated future cost. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the mine. The unwinding of the discount is recognised as a finance cost and US\$0.6 million (2014: US\$0.6 million) has been recognised in the consolidated statement of comprehensive income for the year.

The Mine rehabilitation provision (2015: US\$2.5 million, 2014: US\$2.6 million) represents the Directors' best estimate of the Company's liability for rehabilitating areas disturbed by mining activities. Rehabilitation costs are recognised based on the area disturbed and estimated cost of rehabilitation per hectare. Actual rehabilitation expenditure is incurred approximately twelve months after the area has been disturbed. During the year, the provision decreased by US\$0.1 million as a result of additional provision of US\$0.7 million for areas disturbed net of US\$0.8 million released for areas rehabilitated during the period.

Included in provisions in 2015 is an amount of US\$1.4 million (2014: US\$1.4 million) in relation a defamation case taken by a former Company director.

Prior to 2014 an Annual Bonus Scheme was in place for the Executive Directors a feature of which was the payment of a bonus earned for target performance which is deferred for three years. The bonus in respect of performance in 2011 of US\$0.4 million was paid in 2015. In 2014 the Kenmare Incentive Plan was adopted. Annual awards under the Kenmare Incentive Plan have a cash element. The cash element is based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element will be paid shortly after the end of the relevant year. During the year US\$0.3 million was paid for the 2014 cash element.

Issued Capital and Share Premium

Included in the share capital of the Company were deferred shares of US\$10.6 million. The Existing Deferred Shares of €0.25 per share were created in 1991 by subdividing each existing Ordinary Share of IR25p into one Existing Deferred Share of IR20p and one new Ordinary Share of IR5p. The Existing 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 per share for all the deferred shares so purchased.

On 12 October 2015, it was resolved that the Company acquire all of the 48,031,467 Existing Deferred Shares of €0.25 each in the capital of the Company in issue by transfer or surrender to the Company otherwise than for valuable consideration in accordance with Section 102(1)(a) of the Companies Act 2014 and Article 3(ii) of the Articles of Association of the Company and, in accordance with Section 106(1) of the Companies Act 2014, cancel such Existing Deferred Shares.

The share premium has remained unchanged in the year.

Other Reserves

Share Option Reserve

During the year the Group recognised a share-based payment credit of US\$0.9 million (2014: US\$1.3 million) as a result of the number of options which have lapsed in the period.

Capital Conversion Reserve

The capital conversion reserve fund arises from the re-nominalisation of the Company's share capital from Irish Punts to euro. There has been no movement in this reserve in the period.

Capital Redemption Reserve

The capital redemption reserve fund arises from the redemption of the deferred shares as noted above.

Retained losses

The movement on retained losses of US\$60.6 million represents the losses made in the year. In 2015 there were operating losses of US\$47.3 million, net finance costs of US\$37.3 million offset by a foreign exchange gain of US\$22.7 million. A income tax credit of US\$1.3 million was recognised in the year.

Comparison of Consolidated Statement of Financial Position 31 December 2014 to 31 December 2013

Property, plant and equipment

Following three years of significant investment in property, plant and equipment, 2014 additions amounted to US\$5.2 million (2013: US\$103.9 million). Depreciation for the year was US\$40.9 million (2013: US\$24.3 million) and an impairment loss of US\$64.8 million. Kenmare Moma Processing (Mauritius) Limited and Electricidade de Mocambique ("EdM") amended the power supply agreement in 2013 to cater for the increased power requirement of the Mine as result of the expansion. As part of this amendment, EdM agreed to reimburse part of the capital costs incurred to upgrade the power supply network to accommodate the new power requirements. These costs were finalised in 2014 with EdM's share being US\$1.4 million and therefore there was an adjustment to property, plant and equipment to reflect this receivable. This resulted in a net movement of US\$101.8 million in property, plant and equipment in the year.

Inventory

Inventory at 31 December 2014 amounted to US\$62.5 million (2013: US\$44.2 million), consisting of intermediate and final mineral products of US\$42.3 million (2013: US\$24.6 million) and consumables and spares of US\$20.2 million (2013: US\$19.6 million). Closing stock of HMC at end of 2014 was 29,600 tonnes (2013: 72,500 tonnes). In response to market conditions, ilmenite production was curtailed in the second half of 2014 by temporarily modifying the production strategy by limiting the output of sulphate grade ilmenite. As a result there was a closing stock of intermediate magnetic concentrate of 60,600 tonnes (2013: nil). Finished product inventory at the end of 2014 was 219,500 tonnes (2013: 107,100 tonnes), of which 70,300 tonnes are stored outside under cover. The increase in finished products was mainly in sulphate grade ilmenite stocks.

Trade and other receivables

As at 31 December 2015, total trade and other receivables amounted to US\$28.1 million, comprising current receivables of US\$27.1 million and non-current receivables of US\$1.0 million (2013: US\$19.2 million, all of which were current receivables). For 2015, US\$25.2 million (2013: US\$18.1 million) were trade receivables from the sale of mineral products and US\$2.9 million (2013: US\$1.1 million) was comprised of prepayments and other miscellaneous debtors. The increase in trade debtors was due to shipments during the period and the credit terms specific to those outstanding at the period end. Other debtors increased by US\$1.8 million from 2013 as a result of an amount receivable from EdM of US\$1.4 million (non-current portion US\$1.0 million) as noted above in property, plant and equipment and additional prepayments and other receivables of US\$0.4 million.

Cash and Cash Equivalents

Cash and cash equivalents at 31 December 2014 were US\$21.8 million (2013: US\$67.5 million).

Loans and borrowings

The Group had total debt of US\$337.7 million as at 31 December 2014 (2013: US\$355.2 million). This was made up of project loans of US\$318.3 million (2013: US\$335.8 million) and the Absa corporate loan of US\$19.4 million (2013: US\$19.4 million). During the year there were project loan interest and principal payments amounting to US\$17.7 million (2013: US\$18.0 million), interest accrued of US\$29.1 million (2013: US\$28.0 million), additional loan amendment fees of US\$7.4 million (2013: US\$6.6 million), loan amendment fees amortised of US\$1.8 million (2013: US\$0.5 million) and foreign exchange movements of US\$23.2 million (2013: US\$7.5 million). During the year there were Absa loan interest payments amounting to US\$2.3 million (2013: US\$2.0 million), interest accrued of US\$2.3 million (2013: US\$2.0 million), arrangement fees and other costs of US\$0.9 million (2013: US\$1.7 million) and fees amortised of US\$0.9 million (2013: US\$1.1 million). This resulted in an overall decrease in Group debt of US\$17.5 million (2013: US\$30.8 million increase).

An amendment to the terms of the Project Loans was entered into with the Lender Group on 14 February 2014. This amendment removed the requirement to repay all deferred subordinated debt by 1 August 2015, and rescheduled all deferred subordinated debt that is unpaid as of 31 July 2015 so that 50% is repaid in one instalment on 1 August 2019 and the other 50% is repaid in nine equal semi-annual instalments commencing on 1 August 2015 and ending on 1 August 2019.

A further amendment to the terms of the Project Loans was entered into with the Lender Group on 31 July 2014. This amendment removes the requirement to make scheduled principal payments of Senior Debt and payments of interest and principal of Subordinated Debt falling due on the 1 August 2014, 1 February 2015 and 1 August 2015 payment dates. Instead, the Lender Group will receive payments under a cash sweep dependent on the Group's consolidated cash position on each of the foregoing payment dates; any amounts not paid under this mechanism (and not rescheduled pursuant to the February 2014 amendment) will be due and payable on 31 December 2015. In addition, lenders and their advisors received information on a more frequent and detailed basis. The Project Companies were also required to deliver a budget for 2015 by 31 January, which was subsequently extended to 30 April, and was required to show no cash shortfalls and to be approved by the lenders, acting reasonably, failing which an Event of Default would ensue. This requirement was waived by the April 2015 Amendment.

Trade and other payables

Included in trade and other payables of US\$49.5 million (2013: US\$48.5 million) was US\$19.4 million (2013: US\$19.5 million) relating to capital projects which are disputed by the Group in arbitration proceedings. Trade payables have remained relatively unchanged in the period.

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 2007. The lease is on a fixed repayment basis and the aggregate lease obligation of US\$1.2 million in 2014 (comprising non-current obligations of US\$0.8 million and current obligations of US\$0.4 million) reduced by US\$0.3 million from 2013 (total obligations of US\$1.5 million, comprising non-current obligations of US\$1.2 million and current obligations of US\$0.3 million).

Provisions

Total provisions in 2014 amounted to US\$24.0 million, comprising current provisions of US\$2.4 million and non-current provisions of US\$21.6 million (2013: total provisions of US\$23.0 million, comprising current provisions of US\$0.6 million and non-current provisions of US\$22.4 million).

The mine closure provision (2014: US\$19.3 million, 2013: US\$18.7 million) represents the Directors' best estimate of the Group's liability for close-down, dismantling and restoration of the mining and processing site. The costs are estimated on the basis of a formal closure plan, are subject to regular review and are estimated based on the net present value of estimated future cost. Mine closure costs are a normal consequence of mining, and the majority of close-down and restoration expenditure is incurred at the end of the life of the mine. The unwinding of the discount is recognised as a finance cost and US\$0.6 million (2013: US\$0.5 million) has been recognised in the year.

The mine rehabilitation provision (2014: US\$2.6 million, 2013: US\$2.1 million) represents the Directors' best estimate of the Company's liability for rehabilitating areas disturbed by mining activities. Rehabilitation costs are recognised based on the area disturbed and estimated cost of rehabilitation per hectare. Actual rehabilitation expenditure is incurred approximately twelve months after the area has been disturbed. During the year the provision was increased by US\$0.5 million as a result of additional provision of US\$0.7 million for areas disturbed net of US\$0.2 million released for areas rehabilitated during the period.

Included in provisions is an amount US\$1.4 million (2013: US\$1.4 million) in relation a defamation case taken by a former Company director.

An Annual Bonus Scheme was in place for the Executive Directors, a feature of which was the payment of a bonus earned for target performance which is deferred for three years. The bonus in respect of performance in 2011 of US\$0.3 million was payable in 2014 and was released in the year. In 2014 the Kenmare Incentive Plan was adopted. Annual awards under the Kenmare Incentive Plan have a cash element. The cash element is based on a number of in-year performance targets. Based on the level of achievement against these targets, the cash element will be paid shortly after the end of the relevant year. For the year ended 31 December 2014, US\$0.3 million was provided for the 2014 cash element.

Issued Capital and Share Premium

Issued share capital and share premium have remained unchanged in the period.

Other Reserves

Share Option Reserve

During the period the Group recognised a share-based payment of US\$1.4 million as a result of the number of options which were granted in the year.

Capital Conversion Reserve

The capital conversion reserve fund arises from the re-nominalisation of the Company's share capital from Irish Punts to euro. There has been no movement in this reserve in the period.

Retained losses

The movement on retained losses of US\$100.8 million represents the losses made in the year. US\$31.5 million was the operating loss in the year, there was an impairment charge of US\$64.8 million, net finance costs of US\$28.5 million offset by a foreign exchange gain of US\$24.1 million.

Consolidated Statement of Cash Flows

The following table provides an overview of the Group's cash flows for the periods indicated:

| | Year ended 31 December | | |
|--|------------------------|------------------------|------------------------|
| | 2015 | 2014 | 2013 |
| | Audited | Audited | Audited |
| | US\$'000 | US\$'000 | US\$'000 |
| Cash flows from operating activities | | | |
| Loss for the year | (61,939) | (100,651) | (42,087) |
| Adjustment for: | | | |
| Foreign exchange movement | (22,658) | (24,113) | 6,512 |
| Share-based payments | (674) | 1,349 | 551 |
| Finance income | (45) | (184) | (299) |
| Finance cost | 37,805 | 34,852 | 31,268 |
| Depreciation | 35,820 | 40,850 | 24,344 |
| Impairment loss | — | 64,762 | — |
| (Decrease)/increase in other financial liabilities | (498) | (5,331) | 5,851 |
| (Decrease)/increase in provisions | (742) | 528 | (199) |
| Operating cash flow | <u>(12,931)</u> | <u>12,062</u> | <u>25,941</u> |
| Decrease/(increase) in inventories | 16,224 | (18,256) | (21,774) |
| Decrease/(increase) in trade and other receivables | 7,222 | (7,532) | 16,505 |
| (Decrease)/increase in trade and other payables | <u>(1,901)</u> | <u>1,780</u> | <u>(12,064)</u> |
| Cash from/(used in) operations | 8,614 | (11,946) | 8,608 |
| Interest received | 45 | 184 | 299 |
| Interest paid | <u>(5,700)</u> | <u>(7,046)</u> | <u>(7,549)</u> |
| Net cash from/(used in) operating activities | <u>2,959</u> | <u>(18,808)</u> | <u>1,358</u> |
| Investing activities: | | | |
| Additions to property, plant and equipment | <u>(5,564)</u> | <u>(5,187)</u> | <u>(82,661)</u> |
| Net cash used in investing activities | <u>(5,564)</u> | <u>(5,187)</u> | <u>(82,661)</u> |
| Financing activities | | | |
| Proceeds on the issue of shares | — | — | 106,058 |
| Expenses on the issue of shares | — | — | (4,103) |
| Repayment of borrowings | — | (13,001) | (32,395) |
| (Decrease)/increase in borrowings | (7,330) | (8,268) | 32,713 |
| Payment of obligations under finance leases | <u>(560)</u> | <u>(560)</u> | <u>(560)</u> |
| Net cash (used in)/from financing activities | <u>(7,890)</u> | <u>(21,829)</u> | <u>101,713</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(10,495)</u> | <u>(45,824)</u> | <u>20,410</u> |
| Cash and cash equivalents at the beginning of the year | 21,795 | 67,546 | 46,067 |
| Effect of exchange rate changes on cash and cash equivalents | <u>3,052</u> | <u>73</u> | <u>1,069</u> |
| Cash and cash equivalents at end of year | <u>14,352</u> | <u>21,795</u> | <u>67,546</u> |

Net cash flows from operating activities

Foreign exchange movements arise mainly on the retranslation of euro-denominated loans.

Loan interest and finance fees were US\$37.8 million (2014: US\$34.9 million) in 2015. During the year US\$32.7 million (2014: US\$31.4 million) of loan interest was accrued, the increase due to an additional US\$10 million drawn on the Super Senior Facility in August 2015, higher subordinated loan balances and interest on subordinated loans, offset by foreign exchange gains on the euro denominated loans. US\$5.7 million (2014: US\$7.0 million) loan interest was paid on the senior loans and Absa corporate facility during the year. Other financing fees of US\$4.4 million (2014: US\$2.7 million) consist of higher loan fees amortised.

Loan interest and finance fees were US\$34.9 million (2013: US\$40.5 million) in 2014. In accordance with the terms of the project financing documents, US\$4.7 million (2013: US\$5.6 million) of senior loan interest was paid and US\$24.3 million (2013: US\$22.4 million) of subordinated loan interest was accrued and

capitalised. US\$2.3 million (2013: US\$2.0 million) of interest on the Absa corporate facility was paid during the year. Other financing fees of US\$2.7 million (2013: US\$3.9 million) consist of US\$2.6 million (2013: US\$1.5 million) loan fees amortised and other fees of US\$0.1 million (2013: US\$2.4 million).

During 2014, the Group carried out an impairment review of property, plant and equipment. As a result of this review, an impairment provision of US\$64.8 million was recognised in the consolidated statement of comprehensive income. The main cause of the impairment was the low product sales prices being achieved in the market.

A financial liability of US\$5.9 million based on the fair value of warrants at the statement of financial position was recognised as the cost of issuing warrants in 2013 with the equivalent value included in finance costs in the consolidated statement of comprehensive income. In 2014 additional warrants were issued to Absa. The financial liability was revalued to US\$0.5 million mainly as a result of the decrease in the share price in 2014 resulting in a lower fair value of all the warrants outstanding at the year end 2014.

Net cash flows used in investing activities

During 2015, additions to property, plant and equipment were US\$5.6 million (2014: US\$5.2 million), reflecting continued tight expenditure control due to liquidity constraints.

Following three years of significant investment in property, plant and equipment to increase production of the mine, 2014 additions amounted to US\$5.2 million (2013: US\$82.7 million).

2013 additions to property, plant and equipment consisted of US\$72.4 million (2012: US\$126.9 million) of capital expenditure related to Phase II Expansion and US\$10.2 million (2012: US\$37.4 million) relates to sustaining and other capital projects.

Net cash flows from/(used in) financing activities

Under the April 2015 Amendment, principal repayments of debt which fell due on the 31 December 2015 were rescheduled to 1 August 2016 by means of a cash sweep dependent on the Group's consolidated cash position on each payment date. Therefore there were no repayment of borrowings in the year ended 31 December 2015.

The Group has leased equipment for the receipt, storage and dispensing of diesel fuel under a finance lease. The lease is on a fixed repayment basis and the lease obligation and so the lease payments of US\$0.3 million are the same for both periods.

In February 2014 there were Senior Debt principal repayments of US\$13.0 million (2013: US\$32.4 million). The August 2014 project senior loan repayment was rescheduled to December 2015 as a result of the July 2014 loan amendment.

During 2013 there were loan repayments of US\$32.4 million (2012: US\$25.9 million). This was made up of Senior Debt principal repayments in February 2013. The August 2013 Senior Debt repayment was rescheduled to August 2014 as a result of the July 2013 loan amendment. In February 2013, the Company and Absa Bank Limited entered into an agreement establishing a corporate facility of US\$40 million maturing in March 2014. This facility was fully drawn in June 2013. In November 2013, US\$20 million of the loan was repaid from the proceeds of the equity issue in October 2013. In December 2013 the facility amount was amended to US\$20 million and the maturity was extended to 31 March 2015.

On 16 October 2013, 250,300,000 new ordinary shares were issued by way of a placing which raised US\$101.9 million net of expenses. The proceeds of the equity raising was used in part to discharge near term payment obligations in respect of the expansion of the Mine and to repay US\$20 million of the Company's Absa corporate facility as noted above. The remainder of the proceeds was used for working capital.

Liquidity and Capital Resources

Capital Resources

Kenmare's funding structure at each reporting year end was as follows:

| | FY2015 Audited | FY2014 Audited | FY2013 Audited |
|---|---------------------------|---------------------------|---------------------------|
| | US\$'000 | US\$'000 | US\$'000 |
| Debt due after more than one year | — | 261,634 | 157,377 |
| Debt due within one year | 341,943 | 76,040 | 197,802 |
| Total debt | 341,943 | 337,674 | 355,179 |
| Shareholders' equity | 503,474 | 564,767 | 664,212 |
| Total funding | 845,417 | 902,441 | 1,019,391 |
| Cash—liquidity | 14,352 | 21,795 | 67,546 |

Kenmare's cash flows in respect of the years ended 31 December, 2013, 2014 and 2015 are described above in the section entitled '*Consolidated Statement of Cash Flows*'. The source of cashflows are predominantly the sale of products, ilmenite, rutile and zircon from the Moma Mine.

An amendment to the terms of the Project Loans and the Absa corporate facility was agreed with the Project Lenders and Absa on 29 April 2015 ("April 2015 Amendment"). The terms of the amendment are set out below.

At the 31 December 2015, the Project Companies were in breach of a number of loan covenants and as a result loan balances were classified as falling due immediately.

As detailed in the the Group's results for the six month period ended 30 June 2015, a cash flow forecast was prepared by management with best estimates of price assumptions and shipment assumptions supported by the Directors (the "Group Forecast"). In addition, in accordance with the April 2015 Amendment, a cash flow forecast (termed the "Revised Forecast" in the finance documents) was delivered to Lenders. The Revised Forecast was prepared on a more conservative basis than the Group Forecast. Both the Group Forecast and Revised Forecast assumed that the US\$30 million of the Super Senior Loan available for working capital purposes will be fully drawn. However, in order to draw the remainder of the Super Senior Loan, the assumptions and resulting cash flow projections in the Revised Forecast (but not the Group Forecast) resulted in a requirement for waivers from Lenders in respect of (i) a requirement that the Revised Forecast show that over the following six months the aggregate of Group cash and the Super Senior Facility undrawn working capital loan commitments shall be no less than US\$10 million and (ii) a requirement that the Revised Forecast demonstrate the ability to repay the Super Senior Loan as scheduled. As a result, the Group submitted to Lenders a request for waivers of the relevant event of default and conditions precedent. As at 31 December 2015, the requested waivers had not been granted, and to date, necessary waivers have not been granted. In addition, a number of other events of default have arisen under the loan documents. As a consequence, the Group has been unable to draw the additional US\$20 million of working capital loans under the Super Senior Facility.

Super Senior Facility

The Lender Group have provided to the Project Companies a two year US\$50 million non-revolving facility maturing on 29 April 2017, US\$30 million of which (the "Working Capital Loans") was made available for drawing for working capital purposes and US\$20 million of which was made available to fund, if required, certain disputed liabilities subject to arbitration. Interest on the facility is at LIBOR for the applicable period plus a margin of 10% per annum, payable semi-annually on 1 February and 1 August. Commitment fees are 4% on the average undrawn balance payable quarterly in arrears. An arrangement fee of 1% flat on the commitment was payable within 5 business days of 29 April 2015. Other than the payment of any outstanding amounts at maturity, there are no fixed principal repayments. Instead, payments based on available cash under a cash sweep mechanism will be required to be made. Any amount of Super Senior Debt repaid will not be available to be redrawn. The Super Senior Facility comprises the most senior tranche of project financing debt and benefits from the same guarantees (including from the Company pursuant to the Completion Agreement) and security as the existing Senior Debt and Subordinated Debt; it ranks contractually senior to the existing Senior Debt. The Lender Group made an initial disbursement of the Working Capital Loans of US\$10 million on 11 August 2015. Project Lenders made an initial disbursement of the Working Capital Loans of US\$10 million on 11 August 2015. As noted above, because certain events of default and conditions precedent to disbursement remain unwaived, the balance of the Super Senior Loans is not available for drawdown.

Senior Debt

Seven Senior Loan credit facilities were made available for financing the Moma Titanium Minerals Mine. The aggregate maximum available amount of the Senior Loan credit facilities was US\$185 million plus €15 million which were fully drawn in 2008. As at 31 December 2015, the Senior Loan tenors ranged from 2.5 years to 5 years. Three of the Senior Loans bear interest at fixed rates and four bear interest at variable rates.

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

In addition to the scheduled instalments of Senior Debt, payments based on available cash under a cash sweep mechanism will be required to be made.

Subordinated Debt

The original Subordinated Loan credit facilities (made available under documentation entered into in June 2004) with original principal amounts of €47.1 million plus US\$10 million (excluding capitalised interest) were fully drawn in 2005. The Standby Subordinated Loan credit facilities (made available under documentation entered into in June 2005) with original principal amounts of €2.8 million and US\$4 million were fully drawn in 2007. The Additional Standby Subordinated Loan credit facilities of US\$12 million and US\$10 million (made available under documentation entered into in August 2007) were fully drawn in 2008.

All the Subordinated Loans bear interest at a fixed rate of 11% per annum. Interest that is not paid as described under the cash sweep mechanism will be capitalised. Scheduled payments of interest and principal are no longer required to be made, and the final maturity date is 1 August 2021. Prior to the final maturity date, interest and principal payments based on available cash under a cash sweep mechanism will be required to be made.

Novated Absa Facility

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

- Final maturity: 1 August 2021 (was 31 March 2016);
- Interest: accrues at 11% per annum and is payable under a cash sweep mechanism;
- Amortisation: no fixed amortisation. Repayment of principal is payable under a cash sweep mechanism;

Consistent with the other Subordinated Debt, the Novated Absa Loan has the benefit of the right of Subordinated Lenders under the Subordinated Lenders’ Option Agreement to elect to receive, upon a change of control, payment of the full amount of the Subordinated Debt outstanding, together with a prepayment fee calculated as 30% of the outstanding principal amount of Subordinated Debt. In connection with a partial change of control (being the acquisition, directly or indirectly, of more than 25% of the voting shares or capital stock in a Project Company), the Novated Absa Loan has the benefit of the right of the Subordinated Lenders to elect to receive a payment in relation to such percentage of Subordinated Debt as is equal to the percentage of voting shares or capital stock acquired, together with a prepayment fee of 30% calculated on the amount repaid..

April 2015 Amendment Fees and Expenses

A restructuring fee of 0.75% on the outstanding balance of the Project Loans on 1 February 2015 is payable to the Lender Group. A restructuring fee of 4% on the principal amount of the Absa Corporate Facility is payable to Absa in the form of warrants on a basis similar to those issued to Absa in connection with the July 2014 Amendment. Payment of these fees had been deferred to 30 June 2016. As noted in section 3 of Part 15 of this document, the Company has agreed to discharge these fees due to Absa by way of the issue of 191,570 New Ordinary Shares at the Issue Price.

A summary of the principal terms which will apply to residual debt in completion of the Capital Restructuring (as set out in the Amendment, Repayment and Equitisation Agreement) is set out in section 14 of Part 15 of this document.

Capitalisation and Indebtedness of the Group

| <u>Indebtedness at 30 April, 2016 (unaudited)</u> | <u>US\$'000</u> |
|---|-------------------------|
| Total Current debt | 360,208 |
| <i>of which</i> | |
| Guaranteed | 359,729 |
| Secured | — |
| Unguaranteed/Unsecured | 479 |
| Total Non current debt (excluding current portion of long-term debt) | 109 |
| <i>of which</i> | |
| Guaranteed | — |
| Secured | — |
| Unguaranteed/Unsecured | 109 |
| | |
| Shareholders' equity | |
| Share capital | 214,941 |
| Share premium account | 431,378 |
| Other reserves | 32,745 |
| Total | <u>679,064</u> |
| Total | <u><u>1,039,381</u></u> |

The following table sets out the net financial indebtedness of Kenmare as at 30 April 2016:

Net indebtedness at 30 April 2016

| | <u>Unaudited as at 30 April 2016</u> |
|---|--|
| | <u>US\$m</u> |
| Cash | 11,374 |
| Cash equivalent | — |
| Trading securities | — |
| Liquidity | 11,374 |
| Current financial receivables | |
| Current bank debt | (359,729) |
| Current portion of non-current debt | — |
| Other current financial debt | (479) |
| Current financial debt | (360,208) |
| Net current financial indebtedness | (348,834) |
| Non-current bank loans | — |
| Bonds Issued | — |
| Other non-current loans | (109) |
| Non-current financial indebtedness | (109) |
| Net financial indebtedness | (348,944) |

Funding Facilities

Outstanding debt balances, and the maturities of the components of debt under the April 2015 Amendment, as of 30 April, 2016 are as shown below:

| | Loan balance US\$ million | Maturity Under the April 2015 Amendment |
|---|------------------------------|---|
| Super Senior Loans | | |
| AfDB | 0.7 | 2017 |
| Absa (ECIC) | 0.8 | 2017 |
| EAIF | 1.9 | 2017 |
| EIB | 4.8 | 2017 |
| FMO | 1.7 | 2017 |
| KfW IPEX-Bank | 0.5 | 2017 |
| Total Super Senior Loans | 10.3 | |
| Senior Loans | | |
| AfDB | 21.1 | 2021 |
| Absa (ECIC) | 23.7 | 2018 |
| EAIF | 2.6 | 2021 |
| EIB | 8.8 | 2021 |
| FMO | 8.5 | 2019 |
| KfW IPEX-Bank (Hermes) | 6.6 | 2018 |
| KfW IPEX-Bank (MIGA) | 7.7 | 2021 |
| Total Senior Loans | 78.9 | |
| Subordinated Loans | | |
| EIB | 162.3 | 2021 |
| EAIF | 62.9 | 2021 |
| FMO | 50.5 | 2021 |
| Absa | 21.8 | 2021 |
| Total Subordinated Loans | 297.5 | |
| Total | 386.7 | |
| Total amendment fees | (26.9) | Amortised over life of loans |
| Total Group Loans | 359.7 | |

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 consolidated statement of comprehensive income. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the consolidated statement of comprehensive income 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. The current environmental licence is valid until 26 February 2018.

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 as at 31 December 2015, 2014 or 2013.

Significant Accounting Policies

The Group's significant accounting policies are more fully described in the 2015, 2014 and 2013 Annual Reports which are available on the Company's corporate website at <http://www.kenmareresources.com/investors/annual-and-interim-reports/2015.aspx> or from Kenmare's registered office at Chatham House, Chatham Street, Dublin 2, D02 VP46, 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 PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Financial Information

1. Effect of the Capital Restructuring

The unaudited pro forma financial information set out in this Part 13 has been prepared to illustrate the effect of the Capital Restructuring (comprising the Cornerstone Placing and the Firm Placing to raise US\$245.7 million (approximately £181.7 million), the Lender Underwriting and the Debt Equitisation (assuming nil proceeds are raised under the Open Offer)), as if it had occurred on 31 December 2015. 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 Restructuring.

The unaudited pro forma consolidated statement of financial position has been prepared on the basis of the notes below.

| | Adjustments | | | | | Unaudited pro forma Consolidated Statement of Financial Position as at 31 Dec 2015 |
|-------------------------------------|---|--|--|---|-----------------------------|--|
| | Audited Consolidated Statement of Financial Position as at 31 Dec 2015 | Interest & FX movements to date of Capital Restructuring | Application of net proceeds from Cornerstone Placing, Firm Placing and Lender Underwriting | Loan adjustments resulting from Capital Restructuring | Reclassification of debt | |
| | Note 1 | Note 2 | Note 3 | Note 4 | Note 5 | |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Assets | | | | | | |
| Non- Current Assets | | | | | | |
| Property, Plant & Equipment . . . | 834,961 | | | | | 834,961 |
| Deferred tax asset | 1,320 | | | | | 1,320 |
| Other Receivables | 649 | | | | | 649 |
| | <u>836,930</u> | | | | | <u>836,930</u> |
| Current Assets | | | | | | |
| Inventories | 46,228 | | | | | 46,228 |
| Trade and other receivables . . . | 20,268 | | | | | 20,268 |
| Cash and cash equivalents | 14,352 | | 61,600 | | | 75,952 |
| | <u>80,848</u> | | <u>61,600</u> | | | <u>142,448</u> |
| Total Assets | <u>917,778</u> | <u>0</u> | <u>61,600</u> | <u>0</u> | <u>0</u> | <u>979,378</u> |
| Equity | | | | | | |
| Capital and reserves | | | | | | |
| Share Capital | 214,941 | | 97 | 9 | | 215,047 |
| Share Premium | 431,380 | | 261,503 | 24,424 | | 717,306 |
| Retained Earnings | (175,651) | (24,655) | | 42,166 | | (158,140) |
| Other Reserves | 32,804 | | | | | 32,804 |
| Total Equity | <u>503,474</u> | <u>(24,655)</u> | <u>261,600</u> | <u>66,598</u> | | <u>807,017</u> |
| Liabilities | | | | | | |
| Non- Current Liabilities | | | | | | |
| Bank loans | 0 | | | | 100,000 | 100,000 |
| Obligation under finance lease . | 264 | | | | | 264 |
| Provisions | 22,100 | | | | | 22,100 |
| | <u>22,364</u> | | | 0 | 100,000 | <u>122,364</u> |
| Current liabilities | | | | | | |
| Bank loans | 341,943 | 24,655 | (200,000) | (66,598) | (100,000) | 0 |
| Obligation under finance lease . | 479 | | | | | 479 |
| Provisions | 1,714 | | | | | 1,714 |
| Other financial liability | 22 | | | | | 22 |
| Trade and other payables | 47,782 | | | | | 47,782 |
| | <u>391,940</u> | <u>24,655</u> | <u>(200,000)</u> | <u>(66,598)</u> | <u>(100,000)</u> | <u>49,997</u> |
| Total Liabilities | <u>414,304</u> | <u>24,655</u> | <u>(200,000)</u> | <u>(66,598)</u> | <u>0</u> | <u>172,361</u> |
| Total Equity and Liabilities | <u>917,778</u> | <u>0</u> | <u>61,600</u> | <u>0</u> | <u>0</u> | <u>979,378</u> |

Notes:

- (1) The audited consolidated statement of financial position of the Group as at 31 December 2015 has been extracted without material adjustment from the 2015 Annual Report.
- (2) The adjustment reflects the interest and foreign exchange movements on debt from 1 January 2016 to the date of the Capital Restructuring in order to reflect the debt amount and terms contained in the Amendment and Equitisation Agreement.
- (3) The adjustment reflects a net increase in cash and cash equivalents of US\$61.6 million taking into account net proceeds pursuant to the Cornerstone Placing, the Firm Placing and Lender Underwriting net of expenses thereof which are estimated to be US\$13.4 million exclusive of VAT and net of debt repayment of US\$200 million (in accordance with the terms of the Amendment, Repayment and Equitisation Agreement). The adjustment of

US\$0.1 million to share capital reflects the issue of 87,803,321 New Ordinary Shares at €0.001 nominal value per share. The adjustment of US\$261.5 million to the share premium account reflects the net proceeds pursuant to the Cornerstone Placing, Firm Placing and Lender Underwriting less the aggregate of the value of the equity shares (US\$0.1 million).

- (4) The adjustment reflects the restructuring of the debt encompassing a debt write off of US\$68.6 million and a Debt Equitisation of US\$23.8 million in accordance with terms of the Amendment, Repayment and Equitisation Agreement (assuming nil proceeds are raised under the Open Offer) together with settlement of Absa fee of US\$0.8 million through the issue of shares and a write off of loan amendment fees previously capitalised of US\$25.9 million. The Debt Equitisation and the issue of the Absa Shares results in the issue of 7,800,941 New Ordinary Shares at €0.001 nominal value per share together with an adjustment of US\$24.4 million to the share premium account.
- (5) The adjustment reflects the reclassification of debt from current liabilities to non-current liabilities in accordance with the terms of the remaining debt as set out in the Amendment, Repayment and Equitisation Agreement.
- (6) The unaudited pro forma consolidated statement of financial position does not constitute financial statements within the meaning of Company Law. No adjustment has been made to reflect any change in trading performance of the Group since 31 December 2015.

Section B: Report on the Unaudited Pro Forma Financial Information

The Directors
Kenmare Resources plc
Chatham House
Chatham Street
Dublin 2
Ireland

Deloitte
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

The Directors
J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

1 July 2016

Dear Sirs and Madam

Kenmare Resources plc (the “Company” and together with its subsidiaries “the Group”)

We report on the pro forma financial information (the “**Pro forma financial information**”) set out in Part 13 of the Company’s prospectus dated 1 July, 2016 (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 Restructuring, comprising the Cornerstone Placing and the Firm Placing to raise US\$245.7 million (£181.7 million), the Lender Underwriting and the Debt Equitisation (assuming nil proceeds are raised under the Open Offer), might have affected the financial information presented on the basis of the accounting policies adopted by the Group in preparing the financial statements for the twelve months ended 31 December, 2015. This report is required by Annex I 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 Group.

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 Group.

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
Chartered Accountants

PART 14
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 New Ordinary Shares.

2. IRELAND

The following statements are intended to apply only as a general guide to certain Irish tax considerations, and are based on current Irish tax law and what is understood to be current practice of the Revenue Commissioners, both of which are subject to change at any time, possibly with retrospective effect. 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 sets out only 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 applies only 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 Irish chargeable gains consequence of the proposed share Capital Reorganisation

For the purposes of capital gains tax, a Shareholder should not be treated as making a disposal of all or part of his existing holding of ordinary shares by reason of the Capital Reorganisation provided that this is a reorganisation for Irish capital gains tax purposes. The proposed Capital Reorganisation involves the subdivision of the existing issued and authorised but unissued Ordinary Shares of €0.06 each into one Ordinary Shares of €0.000005 each and one Deferred Share of €0.059995, and the consolidation of all such Ordinary Shares that are in issue into Ordinary Shares of €0.001 each, on a one for 200 basis. On disposal of the New Ordinary Shares the base cost for capital gains tax purposes of those shares will be equal to that of the cost of the existing ordinary share on acquisition by the shareholder.

If the acquisition of New Ordinary Shares under the proposed Capital Reorganisation is not regarded as a reorganisation for capital gains tax purposes the shareholders will be treated as disposing of the Existing Ordinary Shares. The consideration for the disposal being the New Ordinary Shares received in exchange for the Existing Ordinary Shares. Where the value of the New Ordinary Shares received is in excess of the acquisition cost of the Existing Ordinary Shares at the date of acquisition a chargeable gain will arise. The chargeable gain is subject to Capital Gains Tax at a rate of 33%.

If the proposed Capital Reorganisation is not regarded as a reorganisation for capital gains tax purposes then New Ordinary Shares acquired as a result of the proposed capital reorganisation will, for the purposes of Irish taxation of chargeable gains, be treated as acquired as part of a separate acquisition of New Ordinary Shares. The consideration or base cost of the New Ordinary Shares is the market value of the shareholders Ordinary Shares on the date of issue of the New Ordinary Shares when calculating the gain/loss on a subsequent disposal of those shares in the Company.

2.1.2 Irish chargeable gains consequences of 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 shareholder will not be treated as having made a disposal of his 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 for capital gains tax purposes.

Where the issue of the New Ordinary Shares by the Company to Qualifying Shareholders is treated as a reorganisation, then to the extent a Shareholder takes up New Ordinary Shares in excess of his pro rata entitlement, the New Ordinary Shares acquired will be treated as acquired as part of a separate acquisition.

2.1.3 Acquisition of New Ordinary Shares other than under the Open Offer

The issue of Ordinary Shares other than under the Open Offer will not be regarded as a reorganisation of share capital for the purposes of Irish taxation of chargeable gains and, accordingly, any such New Ordinary Shares will constitute a new holding separate from any existing shareholding in the Company.

The consideration provided for these New Ordinary Shares will constitute the shareholder's base cost when calculating the gain/loss on a subsequent disposal of those shares in the Company.

2.1.4 Disposals of Ordinary Shares and New Ordinary Shares

The current rate of capital gains tax ("CGT") is 33%.

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 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 or relate to certain specified assets. 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 Withholding Tax on Dividends

Dividend Withholding Tax (“DWT”) must be deducted from dividends paid by an Irish resident company, unless a Shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Registrar. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of income tax which is currently 20%. Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings and charities may, depending on their circumstances, be entitled to claim exemption from DWT.

2.2.1 Tax on Dividends paid on New Ordinary Shares

Irish resident individual shareholders are subject to Irish income tax at the marginal rate, social security and the universal social charge depending on their circumstances on the gross dividend. The gross dividend is the dividend received plus DWT withheld by the Company. Irish resident individual shareholders are generally entitled to a credit for the DWT deducted against their 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 Revenue Commissioners in Ireland.

Irish resident corporate shareholders are generally exempt from Irish tax on dividends received from the Company. If an Irish 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.

Non-Irish resident shareholders are, unless entitled to exemption from DWT, liable to Irish income tax on dividends received from the Company. However, the DWT deducted by the Company discharges such liability to Irish income tax provided that they furnish the statement of DWT suffered to the Revenue Commissioners in Ireland. Where a non-resident shareholder is entitled to exemption from DWT, then no Irish income tax arises.

Irish taxation of shareholders who are not resident in Ireland for tax purposes

Dividends paid to certain non-residents may be exempt from DWT on the basis that the distribution is made to:

- (a) An individual who is neither resident nor ordinarily resident in Ireland and is resident of an EU Member State (other than Ireland) or a foreign country with which Ireland has a tax treaty;
- (b) A company not resident in Ireland which is ultimately controlled by a resident of a tax treaty country or an EU Member State (other than Ireland);
- (c) A company if its principal class of share is substantially and regularly traded on a recognized stock exchange in a tax treaty country or an EU Member State.

In each case, to avail of the exemption, an appropriate declaration must be made 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 subsequently submit a reclaim to the Irish Revenue Commissioners.

2.3 CAT

CAT comprises principally of Gift Tax and Inheritance Tax. CAT could apply to a gift or inheritance of the Ordinary Shares or the New Ordinary Shares, irrespective of the place of residence, ordinary residence or domicile of the parties. This is because the Ordinary Shares/New Ordinary Shares of the Company are regarded as property situated in Ireland as the register of members of the Company is held in Ireland. The person who receives the gift or inheritance is primarily liable for CAT. Secondary liability for the payment of CAT can arise for a personal representative or solicitor agent where a non-resident beneficiary inherits the Ordinary Shares/New Ordinary Shares.

CAT is levied at a rate of 33 per cent above certain tax free thresholds. The appropriate tax free threshold is dependent upon (1) the relationship between the donor and the beneficiary and (2) the aggregation of the values of previous gifts and inheritances received by the beneficiary from persons within the same group threshold. Gifts and inheritances passing between spouses are exempt from CAT.

2.4 Stamp Duty

No stamp duty liability will arise on the Capital Reorganisation of the Existing Ordinary Shares. The issue of the New Ordinary Shares either by virtue of the Open Offer Cornerstone Placing and Firm Placing will not give rise to a stamp duty liability. The issue of the New Ordinary Shares in satisfaction of the release and discharge of debt owed under Project Loans will not give rise to a stamp duty liability. Capital duty has been abolished in Ireland and therefore no duty will arise on the issue of the New Ordinary Shares.

Irish stamp duty, which is a tax imposed on certain documents, is payable on all transfers of Ordinary Shares/New Ordinary Shares, as shares in an Irish registered company (unless an exemption or relief applies, for example, transfers between spouses are exempt from stamp duty) regardless of where the document of transfer is executed. Irish stamp duty is also payable on electronic transfers of the Ordinary Shares/New Ordinary Shares under the CREST system.

A transfer of Ordinary Shares/New Ordinary Shares is subject to stamp duty at a rate of 1% (rounded down to the nearest euro) of the consideration paid or in the case of a gift or where the purchase price is inadequate or unascertainable, the market value of the Ordinary Shares/New Ordinary Shares being 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/New 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.

3. UK

3.1 General

The following statements are intended to apply only as a general guide to certain UK tax considerations, and are based on current UK tax law and what is understood to be current practice of HM Revenue and Customs (HMRC) (which is not generally binding on HMRC), both of which are subject to change at any time, possibly with retrospective effect. They relate only to certain limited aspects of the UK taxation treatment of Shareholders who are resident and, in the case of individuals, domiciled in (and only in) the UK for UK tax purposes (except to the extent that the position of non-UK resident or non-UK domiciled Shareholders is expressly referred to), who hold Ordinary Shares as investments (other than under an individual savings account or a self-invested personal pension) and who are the absolute beneficial owners of both Ordinary Shares and any dividends paid on them. The statements may not apply to certain classes of Shareholders such as (but not limited to) persons acquiring their New Ordinary Shares in connection with an office or employment, dealers in securities, insurance companies and collective investment schemes.

3.2 Capital Gains

(a) UK chargeable gains consequences of the proposed Capital Reorganisation

For the purposes of capital gains tax, a Shareholder should not be treated as making a disposal of all or part of his existing holding of Ordinary Shares by reason of the Capital Reorganisation involving the issue of 1 new Share for every 200 Existing Ordinary Shares.

(b) UK chargeable gains consequence of the Open Offer

Shareholders resident in certain territories will not, for regulatory reasons, receive an allocation under the Open Offer. Therefore, for the purposes of UK taxation of chargeable gains, the treatment of the Open Offer for UK resident Shareholders is not beyond doubt.

The UK tax treatment depends on whether the Open Offer is treated as a reorganisation for tax purposes. This requires that all Shareholders are allocated rights in respect of, and in proportion to (or as nearly as may be in proportion to), their existing shareholding in the Company. In circumstances where some Shareholders do not receive an allocation, the Open Offer does not strictly

satisfy this requirement as a matter of UK tax law. However, practice and experience indicates that HMRC may still treat an Open Offer which is not made to all Shareholders for regulatory reasons as a reorganisation for UK chargeable gains purposes.

Whilst HMRC treatment of the Open Offer cannot be guaranteed, and specific confirmation has not been requested in relation to the Open Offer, HMRC's current published practice is to treat an Open Offer as a reorganisation for these purposes (although HMRC may not follow this treatment where an Open Offer is not made to all holders of a class of shares).

If the Open Offer is treated as a reorganisation, to the extent a Shareholder takes up his pro rata entitlement to New Ordinary Shares, he will not be treated as making a disposal of any part of his existing holding of Ordinary Shares by reason of acquiring such New Ordinary Shares. Consequently, no liability to taxation on chargeable gains should arise in respect of the issue of such New Ordinary Shares. Furthermore, if reorganisation treatment applies, the New Ordinary Shares allotted to a Shareholder under the Open Offer up to and including the Shareholder's pro rata entitlement will be treated as the same asset as the existing holding of Ordinary Shares, acquired at the time he acquired that holding. The subscription monies will therefore be added to the base cost of his existing holding.

To the extent that the issue of the New Ordinary Shares by the Company to Qualifying Shareholders under the terms of the Open Offer is not treated as a reorganisation or, where it is treated as a reorganisation, to the extent a Shareholder takes up New Ordinary Shares in excess of his pro rata entitlement, the New Ordinary Shares acquired will be treated as acquired as part of a separate acquisition.

To the extent that New Ordinary Shares are issued to persons other than Qualifying Shareholders, pursuant to the Firm Placing or the Cornerstone Placing, this will not be treated as a reorganisation of the Company's share capital for the purposes of UK tax on chargeable gains. Instead, such New Ordinary Shares will be treated as acquired as part of a separate acquisition. In these circumstances the price paid for the New Ordinary Shares (issued pursuant to the Firm Placing or Cornerstone Placing) will constitute such person's base cost for the purposes of UK taxation on chargeable gains.

If the Shares under the Open Offer are offered at a discount to their market value, such Shareholders might be regarded as having made a part-disposal of their existing shareholding in return for the amount of the discount when they take up shares under the Open Offer.

(c) Chargeable Gains Taxation on Disposal of New Ordinary Shares

A disposal or deemed disposal of New Ordinary Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder's circumstances and subject to any available exemptions and reliefs (such as the annual exempt amount for individuals and indexation allowance for corporate Shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

For the tax year 2016/2017 (subject to enactment of the 2016 Finance Bill as currently drafted) the applicable rate for an individual Shareholder who is subject to income tax at a rate or rates not exceeding the basic rate and becomes liable to UK capital gains tax on the disposal of New Ordinary Shares is 10%. Where an individual Shareholder is subject to income tax at either the higher or the additional rate, or to the extent that any gain on the disposal takes the individual Shareholder's aggregate income and gains over the higher rate threshold, the applicable rate is 20%.

UK resident Shareholders within the charge to corporation tax on chargeable gains will be subject to UK corporation tax (current rate 20 per cent, reducing to 19 per cent, with effect from 1 April 2017 and then to 17 per cent, with effect from 1 April 2020 subject to enactment of the Finance Bill 2016 as currently drafted) but indexation allowance should be available to reduce the amount of any chargeable gain realised on a disposal of New Ordinary Shares (but not to create or increase any loss).

Generally, an individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of five full tax years or less and who disposes of New Ordinary Shares during that period may be liable on returning to the UK to UK taxation on any chargeable gain realised (subject to any available exemption or relief). Special rules apply to Shareholders who are subject to tax on a "split-year" basis, who should seek specific professional advice if they are in any doubt about their position.

A Shareholder who is not UK resident will generally not be subject to UK tax on a gain arising on a disposal of New Ordinary Shares, except that such a Shareholder may be subject to UK tax on a gain arising on such a disposal if (i) the Shareholder carries on a profession or vocation in the UK through a branch, agency or permanent establishment and, broadly, holds the Company's shares for the purposes of the trade, profession or vocation or (ii) the Shareholder falls within the anti-avoidance rules applying to individuals who are temporarily not resident in the UK.

A UK resident individual Shareholder who is non-UK domiciled may, subject to various conditions (including, in some circumstances, the payment of an annual charge), elect to be taxed on the remittance basis, with the result that any capital gain arising on a disposal of Ordinary Shares may only be subject to capital gains tax when it is treated as having been remitted to the UK.

Detailed UK tax advice should be obtained before considering whether to adopt the remittance basis of UK taxation.

3.3 Dividends

Kenmare will not be required to deduct or withhold UK tax at source from dividend payments it makes, irrespective of the residence or particular circumstances of the Shareholder receiving such dividend payment.

A Shareholder's liability to taxation on dividends will depend upon the circumstances of the Shareholder and is outlined below:

- a) UK resident individual Shareholders—Subject to the enactment of the Finance Bill 2016 in its current form, from 6 April 2016 onwards the taxation of dividends for UK resident individual Shareholders has changed. The 'dividend tax credit' system that previously applied has been abolished and has been replaced by a new dividend tax-free allowance on the first £5,000 of dividend income per year instead. The new rates of tax on dividend income above the tax-free allowance are 7.5% on dividend income within the basic rate band, 32.5% on dividend income within the higher rate band and 38.1% on dividend income within the additional rate band. Dividend income that is within the dividend allowance counts towards an individual's basic or higher rate limits. Dividend income is treated as the top slice of a Shareholder's income.
- b) UK resident corporate Shareholders—A corporate Shareholder resident in the UK for tax purposes which is a "small company" for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from Kenmare provided certain conditions are met (including an anti-avoidance condition).

Other corporate Shareholders resident in the UK for tax purposes will not be subject to UK corporation tax on any dividend received from Kenmare so long as the dividend falls within an exempt class and certain conditions are met. For example, (a) dividends paid on Shares that are not redeemable and do not carry any present or future preferential rights to dividends or to Kenmare's assets on its winding up, and (b) dividends paid to a person holding less than a 10% interest in Kenmare, should generally fall within an exempt class. However, the exemptions mentioned above are not comprehensive and are subject to anti-avoidance rules.

If the conditions for exemption are not met or cease to be satisfied, or such a corporate Shareholder elects an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from Kenmare, at the rate of corporation tax applicable to that corporate Shareholder (currently 20%, and reducing to 19% from 1 April 2017 and then further reducing to 17% with effect from 1 April 2020 subject to enactment of the Finance Bill 2016 as currently drafted)

3.4 Stamp duty and stamp duty reserve tax

No UK stamp duty or SDRT will be payable by a Shareholder on the allotment, issue or registration of the Company's New Ordinary Shares. Since the Company is incorporated outside of the UK no SDRT should apply to agreements to transfer the Company's New Ordinary Shares provided that the Company's shares are not registered on any register kept in the UK and are not paired with shares issued by a body corporate incorporated in the UK.

No UK stamp duty should in practice be payable on legal instruments transferring the Company's shares provided that such instruments are executed outside of the UK and do not relate to any matter or thing done or to be done in the UK.

The above comments are intended as a guide to the general UK stamp duty and SDRT position. Special rules apply to persons such as market intermediaries, charities, persons connected with depositary arrangements or clearance services and to certain sale and repurchase and stock borrowing arrangements.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1982.

Ireland and UK

The proposed financial transaction tax (FTT)

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Ordinary Shares (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Ordinary Shares where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Ordinary Shares are advised to seek their own professional advice in relation to the FTT.

PART 15

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 contained in this document. 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 document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INFORMATION ON THE GROUP

Incorporation and principal place of business

The Company was incorporated in Ireland on 7 June 1972 pursuant to the Companies Act 1963 of Ireland 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 Act and the regulations made thereunder. The registered office of the Company is at Chatham House, Chatham Street, Dublin 2, D02 VP46, Ireland (Tel: +353 1 6710411).

Organisational Structure

The Company is the ultimate holding company of the following subsidiaries, which are or may be significant in the context of the Group as a whole. The percentage of legal and/or beneficial ownership is shown below:

| <u>Subsidiary</u> | <u>Country of Incorporation & Registered Office</u> | <u>Percentage</u> |
|---|---|-------------------|
| Kenmare C.I. Limited | Jersey | 100% |
| Congolone Heavy Minerals Limited | Jersey | 100% |
| Kenmare Moma Mining (Mauritius) Limited | Mauritius | 100% |
| Kenmare Moma Processing (Mauritius) Limited | Mauritius | 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. The activities of the above subsidiaries are mineral exploration, management and development. In each case, Kenmare holds 100% voting rights over the share capital in each of its subsidiaries.

3. SHARE CAPITAL

3.1 Authorised, issued and fully paid share capital as at 31 December 2015

The following table shows the authorised, issued and fully paid share capital of the Company as at 31 December 2015:

| <u>Class of Share</u> | <u>Authorised (Number)</u> | <u>Authorised €'000 (Value)</u> | <u>Issued and fully paid (Number)</u> | <u>Issued €'000 (Value)</u> |
|--|--------------------------------|-------------------------------------|---|---------------------------------|
| Ordinary Shares of €0.06 each | 4,000,000,000 | 240,000.00 | 2,781,905,503 | 166,914.00 |
| Existing Deferred Shares of €0.25 each | 100,000,000 | 25,000.00 | — | — |

3.2 Authorised, issued and fully paid share capital as at the Latest Practicable Date

The following table shows the authorised, issued and fully paid share capital of the Company as at the Latest Practicable Date:

| <u>Class of Share</u> | <u>Authorised (Number)</u> | <u>Authorised €'000 (Value)</u> | <u>Issued and fully paid (Number)</u> | <u>Issued €'000 (Value)</u> |
|--|--------------------------------|-------------------------------------|---|---------------------------------|
| Ordinary Shares of €0.06 each | 4,000,000,000 | 240,000.00 | 2,781,905,503 | 166,914.00 |
| Existing Deferred Shares of €0.25 each | 100,000,000 | 25,000.00 | — | — |

3.3 Authorised, issued and fully paid share capital following approval of the Resolutions

The following table shows the authorised, issued and fully paid share capital of the Company as it will be following approval of the Resolutions, cancellation of the authorised but unissued Existing Deferred Shares and implementation of the Capital Reorganisation:

| Class of Share | Authorised (Number) | Authorised €'000 (Value) | Issued and fully paid (Number) | Issued €'000 (Value) |
|---|---------------------|--------------------------|--------------------------------|----------------------|
| Ordinary Shares of €0.001 each | 181,000,000 | 181.00 | 13,909,527 | 13.91 |
| New Deferred Shares of €0.059995 each | 4,000,000,000 | 239,980.00 | 2,781,905,503 | 166,900.42 |

If the Resolutions are approved at the EGM:

- the share capital of the Company will be reduced by cancelling all authorised but unissued Existing Deferred Shares and the authorised Ordinary Share capital of the Company will be increased; and
- each Ordinary Share of nominal value €0.06 will be sub-divided into one Ordinary Share of nominal value €0.000005 and one New Deferred Share of nominal value €0.059995, and all such Ordinary Shares of €0.000005 that are in issue will be consolidated into Ordinary Shares of €0.001 each on a one for 200 basis.

The New Deferred Shares will carry no voting rights and, in effect, no right to a return of capital on a winding-up. The New Deferred Shares will not be listed and will in effect be valueless. No share certificates in respect of the New Deferred Shares will be issued.

3.4 Authorised, issued and fully paid share capital following completion of the Capital Restructuring

The following table shows the authorised, issued and fully paid share capital of the Company as it will be following completion of the Capital Raise subject to the stated assumptions:

In the event that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), in which circumstance the Debt Equitisation will occur in full:

| Class of Share | Authorised (Number) | Authorised €'000 (Value) | Issued and fully paid (Number) | Issued €'000 (Value) |
|---|---------------------|--------------------------|--------------------------------|----------------------|
| Ordinary Shares of €0.001 each | 181,000,000 | 181.00 | 109,513,788 | 10.95 |
| New Deferred Shares of €0.059995 each | 4,000,000,000 | 239,980.00 | 2,781,905,503 | 166,900.42 |

In the event of all of the New Ordinary Shares available under the Open Offer being subscribed for (in which case no Debt Equitisation will occur):

| Class of Share | Authorised (Number) | Authorised €'000 (Value) | Issued and fully paid (Number) | Issued €'000 (Value) |
|---|---------------------|--------------------------|--------------------------------|----------------------|
| Ordinary Shares of €0.001 each | 181,000,000 | 181.00 | 131,730,849 | 13.17 |
| New Deferred Shares of €0.059995 each | 4,000,000,000 | 239,980.00 | 2,781,905,503 | 166,900.00 |

This is the maximum number of Ordinary Shares in issue on completion of the Capital Restructuring (in each case including the Absa Shares).

The Capital Raise is conditional, *inter alia*, on the passing of the Capital Restructuring Resolutions (as described in section 13 of Part 7 of this Prospectus).

The Ordinary Shares are admitted to listing on the Official List of the Irish Stock Exchange (secondary listing) and the Official List of the UK Listing Authority (premium listing) and to trading on the regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange.

The New Ordinary Shares will, when issued, be in registered form and will be capable of being held in certificated and uncertificated form. The registrars of the Company are Computershare Investor Services (Ireland) Limited of Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

No certificates will be issued in respect of the New Ordinary Shares issued in uncertificated form. If any such New Ordinary Shares (if issued) are converted to be held in certificated form, certificates will be issued in respect of those New Ordinary Shares (if issued) in accordance with applicable legislation and the Articles.

The price of the Ordinary Shares is quoted on the London Stock Exchange in sterling and on the Irish Stock Exchange in euro.

Application has been made to the Irish Stock Exchange and the UK Listing Authority for the New Ordinary Shares to be issued under the Cornerstone Placing, the Firm Placing and the Open Offer and (to the extent relevant) the Debt Equitisation and the Lender Underwriting Equitisation (being in aggregate a minimum of 93,510,348 New Ordinary Shares and a maximum of 117,629,752 New Ordinary Shares) to be admitted to 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. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares to be issued in respect of the Cornerstone Placing, the Firm Placing and the Open Offer at 8.00 a.m. (Dublin time) on 26 July, 2016.

It is expected that admission will become effective and that dealings will commence in the New Ordinary Shares to be issued in respect of the Debt Equitisation (if any) and Lender Equitisation Underwriting (if any) at 8.00 a.m. (Dublin time) on 28 July, 2016.

3.5 Warrants in Issue

As at the Latest Practicable Date there was a total of 57,317,850 warrants in issue.

On 16 October 2013, 250,300,000 new Ordinary Shares were issued by the Company by way of a placing. Participants in the placing were also issued with warrants to subscribe for Ordinary Shares on the basis of one warrant to subscribe for one Ordinary Share for every five new Ordinary Shares subscribed for under the placing. In total 50,060,000 warrants were issued. The warrants, which are not listed or admitted to trading and which have limited transferability rights, have an exercise price of Stg29.09p per Ordinary Share (being approximately Stg£58.18 per Ordinary Share after the Capital Reorganisation) and an exercise period of five years, commencing 16 November 2014.

On 1 September 2014, the Company issued 7,257,850 warrants to subscribe for Ordinary Shares to Absa Bank Limited. These warrants, which are not listed or admitted to trading and which have limited transferability rights, have an exercise price of Stg11p per Ordinary Share (being approximately Stg£22.00 per Ordinary Share after the Capital Reorganisation), and are exercisable for a seven year period from 16 November 2014.

Pursuant to the terms of the Government of Mozambique Participation Arrangement, the Company has agreed in principle with EMEM, subject to completion of the Capital Restructuring, to issue EMEM warrants with an exercise price of US\$3.84 per Ordinary Share (reflecting the Capital Reorganisation). The terms of the Government of Mozambique Participation Arrangement are summarised in section 14 of Part 15 of this document.

3.6 History of share capital

- (a) 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 2016 to 29 June 2016 (being the Latest Practicable Date) the following changes to the Company's share capital have occurred:
- (i) On 12 October 2015, the Company acquired all of the 48,031,467 Existing Deferred Shares in the capital of the Company then in issue by way of transfer to the Company otherwise than for valuable consideration in accordance with the Section 102(1)(a) of Act and its Constitution and such 48,031,467 Existing Deferred Shares were immediately cancelled.
 - (ii) On 1 September 2014, the Company issued 7,257,850 warrants to subscribe for Ordinary Shares to Absa Bank Limited. These warrants have an exercise price of Stg11p per Ordinary Share (being approximately Stg£22.00 per Ordinary Share after the Capital Reorganisation), are exercisable for a seven year period from 16 November 2014 and are otherwise on substantially the same terms as the warrants to subscribe for Ordinary Shares described in the first paragraph (in section 3.5 of this Part 15) below.
 - (iii) On 16 October 2013, Kenmare issued 250,300,000 new Ordinary Shares in the Company representing approximately 9.89% of the issued ordinary share capital of the Company immediately prior to the announcement of the share issuance. The placing price was Stg26.5p per new Ordinary Share. The gross proceeds of the Placing were £66.33 million (approximately

US\$105.85 million). The Group used the net proceeds to discharge certain near-term payment obligations in respect of the Expansion at the Moma Mine (approximately US\$20 million) and to apply against the Company's US\$40 million loan from Absa Bank Limited. As well as subscribing for Ordinary Shares, participants in the placing were issued warrants on the basis of one warrant to subscribe for one Ordinary Share for every five Ordinary Shares subscribed for in the placing. In total 50,060,000 warrants were issued. The warrants, which are not listed or admitted to trading and which have limited transferability rights, have an exercise price of Stg29.09p per Ordinary Share (being approximately Stg£58.18 per Ordinary Share after the Capital Reorganisation) and an exercise period of five years, commencing 16 November 2014.

- (iv) During the first half of 2013, 466,666 new Ordinary Shares were issued as a result of share options being exercised.
- (b) The issued share capital of the Company at 1 January 2013 was comprised of 2,531,138,837 Ordinary Shares and 48,031,467 Existing Deferred Shares. As noted at sub-paragraphs (a)(iii) and (iv) above, 250,766,666 new Ordinary Shares were issued during 2013 and, as a result, there were 2,781,905,503 Ordinary Shares and 48,031,467 Existing Deferred Shares in issue at 31 December 2013. The Company issued no new Ordinary Shares during 2014. As a result, the issued share capital of the Company was comprised of 2,781,905,503 Ordinary Shares and 48,031,467 Existing Deferred Shares at 31 December 2014. The Company issued no new Ordinary Shares during 2015. On 12 October 2015, the Company acquired all of the 48,031,467 Existing Deferred Shares in the capital of the Company then in issue for no consideration and such 48,031,467 Existing Deferred Shares were immediately cancelled. Accordingly as at 31 December, 2015, being the date of the most recent balance sheet included in the historical financial information in Part 11 of this Prospectus, the Company reported an issued share capital of 2,781,905,503 Ordinary Shares.
- (c) Save as disclosed in this section 3 of this Part 15 and save for the proposed issue of the New Ordinary Shares and the Absa Shares as described in this document, no share or loan capital of the Company or its subsidiaries has, within the three years preceding the date of this Prospectus, been issued or is proposed to be issued for cash or other consideration. Save as described in sections 14(i)(ii) and (iv) of this Part 15 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.
- (d) 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.

3.7 Authorisations for allotment of Ordinary Shares and allotment of the New Ordinary Shares pursuant to the Capital Raise and Debt Equitisation

The Directors are currently authorised to allot Ordinary Shares with a nominal value equal to €55,639,000 (which is equal to approximately one third of the existing issued ordinary share capital of the Company at the date of the Company's annual general meeting held on 28 May 2015). The Directors are also empowered to dis-apply pre-emption rights on the allotment of equity securities: (i) in connection with any offer of securities open for any period fixed by the Directors by way of rights issue, open offer or other invitation to, or in favour of holders of ordinary shares and holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary but subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal, regulatory or practical problems under the laws of, or the requirements of any recognised body or stock exchange in, any territory; and (ii) (in addition) up to a maximum aggregate nominal value equal to the nominal value of 5% of the issued ordinary share capital as at the close of business on 28 May 2015.

These existing authorities will expire on the date of the AGM, 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. The Directors propose to seek renewal of these authorities on equivalent terms at the AGM.

By the Resolutions, the Company seeks authority to allot the New Ordinary Shares for the purpose of implementing the Capital Restructuring. In particular,

- Resolution 4 proposes to grant the Directors authority pursuant to Section 1021 of the Act (in addition and without prejudice to any existing such authority) to allot New Ordinary Shares for the purpose of implementing the Capital Raise (including to the extent necessary the Lender

Underwriting), the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants. The maximum aggregate nominal amount of share capital which the Directors will have authority to allot pursuant to this Resolution is €167,000;

- Resolution 5 proposes to empower the Directors pursuant to Section 1023 of the Act (in addition and without prejudice to any existing such power) to allot New Ordinary Shares for cash for the purpose of implementing the Capital Raise (including to the extent necessary the Lender Underwriting), the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants, otherwise than in accordance with statutory pre-emption rights.

The New Ordinary Shares to be issued under the Cornerstone Placing, Firm Placing and Open Offer and (where applicable) the New Ordinary Shares as may be issued to the Lenders on the Debt Equitisation and the Lender Underwriting will be allotted and issued pursuant to these authorities.

The Open Offer is not underwritten and any Open Offer Shares not validly taken up or otherwise subscribed for in the Open Offer will not be issued. For the purposes of section 1358 of the Act, the Company confirms that, in the event that the Open Offer is not subscribed for in full, the Company will allot and issue that number of Open Offer Shares in respect of which valid subscriptions are received, subject to the conditions of the Open Offer being satisfied.

If the Capital Raise completes, by Resolutions 6 and 7, the Directors also seek the authority to allot Ordinary Shares with a nominal value equal to approximately one third of the existing issued ordinary share capital of the Company at the date of completion of the Capital Raise for general purposes and the power to disapply statutory pre-emption rights in respect of the issue of Ordinary Shares by the Company for cash (i) in the event of a rights issue or other issue of equity securities for cash and (ii) generally (otherwise than pursuant to (i) above), up to an aggregate nominal value equal to approximately 5% of the total share capital of the Company in issue immediately following completion of the Capital Raise. These authorities and powers will be in substitution for any such authorities and powers that may be approved at the AGM but without prejudice to the authorities and powers conferred by Resolutions 4 and 5 for the purpose of implementing the Capital Raise (including to the extent necessary the Lender Underwriting, the Debt Equitisation, the Government of Mozambique Participation Agreement and the Government of Mozambique Warrants).

Other than in respect of a proposed issue of 191,570 New Ordinary Shares at the Issue Price (US\$600,000) to Absa Bank Limited in discharge of US\$800,000 of fees due by the Company to Absa Bank Limited pursuant to the April 2015 Amendment, which would utilise a portion of the authority sought in Resolutions 6 and 7, there are no current intentions to conduct shares issues in reliance on Resolutions 6 and 7.

4. MAJOR SHAREHOLDERS

As at the Latest Practicable Date in so far as has been notified to the Company, the names of each person, who directly or indirectly is, or may become following the Capital Restructuring, interested in 3% or more

of the Company's capital, and the amount of such person's interest following the Capital Restructuring (subject to the stated assumptions), will be as follows:

| Name of shareholder | As at the Latest Practicable Date | | Immediately on Completion of the Capital Reorganisation, Capital Raise and Debt Equitisation | |
|---|---|--|--|--|
| | Number of Ordinary Shares of €0.06 each | % of Existing Issued Ordinary Share Capital ⁽¹⁾ | Number of Ordinary Shares of €0.001 each following the Capital Raise and Restructuring | % of Enlarged Issued Ordinary Share Capital ⁽²⁾ |
| SGRF | 0 | 0% | 31,928,480 | 29.15% |
| Prudential Group plc (M&G Group Ltd) . . . | 555,468,527 | 19.97% | 21,490,006 | 19.62% |
| Capital Group Companies Inc. | 164,678,932 | 5.92% | 10,573,394 | 9.65% |
| Majedie Asset Management Limited, Majedie Asset Management Investment Fund Company and Majedie Asset Management . | 158,034,470 | 5.68% | 10,750,383 | 9.82% |
| Foord Asset Management (Singapore) Pte. Ltd | 114,886,100 | 4.13% | 574,430 | 0.52% |
| Norges Bank (The Central Bank of Norway) . | 104,566,674 | 3.76% | 522,783 | 0.48% |
| Foord Asset Management Guernsey Ltd. . . . | 103,326,936 | 3.71% | 516,634 | 0.47% |
| Sanlam Four Investments UK Ltd | 94,107,336 | 3.38% | 1,715,747 | 1.57% |
| European Investment Bank | 29,279,645 | 1.05% | 9,251,884 | 8.45% |
| EAIF | — | — | 3,656,366 | 3.34% |

Notes:

- (1) Based on 2,781,905,503 Ordinary Shares of €0.06 each in issue prior to the Capital Reorganisation and the Capital Raise and therefore 13,909,527 Ordinary Shares of €0.001 each in issue immediately following the Capital Reorganisation.

Interests shown on completion of the Capital Raise and Debt Equitisation are shown on the basis of committed participation in the Cornerstone Placing or Firm Placing where relevant only. It is not assumed that any of these Shareholders participate in the Open Offer. The above table assumes that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), with the result that the Debt Equitisation occurs in respect of its maximum amount, being US\$23.8 million, and resulting in the Lenders being issued with in aggregate 7,609,371 New Ordinary Shares pursuant to the Debt Equitisation. For the purposes of calculating the maximum holdings of each Lender (and the extent to which a Lender may be interested in 3% or more the Company's capital), it is also assumed that the maximum number of Underwriting Shares (based on the size of the Firm Placing) are issued. In this situation of full Debt Equitisation and no more than US\$275 million being raised as aforesaid, the total number of New Ordinary Shares will be 95,604,261 and the Enlarged Issued Share Capital will be 109,513,788 Ordinary Shares.

Save as disclosed above, the Company has not received notice and is not aware of any person who as at the Latest Practicable Date, directly or indirectly, is interested in 3% or more of the Existing Issued Ordinary Share Capital.

The Company is not aware of any persons who, directly or indirectly, jointly or severally, exercises 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

5.1 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 and 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% or more of the voting rights of that company. If a person holds securities or rights over securities which in the aggregate carry 30% or more of the voting rights, that person is also prohibited from acquiring securities carrying 0.05% 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% 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% 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% or more of the voting rights in a company and who increases that stake by 0.05% 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% 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.

As noted in Part 7 of this document, the Irish Takeover Panel has granted SGRF, a waiver, subject to specified conditions, permitting the potential temporary breach of the 30% threshold (the level at which a mandatory offer obligation arises under Rule 9 of the Irish Takeover Rules) by the SGRF Investor pursuant to its participation in the Cornerstone Placing, without SGRF being required to make a mandatory offer. This breach of the 30% threshold, if arising, will be remedied by way of the issue of the Lender Shares and the issue of the Lender Underwriting Shares, which is expected to occur on 28 July, 2016.

5.2 Squeeze Out

The European Communities (Takeover Bids (Directive 2004/25/ EC) Regulations 2006 (the “**2006 Regulations**”) set 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.

5.3 Buy-Out

The 2006 Regulations also provide 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.

5.4 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% 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% and 30% of the voting rights in the Company.

5.5 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 and Consumer Protection Commission. 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 and Consumer Protection Commission is obtained or before the prescribed statutory period following notification of such transaction lapses without the Irish Competition and Consumer Protection Commission having made an order.

6. DIRECTORS AND SENIOR MANAGEMENT

6.1 The ages, positions and dates of appointment of the Directors are as follows:

| Name | Age | Position | Period during which has served as Director |
|-------------------------------|-----|--|--|
| Steven McTiernan | 65 | (Chairman) | Since March 2013 |
| Michael Carvill | 56 | (Managing Director) | Since 1986 |
| Tony McCluskey | 51 | (Finance Director) | Since 1999 |
| Terence Fitzpatrick | 55 | (Technical Director) | Non-Executive from 2000 to 2008. Executive since February 2009 |
| Sofia Bianchi | 59 | (Non-executive Director) | Since May 2008 |
| Elizabeth Headon | 44 | (Non-executive Director) | Since May 2011 |
| Tony Lowrie* | 74 | (Non-executive Director) | Since 2006 |
| Gabriel Smith | 64 | (Non-executive Director) | Since March 2013 |
| John Ensall | 57 | (Lender approved Non-executive Director) | Since July 2015 |

* Mr. T. Lowrie is to retire at the AGM and will not offer himself for re-appointment.

The business address of each of the Directors is Chatham House, Chatham Street, Dublin 2, D02 VP46, Ireland.

6.2 Profiles of the Directors

Steven McTiernan, Chairman

Steven McTiernan has over 40 years of diverse natural resources industry and investment banking experience with Amoco, BP, NatWest Markets, CIBC and the Chase Manhattan Bank where he was Senior Vice President. He served as Senior Independent Director of Tullow Oil plc and was a Non-Executive Director of the company for 11 years until January 2013, was an Independent Director at First Quantum Minerals Ltd until June 2012, and was an Independent Director at Songa Offshore SE until January 2014. He received an MA in Natural Sciences from the University of Cambridge. He was appointed to the Board in March 2013.

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

has 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.

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 as a senior manager in Dublin and he 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). From 2007 to April 2016 she was Head of Special Situations at 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 the 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, D.C.) and an MBA (Wharton School, University of Pennsylvania). She was appointed to the Board as a Non-Executive Director in May 2008.

Elizabeth Headon, *Non-executive Director*

Elizabeth Headon has over 15 years' experience in issue management, corporate affairs and social responsibility. Based in Dublin, she sits on the boards of a number of non-listed companies and advises on corporate affairs. She was Chief Executive of the Digicel Foundation Haiti from 2009 to 2012 and an advisor to the Prime Minister of Haiti. Previously she was a Director of one of Ireland's leading communications consultancy and worked in Mozambique on the Kenmare-Moma Development Association. She has an MBA from University College Dublin, and a BA and MA from the National University of Ireland, Galway. She was elected to the Board as a Non-Executive Director in May 2011.

Tony Lowrie, *Non-executive Director*

Tony Lowrie has over 40 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 was, up until December 2015, a director of the Edinburgh Dragon Fund. 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. In September 2012, he was appointed as the Senior Independent Non-Executive Director of Petra Diamonds Limited. He was appointed to the Board in 2006.

Gabriel Smith, *Non-executive Director*

Gabriel Smith, a Norwegian national, is an independent consultant and private investor. He sits on several boards representing companies in different industries. He began his career as a loan officer at Citibank London. He was Managing Director of Ingenior Christen Smith AS, a technical trading company. He then joined Tinfos, a Norwegian silicomanganese, pig iron and titanium dioxide producer as Chief Executive Officer from 1990 to 2007. From 2003 to 2006 he held the position of Chairman of Pan Fish ASA, and from

2007 to 2009 he held the position of Chairman of Lighthouse Caledonia, a public seafood company. In 2010 he returned to the Board of Tinfos, now restructured as a hydro company, and until 2015 he was on the Board of several property funds. He received his undergraduate degree in Economics from Dartmouth College and has an MBA from Amos Tuck School in the US. He joined the Board of Directors in March 2013.

John Ensall, Lender approved Non-executive Director

John Ensall began his career in Corporate Finance for Coopers & Lybrand Deloitte before holding a number of chief executive positions at Clares Group, Food Brokers Ltd and Addis Group. He has since focused on turnaround situations including Public Safety Equipment Group (2009–11), Radius Systems (2011–12) and more recently Findus Group in 2012. He received his undergraduate degree in Engineering from the University of Leicester and has an MBA from City University Business School. He joined the Board of Directors in July 2015.

6.3 Other Matters

No director or officer has a family relationship with any other director or officer.

During at least the five years immediately prior to the date of this Prospectus, none of the Directors have:

- (a) any convictions in relation to a fraudulent offence;
- (b) been associated with any bankruptcies, receiverships or liquidations of a company where he was acting in his capacity as a member of an administrative, management or supervisory body, or as a member of senior management;
- (c) received an official public incrimination and/or sanction by statutory or regulatory authorities (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.

6.4 Directors Conflicts of Interests

There are no potential conflicts of interest between each of the Director’s duties to the Company and his or her respective private interests and any other duties.

Save for Mr. Ensall, who was appointed to perform the role of the Lender Group approved Non-executive Director for the purposes of the April 2015 Amendment and to chair the Board’s Strategic Options Committee, 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.

6.5 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:

| <u>Name of Director</u> | <u>Current Directorships/Partnerships</u> | <u>Previous Directorships/Partnerships</u> |
|----------------------------|---|---|
| Steven McTiernan | — | First Quantum Minerals Limited Songa Offshore SE Sandown Energy Consultants Tullow Oil plc |

| <u>Name of Director</u> | <u>Current Directorships/Partnerships</u> | <u>Previous Directorships/Partnerships</u> |
|-------------------------------|---|--|
| Michael Carvill | Vico Property Group Limited Vico Camperdown Ltd Vico Development (Scotland) Limited Vico Estate & Development Co Limited Vico Estates Limited Vico Investment Properties Ltd Vico Investments (Ni) Limited Vico Investments (Scotland) Limited Vico Investments Limited Vico Kent Limited Vico Land And Estates Limited Vico Projects Limited Vico Properties East Anglia Limited Vico Properties Limited Vico Properties Scotland Limited Vico Securities Limited Carvill Group Limited Carvill (Iom) Limited Carvill (Irl) Limited Carvill (Scotland) Limited Carvill Construction Limited Carvill Construction Limited (External Co.) Carvill Development (Iom) Limited Baule Limited Merindol Limited Protech Management Services Limited Rostrevor One Limited | Chatham Investments Ltd Empson Road Ltd Portland Gate Ltd Stelle Ltd Vico Commercial Ltd Vico Dumbarton Limited Vico Estates Scotland Ltd Vico Management Services Ltd Vico Properties (Northern) Limited Vico Scotland Ltd |
| Terence Fitzpatrick | Born 2 Run Events Ltd | — |
| Tony McCluskey | — | — |
| Sofia Bianchi | Atlante Capital Partners GFinanz Limited Snaplight Flat Management Company Limited | Alchemy Resources Limited Colgold Inc. Eaton Gold SAS IntervisaTrade SA OJSC Probusinessbank Oroblu Resources Inc Quintana SAS Walkyria SA |
| Elizabeth Headon | Gibney Communications Ltd HC Developments Ltd Swanton Care & Community Ltd Wellness Foods Ltd | Trilogy Health Services LLC |

| <u>Name of Director</u> | <u>Current Directorships/Partnerships</u> | <u>Previous Directorships/Partnerships</u> |
|-------------------------|---|--|
| Tony Lowrie | Edinburgh Dragon Fund Ltd HG Asia Limited HG Asia Securities Limited Petra Diamonds Plc Urban Student | — |
| Gabriel Smith | Arendal Eiendomsinvest As CSC Consulting As E- Co Energi Holding As GSH Invest As Investtech Invest As KS ICS & Co Monial As Norvestor Feeder Ks Tinfos As Vilsmi As | Aberdeen Eiendomsfond Norge I Ks Aberdeen Eiendomsfond Norge I AS Aberdeen Eiendomsfond Norge II Asa |
| John Ensall | — | PSE Newco Limited PSE Newco II Limited Radius Systems Holdings Limited Aletris Limited Curare Limited |

6.6 Senior Management Team in addition to Executive Directors

In addition to the Executive Directors, the management team of the Kenmare Group, their ages, positions and dates of appointment are as follows:

| <u>Name</u> | <u>Age</u> | <u>Position</u> | <u>Date of Appointment</u> |
|----------------------|------------|-------------------------|----------------------------|
| Ben Baxter | 44 | Chief Operating Officer | January, 2015 |

6.7 Profile of the Senior Management Team in addition to Executive Directors

Ben Baxter (age 44) Chief Operating Officer

Ben Baxter joined Kenmare from Rio Tinto where he held the role of General Manager Mining at Richards Bay Minerals, the world's largest producer of titanium feedstocks. He spent 18 years working directly in the titanium feedstock industry for Rio Tinto during which time he held a broad range of roles at Rio Tinto's Richards Bay Minerals including, Senior Geologist, Mineral Separation Plant Manager and Mining Manager. He took on the role of General Manager Operations of the Rio Tinto QMM mineral sands mine in Madagascar in 2009, overseeing a significant increase in production volumes. In 2013, he returned to Richards Bay as General Manager Mining where his focus was on building safety culture, reducing costs and increasing efficiencies. He holds a BSc in Applied Geology from the University of Leicester and an MSc in Mining Geology from the Camborne School of Mines.

6.8 Other Matters

Other than as set out in section 6.9 below, the Senior Manager has not held any directorships or been a member of any partnerships within the five years preceding the date of this Prospectus.

During at least the period of five years preceding the date of this Prospectus, the Senior Manager has not:

- (a) had any convictions in relation to a fraudulent offence;
- (b) been associated with any bankruptcies, receiverships or liquidations of a company where he was acting in his capacity as a member of an administrative, management or supervisory body, or as a member of senior management;
- (c) received an official public incrimination and/or sanction by statutory or regulatory authorities (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.

6.9 Senior Manager's Directorships

The Senior Manager holds or has held, outside the Kenmare Group, the following directorships, and/or is or was a member of the following partnerships, within the five years prior to the date of this Prospectus:

| <u>Name of Senior Manager</u> | <u>Current Directorships / Partnerships</u> | <u>Previous Directorships / Partnerships</u> |
|-------------------------------|---|--|
| Ben Baxter | — | Rio Tinto QIT Madagascar Minerals S.A. |

6.10 Senior Manager's Conflicts of Interest

There are no potential conflicts of interest between the Senior Manager's duties to the Company and his or her private interests and any other duties.

7. INTERESTS OF THE DIRECTORS' AND SENIOR MANAGERS IN SHARE CAPITAL

As at the Latest Practicable Date, 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 257 to 260 of the Act or otherwise, were as set out below.

The number of Ordinary Shares of €0.001 each in which these persons, subject to the assumptions stated in the notes below, will be interested following the Capital Raise is also set out below.

| | <u>As at the Latest Practicable Date</u> | | <u>Immediately following completion of the Capital Reorganisation and the Capital Raise and Debt Equitisation⁽¹⁾⁽²⁾</u> | |
|--|--|---|--|---|
| | <u>Number of Ordinary Shares of €0.06 each</u> | <u>Percentage of Existing Issued Ordinary Share Capital</u> | <u>Number of Ordinary Shares of €0.001 each</u> | <u>Percentage of Enlarged Issued Ordinary Share Capital</u> |
| Steven McTienan ⁽⁴⁾ | 228,990 | 0.008 | 52,229 | 0.048% |
| Michael Carvill ⁽³⁾⁽⁴⁾ | 4,902,030 | 0.176 | 77,575 | 0.071% |
| Tony McCluskey | 681,250 | 0.024 | 35,334 | 0.032% |
| Terence Fitzpatrick ⁽⁴⁾ | 108,807 | 0.004 | 10,122 | 0.009% |
| Sofia Bianchi ⁽⁴⁾ | 1,603,600 | 0.058 | 343,267 | 0.313% |
| Elizabeth Headon ⁽⁴⁾ | 48,773 | 0.002 | 5,032 | 0.005% |
| Tony Lowrie ⁽⁴⁾ | 5,370,891 | 0.193 | 126,854 | 0.116% |
| Gabriel Smith ⁽⁴⁾ | 100,000 | 0.004 | 10,078 | 0.009% |
| John Ensall | — | — | — | — |

- (1) Assumes that no awards vest under the Incentive Plan or Share Option Scheme between 29 June, 2016 (being the Latest Practicable Date) and completion of the Capital Raise.
- (2) Interests shown on completion of the Capital Raise and Debt Equitisation are shown on the basis of committed participation by the Directors in the Firm Placing only (see note (4) below). It is not assumed that any of the Directors participate in the Open Offer. The above table assumes that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), with the result that the Debt Equitisation occurs in respect of its maximum amount, being US\$23.8 million, and resulting in the Lenders being issued with in aggregate 7,609,371 New Ordinary Shares pursuant to the Debt Equitisation. In this situation of full Debt Equitisation and no more than US\$275 million being raised as aforesaid, the total number of New Ordinary Shares will be 95,604,261 and the Enlarged Issued Share Capital will be 109,513,788 Ordinary Shares.
- (3) 750,000 shares held by a Carvill Family Trust for the children of Michael Carvill are included in his holding above.
- (4) Steven McTiernan is participating in the Firm Placing in respect of 51,085 New Ordinary Shares. Michael Carvill is participating in the Firm Placing in respect of 53,065 New Ordinary Shares. Tony McCluskey is participating in the Firm Placing in respect of 31,928 New Ordinary Shares. Terence Fitzpatrick is participating in the Firm Placing in respect of 9,578 New Ordinary Shares. Sofia Bianchi is participating in the Firm Placing in respect of 335,249 New Ordinary Shares. Elizabeth Headon is participating in the Firm Placing in respect of 4,789 New Ordinary Shares. Tony Lowrie is participating in the Firm Placing in respect of 100,000 New Ordinary Shares. Gabriel Smith is participating in the Firm Placing in respect of 9,578 New Ordinary Shares.

A shareholding requirement of 100% of salary was introduced for Executive Directors in 2014. This shareholding can be built up over 5 years and as at 31 December, 2015 had not yet been reached.

There are no restrictions agreed to by the Directors on the disposal within a certain period of time of their holdings in Ordinary Shares, save only to the extent that such restrictions apply under market abuse law, the Model Code or any similar share dealing policy operated by the Company from time to time.

Option Scheme

As at the Latest Practicable Date the interests (all of which are beneficial) of the Directors in Options granted under the Share Option Scheme over Ordinary Shares of €0.06 each were as set out below:

| <u>Director</u> | <u>Options Held</u> | <u>Average Options exercise price €</u> | <u>Expiry Date</u> |
|--------------------------|---------------------|---|--------------------|
| M. Carvill | 11,494,667 | 0.38 | June 2019 |
| T. McCluskey | 7,953,334 | 0.38 | June 2019 |
| T. Fitzpatrick | 1,500,000 | 0.29 | June 2019 |

The latest exercise date for the Options shown in the table above is June 2019. The share option period may be extended at the discretion of the Board. Of the Options listed above, 6,000,000 will expire on 30 June 2016 (M. Carvill—3,500,000; T. McCluskey—2,500,000). The number of Ordinary Shares subject to these Options will be adjusted to reflect the Capital Reorganisation following the Capital Reorganisation becoming effective.

Incentive Plan

On 21 October 2014, initial awards, in the form of a grant of nil paid options over Ordinary Shares of €0.06 each, were made to the executive officers of the Company under the terms of the Incentive Plan (as set out below) . The vesting of these options is subject to TSR performance conditions measured over the period from the date of grant to the third anniversary of the date of grant.

| <u>Director</u> | <u>Options Held</u> | <u>Vesting Date</u> | <u>Expiry Date</u> |
|--------------------------|---------------------|---------------------|--------------------|
| M. Carvill | 3,285,963 | 21 October 2017 | 21 October 2021 |
| T. McCluskey | 2,168,615 | 21 October 2017 | 21 October 2021 |
| T. Fitzpatrick | 1,421,044 | 21 October 2017 | 21 October 2021 |

Executive officers of the Company have also accrued rights to the grant of deferred share awards and performance share awards under the Incentive Plan following crystallisation, in accordance with the terms of the Incentive Plan, of annual awards made under the terms of the Incentive Plan in 2014 and 2015 (as set out below). The Company has not been able to formalise these share awards while dealing restrictions imposed by law and the Model Code apply. The Company intends to formalise the grant of these share awards as soon as practicable after the publication of this Prospectus. These share awards will vest at the end of a three year period and are split between performance share awards in the form of nil cost options (the vesting of which is subject to the outcome of further TSR-based performance conditions) and deferred share awards (the vesting of which is subject to continued employment).

| <u>Director</u> | <u>Options Accrued</u> | <u>Vesting Date</u> | <u>Expiry Date</u> |
|--------------------------|------------------------|------------------------|------------------------|
| M. Carvill | 5,317,715 | Three years from grant | Seven years from grant |
| T. McCluskey | 4,229,620 | Three years from grant | Seven years from grant |
| T. Fitzpatrick | 1,703,394 | Three years from grant | Seven years from grant |

| <u>Director</u> | <u>Deferred Shares Accrued</u> | <u>Vesting Date</u> |
|--------------------------|--------------------------------|------------------------|
| M. Carvill | 4,129,956 | Three years from grant |
| T. McCluskey | 3,303,876 | Three years from grant |
| T. Fitzpatrick | 1,333,447 | Three years from grant |

The number of Ordinary Shares subject to these deferred share awards and performance share awards will be adjusted to reflect the Capital Reorganisation following the Capital Reorganisation becoming effective.

Save as set out in section 7 of this Part 15, no Director has any interests, whether beneficial or non-beneficial, in or over Ordinary Shares.

As at the Latest Practicable Date, the interests (all of which are beneficial) of the Senior Managers in the Existing Ordinary Shares were as set out below:

The number of Ordinary Shares of €0.001 each in which these persons, subject to the assumptions stated in the notes below, will be interested following the Capital Raise is also set out below.

| | As at the Latest Practicable Date | | Immediately following completion of the Capital Reorganisation and the Capital Raise and Debt Equitisation ⁽¹⁾⁽²⁾ | |
|----------------------|--|--|--|--|
| | Number of Ordinary Shares of €0.06 each ¹ | Percentage of Existing Issued Ordinary Share Capital | Number of Ordinary Shares of €0.001 each | Percentage of Enlarged Issued Ordinary Share Capital |
| Ben Baxter | — | — | 12,771 | 0.012% |

- (1) Assumes that no awards vest under the Incentive Plan or Share Option Scheme between 29 June, 2016 (being the Latest Practicable Date) and completion of the Capital Raise.
- (2) Interests shown on completion of the Capital Raise and Debt Equitisation are shown on the basis of committed participation by the Senior Manager in the Firm Placing only (Ben Baxter is participating in the Firm Placing in respect of 12,771 New Ordinary Shares). It is not assumed that the Senior Manager participates in the Open Offer. The above table assumes that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Lender Underwriting), with the result that the Debt Equitisation occurs in respect of its maximum amount, being US\$23.8 million, and resulting in the Lenders being issued with in aggregate 7,609,371 New Ordinary Shares pursuant to the Debt Equitisation. In this situation of full Debt Equitisation and no more than US\$275 million being raised as aforesaid, the total number of New Ordinary Shares will be 95,604,261 and the Enlarged Issued Share Capital will be 109,513,788 Ordinary Shares (including the Absa Shares).

As at the Latest Practicable Date the interests (all of which are beneficial) of the Senior Manager in Options over Ordinary Shares of €0.06 each granted under the Share Option Scheme were as set out below.

| Senior Manager | Options Held | Average Options exercise price € | Expiry Date |
|---------------------|--------------|----------------------------------|-------------|
| B. Baxter | Nil | N/A | N/A |

Mr Baxter has also accrued rights to the grant of deferred share awards and performance share awards under the Incentive Plan following crystallisation, in accordance with the terms of the Incentive Plan, of annual awards made under the terms of the Incentive Plan in 2015 (as set out below). The Company has not been able to formalise these share awards while dealing restrictions imposed by law and the Mode Code apply. The Company intends to formalise the grant of these share awards as soon as practicable after the publication of this Prospectus. These share awards will vest at the end of a three year period and are split between performance share awards in the form of nil cost options (the vesting of which is subject to the outcome of further TSR-based performance conditions) and deferred share awards (the vesting of which is subject to continued employment).

| Senior Manager | Options Accrued | Vesting Date | Expiry Date |
|---------------------|-----------------|------------------------|------------------------|
| B. Baxter | 2,931,270 | Three years from grant | Seven years from grant |

| Senior Manager | Deferred Shares Accrued | Vesting Date |
|---------------------|-------------------------|------------------------|
| B. Baxter | 2,652,101 | Three years from grant |

8. DIRECTORS' AND SENIOR MANAGEMENT REMUNERATION AND DIRECTOR'S SERVICE CONTRACTS

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 2015.

| <u>Executive Directors</u> | <u>Salary and fees</u> | <u>All taxable benefits</u> | <u>KIP (Cash and deferred shares)</u> | <u>KIP (performance shares)</u> | <u>Pension</u> | <u>Total</u> |
|----------------------------|------------------------|-----------------------------|---------------------------------------|---------------------------------|----------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| M. Carvill | 610 | 45 | 28 | — | 61 | 744 |
| T. McCluskey | 402 | 22 | 23 | — | 40 | 487 |
| T. Fitzpatrick | 304 | 5 | 9 | — | 30 | 348 |

| <u>Non-executive Directors</u> | <u>Salary and fees</u> | <u>All taxable benefits</u> | <u>KIP (Cash and deferred shares)</u> | <u>KIP (performance shares)</u> | <u>Pension</u> | <u>Total</u> |
|--------------------------------|------------------------|-----------------------------|---------------------------------------|---------------------------------|----------------|--------------|
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| S. Bianchi | 89 | — | — | — | — | 89 |
| E. Headon | 85 | 0 | — | — | — | 85 |
| J. Ensall | 63 | — | — | — | — | 63 |
| T. Lowrie | 63 | — | — | — | — | 63 |
| S. McTiernan | 208 | — | — | — | — | 208 |
| G. Smith | 91 | — | — | — | — | 91 |

- (i) Mr.J. Ensall was appointed to the Board as a Non-Executive Director on 27 July 2015. The 2015 remuneration for Mr.J. Ensall relates to the period of his directorship.
- (ii) KIP cash and deferred shares refers to incentives earned in the year. Awards under the KIP are normally delivered 30% in cash, and the balance in shares, with 75% of those shares being performance shares subject to further TSR performance conditions. For the 2015 award the Remuneration Committee has exercised its discretion, as provided for under the KIP, to make an award of deferred shares of equivalent value in lieu of making the 30% cash award. The number of deferred shares are determined using the average share price for the year and are valued based on the share price at the year end. Performance shares awarded in 2014 and 2015 will be disclosed in the year of vesting.
- (iii) The underlying currencies of Directors' emoluments are euro and US Dollars.

The aggregate amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the Senior Manager who held office during the last financial year, being the year ended 31 December, 2015 for services in all capacities to the Group was US\$0.4 million.

The following are the principal terms of the service contracts which have been entered into with the Directors.

Executive Directors

The term of the Executive Directors' service agreements is not fixed. The Company's policy is that Executive Directors should have a notice period of no more than 12 months. The notice periods are, in the case of Mr.M. Carvill and Mr.T. McCluskey, 12 months' notice from the Company and 3 months' notice from the Executive Director and, in the case of Mr.T. Fitzpatrick, 6 months' notice from the Company and 3 months' notice from the Executive Director.

In the event of termination, the Remuneration Committee will agree an appropriate termination payment for the relevant individual reflecting the circumstances, service and existing contractual terms and conditions.

Kenmare has the right, or may be required in certain circumstances, to make a payment in lieu of notice of termination, the amount of that payment being base salary and benefits that would have accrued to the Executive Director during the contractual notice period.

In addition, the Remuneration Committee reserves the right to allow continued participation in the KIP during the notice period.

Save as disclosed above, there are no benefits upon termination of employment for any of the Executive Directors.

The Company's policy is that Executive Directors be subject to retirement every year, and may offer themselves for reappointment, at the Company's annual general meeting.

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 arrangements.

Mr.M. Carvill serves as a non-executive director of a number of subsidiary undertakings in the Vico Group and Carvill Group Limited. He does not receive a fee for his services. Permission to serve as a non-executive director of these entities was granted a number of years ago.

There are no written service contracts between the Company and Mr.M. Carvill and Mr.T. McCluskey and, 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.

Non-executive Directors

Non-executive Directors are remunerated by way of Directors' fees. In addition, Ms.S. Bianchi and Mr.A. Lowrie receive consultancy fees set out in agreements between them and Congolone Heavy Minerals Limited, a subsidiary of the Company.

Non-Executive Directors are subject to retirement every year and may offer themselves for reappointment at the Company's annual general meeting.

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.

In the year ended 31 December 2015, 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\$2.2 million.

There are no arrangements under which a Director of the Company has waived or agreed to waive future emoluments.

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 was to provide for the granting of 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. Operation of the Share Option Scheme was replaced by the KIP on its adoption by shareholders on 28 May 2014 but the Share Option Scheme continues to regulate those unexercised Options in issue that had been granted under the Share Option Scheme.

The Share Option Scheme is administered by the Remuneration Committee of the Board, which was empowered to grant Options in accordance with the rules of the Share Option Scheme. The Share Option Scheme was 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 persons as nominated by the Board.

The exercise price of an Option is the higher of the nominal value of the Ordinary Shares over which the Option is granted and the deemed market value of such Ordinary Shares at the time of grant of the Option. The deemed 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.

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.

Options in respect of Ordinary Shares only could be granted under the Scheme. The aggregate nominal value of Ordinary Shares issued under the Scheme could not exceed 10% of the aggregate nominal value of the total issued share capital of the Company from time to time.

At the Latest Practicable Date, 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 22,341,667 Ordinary Shares, exercisable at an average price of US\$0.37 per Ordinary Share. The latest exercise date of these Options is June 2021 and 2,116,666 of these Options will expire on 30 June 2016.

10. INCENTIVE SCHEME

By ordinary resolution passed by the shareholders of the Company at the Company's annual general meeting on 28 May 2014, Kenmare established an Incentive Scheme (or "KIP") to replace for eligible participants both Kenmare's existing annual bonus scheme and the Share Option Scheme. Under the Incentive Scheme, an annual award may, on a discretionary basis, be made to selected employees or executive directors of the Company or any of its subsidiaries, subject to the achievement of performance targets measured over a financial year. Annual awards under the Incentive Scheme will generally consist of a cash element and a share element.

The Remuneration Committee is responsible for the operation of the Incentive Scheme. Participation in the Incentive Scheme is at the invitation of the Remuneration Committee and the performance targets applicable in respect of a particular year are set by the Remuneration Committee at the start of each year and may be varied or waived by the Remuneration Committee in certain prescribed circumstances. The Remuneration Committee determines the extent to which the performance targets applicable to an annual award have been met following the end of the relevant financial year, and accordingly the value of the cash element and the share element.

The cash element of the annual award is paid as a cash sum as soon as possible after the outcome of the performance targets has been determined. In exceptional circumstances, where the Remuneration Committee determines that payment of the cash element is not in the best interests of the Company, the cash element may instead be converted into a deferred share award.

The share element of the annual award can take the form of options to acquire Ordinary Shares or conditional awards of Ordinary Shares as determined by the Remuneration Committee. The number of Ordinary Shares subject to the share awards is determined by reference to the average share price over the financial year preceding the grant of the share awards. Share awards are made as soon as practicable following the determination of the extent to which the performance targets applicable to the relevant annual award have been met, subject to the Company not being prevented from making awards over Ordinary Shares by dealing restrictions.

At any time before a share award has vested, the Remuneration Committee may reduce the number of Ordinary Shares subject to the share award in the event of the discovery of a material misstatement in the accounts of the Company or another member of the Group, a regulatory breach by the Group resulting in material financial or reputational harm, the discovery of an error in the assessment of the extent to which a performance target applicable to a participant's annual award has been satisfied, or action or conduct of the participant amounting to fraud or gross misconduct.

Share awards will normally vest at the end of a three year period and are split between performance share awards (the vesting of which is subject to the outcome of further performance conditions) and deferred share awards (the vesting of which is subject to continued employment). 75% of the share awards must be performance share awards. The vesting of performance share awards is subject to vesting conditions determined by the Remuneration Committee measured over a three year performance period. The Remuneration Committee may vary or waive the performance target applying to a performance share award in certain prescribed circumstances.

Share awards may be satisfied by the issue of new Ordinary Shares or by the transfer of Ordinary Shares held in treasury or by the trustee of an employee benefit trust.

Dilution Limits

A share award may not be made under the Incentive Scheme if it would cause the number of shares issued or issuable under any employee share scheme operated by the Company in the preceding 10 years to exceed 10% of the Company's issued ordinary share capital at that time. In addition, a share award may not be made under the Incentive Scheme if it would cause the number of shares issued or issuable under any discretionary employee share scheme operated by the Company in the preceding 10 years to exceed 5% of the Company's issued ordinary share capital at that time. The above limits exclude any share awards which lapse, as well as any share awards which are satisfied by the transfer of existing shares.

Individual Limits

The maximum amount payable under any award made during 2014 and 2015 may not exceed 250% of the participant's salary. The absolute maximum award under the rules of the Incentive Scheme is 350% of the participant's salary, which may be granted only under exceptional circumstances. Of this limit, the cash element may be no more than 75% of salary. From 2016 onwards, the Remuneration Committee has the

discretion to review the level of maximum award opportunity for above-target performance, if necessary taking into account prevailing market conditions.

Cessation of Employment

If a participant ceases to be employed within the Group before an annual award made to him/her has crystallised (i.e. before the cash element is paid or the share element is converted into share awards) that award will normally lapse unless the participant is deemed to be a good leaver. If the participant is deemed to be a good leaver, a time and performance pro-rated incentive payment will generally be paid to that participant.

If a participant ceases to be employed within the Group before a share award has vested, that share award will normally lapse unless the participant is deemed to be a good leaver in which case unvested share awards will usually vest at the original dates and subject to the original performance conditions, but the number of shares will normally be reduced pro-rata to reflect the proportion of the performance period elapsed.

Holding periods for shares acquired from share awards

Other than to meet tax liabilities, shares acquired from share awards are subject to the following restrictions on sale:

- 60% can be sold on or after vesting;
- a further 20% can be sold after the first anniversary of vesting; and
- a further 20% can be sold after the second anniversary of vesting.

Takeover, reconstruction etc.

In the event of a takeover, reconstruction, amalgamation or winding up of the Company or if the Remuneration Committee determines where the Company is affected by a demerger or similar other event, a share award will vest immediately. Unless the Remuneration Committee determines otherwise, the number of Ordinary Shares vesting will be reduced pro-rata to reflect the proportion of the vesting period which has elapsed and, in the case of performance share awards, the outcome of any performance condition. The share award may be exchanged for an award over shares in an acquiring company if an offer to exchange is made and accepted by the participant.

Variations of share capital

In the event of a variation of the share capital of the Company, including by way of a capitalisation issue, rights issue, demerger or other distribution, a special dividend or distribution, rights offer or bonus issue or any sub-division, consolidation, or reduction in the Company's share capital, either or both of the number of shares and the description of the shares subject to a share award may be adjusted in such manner as the Remuneration Committee determines.

Rights attaching to shares

A share award will not confer any shareholder rights, such as the right to vote or to receive any dividend, where the record date is prior to the allotment or transfer of Ordinary Shares to the participant following the transfer of Ordinary Shares in respect of the share award. A participant will be entitled to receive a payment in cash or shares upon his acquisition of the Ordinary Shares subject to his share award in respect of dividends on those Ordinary Shares. The payment will be of an amount equal to any dividends paid on the number of shares acquired pursuant to the share award during the period from the date that the share award was made to the date that the share award vests.

Amendments

The Committee may amend the rules of the Incentive Scheme at any time. However, certain provisions may not be amended to the advantage of existing or future participants without the prior approval of shareholders of the Company in general meeting. No amendment can be made which would adversely affect the rights of existing participants without their consent.

Other Awards

The Remuneration Committee may, from time to time, grant awards which are not awards based on the achievement of performance targets. These awards will take the form of a grant of performance share awards. The Remuneration Committee intends to make such awards in limited circumstances, for example as a recruitment award to a newly hired executive, or to act as an incentive or retention tool in exceptional circumstances. These awards for individual participants will be limited, on a cumulative basis, to no more than 200% of salary.

Employee Benefit Trust

The Company intends to establish a discretionary employee benefit trust to be used in conjunction with the Incentive Scheme. This will be done following completion of the Capital Restructuring. This employee benefit trust will have full discretion with regard to the application of the trust fund (subject to recommendations from a committee of the Board). The Company will be able to fund the employee benefit trust to acquire Ordinary Shares in the market and/or to subscribe for Ordinary Shares at nominal value in order to satisfy share awards granted under the Incentive Scheme. Any Ordinary Shares issued to the employee benefit trust in order to satisfy share awards under the Incentive Scheme will be treated as counting towards the dilution limits that apply to the Incentive Scheme. Any Ordinary Shares acquired by the employee benefit trust in the market will not count towards these limits.

11. 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 2015 and up to and including the date of this Prospectus, the Company has applied the principles and complied with the provisions of the UK Corporate Governance Code.

The Board of Directors

The Board consists of nine Directors: three Executive Directors and six Non-Executive Directors.

Mr.S. McTiernan was appointed to the Board as Non-Executive Director in March 2013 and as Non-Executive Chairman in June 2013.

Mr.T. Lowrie is to retire at the AGM, and will not offer himself for re-appointment.

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.

The Board has adopted the practice that all Directors retire annually at the Company's annual general meeting and offer themselves for re-election.

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, with the exception of Mr.J. Ensall and Mr.A. Lowrie, 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.

Mr.J. Ensall was appointed to the Board as a Non-Executive Director in July 2015 in the role of the Lender Approved Non-Executive Director, a requirement under the amendment to the Group's financing, agreed with Lenders on 29 April 2015. Mr.J. Ensall's services have also been made available to the Group through an agreement for supply of consultancy services with Lemna Limited. As a result Mr.J. Ensall is not considered independent. Mr.A. Lowrie is currently not considered to be an independent Non-Executive Director as he has served for more than nine years on the Board. He will not be seeking re-election at the next Annual General Meeting of the Company.

Certain of 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 plc. Details of the Non-Executive Directors' consultancy fees are set out in section 8 of this Part 15. The Non-Executive Directors hold shares in the Group as set out in section 7 of this Part 15.

Nomination Committee

The Nomination Committee consists of four Non-executive Directors, namely Ms.S. Bianchi, Ms.E. Headon, Mr.S. McTiernan and Mr.G. Smith. The Nomination Committee is chaired by Mr.S. McTiernan.

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 his or her 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 three Non-Executive Directors, namely Ms.S. Bianchi, Ms.E. Headon and Mr.G. Smith. The Audit Committee is chaired by Mr.G. Smith. The Audit Committee has determined that Ms.S. Bianchi is the committee's financial expert. As outlined in the Directors' biographical details, set out in section 6 of this Part 15, 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;
- 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 controls. 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. 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 four independent Non-Executive Directors, Ms.E. Headon, Ms.S. Bianchi, Mr.S. McTiernan and Mr.G. Smith. The Remuneration Committee is chaired by Ms.E. Headon. 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 UK Corporate Governance Code and stock exchange requirements on Directors' remuneration.

Strategic Options Committee

The Strategic Options Committee consists of Mr.J. Ensall, Ms.S. Bianchi, and Mr.M. Carvill, and is chaired by Mr.J. Ensall. The committee was established on 1 July 2015 pursuant to an undertaking to the Lender Group given under the April 2015 Amendment to establish a Strategic Options Committee of the Board, consisting of Mr.J. Ensall, as the Lender Group approved Non-Executive Director, one other Non-Executive Director and an Executive Director, to undertake a scope of work satisfactory to the Lender Group.

The main responsibilities of the Strategic Options Committee include:

- overseeing the development and evaluation of strategic options available to the Company (including by merger and acquisition transaction or similar, asset disposal of whatever nature, financial/operational restructuring, equity raise or other equity or debt financing of whatsoever nature or other similar strategic option, or any significant capital expenditure programme); and
- overseeing the negotiation/execution of, and ongoing monitoring of/compliance with, any proposed restructuring of the Group's debt obligations.

The Strategic Options Committee will be disbanded following completion of the Debt Restructuring.

12. CONSTITUTION

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 26 of this Part 15.

Resolution 3, to be proposed at the EGM proposes certain amendments to the existing Memorandum of Association of the Company and the adoption of a new set of articles of association with provisions reflecting the recent enactment of the Companies Act 2014 and providing for the terms of the New Deferred Shares.

A summary of the proposed changes is included in Part 19 of this Prospectus. A copy of the proposed Amended Memorandum and Articles of Association, and a copy marked to show changes from the existing Memorandum and Articles of Association, is available for inspection as provided in section 26 of this Part 15.

The Amended Memorandum and Articles of Association, contain *inter alia*, provisions to the following effect;

(i) *New Deferred Shares*

The New 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 assets on a winding-up of the Company, the holders of New Deferred Shares are entitled to receive the amount paid up on such shares after payment to the holders of the Ordinary Shares of an aggregate amount of €100,000,000,000 and the holders of the New Deferred Shares have no other rights to participate in the assets of the Company. The Company is authorised at any time to acquire any of the Deferred Shares otherwise than for valuable consideration in accordance with the Act and to cancel any such New Deferred Shares without obtaining the sanction of the holder and without payment. The Company is authorised at any time to execute on behalf of the holders of the New Deferred Shares a transfer thereof, without making payment to the holders of the New Deferred Shares, to such person(s) as the Company may determine.

(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 Existing 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 Act, 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:

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum subject, nevertheless, to the Act; and
- cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.

Whenever as a result of a consolidation or subdivision of shares any members would become entitled to fractions of a share, the Directors may deal with such fractions as they shall determine and in particular they may sell, on behalf of those members, the shares representing the fractions for the best price reasonably obtainable to any person and distribute the proceeds of sale in due proportion among those members (save that the Directors may in such event determine that amounts of €2.50 (or equivalent) or less per member shall not be so distributed but shall be retained for the benefit of the Company).

(cc) The Company may by special resolution reduce its share capital, any capital redemption reserve fund, 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 of Association.

(dd) The Company may, subject to the provisions of the Act and to any rights conferred on the holders of any class of shares, purchase all or any of its own shares of any class, including any redeemable shares and may cancel any shares so purchased or may hold them as treasury shares and re-issue any such treasury shares as shares of any class or classes or cancel them. The Company shall not exercise any authority granted under the Act to make market purchases of its own shares unless the authority required by such section shall have been granted by a special resolution of the Company. Neither the Company nor the Directors shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

(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) 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 231 of the 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).

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% 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.

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 the 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

Subject to the Act, 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 the execution or discharge of his duties or in relation thereto including 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 233 of the 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:

- his interest in such shares;
- 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
- 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 178 of the Act, as modified by Section 1101 of the 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 Section 1102(2) of the Act, 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 Act 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% 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:
- 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
 - 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 above).

13. RELATED PARTY TRANSACTION(S)

In addition to the Directors' service contracts and letters of appointment set out in section 8 of this Part 15 the following agreements constitute related party transactions entered into by the Group and disclosed in the 2013 Annual Report, 2014 Annual Report, the 2015 Annual Report and up to the date of this Prospectus:

(i) Participation by M&G in 2013 Placing

On 16 October 2013, 250,300,000 new Ordinary Shares were issued by the Company at a price of Stg26.5p per Ordinary Share by way of a placing. Participants in the placing were also issued with warrants to subscribe for Ordinary Shares on the basis of one warrant to subscribe for one Ordinary Share for every five new Ordinary Shares subscribed for under the placing. The warrants, which are not listed or admitted to trading and which have limited transferability rights, have an exercise price of Stg29.09p per warrant and an exercise period of five years, commencing thirteen months after the date of issue. M&G Group Limited ((a wholly-owned subsidiary of Prudential plc), together with M&G Limited, M&G Investment

Management Limited and M&G Securities Limited (each a wholly owned subsidiary of M&G Limited), “M&G”), is the Company’s largest Shareholder and before the placing it held approximately 20% of the issued ordinary share capital of the Company. M&G participated in the placing of new Ordinary Shares on a pro rata basis, maintaining its percentage interest in the enlarged issued share capital following completion of the placing. M&G also received warrants to subscribe for Ordinary Shares under the placing on the same basis as all of the participants. The total consideration paid by M&G in respect of its participation in the placing (excluding any further consideration arising on the future exercise of warrants) was £13.3 million. Having regard to its status as a substantial shareholder, M&G was considered to be a related party of the Company under paragraph 11.1.4A of the UKLA Listing Rules. Accordingly, the participation by M&G in the placing represented a related party transaction. However this transaction was classified under Chapter 11 of the UKLA Listing Rules as a smaller related party transaction (less than 5%). Accordingly, no independent shareholder approval was required and the requirements under the UKLA Listing Rules were to inform the UKLA in writing of the proposed transaction, to provide the UKLA with written confirmation from the Company’s sponsor that the terms of the transaction or arrangement with the related party were fair and reasonable as far as the Shareholders were concerned and to include details of the transaction in the Company’s next published accounts, including the identity of the related party, the value of the consideration for the transaction and all other relevant circumstances. This disclosure was made in Note 33 in the 2013 Annual Report.

(ii) Proposed Participation by M&G in the Capital Raise

The participation by M&G in the Capital Raise, details of which are contained in section 5 of Part 7 and in section 14 of Part 15 of this document, is a related party transaction under the UKLA Listing Rules. Such participation is subject to the approval of Resolution 8 at the EGM by the Independent Shareholders.

(iii) Participation by certain Directors in the Firm Placing

Certain of the Directors are participating in the Firm Placing. Details of this participation is disclosed in section 7 of this Part 15 and further disclosure under the UKLA Listing Rules in relation to certain of the participation (having regard to its size relative to the market capitalisation of the Company as of the Latest Practicable Date) is disclosed in section 18 of Part 7 of this document.

14. 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) SGRF Subscription and Relationship Agreement

African Acquisition Sarl, an entity incorporated at the direction of SGRF, (the “SGRF Investor”) and the Company entered into a Subscription and Relationship Agreement on 18 June, 2016 providing for the subscription by the SGRF Investor for New Ordinary Shares pursuant to the Cornerstone Placing (the “SGRF Subscription Agreement”). The SGRF Subscription Agreement will also govern the relationship between the SGRF Investor and the Company following Admission.

Under the terms of the SGRF Subscription Agreement, SGRF agrees to subscribe US\$100,000,000 for New Ordinary Shares at the Issue Price. The SGRF Investor’s subscription obligation is subject to a number of conditions including, among others:

- the Resolutions being passed without material amendment by no later than 31 July 2016;
- Admission occurring by no later than 15 August, 2016;
- there having been no material adverse change, in the opinion of the SGRF Investor, before the publication of this Prospectus;
- the Placing and Open Offer Agreement having become unconditional (other than with respect to any condition in relation to the SGRF Subscription Agreement and/or the Amendment, Repayment and Equitisation Agreement having becoming unconditional and in relation to Admission);

- conditions to the occurrence of the Admission Effective Date (as defined in the Amendment, Repayment and Equitisation Agreement) having been satisfied (other than with respect to the occurrence of Admission and the Company becoming contractually entitled to the gross proceeds from the Capital Raise as contemplated by the Amendment, Repayment and Equitisation Agreement) and the Amendment, Repayment and Equitisation Agreement not having been terminated on or before Admission.

Prior to the publication of the Prospectus, the SGRF Subscription Agreement may be terminated by the SGRF Investor upon the occurrence of certain specified events including, but not limited to, the Company's failure to comply with its obligations under the agreement, the Amendment, Repayment and Equitisation Agreement and the Placing and Open Offer Agreement, material breach of warranty and there being a suspension or cancellation of listing. The SGRF Subscription Agreement may also be terminated by the SGRF Investor if changes are incorporated into the Prospectus that it determines are adverse in a material respect relevant to its decision to subscribe.

The SGRF Subscription Agreement may also be terminated by the SGRF Investor at any time prior to 7.00 a.m. on the day of Admission in the event that:

- in the determination of the SGRF Investor acting reasonably and in good faith, there is a material mistake or inaccuracy relating to the information included in the Prospectus;
- any of the warranties given by the Company was, when given, untrue, inaccurate or misleading or would not be true, accurate or not misleading if then repeated by reference to the facts and circumstances subsisting at the time; or
- the Company has failed to comply with a material obligation under the agreement,

which the SGRF Investor determines, acting reasonably and in good faith, to be (singly or in the aggregate) material in the context of the Group, the subscription by the SGRF Investor, the Capital Reorganisation or the Capital Restructuring.

The SGRF Subscription Agreement contains customary representations and warranties from SGRF and the Company.

Under the terms of the SGRF Subscription Agreement, the SGRF Investor (or other member of the SGRF Group that holds Ordinary Shares) shall, from Admission, be entitled to appoint two directors to the Board (subject to the SGRF Group holding or controlling the exercise of 20% or more of the total voting rights of the Company) and to appoint one Director (subject to the SGRF Group holding or controlling the exercise of 10% or more but less than 20% of the total voting rights of the Company). Any such director nominated by the SGRF Investor shall be required to retire and seek re-election by the shareholders at the next and succeeding annual general meetings of the Company following his appointment. In the SGRF Subscription Agreement, the SGRF Investor confirms that, having regard to that provision of the UK Corporate Governance Code that provides that half of the Board, excluding the chairman should comprise independent, non-executive directors, it has no current intention to appoint more than one director to the Board. The SGRF Investor shall (subject to the SGRF Group holding Ordinary Shares representing more than 10% of the total voting rights of the Company) also be entitled to appoint a Director nominated by it as an observer to attend meetings of any committee of the Board.

Under the terms of the SGRF Subscription Agreement, and the SGRF commission letter (described below), each of the SGRF Investor and SGRF, respectively, has agreed to procure insofar as it can lawfully so procure:

- that no member of the Kenmare Group is prevented from carrying on its business independently of any member of the SGRF Group (comprising the SGRF Investor, its affiliates and associates, any holding company and any subsidiary company of SGRF);
- that no member of the SGRF Group will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;
- that no member of the SGRF Group will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;
- that all transactions and arrangements between any member of the Group and any member of the SGRF Group will be conducted at arm's length and on normal commercial terms; and

- that the members of the SGRF Group that are holders of New Ordinary Shares shall abstain from voting on any shareholder resolution in relation to any proposed transaction between any member of the Group and any member of the Subscriber Group which is a related party transaction for the purpose of the Listing Rules.

The SGRF Investor has agreed to a lock-up over a period of 12 months from Admission. The lock-up is subject to certain customary exceptions including disposals pursuant to a court order, acceptance of a takeover offer or participation in a scheme of arrangement.

The SGRF Investor has agreed to a standstill agreement, pursuant to which it has agreed not to (and to procure that none of the members of the SGRF Group will) make an offer (as defined in Irish Takeover Rules) for all or any part of the share capital of the Company for the period of 12 months from Admission.

The Company undertakes to the SGRF Investor to offer it the right, conditional upon the SGRF Group holding or controlling the exercise of 10% or more of the total voting rights of the Company, to participate in any proposed allotment of debt or equity securities that the Company proposes to make in the same proportion that the number of New Ordinary Shares held by SGRF at that time has to the total number of Ordinary Shares in issue at that time.

The Company and the SGRF Investor have agreed that the SGRF Investor shall be provided with a range of specified information and shall, upon reasonable notice to the Company, have access to the books and records of the Company and shall be entitled to inspect the properties of the Company and consult with the management of the Company and its subsidiaries for the purpose of, and as required for, the monitoring of the SGRF Investor's investment in the Company (provided that the SGRF Group holds or controls the exercise of 10% or more of the total voting rights of the Company, and subject to such access being permitted by law (including the Disclosure and Transparency Rules, Irish insider dealing law and UK market abuse law)).

The Company has agreed to pay the SGRF Investor's documented, third party costs and expenses in connection with its subscription to a maximum of US\$800,000.

The SGRF Subscription Agreement shall terminate (subject to earlier termination under the provisions described above) on the earlier of the Company ceasing to be admitted to the Official Lists maintained by the Irish Stock Exchange and the FCA and to trading on the main securities markets of the Irish Stock Exchange and the London Stock Exchange and the SGRF Group ceasing to be entitled to exercise or control the exercise of 10 per cent or more of the voting rights in the Company.

By a commission letter dated 17 June 2016, the Company has agreed, in consideration of SGRF having facilitated and procured as intermediary the investment by the SGRF Investor in the Company on the terms and conditions of the SGRF Subscription Agreement, to pay SGRF a commission of 2.2% of the consideration payable by the SGRF Investor under the SGRF Subscription Agreement upon completion of that subscription.

(ii) Placing and Open Offer Agreement

On 29 June, 2016, the Company entered into a placing and open offer agreement with Davy, Canaccord, Mirabaud and Hannam & Partners. Pursuant to the Placing and Open Offer Agreement, Davy has been appointed as sponsor, and Davy, Canaccord and Mirabaud have been appointed as joint brokers and joint bookrunners in connection with the Firm Placing and Open Offer.

Davy, Canaccord and Mirabaud have agreed to use reasonable endeavours, as agents for the Company, to procure subscribers for New Ordinary Shares at the Issue Price under the Firm Placing.

None of the Cornerstone Placing, Firm Placing, Open Offer or Debt Equitisation are being underwritten by the Joint Bookrunners.

The obligations of the Joint Bookrunners 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 25 July, 2016 (and not, except with the prior written consent of Davy, at any adjournment of such meeting);
- Admission taking place by not later than 8.00 a.m. on 26 July, 2016 or such later time or date (not later than 15 August, 2016) as the Company and Davy may agree; and

- the SGRF Subscription Agreement being enforceable against the Cornerstone Investor and having become unconditional (other than with respect to any condition in relation to the Placing and Open Offer Agreement having become unconditional or Admission) and not having been breached, terminated or amended (without the prior written consent of Davy) at any time prior to Admission;
- the Amendment, Repayment and Equitisation Agreement being enforceable against the parties thereto and those conditions to the Admission Effective Date (as that term is defined under the Amendment, Repayment and Equitisation Agreement) under the Amendment, Repayment and Equitisation Agreement that fall to be satisfied or waived before Admission having been satisfied or waived and the Amendment, Repayment and Equitisation Agreement not having been breached, terminated or amended (without the prior written consent of the Sponsor) at any time prior to Admission.

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 Joint Bookrunners and Hannam & Partners a commissions ranging between 1% and 3% on funds raised in the Cornerstone Placing and Firm Placing. A sponsor fee will also be paid to Davy.

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 Restructuring and Capital Raise, 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 Joint Bookrunners 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 Davy 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.

(iii) Placing Commitments in respect of participation in the Firm Placing and Open Offer

On 30 June, 2016, M&G entered into a placing letter (the “**Placing Commitment**”) with Mirabaud, on behalf of the Company, under which, *inter alia*, M&G irrevocably committed (a) to participate in the Firm Placing in respect of 18,712,664 Firm Placed Shares and (b) to take up, in accordance with the terms and procedures of the Open Offer, such number of New Ordinary Shares as will, together with M&G’s existing Ordinary Shares and those Firm Placed Shares, represent 19.97% of the Ordinary Shares in issue immediately following completion of the Cornerstone Placing, Firm Placing and Open Offer (including the Lender Underwriting Equitisation (if any) and Debt Equitisation (if any, other than under any equitisation pursuant to the F/X Arrangements)). M&G has also undertaken not to vote, and to take all reasonable steps to ensure that its associates (as defined in the Listing Rules) do not vote, on the Related Party Resolution at the Extraordinary General Meeting. The Placing Commitment is subject to certain conditions including, *inter alia*, the obligations of the Joint Bookrunners under the Placing and Open Offer Agreement having become unconditional in all respects and the Joint Bookrunners having not terminated the Placing and Open Offer Agreement prior to Admission.

(iv) Amendment, Repayment and Equitisation Agreement

Kenmare and several of its subsidiaries have entered into the Amendment, Repayment and Equitisation Agreement with, amongst others, the Lenders prior to issuance of this document in order to, amongst other things, set out their respective obligations to implement the Capital Restructuring and the Debt Restructuring.

A summary of the key aspects of the Amendment, Repayment and Equitisation Agreement is below.

The provisions of the Amendment, Repayment and Equitisation Agreement implementing the Capital Restructuring and the Debt Restructuring become effective on the date (the “Admission Effective Date”) which is the later of (i) the date on which the Company has provided to the Administrative Agent, among

other customary conditions precedent and documents relating to the Capital Raise, evidence of the binding commitment of the SGRF Investor, the Firm Placees and, on and from the Closing Date, the applicants in the Open Offer in an aggregate amount of no less than US\$275 million minus the Lenders' underwriting amount of US\$40.77 million and the results of the Open Offer being confirmed and (ii) the date on which the New Ordinary Shares are (a) issued to the SGRF Investor, the Firm Placees and applicants in the Open Offer in accordance with the terms of this document and (b) admitted to listing and trading in each case by the Irish Stock Exchange, the FCA and the London Stock Exchange (as applicable) and Kenmare is entitled to the gross proceeds from the Placing and the Open Offer in an amount not less than the US\$275 million *minus* the sum of the Lenders' underwriting amount of US\$40.77 million and the costs and expenses of the Placing, Open Offer and the Restructuring deductible from the gross proceeds (being the "Admission Date").

On the date that is two Business Day falling after the Admission Effective Date (the "Payment Date"), each of the following steps comprising the Capital Restructuring and Debt Restructuring will take place at the time when Kenmare issues payment instructions to its account bank for repayment of Project Debt with proceeds of at least US\$234,230,000 from the Capital Raise as described below:

- (a) Each tranche of the Project Loans that is euro-denominated will be treated as converted into a US-Dollar-denominated tranche at the Agreed Exchange Rate. The Company has agreed with EIB and FMO a mechanism to address any exposure by such banks if the euro to US Dollar conversion rate at the expected Payment Date is stronger than the Agreed Exchange Rate. If the difference (calculated in euros) between the converted US Dollar amount according to the Agreed Exchange Rate on the one hand, and the converted US Dollar amount according to the estimated euro/US Dollar exchange rate on the expected Payment Date on the other, is above a certain euro sum agreed in respect of each bank, then EIB and FMO will be compensated for agreeing to apply the lower Agreed Exchange Rate by:
 - (i) if the residual debt is US\$100 million, at the Company's election, issuance of Ordinary Shares, determined by dividing such difference by the Issue Price, or payment of such difference from the US\$75 million (the "Working Capital Amount") raised under the Capital Raise set aside for working capital purposes;
 - (ii) if the residual debt is less than US\$100 million, rolling over such difference as EIB and FMO residual debt on a *pro rata* basis up to the US\$100 million cap, where any excess is at the Company's election either paid to EIB and FMO directly or compensated by issuance of Ordinary Shares in an amount equal to such excess.

Both this difference with respect to EIB's tranches, and the same when applied to FMO's tranches, will be deemed to be fully satisfied and discharged (the agreements described in this paragraph being the "F/X Arrangements"); the Company estimates that the FX Arrangements would require compensation to EIB and FMO only if the estimated euro/US Dollar exchange rate exceeds approximately US\$1.20/euro (assuming a Payment Date of 28 July 2016);

- (b) Outstanding Project Debt (other than certain deferred restructuring fees, deferred commitment fees and any subsequent disbursement of the Super Senior Facilities together with interest thereon) that will be subject to the repayment, reduction or equitisation (in each case as summarised below) (the "Novated Debt") will be novated from the Project Companies to Kenmare. For the avoidance of doubt, residual debt will not be novated to the Company and shall remain, at all times, with the Project Companies;
- (c) If and to the extent that the Capital Raise Proceeds are less than US\$275 million and provided that the Capital Raise Proceeds are at least US\$234,230,000, the Subordinated Lenders agree to subscribe for Ordinary Shares at the Issue Price in an amount that is equal to the difference between US\$275,000,000 and the Capital Raise Proceeds (being the "Capital Raise Proceeds Shortfall"), discharging that amount of Project Debt, with the effect of partially underwriting the Capital Raise in an amount equal to the Capital Raise Proceeds Shortfall (the "Lender Underwriting"). In consideration for providing the Lender Underwriting, Kenmare will pay each Subordinated Lender in such capacity a fee of 1.75% of the value of that Lender's underwriting commitment pursuant to this Lender Underwriting from that portion of the Capital Raise Proceeds set aside for working capital purposes;
- (d) The Lenders will discharge an amount of Novated Debt that is equal the Accrued Interest Amount;

- (e) The Company will apply the lesser of (i) US\$200 million and (ii) the sum of the amounts raised by the SGRF Investor, the Firm Placing and the Open Offer (together, the “Capital Raise Proceeds”) minus the Working Capital Amount, towards repayment of Novated Debt on a dollar for dollar basis;
- (f) The Lenders will discharge US\$50 million of Novated Debt;
- (g) Kenmare will apply an amount equal the Capital Raise Proceeds minus US\$200 million minus the Working Capital Amount towards repayment and discharge of outstanding Project Debt in a ratio of 3:4, such that for every US\$3 of Novated Debt that is repaid, US\$4 of Novated Debt is discharged;
- (h) If, following the payment and discharge of Project Debt with Capital Raise Proceeds as described in paragraphs (c) to (g) above, residual debt is below the US \$100 million cap, the Lenders will not be subject to the debt reduction equitisation. If, on the other hand, following the payment and discharge of Project Debt with amounts raised in the Cornerstone Placing, Firm Placing and Open Offer as described in paragraphs (c) to (g) above, residual debt is above the US \$100 million cap, Lenders will subscribe for Ordinary Shares at the Issue Price in an amount equal to the Project Debt in excess of US\$100 million. In consideration for such shares, the Lenders will then discharge such amount of Project Debt in excess of US\$100 million in an amount equal to the proportion of Ordinary Shares allotted to them; and
- (i) On the Payment Date and simultaneously with step (h) above, Kenmare will settle the amounts owing to Absa under the relevant fee letter by issuing Ordinary Shares to Absa at the Issue Price in an amount equal to US\$600,000.

In addition, the Amendment and Equitisation Agreement will also provide that:

1. The prepayments above will not be subject to any fees by the Lenders.
2. In no event will EIB hold 10% or more of the issued share capital of the Company through the various equitisations described in paragraphs (a), (c), (h) and (i) and provides a mechanism to ensure that such is the case.
3. In the event that the Capital Raise raises a sufficient amount to repay all of the outstanding Project Debt, there will be no residual debt and KMML and KMPL will be able to deliver a statement confirming that the conditions to termination of the Financing Agreements under the Common Terms Agreement have been satisfied, thereby terminating all existing financing agreements.
4. On the Payment Date, Kenmare will, subject to paying Absa’s fees as summarised under paragraph (i) above, apply the Working Capital Amount portion of the Capital Raise Proceeds set aside for working capital purposes towards payment, to the extent not already discharged by the Project Companies on such date, of all deferred restructuring fees, commitment fees of the Super Senior Facilities and if applicable, any subsequent disbursement of the Super Senior Facilities together with interest accrued thereon. If the Amendment, Repayment and Equitisation Agreement is terminated, or an event of default as described at paragraph 6 below occurs, such fees will become due and payable either five Business Days after the date of termination, or in the case of the occurrence of an event of default, five Business Days after written demand by the Administrative Agent, as applicable.
5. Subject to certain exceptions, Lenders will not be permitted to dispose of Ordinary Shares issued to them pursuant to paragraphs (a), (c), (h) and (i), as applicable, for the period of 179 days after the Payment Date.
6. There will be three new events of default, the occurrence of which will entitle Lenders to immediately declare a “Declared Default” under the terms of the Financing Agreements.
 - (a) Kenmare failing to deposit the Capital Raise Proceeds that it has received (subject to permitted deductions) in a specified account secured in favour of the Lenders in accordance with the Amendment, Repayment and Equitisation Agreement within three Business Days after the Admission Date;
 - (b) Kenmare failing to apply the Capital Raise Proceeds as described above within five Business Days of the Admission Date; and
 - (c) Kenmare failing to comply with certain other key obligations under the Amendment, Repayment and Equitisation Agreement where such failure is not remedied or waived to the satisfaction of the Lenders within five Business Days.

Each of the above events will cease to be events of default on the date on which each of the steps/ transactions summarized in paragraphs (a) to (i) above are completed in accordance with their terms.

7. On and from the date that the Amendment, Repayment and Equitisation Agreement is effective (noting that the Amendment, Repayment and Equitisation Agreement is effective as of the date of this document) until the earlier of (i) the occurrence of an event of default described above and (ii) termination of the Amendment, Repayment and Equitisation Agreement in accordance with its terms, the Lenders waive the existing events of default.
8. On and from the date of the Amendment Repayment and Equitisation Agreement is effective until the earlier of (i) the occurrence of an event of default described above, and (ii) the termination of the Amendment and Equitisation Agreement in accordance with its terms, the Lenders agree not to declare a “Declared Default” under the terms of the Financing Agreements or exercise any enforcement remedies in respect of any event of default other than the events of default for insolvency of the Project Companies or Kenmare.
9. Kenmare is to undertake that until the earlier of the Payment Date and 1 September 2016, it will use its reasonable endeavours to consummate the Placing, the Open Offer and the Debt Restructuring as soon as practically possible. It further undertakes that until the earlier of 1 September 2016 and the Admission Date, it will use its reasonable endeavours to secure the benefit for Kenmare of the SGRF Subscription Agreement, the placing letters and the escrow agreement with the SGRF Investor. In neither case does such undertaking compel Kenmare to take any action or procure such action which is prohibited or restricted by applicable law or by any order or direction of any court or any governmental body.
10. The Amendment, Repayment and Equitisation Agreement will terminate:
 - a. At the direction of the Lenders if (i) the Placing Agreement, any placing letter, the SGRF Subscription Agreement or the escrow agreement with the SGRF Investor is terminated (in each case, other than by reason of performance of all obligations thereunder and in the case of a placing letter, its termination results in the aggregate commitments from the Cornerstone Investor, the Firm Placees and, on and from the Closing Date, the applicants in the Open Offer being less than US\$234,230,000); (ii) any funds which are placed in escrow pursuant to the escrow agreement are withdrawn from escrow other than (A) for deposit in the specified secured accounts or (B) for application in accordance with the above paragraphs; (iii) the Prospectus is not published and circulated to the shareholders of the Company by 15 July 2016; (iv) any material amendment is made to the Placing Agreement, any placing letter, the SGRF Subscription Agreement or the escrow agreement with the SGRF Investor without the written consent of all Lenders; or (v) the issuance (for value using the Issue Price of not less than the US\$234,230,000) of New Ordinary Shares to the SGRF Investor, the Firm Placees and the applicants in the Open Offer in accordance with the terms of the Prospectus and the admission to listing and trading of the New Ordinary Shares in each case by the Irish Stock Exchange, the FCA and the London Stock Exchange (as applicable) has not occurred by 16 August 2016; and
 - b. Unless otherwise confirmed in writing by all Lenders, automatically on 2 September 2016 if the issuance for value of not less than US\$234,230,000 of New Ordinary Shares to the SGRF Investor, the Firm Placees and the applicants in the Open Offer in accordance with the terms of the Prospectus and the admission to listing and trading of the New Ordinary Shares in each case by the Irish Stock Exchange, the FCA and the London Stock Exchange (as applicable) has not occurred by 1 September 2016.

Project Debt that remains outstanding following the repayment and reductions described in paragraphs (c) to (g) above (subject to a cap of \$100 million) will be subject to amended terms as set out in the Amended Financing Agreements, which will take effect on the Second Supplemental Effective Date. See section 14(v), Part 15 of this document.

(v) Amended Financing Agreements

Following completion of the Capital Restructuring, and the steps envisaged in the Amendment and Equitisation Agreement, the Debt Restructuring will be implemented pursuant to which the terms of the residual debt (which will not be more than US\$100 million) will become effective.

The terms of the residual debt will be set out in the Amended Financing Agreements, which will become effective upon the occurrence of the Second Supplemental Effective Date, that being the date on which each of the transactions listed in section 14(iv), Part 15 (Amendment, Repayment and Equitisation Agreement) of this document are completed in accordance with its terms.

The date on which the Amended Financing Agreements become effective is described as the “Second Supplemental Effective Date”.

Debt structure

All residual debt will be in US Dollars.

The residual debt will be in two tranches: Senior Debt and Subordinated Debt. The quantum of residual debt that is Senior Debt and the quantum of residual debt that is Subordinated Debt will depend on the amount of outstanding Project Debt following the repayment and reductions summarised at (a) to (g) of section 14(iv), Part 15 (Amendment, Repayment and Equitisation Agreement) of this document with proceeds of the Equity Raise.

Senior Debt will rank in priority to Subordinated Debt in repayment subject to the waterfall provision summarised below, on insolvency of the Project Companies and on enforcement of security.

Voting thresholds will be calculated on the basis of aggregate outstanding residual debt, that being the aggregate of outstanding residual Senior Debt and outstanding residual Subordinated Debt. Decisions will be taken by majority lenders (that being lenders whose principal amount of debt outstanding aggregate more than 50.1% of all outstanding debt) or supermajority lenders (that being lenders whose principal amount of debt outstanding aggregate more than 66.7% of all outstanding debt).

Senior Debt

Following the effectiveness of the Debt Restructuring, the final maturity date of each tranche of the Senior Debt will be extended to 1 February 2022. Interest on the Senior Debt will be payable in cash on each semi-annual payment date (1 February and 1 August). The interest rate on each tranche will be revised to LIBOR plus a margin from and including the Second Supplemental Effective Date to but excluding 1 February 2020, of 3.00% and from and including 1 February 2020 and thereafter, of 3.75%.

Under the Amended Financing Agreements, scheduled repayment of the principal amounts of the Senior Debt is as follows, with the first such scheduled principal repayment being due on 1 February 2018, in each case subject to the waterfall provisions summarised below:

| <u>Payment Date</u> | <u>Principal amount to be repaid (%)</u> |
|----------------------|--|
| 1 Feb 2018 | 9.52381 |
| 1 Aug 2018 | 9.52381 |
| 1 Feb 2019 | 9.52381 |
| 1 Aug 2019 | 9.52381 |
| 1 Feb 2020 | 9.52381 |
| 1 Aug 2020 | 9.52381 |
| 1 Feb 2021 | 9.52381 |
| 1 Aug 2021 | 11.11111 |
| 1 Feb 2022 | 22.22222 |

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

Subordinated Debt

Following the effectiveness of the Debt Restructuring, the final maturity date of each tranche of the Subordinated Debt will be extended to 1 February 2022. Interest on the Subordinated Debt will be payable in cash and will no longer be capitalised. The interest rate on each tranche will be revised to LIBOR plus a margin. From and including the Second Supplemental Effective Date to but excluding 1 February 2020, the margin will be 4.75%. From and including 1 February 2020 and thereafter, the margin will be 5.50%. In each case, the Project Companies will pay, in addition to the interest rate, an amount equal to each Subordinated Lender’s *pro rata* portion of the difference between (i) the accrued interest calculated in

respect of the relevant interest period in accordance with the terms of the amended and restated Senior Loan Agreements (except on the basis of a margin of 4.75% in respect of any interest period commencing on or after the Second Supplemental Effective Date but before 1 February 2020 and 5.50% in respect of any interest period commencing on or after 1 February 2020) and (ii) the accrued interest payable in respect of the relevant interest period under and in accordance with the terms of the amended and restated Senior Loan Agreements. The effect of the foregoing arrangement is that at all times, the margin payable on the aggregate retained debt will be 4.75% for the period on and from the Second Supplemental Effective date to but excluding 1 February 2020 and 5.50% on and from 1 February 2020 and thereafter.

Under the Amended Financing Agreements, scheduled repayment of the principal amounts of the Subordinated Debt is as follows, with the first such scheduled principal repayment being due on 1 February 2018, in each case subject to the waterfall provisions summarised below:

| <u>Payment Date</u> | <u>Principal amount to be repaid (%)</u> |
|----------------------|--|
| 1 Feb 2018 | 9.52381 |
| 1 Aug 2018 | 9.52381 |
| 1 Feb 2019 | 9.52381 |
| 1 Aug 2019 | 9.52381 |
| 1 Feb 2020 | 9.52381 |
| 1 Aug 2020 | 9.52381 |
| 1 Feb 2021 | 9.52381 |
| 1 Aug 2021 | 11.11111 |
| 1 Feb 2022 | 22.22222 |

In addition to the scheduled instalments of Subordinated Debt and existing mandatory prepayments, payments based on available cash will be required to be made as outlined below under the heading “Cash Sweep”.

Repayment waterfall

All amortisations through scheduled repayments, prepayments with insurance proceeds and Cash Sweeps, will be allocated as follows:

- (a) the lesser of (i) 50% of the amortisation, and (ii) the principal amount of Senior Loans outstanding, will be applied to repaying the principal amounts outstanding under the Senior Loans on a *pro rata* basis to each Senior Lender; and
- (b) the balance shall be applied to repaying the principal amounts outstanding under the Subordinated Loans on a *pro rata* basis to each Subordinated Lender. Once the Senior Loans have been fully repaid, the whole amortisation is applied to repaying principal amounts outstanding under the Subordinated Loans. For these purposes, once the principal outstanding under the Absa Senior Loan falls below US\$10,000,000, the amortisation amount shall be applied in repayment of principal amounts outstanding under the Subordinated Loans pro rata to each Subordinated Lender’s and Absa’s proportion of the aggregate principal amounts then outstanding under the Absa Senior Loan and the Subordinated Loans.

Cash Sweep

The cash sweeps summarised on page 125 of the 2014 Annual Report will no longer apply and will be removed from the Amended Financing Agreements.

There will be two types of cash sweep: the Cash Sharing and the Arbitration Proceeds Cash Sweep.

Cash Sharing

From and including the first principal Payment Date (1 February 2018), the Project Companies will be required to prepay a portion of outstanding retained debt in an amount equal to 25% of the amounts available to make a restricted payment (this being an amount equal to the Project Companies’ estimate of (a) the aggregate balances in the proceeds account after required or permitted payments, the senior debt reserve account and the sinking fund account *minus* (b) the amounts that are required to be in each of the senior debt reserve account and the sinking fund account in order to meet the restricted payment conditions on the relevant restricted payment date and the amount of project costs (other than those

related to and payable with funds in the insurance account, the price drop reserve account or the expropriation account) for the month in which the payment date falls) in accordance with and subject to conditions set out in the Amended Financing Agreements, on each semi-annual payment date (1 February and 1 August), on which all conditions to making a restricted payment set out in the Amended Financing Agreements are met regardless of whether such a restricted payment is then made by the Project Companies on the next following date on which the Project Companies are permitted to make a restricted payment (this being the date that falls 45 days following a payment date, unless otherwise notified by the Project Companies). For this purpose only, conditions to making a restricted payment will be deemed to have been met unless the Project Companies notify the Administrative Agent on or before the day falling 10 Business Days prior to such date that one or more conditions are not met.

Cash sharing mandatory prepayments in accordance with the preceding paragraph will be applied towards repayment of residual debt in accordance with the repayment waterfall summarised above, without any break costs, prepayment premia, charges or penalties. If any Group Lender elects not to participate in this cash sharing, the amount that would otherwise be available to prepay that Group Lender shall be applied in mandatory prepayment of the other Group Lenders of the same ranking as such non-participating Group Lender.

Arbitration Proceeds Cash Sweep

In the event that the current arbitration between the Project Companies and E&P Aveng is resolved in favour of the Project Companies (whether by way of arbitral award, settlement or otherwise), the resulting proceeds received by the Project Companies following such resolution (net of all costs incurred by the Project Companies in connection with such arbitration) (such net proceeds, the “**Net Arbitration Proceeds**”) shall be applied by the Project Companies as follows:

- (i) the lesser of (i) 50% of the Net Arbitration Proceeds and (ii) the principal amounts outstanding under the Senior Loans and Subordinated Loans, are applied towards repayment of principal amounts of Senior Loans and Subordinated Loans then outstanding in accordance with the repayment waterfall described above in the inverse order of maturities; and
- (ii) any residual amounts of Net Arbitration Proceeds may be retained by the Project Companies to apply in accordance with applicable waterfalls and must be deposited in the operating cost reserve account to fund future capital expenditures or to transfer to the proceeds account and applied in accordance with the priority of payments.

Withdrawals from accounts: priority of payments

Where there is no declared default that is continuing, moneys to the credit of the Project Companies held in the accounts (other than the senior debt reserve account, the operating cost reserve account, the price drop reserve account, the sinking fund account, the insurance account and the expropriation account) may be applied in the following order of priority and solely for the following purposes:

1. Project costs;
2. Agents’ fees;
3. On each Payment Date, accrued Senior Debt interest then due and payable;
4. On each Payment Date, accrued Subordinated Debt interest then due and payable;
5. On each Payment Date, Senior Debt principal repayment;
6. On each Payment Date, Subordinated Debt principal repayment;
7. Mandatory prepayments;
8. Deposits in the senior debt reserve account;
9. Deposits in the sinking fund account;
10. On the first business day of the month in which a Payment Date falls, deposits in the price drop reserve account to fund permitted capital expenditures;
11. On each Cash Sharing Date where a Senior Lender elects not to receive its *pro rata* payment of the senior cash sweep amount, mandatory prepayments; and

12. Restricted payments or other general corporate purposes from cash available for restricted payments.

For these purposes, Absa will participate in the Subordinated Debt repayment pro rata to each Subordinated Lender's and Absa's total debt then outstanding but will continue to apply amounts so received towards repayment of the Absa Senior Debt.

Undertakings

Key amendments to the undertakings of the Project Companies are summarised below.

1. Undertakings added by the April 2015 Amendment, including those listed at items (1) to (5) and (7) of page 126 of the 2014 Annual Report have been deleted.
2. Limitation on indebtedness: this will be amended such that the de minimis unsecured financial indebtedness the Project Companies are able to incur without the consent of the Lenders increases from \$350,000 to \$7.5 million in aggregate at any time, provided (a) that such unsecured financial indebtedness is in connection with overdraft facilities, working capital facilities and/or capital losses of any mobile or other equipment and other similar arrangements involving the deferral of the purchase price and (b) the interest rates for any such category of unsecured indebtedness do not exceed that of similar facilities on commercial and arms' length terms.
3. Offtake agreements: KMPL will be able to cancel, terminate or agree to a reduction in term or quantity of product to be delivered under certain offtake agreements without the consent of the Majority Lenders (i) where the consequent reduction of gross revenues in the subsequent 12 months, when aggregated with any previous cancellation or amendment without Majority Lenders' consent from the preceding 12 months, would not reasonably be expected to result in a reduction of gross revenues by an amount that is greater than 10% of the aggregate annual gross revenues set forth in the most recent annual budget and opening plan delivered to the Lenders and (ii) such termination, cancellation or reduction, does not give rise to any liability of KMPL.
4. Restricted payments: these will be permitted subject to the Project Companies meeting certain conditions. See paragraph entitled "Restricted payments" below.
5. The Annual Budget and Operating Plan will no longer be subject to the approval of the Lenders.
6. KMML and KMPL will be released from certain information undertakings relating to short term cash flow projections, production figures, monthly management accounts, offtake agreements and similar.
7. In addition, certain existing undertakings which are historical and relate to construction, expansion, first disbursement or similar have been deleted.

Events of Default

Key amendments to the events of default are summarised below.

1. Events of default added by the April 2015 Amendment, listed at items (1) to (8) of pages 127-8 of the 2014 Annual Report have been deleted.
2. KMML and KMPL will be able to remedy any events of default, and will have more time to do so as grace periods for certain events of default have been increased as follows:
 - a) Events of default under individual loan agreements: grace period increased from 60 days to 90 days; and
 - b) Events of default arising from breach of certain undertakings which currently have no grace period, will have a grace period of 15 days, 30 days (only with respect to certain undertakings relating to insurances) and 60 days (only with respect to an undertaking relating to the Mining Licence) respectively.

All grace periods for events of default for breaches of covenants start to run from the earlier of the Administrative Agent or any Lender giving written notice of any breach or non-compliance, and the date on which either of the Project Companies becomes aware of the breach or non-compliance.

3. It will be an event of default if any litigation, arbitration, administrative, governmental, regulatory or other investigation or proceeding or dispute which is reasonably likely to be adversely determined and if adversely determined, could be expected to have a Material Adverse Effect (as defined in the

Amended Financing Agreements), is commenced on or after the date on which the Amended Financing Agreements become effective (as defined in the Amended Financing Agreements) against any member of the Group and is not stayed or discharged within 120 days of commencement.

4. In addition, certain existing events of default which are historical and relate to construction, completion or similar have been deleted.

A single Lender will only be able to unilaterally declare a “Declared Default” under the terms of the Financing Agreement in relation to payment default or default under individual loan agreements. A decision by the Majority Lenders will be required to declare a “Declared Default” in connection with all other events of default.

Subordinated Lenders will lose the right to apply a certain interest rate where a payment event of default has been declared.

The regime for taking enforcement action will be simplified as a result of the ability to remedy events of default, longer grace periods and simplified debt structure. Majority lenders will have the right to take, or direct the taking of, enforcement action on and from the date an event of default is declared a “Declared Default”.

Restricted payments

The prohibition on Kenmare making dividends under the April 2015 Amendments will be removed. The Project Companies will be permitted to make payments to other Group companies by way of dividend or repayment of shareholder loans (other than amounts invoiced under the existing Management Services Agreement between the Company and the Project Companies which remains unchanged) (“restricted payments”), subject to the conditions referred to below.

The result is that the Company will be permitted to make dividends to shareholders from 1 February 2018 if such conditions are met.

The Project Companies will only be permitted to make restricted payments:

- (1) after the later of (i) the first scheduled principal instalment of residual debt has been repaid on the Payment Date falling on 1 February 2018, and (ii) the date on which the Project Companies have delivered the Financial Certificate (as such term is defined in the Completion Agreement); and
- (2) if the conditions to making restricted payments (including the Cash Sharing mandatory prepayment of residual debt summarised above) are satisfied. The conditions to making restricted payments will be those that were in place prior to the April 2015 Amendments, with certain amendments, in favour of the Company. Conditions relating to (i) maintaining Eligible Offtake Agreements (as defined in the Amended Financing Agreements) in place to generate revenues above a certain percentage of project costs; (ii) maintaining a specified balance in the operating cost reserve account; (iii) scheduled prepayment of certain Subordinated Debt and certain mandatory prepayments of Subordinated Debt; and (iv) certain aspects of the periodic marketing certificate, have been removed.

Completion agreement

Key amendments to the undertakings of the Company and events of default (a “**completion default**”) in each case under the Completion Agreement are summarised below.

1. Kenmare will no longer have to give separate notice if there is any change of its ownership in excess of 3%, where notice is given under the Irish Transparency (Directive 2004/109/EC) Regulation 2007.
2. Kenmare will be required to procure that on each Cash Sharing Date, amounts to be prepaid to lenders in connection with the Cash Sharing arrangement summarised above are applied by the Project Companies. References to the cash sweeps summarised at page 125 of the 2014 Annual Report will be deleted.
3. The limitation on unsecured indebtedness incurred by Kenmare or any other Affiliate other than KMML and KMPL will be lifted to a maximum of \$2.5 million in aggregate at any time, provided that (a) the interest rates of such indebtedness do not exceed that for similar facilities on commercial and arms’ length terms, and (b) no creditor of Kenmare receives a preferential right to the proceeds of a subsequent equity raise. The restriction on the use of such indebtedness will be broadened to overdraft facilities, working capital facilities, capital leases of any IT or office equipment and/or corporate credit card facilities.
4. Kenmare will no longer be subject to cooperation undertakings relating to, including, Lenders’ financial advisors, site visits, full cooperation and weekly updates to lenders on implementation of certain steps required by the April 2015 Amendment.

5. Completion defaults for breaches by Kenmare of an undertaking under the Completion Agreement will be subject to a grace period of 30 days other than breaches of the limitation on indebtedness and the limitation on guarantees, which will have a grace period of 15 days. Currently there is no grace period in most cases.

Other

- The Subordinated Lenders' Option Agreement, FMO/EAIF Standby Put Rights Deed dated 30 June 2005 and the EIB Standby Put Right Deed dated 30 June 2005 will terminate.
- The parties to each Super Senior Loan Agreement agree to irrevocably cancel all available Super Senior commitments on the Second Supplemental Effective Date and terminate each Super Senior Loan Agreement.
- The Security Trustee will release any security given by the Project Companies in respect of the Super Senior Debt obligations and the Novated Absa debt obligations upon payment and discharge in full of such obligations under the Amendment and Equitisation Agreement.

(vi) Government of Mozambique Participation Arrangement

By non-binding letter of agreement dated 30 May 2016 (the "Government of Mozambique Participation Arrangement"), the Company has agreed, in principle, with EMEM to allow EMEM the opportunity to subscribe for warrants to subscribe for new Ordinary Shares (the "Government of Mozambique Warrants") in return for the payment of US\$1,000,000.

The Government of Mozambique Warrants would give the right to subscribe for shares representing up to 5,466,110 Ordinary Shares, which number represents 5% of the issued Ordinary Share capital of the Company after the Capital Reorganisation and after issue of Ordinary Shares pursuant to the Cornerstone Placing, the Firm Placing and Debt Equitisation but excluding Ordinary Shares issued pursuant to the Open Offer. The exercise price of the Government of Mozambique Warrants is \$3.84 per Ordinary Share, being an amount equal to the Issue Price plus a premium of 22.5% per Ordinary Share. The Government of Mozambique Warrants may be exercised at any time prior to the fifth anniversary of their issuance. The Government of Mozambique Warrants are not transferable without the prior written consent of the Company. The Government of Mozambique Warrants are subject to adjustment in circumstances where the Company capitalises its profits or reserves (other than in cases where the Company pays a dividend in the form of Ordinary Shares) or sub-divides or consolidates its Ordinary Shares. EMEM will agree not to dispose of any Ordinary Shares issued to it on exercise of the Government of Mozambique Warrants for a period of one year from the date of issue. Upon subscription of the Government of Mozambique Warrants, EMEM will be entitled to appoint one non-executive director to the board of the Company's subsidiary, Congolone Heavy Minerals Limited.

EMEM has a period of three months from Admission in which to subscribe for the Government of Mozambique Warrants.

(vii) April 2015 Amendment

The April 2015 Amendment, the principal terms of which were disclosed on pages 137 to 140 of the 2015 Annual Report, and as amended or to be amended by the terms of the agreements described at section 14(v) above under "Amended Financing Agreements".

(viii) Other Financing Agreements

- (i) The Common Terms Agreement, details of which were disclosed on page 187 to 192 in the 2010 Prospectus;
- (ii) The Senior Loan Agreements, details of which were disclosed on page 187 to 192 in the 2010 Prospectus.
- (iii) The Subordinated Loan Agreements, including the agreements relating to the Standby Subordinated Loan and the Additional Standby Subordinated Loan, details of which were disclosed on page 187 to 192 in the 2010 Prospectus.
- (iv) The Subordinated Lenders Option Agreement details of which were disclosed on page 192 in the 2010 Prospectus.

- (v) The Completion Agreement details of which were disclosed on page 192 to 193 in the 2010 Prospectus.
 - (vi) The Cash Collateral and Shareholder Funding Deed details of which were disclosed on page 193 to 194 in the 2010 Prospectus.
 - (vii) The Expansion Funding Deed of Waiver and Amendment details of which were disclosed on page 194 to 195 in the 2010 Prospectus.
 - (viii) The Factoring Agreement details of which were disclosed on page 195 to 196 in the 2010 Prospectus.
- in each case as may be amended as described at section 14(v) above under “Amended Financing Agreements”.

(ix) 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 current environmental licence is valid until 26 February 2018.

(x) Power Supply Agreement

In December 2002, Kenmare and the Mozambican state-owned utility, Electricidade de Moçambique 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.

15. 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.

a) Defamation case

On 27 July 2007, a former director of the Company, initiated proceedings in the High Court of Ireland against the Company claiming, amongst other things, damages for conspiracy, injury to his good name, libel, breach of confidence and loss of office. The claim related to the circumstances surrounding his removal from office as a director of the Company by shareholders at an extraordinary general meeting of the Company held on 9 November 2007.

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

b) Arbitration case

The Project Companies are engaged in arbitration proceedings with certain members of the Aveng Group that were contracted to provide engineering, procurement and construction management (EPCM) services in connection with the expansion of the Moma facilities. The EPCM contractor ceased providing services in 2013 under the relevant contracts, which are governed by English law.

In the arbitration the EPCM contractor claims that it is owed South African Rand amounts equivalent to approximately \$20 million by the Project Companies, arising from its work under the contracts. The contracts include provisions requiring certain payments to be made upon certain specified conditions being satisfied. If the Project Companies were to fail to make payment by the due date triggered by the satisfaction of the relevant conditions, the contracts provide that the EPCM Contractor may, within 30 days after the due date, require that the Project Companies procure the issuance of shares by the Company in satisfaction of the sums due. The Project Companies dispute that they owe the amount claimed, as the EPCM Contractor has not satisfied the specified conditions for payment; the EPCM Contractor alleges that the conditions were satisfied in 2013. In addition, the Project Companies counterclaim for compensation for losses resulting from the EPCM Contractor's breaches of contract, for which they seek damages substantially in excess of the amounts claimed by the EPCM Contractor.

The arbitration is being conducted in London under International Chamber of Commerce (ICC) arbitration rules. The EPCM Contractor submitted its request for arbitration in 2013; arbitration tribunal was constituted in 2014; following exchanges of written submissions and evidence during 2014 and 2015, the tribunal held a hearing in February 2016. Thereafter the parties exchanged post-hearing submissions in April and May 2016. While it is difficult to predict the timing of the Tribunal's award, this is likely to be issued in fourth quarter 2016 or in the first half of 2017. The Project Companies have at all times vigorously defended the EPCM Contractors' claim and prosecuted their own claims for losses; however, it is not possible to predict the outcome of the arbitration.

16. 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 within the Group and geographic location of staff employed at the Mine. The number of temporary staff employed by the Group is not significant.

| | 31 December | | | As at the Latest Practicable Date |
|---|--------------|--------------|--------------|-----------------------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Geographical Analysis | | | | |
| Mozambique | 1,361 | 1,409 | 1,223 | 1,211 |
| Expatriates | 168 | 156 | 121 | 105 |
| Total | <u>1,529</u> | <u>1,565</u> | <u>1,344</u> | <u>1,316</u> |
| Analysis by Activity | | | | |
| Management and administration | 460 | 464 | 398 | 326 |
| Operations | 1094 | 1,128 | 1,043 | 1,023 |
| Total | <u>1,554</u> | <u>1,592</u> | <u>1,441</u> | <u>1,349</u> |

Notes: Total employee figures are different as the geographical analysis uses year end numbers of Mine employees whereas the analysis by activity uses average Group numbers employed throughout the year.

17. 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 2013, 2014 and 2015 or in the period since 1 January, 2016 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.

18. INFORMATION ON HOLDINGS

Save for the interest in its subsidiaries as listed in section 2 of this Part 15, 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.

19. SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Group since 31 December, 2015, being the end of the last period for which financial information has been published.

20. PROPERTY, PLANT & EQUIPMENT

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 1 million tonnes of ilmenite plus co-products rutile and zircon.

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 of administration | Leasehold | 260 |

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.

21. WORKING CAPITAL

The Company is of the opinion that having regard to existing cash resources and available bank facilities and taking into account the net proceeds of the Cornerstone Placing and the Firm Placing and the Lender Underwriting, 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.

22. DIVIDEND POLICY

The Company has not declared a dividend during the period from 1 January 2013 to the date of this Prospectus, and does not expect to declare a dividend in the short term. The focus for the Company following the completion of the Capital Restructuring will be on delivering capital growth for Shareholders and on paying down Project Debt in accordance with the repayments scheduled under the Amended Financing Agreement and therefore the Board will only commence the payment of dividends as and when it is appropriate and practicable, that is when it becomes financially and commercially prudent to do so. At the operating company level, there is a cash sharing mechanism under the terms of the loans restructured pursuant to the terms of the Amended Financing Agreements in respect of 25% of funds otherwise available for restricted payments, which are required to be used to prepay loans.

23. CONSENTS

- (i) Deloitte, 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 13(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 Securities Act, Deloitte has not filed a consent under Section 7 of the Securities Act.
- (ii) Davy, which is regulated in Ireland by the Central Bank of Ireland, 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.
- (iii) Rothschild, which is regulated in the United Kingdom by the FCA, 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.
- (iv) Hannam & Partners, which is regulated in the United Kingdom by the FCA, 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.
- (v) Canaccord Genuity which is regulated in the United Kingdom by the FCA, 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.
- (vi) Mirabaud which is regulated in the United Kingdom by the FCA, 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.
- (vii) TZMI has given and has 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 they appear. See section 24 of this Part 15 for further information in relation to information included in this document for which TZMI is the source.
- (viii) Each of Mr Paul Leandri (MAusIMM and MAIG), who is the competent person for the Namalope and Nataka reserves and resources and the Pilivili and Congolone resources, referred to in the Reserve-Resource Table at section 4 of Part 10 of this document, and Dr. Alastair Brown (FIMMM), who is the competent person for the other resources referred to in the Reserve-Resource Table at section 4 of Part 10 of this document, have given and have not withdrawn their respective consents to the issue of this Prospectus with the inclusion herein of their names and references thereto in the form and context in which they appear.

24. 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:

- TZMI Reports/statements comprising:
 - TZMI Titanium Feedstock Supply/Demand Q1 2016
 - TZMI Tables Feedstock Supply and Demand Q1 2016
 - TZMI and official Chinese trade data showing Chinese Ilmenite imports
 - TZMI—Introduction to the titanium and zircon value chains
 - TZMI Feedstock Price Forecast Q1 2016
 - TZMI Feedstock Price Forecast Q4 2015
 - TZMI Mineral Sands Report May 2016
- Kronos Q1 2016 Results Announcement dated 6 May 2016
- Chemours Q1 2016 Earnings Presentation dated 3 May 2016

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.

25. GENERAL

- (i) The audited consolidated financial statements and annual accounts of the Company as at and for the years ended 31 December 2013, 31 December 2014 and 31 December, 2015, upon which unqualified reports have been given, have been audited by Deloitte. As further referred to in Part 2 of this document, whilst not qualified, the audit report for the years ended 31 December 2015 and 2014 included emphases of matter regarding a material uncertainty in respect of going concern and realisation of assets of the Group, while the audit report for the year ended 31 December 2013 included an emphasis of matter in respect of realisation of assets of the Group. Deloitte, whose address is Deloitte & Touche House, Earlsfort Terrace, Dublin 2 is registered by the Institute of Chartered Accountants Ireland.
- (ii) The total costs, charges and expenses payable by the Company in connection with the Capital Raise, including all commissions payable, are estimated to be US\$13.4 million (approximately £9.9 million) (exclusive of VAT). Total commission payable in respect of the Cornerstone Placing and the Firm Placing are estimated to be approximately US\$5.4 million.

- (iii) Save for unofficial industrial action in June 2015, details of which were announced on 24 June 2015 and which resulted in production at the Mine being suspended for nine days, and grid power outages as a result of flooding in Mozambique in February and March 2015, details of which were announced on 17 February, 2015 and 11 March, 2015 and which resulted in the Group using the diesel generators to operate the Mine for a period of 57 days, 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.
- (iv) 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.
- (v) The Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue.
- (vi) For the purposes of Section 1023(7) of the Act, 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 Capital Raise (including the Lender Underwriting Equitisation), the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants are as set out in Part 7 of this document; (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 Part 7 of this document.

26. 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 offices of McCann FitzGerald, details of which are set out in Part 6 of this Prospectus, until the completion of the Capital Raise:

- (i) the Memorandum and Articles of Association of the Company and the Amended Memorandum and Articles of Association;
- (ii) the written consents referred to in section 23 of this Part 15;
- (iii) the report by Deloitte set out in section B of Part 13 of this Prospectus;
- (iv) the reports from the competent persons in respect of the Reserves-Resources disclosed in section 4 of Part 10 of this document;
- (v) the audited annual report and accounts of Kenmare for each of the financial years ended 31 December 2013, 2014 and 2015;
- (vi) the trading update in respect of the three months ended 31 March, 2016 as issued on 29 April, 2016;
- (vii) the letter from the Panel referred to in section 5 of Part 7 of this document;
- (viii) the letter from Davy referred to in section 19 of Part 7 of this document;
- (ix) the Capital Raise Announcement; and
- (x) this Prospectus and the Form of Proxy.

This Prospectus is dated 1 July 2016.

PART 16

INFORMATION INCORPORATED BY REFERENCE

The annual report and accounts of Kenmare for each of the financial years ended 31 December 2015, 2014 and 2013 are available for inspection in accordance with section 26 of Part 15 of this Prospectus and contain information which is relevant to the Capital Restructuring. 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. The documents are available at <http://www.kenmareresources.com/investors/annual-and-interim-reports/2015.aspx> and <http://www.kenmareresources.com/~media/Files/K/Kenmare-Resources-PLC/pdf/prospectus/prospectus-050310.pdf>.

| <u>Document</u> | <u>Section</u> | <u>Page Numbers</u> |
|-----------------------------------|--|---------------------|
| <i>Kenmare Annual Report 2015</i> | Independent Auditor's Report | 96–99 |
| | Statement of Accounting Policies | 108–118 |
| | Consolidated Statement of Comprehensive Income | 100 |
| | Consolidated Statement of Financial Position | 101 |
| | Consolidated Statement of Cash Flows | 102 |
| | Consolidated Statement of Changes in Equity | 103 |
| | Notes to the Financial Statements | 107–150 |
| <i>Kenmare Annual Report 2014</i> | Independent Auditor's Report | 86–88 |
| | Statement of Accounting Policies | 96–105 |
| | Consolidated Statement of Comprehensive Income | 89 |
| | Consolidated Statement of Financial Position | 90 |
| | Consolidated Statement of Cash Flows | 91 |
| | Consolidated Statement of Changes in Equity | 95 |
| | Notes to the Financial Statements | 106–142 |
| <i>Kenmare Annual Report 2013</i> | Independent Auditor's Report | 80–82 |
| | Statement of Accounting Policies | 90–98 |
| | Consolidated Statement of Comprehensive Income | 83 |
| | Consolidated Statement of Financial Position | 84 |
| | Consolidated Statement of Cash Flows | 85 |
| | Consolidated Statement of Changes in Equity | 86 |
| | Notes to the Financial Statements | 99–123 |
| <i>2010 Prospectus</i> | Material Contracts | 187–196 |

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 17
DEFINITIONS

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|--|--|
| “€” or “EUR” or “euro” or “c” | the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended; |
| “£” or “Sterling” or “Stg” or “pounds” or “pence” | the lawful currency of the United Kingdom; |
| “\$” or “US\$” or “US Dollars” | the lawful currency of the United States; |
| “AUD” or “A\$” | the lawful currency of the Commonwealth of Australia; |
| “2006 Regulations” | the European Communities (Takeover Bids (Directive 2004/25/ EC) Regulations 2006 |
| “2010 Prospectus” | the prospectus dated 5 March, 2010 issued by Kenmare; |
| “2013 Annual Report” | the annual report and accounts of Kenmare for the year ended 31 December 2013; |
| “2014 Annual Report” | the annual report and accounts of Kenmare for the year ended 31 December 2014; |
| “2014 Half Yearly Financial Report” | the unaudited half yearly financial report of Kenmare for the six month period ended 30 June 2014; |
| “2015 Annual Report” | the annual report and accounts of Kenmare for the year ended 31 December 2015; |
| “2015 Half Yearly Financial Report” | the unaudited half yearly financial report of Kenmare for the six month period ended 30 June 2015; |
| “2015 Debt Amendment” or “April 2015 Amendment” | the amendment to the terms of the Project Loans agreed by Kenmare and the Lender Group in April 2015, details of which are set out in Part 12 of this document; |
| “Absa” | Absa Bank Limited, a South African bank; |
| “Absa Shares” | the 191,570 New Ordinary Shares to be issued to Absa in discharge of fees, details of which are disclosed in section 3.7 of Part 15 of this document; |
| the “acceptor” | the person lodging the Application Form with payment; |
| the “Act” | Companies Act 2014, as amended; |
| “Accrued Interest Amount” or “Accrued Interest” | US\$18,633,508, being the amount of interest accrued on the Project Debt other than the Super Senior Loans in the period from 25 November, 2015 to 3 June 2016; |
| “Additional Standby Subordinated Loans” | additional Subordinated Loans in an aggregate principal amount of US\$12 million and US\$10 million made pursuant to agreements entered into on 28 August, 2007; |

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| “Admission Effective Date” | being the “Admission Effective Date” as that term is defined under the Amendment, Repayment and Equitisation Agreement, being the date on which the New Ordinary Shares to be issued pursuant to the Cornerstone Placing, the Firm Placing and the Open Offer are issued, admitted and listed; the Company becomes unconditionally entitled to the gross proceeds from the Capital Raise in an amount not less than US\$275 million (including both cash subscriptions and to the extent necessary pursuant to the Lender Underwriting) (rounded up or down to the nearest US\$10.00) less costs and expenses of the Capital Raise and the Debt Restructuring deductible from the gross proceeds; and certain other conditions are satisfied, which date is expected to be 26 July, 2016; |
| “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; |
| “Admission” | the admission of the New Ordinary Shares issued under the Cornerstone Placing, Firm Placing and Open Offer (and, where the context so requires, admission of New Ordinary Shares to Lenders on the Debt Equitisation and, to the extent necessary, pursuant to the Lender Underwriting) to the Official Lists becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the London Stock Exchange and Irish Stock Exchange’s main markets for listed securities 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 and London Stock Exchange’s main markets for listed securities; |
| “AGM” | means the annual general meeting of the Company to be held at The Fitzwilliam Hotel, St. Stephen’s Green, Dublin 2, Ireland on 25 July, 2016 at 10.00 a.m. or any adjournment thereof; |
| “Agreed Exchange Rate” | the exchange rate at which euro debt is treated as converted to US Dollars under the Amendment, Repayment and Equitisation Agreement being US\$1.126800 per euro; |
| “Amended Memorandum and Articles of Association” | the Memorandum and Articles of Association as amended to reflect the amendments referred to in Resolution 3; |
| “Amendment, Repayment and Equitisation Agreement” | the agreement dated 22 June, 2016 entered into between, <i>inter alia</i> , the Company, the Project Companies and the Lenders for the implementation of the Capital Restructuring and the Debt Equitisation, the principal terms of which are set out in section 14 of Part 15 of this document; |

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| “Amended Financing Agreements” . . | the amended Financing Agreements reflecting the terms of the residual debt following the Debt Restructuring, namely the Second Supplemental Agreement, the second amended and restated Common Terms Agreement, the second amended and restated Completion Agreement, the second amended and restated Intercreditor Agreement, the amended and restated Senior Loan Agreements and the amended and restated Subordinated Loan Agreements; |
| “Anti-Money Laundering Legislation” | the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 of Ireland, as amended by Part 2 of the Criminal Justice Act 2013 of Ireland and the Money Laundering Regulations 2007 (SI 2007/2057) of the UK, as applicable; |
| “Application Form” | the personalised application form being sent to Qualifying Non-CREST Shareholders for use in connection with the Open Offer; |
| “Arbitration Proceeds Cash Sweep” . . | a cash sweep provided for under the terms of the Amended Financing Agreements, details of which are set out in section 14 of Part 15; |
| “Articles” or “Articles of Association” | the articles of association of the Company, as amended from time to time; |
| “Audit Committee” | the audit committee established by the Board, as described in section 11 of Part 15 of this Prospectus; |
| “AT” | the Autoridade Tributaria de Mocambique, the Mozambican tax authority; |
| “Australia” | the Commonwealth of Australia, its states, territories and possessions; |
| “Basic Entitlement” | an entitlement to apply for New Ordinary Shares, calculated on a pro rata basis of 1 New Ordinary Share (reflecting the Capital Reorganisation) for every 71 Ordinary Shares held on the Record Date, allocated to a Qualifying CREST Shareholder or Qualifying Non-CREST Shareholder pursuant to, and subject to the terms of, the Open Offer, the ISIN of which is: IE00BDGZ465; |
| “BHP” | BHP Billiton Limited of BHP Billiton Centre 180 Lonsdale Street Melbourne Victoria 3000, Australia; |
| “Board” | means the board of directors of Kenmare Resources plc; |
| “business day(s)” | means a day/days (not being a Saturday or Sunday) on which banks are open for normal banking business in London, UK; |
| “Canaccord Genuity” | Canaccord Genuity Ltd, of 88 Wood Street, London EC2V 7QR, United Kingdom; |
| “Canada” | Canada, its provinces and territories and all areas subject to its jurisdiction and any political subdivision thereof; |
| “Capital Raise” | the Cornerstone Placing, the Firm Placing and the Open Offer described in this document, pursuant to which, in aggregate, not less than US\$275 million (approximately £203.4 million) (through cash subscriptions and to the extent necessary the Lender Underwriting) and up to US\$368.4 million (approximately £272.5 million) (gross) may be raised as part of the Capital Restructuring; |
| “Capital Raise Announcement” | the announcement dated 30 June, 2016 issued by the Company and setting out the principal elements of the Capital Raise; |

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| “Capital Reorganisation” | the proposed subdivision of the existing issued and authorised but unissued Ordinary Shares of €0.06 each into one Ordinary Shares of €0.000005 each and one Deferred Share of €0.059995, and the consolidation of all such Ordinary Shares that are in issue into Ordinary Shares of €0.001 each, on a one for 200 basis, as proposed by Resolution 1 and further details of which are set out in section 13 of Part 7 of this document; |
| “Capital Reorganisation Effective Date” | 26 July, 2016; |
| “Capital Reorganisation Record Date” | 6.00 p.m. on 25 July, 2016; |
| “Capital Restructuring” or “Restructuring” | the Capital Raise and the restructuring of the Project Loans as described in this document including, where the context requires, the Debt Equitisation; |
| “Capital Restructuring Agreements” | the principal agreements relating to the Capital Restructuring being the Amendment Repayment and Equitisation Agreement, the Cornerstone Subscription Agreement, the Placing Commitments and the Placing and Open Offer Agreement; |
| “Capital Restructuring Resolutions” | the Resolutions on which the Capital Restructuring is conditional, being all Resolutions other than Resolutions 6 and 7; |
| “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, a summary of the principal terms of which is incorporated by reference in section 14 of Part 15 of this Prospectus; |
| “CAT” | Irish capital acquisitions tax; |
| “CCSS” | the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities; |
| “Central Bank” or “CBI” | the Central Bank of Ireland; |
| “Chairman” | the chairman of the Board, being Mr. Steven McTiernan; |
| “CHAPS” | the Clearing House Automated Payment System; |
| “Closing Date” | the latest date for acceptance and payment in full under the Open Offer, expected to be 11.00 a.m. on 22 July, 2016; |
| “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; |
| “Committed Shareholder” | M&G being a Shareholder which has given commitments to participate in the Firm Placing; |

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| “Common Terms Agreement” | the agreement dated 18 June 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, a summary of the principal terms of which is incorporated by reference in section 14 of Part 15 of this Prospectus; |
| “Completion” | the completion of the Capital Restructuring; |
| “Computershare” | Computershare Investor Services (Ireland) Limited, the Registrar and receiving agent of the Company; |
| “Congolone” | Congolone Heavy Minerals Limited, a wholly owned indirect subsidiary of Kenmare; |
| “Constitution” | the constitution of the Company from time to time, comprising of the Memorandum and the Articles; |
| “Cornerstone Investor” | the SGRF Investor; |
| “Cornerstone Subscription Agreement” | the SGRF Subscription Agreement; |
| “Cornerstone Placing” | the placing in which the Cornerstone Investor is, subject to the terms of the Cornerstone Subscription Agreement, participating, being in respect of US\$100 million; |
| “Corporate Governance Code” or “Code” | means the UK Corporate Governance Code published by the UK Financial Reporting Council, as amended or replaced from time to time; |
| “CREST” | the relevant system (as defined in the CREST Regulations) 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 Procedures 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 that date); |
| “CREST member” | a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations); |
| “CREST participant” | a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations); |
| “CREST personal member” | a CREST member admitted to CREST as a CREST personal member; |
| “CREST Proxy Instruction” | the appropriate CREST message for a Shareholder holding Ordinary Shares in CREST to appoint a proxy or proxies utilising the relevant procedures described in the CREST Manual; |

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|---------------------------------------|---|
| “CREST Regulations” | the Companies Act 1990 (Uncertificated Securities) Regulations 1996, as amended 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; |
| “CREST sponsor” | a CREST participant admitted to CREST as a CREST Sponsor; |
| “CREST sponsored member” | A CREST member admitted to CREST as a sponsored member (which includes all CREST personal members); |
| “Daily Official List” | the daily record setting out the prices of all trades in shares and other securities conducted on the Irish Stock Exchange and/or as appropriate the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange; |
| “Davy” | J&E Davy (trading as Davy) of Davy House, 49 Dawson Street, Dublin 2, Ireland, or as the context requires, any affiliate thereof or company within the Davy group; |
| “Debt Restructuring” | the restructuring of the Group’s debt as part of the Capital Restructuring, on and subject to the terms of the Amendment, Repayment and Equitisation Agreement; |
| “Directors” | the directors of the Company, whose names and functions are set out in Part 6 of this document; |
| “Debt Equitisation” or “Equitisation” | the issue of New Ordinary Shares at the Issue Price to the Lenders in satisfaction of the release, satisfaction and discharge of up to US\$23.8 million of debt (calculated on the basis of the Agreed Exchange Rate) owed under the Project Loans on the terms contained in the Amendment, Repayment and Equitisation Agreement, (together with the potential issue of New Ordinary Shares on equitisation of Project Debt under the F/X Arrangements) which will result in a maximum of 7,609,371 New Ordinary Shares being issued to the Lenders under the Debt Equitisation, representing a maximum of 7.0% of the Enlarged Issued Share Capital of the Company (assuming nil New Ordinary Shares are issued under the F/X Arrangements); |
| “Deferred Shares” | the deferred shares of nominal value €0.05995 in the capital of the Company to be created on implementation of the Capital Reorganisation; |
| “Deloitte” | Deloitte in its capacity as auditors; |
| “Disclosure and Transparency Rules” . | the rules made by the UK Listing Authority made under Part VI of the FSMA and as set out in the FCA 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; |
| “DWT” | dividend withholding tax, as provided for in Section 172 of the Taxes Consolidation Act 1997; |
| “EAIIF” | Emerging Africa Infrastructure Fund Limited, a limited liability company organised and existing under the laws of Mauritius; |
| “E&P Aveng” | a division of Aveng (Africa) Limited and/or Grinnaker-LTA Mozambique Limitida; |
| “EBITDA” | earnings before interest, tax, depreciation and amortisation; |

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| “ECIC” | Export Credit Insurance Corporation of South Africa Limited, a corporation organised under the laws of the Republic of South Africa; |
| “EdM” | Electricidade de Mozambique, the national power company of Mozambique; |
| “EEA Member State” | each of the Member States, Norway, Iceland and Liechtenstein; |
| “Effective Date” | the date on which the Restructuring is effective, expected to be 28 July, 2016; |
| “EGM” or “Extraordinary General Meeting” | the extraordinary general meeting of the Company, to be held at The Fitzwilliam Hotel, St. Stephen’s Green, Dublin 2, Ireland on 25 July, 2016 at 10.15 a.m. (or, if later, immediately following the conclusion of the Annual General Meeting convened to be held at 10.00 a.m. on the same day and at the same location) or any adjournment thereof, notice of which is set out at the end of this document; |
| “EIB” | European Investment Bank, a European Union institution established by the Treaty of Rome; |
| “EMP” or “Environmental Mine Plan” | the Environmental Mine Plan for the Mine which 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; |
| “Enlarged Issued Ordinary Share Capital” | the Existing Issued Ordinary Share Capital (as adjusted pursuant to the Capital Reorganisation) and the New Ordinary Shares being: <ul style="list-style-type: none"> (i) a maximum of 109,513,788 Ordinary Shares in the event that nil funds are raised under the Open Offer; or (ii) a maximum of 131,730,849 Ordinary Shares in the event that the Open Offer is subscribed in full; |
| “EMEM” | Empresa Mozambicana de Exploracao Mineira, SA, a a Government of Mozambique development entity; |
| “Environmental Management Plan” | the environmental management plan for the Mine; |
| “EU” | the European Union; |
| “EU Prospectus Regulation” | EU Commission Regulation No. 809/2004, including the annexes thereto, of 29 April 2004 implementing Directive 2003/71/EC (as amended); |
| “EURIBOR” | European Interbank Offered Rate; |
| “Euroclear” | Euroclear UK & Ireland Limited, the operator of CREST; |
| “European Economic Area” or “EEA” | each of the Member States, Norway, Iceland and Liechtenstein; |
| “Excess Application Facility” | the arrangement pursuant to which Qualifying Shareholders may apply for New Ordinary Shares in excess of their Basic Entitlements; |

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| “Excess Open Offer Entitlements” or “Excess Entitlements” or “Excess CREST Open Offer Entitlements” . | in respect of each Qualifying CREST Shareholder who has taken up his Basic Entitlement in full, the entitlement (in addition to the Basic Entitlement) to apply for further New Ordinary Shares pursuant to the Open Offer; |
| “Excess Cash” | means on a relevant date the amount (if positive) of Group cash less the aggregate of (i) US\$30 million, (ii) interest on the Super Senior Debt and interest and principal on the Senior Debt, in each case falling due on such date, and (iii) amounts payable in respect of capital and operating costs during the period between the determination date and the relevant date; |
| “Excluded Territories” or “Excluded Territory” | United States, Australia, Canada, Hong Kong, Japan, South Africa, Switzerland and any other jurisdictions where the extension of availability of the Capital Raise 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 any Excluded Territory; |
| “Executive Directors” | Michael Carvill, Terence Fitzpatrick and Tony McCluskey; |
| “Existing Deferred Shares” | the deferred shares of €0.25 each in the capital of the Company, none of which are in issue; |
| “Existing Ordinary Shares” | the Ordinary Shares of €0.06 each in issue at the Last Practicable Date; |
| “Existing Issued Ordinary Share Capital” | the aggregate number of issued Ordinary Shares as at the Latest Practicable Date being 2,781,905,503 Ordinary Shares; |
| “Existing Shareholders” | holders of Existing Ordinary Shares; |
| “Expansion” or “Phase II Expansion” | the upgrade of the Moma mining operation completed in 2013 and achieving a 50% increase in ilmenite production capacity to circa 1.2 million tonnes per year plus assisted 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, a summary of the principal terms of which is incorporated by reference in section 14 of Part 15 of this Prospectus; |
| “Expansion Study” | an expansion study by Kenmare in 2009 to assess the options available to accelerate the exploitation of the Group’s large resource at the Mine so as to exploit the expected production deficit in titanium dioxide feedstocks; |
| “FCA” | the Financial Conduct Authority of the United Kingdom (or its successor bodies); |

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| “Financing Agreements” | the loan documentation for the financing of the Mine and the Expansion 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 with whom Firm Placed Shares are to be placed; |
| “Firm Placing” | the placing of the Firm Placed Shares with the Firm Placees to raise US\$145.7 million (approximately £107.7 million)(gross); |
| “Firm Placed Shares” or “Firm Placing Shares” | the 46,519,505 New Ordinary Shares which are the subject of the Firm Placing; |
| “FMO” | Financierings Maatschappij Voor Ontwikslingslanden N.V., a limited liability company organised and existing under the laws of the Netherlands; |
| “Form(s) of Proxy” | the form of proxy for use by Shareholders in connection with the Extraordinary General Meeting; |
| “FSMA” | the UK Financial Services and Markets Act 2000, as amended from time to time; |
| “F/X Arrangements” | those arrangements under the Amendment, Repayment and Equitisation Agreement, to deal with the two currencies (US\$ and euro) in which the Project Debt is denominated in connection with the Capital Restructuring, described in section 14 of Part 15 of this document; |
| “FY2013” | in relation to the Company, the financial year ended 31 December, 2013; |
| “FY2014” | in relation to the Company, the financial year ended 31 December, 2014; |
| “FY2015” | in relation to the Company, the financial year ended 31 December, 2015; |
| “Government of Mozambique” | the Government of the Republic of Mozambique; |
| “Government of Mozambique Participation Arrangement” | the arrangement between the Company and EMEM for the subscription by EMEM for the Government of Mozambique Warrants, the principal terms of which arrangement are set out in section 14 of Part 15 of this Prospectus; |
| “Government of Mozambique Warrants” | the warrants to subscribe for Ordinary Shares to be issued under the Government of Mozambique Participation Arrangement to EMEM; |
| “Hannam & Partners” | Hannam & Partners (Advisory) LLP, of 2 Park Street, London, W1K 2HX, United Kingdom; |
| “H12015” | in relation to the Company, the six months ended 30 June 2015; |
| “H1 2014” | In relation to the Company, the six months ended 30 June 2014; |
| “IFRS” | the International Financial Reporting Standards as adopted in the EU; |
| “Iluka” or “Iluka Resources” | Iluka Resources Limited; |

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| “IHC Beaver” | IHC Beavers Dredgers are producers of cutter suction dredgers and are part of Royal IHC, the Dutch marine construction specialists |
| “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, a summary of the principal terms of which is incorporated by reference in section 14 of Part 15 of this Prospectus; |
| “IMIU” | International Mining Industry Underwriters, an insurance underwriter whose risk assessments are relied on by other underwriters in the market; |
| “Incentive Scheme” or “KIP” | means the Company’s Incentive Plan 2014 as approved by Shareholders in general meeting, as amended from time to time; |
| “Independent Shareholders” | in the case of Resolution 8, the Shareholders other than M&G and its associates; |
| “Interim Management Statement” or “IMS” | the interim management statement made by the Group in respect of the period from 1 July, 2015 to 30 October, 2015, dated 27 October, 2015; |
| “Ireland” | Ireland other than the counties of Antrim, Armagh, Derry, Down, Fermanagh, Tyrone, and the word Irish shall be construed accordingly; |
| “Irish Companies Acts” | the Irish Companies Acts in force prior to the coming into effect of the Act; |
| “Irish Stock Exchange” or “ISE” | the Irish Stock Exchange plc., a company incorporated and registered in Ireland (registered number 233947) and whose registered office is at 28 Anglesea Street, Dublin 2; |
| “Irish Takeover Panel” or “Panel” | the Irish Takeover Panel, established under the Irish Takeover Panel Act, 1997; |
| “Irish Takeover Rules” or “Takeover Rules” | the Irish Takeover Panel Act 1997, Takeover Rules 2013; |
| “ISE Admission to Trading Rules” | the admission to trading rules of the Irish Stock Exchange containing amongst other things requirements and obligations for companies seeking admission on the Irish Stock Exchange’s main market; |
| “ISE Official List” | the Irish Stock Exchange’s main market; |
| “ISIN” | International Securities Identification Number; |
| “Issue Price” | US\$3.132 per New Ordinary Share (being equivalent to US\$0.01566 per Existing Ordinary Share before the Capital Reorganisation) or for the purposes of the Open Offer only, at the Latest Practicable Date exchange rate of US\$1: Stg£1.352, Stg£2.317 per New Ordinary Share (being equivalent to Stg£1.16p before the Capital Reorganisation) and at the Latest Practicable Date exchange rate of US\$1: €1.1115, €2.818 per New Ordinary Share (being equivalent to €0.014 before the Capital Reorganisation); |
| “Joint Bookrunners” or “Brokers” | Davy, Canaccord and Mirabaud; |
| “Kenmare” or “the Company” | Kenmare Resources plc; |

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| “Kenmare Group” or “the Group” . . . | Kenmare and its subsidiaries, subsidiary undertakings and associate undertakings; |
| “KfW” | KfW, a public law institution organised under the laws of the Federal Republic of Germany; |
| “King Ally” | King Ally Holdings Limited, a BVI business company incorporated in the British Virgin Islands; |
| “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; |
| “Latest Practicable Date” | unless otherwise stated, 29 June 2016; |
| “Lender Group” or “Lenders” or “Project Lenders” | the group of lenders which have provided Senior Loans and Subordinated Loans to the Group for the Mine being EIB, AfDB, FMO, KfW, EAIF and Absa; |
| “Lender Underwriting” or “Lender Underwriting Equitisation” | the underwriting by certain lenders of the Capital Raise to the extent that cash proceeds of the Capital Raise are less than US\$275 million, to a maximum of US\$40.77 million, through their agreement to subscribe for New Ordinary Shares at the Issue Price by equitisation of a matching amount of Project Debt, as provided for in the Amendment, Repayment and Equitisation Agreement; |
| “Lender Underwriting Shares” | New Ordinary Shares (if any) which would be issued to certain of the Lenders pursuant to the Lender Underwriting, being a maximum (based on the size of the Firm Placing) of 9,355,335 New Ordinary Shares; |
| “Lender Shares” or “Lender Share Issue” | the up to 7,609,371 New Ordinary Shares which may be issued to Lenders as part of the Debt Equitisation pursuant to the terms of the Amendment, Repayment and Equitisation Agreement; |
| “Listing Rules” | the listing rules issued by the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA and/or where appropriate the listing rules issued by the Irish Stock Exchange; |
| “LIBOR” | the London Interbank Offered Rate; |
| “London Stock Exchange” or “LSE” | the London Stock Exchange plc., a company incorporated and registered in England and Wales (registered number 02075721) and whose registered office is at 10 Paternoster Square, London EC4M 7LS, United Kingdom; |
| “LSE Admission and Disclosure Standards” | the admission and disclosure standards of the London Stock Exchange containing requirements and obligations for companies seeking admission on the London Stock Exchange’s main market for listed securities; |
| “M&G” | M&G Group Limited (a wholly-owned subsidiary of Prudential plc), together with M&G Limited, M&G Investment Management Limited and M&G Securities Limited (each a wholly owned subsidiary of M&G Limited); |

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| “Market Abuse Regulations” | the Market Abuse (Directive 2003/6/EC) Regulations 2005 (S.I. No.342 of 2005); |
| “Market Abuse Rules” | the Market Abuse Rules issued by the Central Bank in connection with the Market Abuse Regulations; |
| “Material Deleveraging” | a reduction in outstanding debt as contemplated under the April 2015 Amendment and required to be agreed with the Lenders; |
| “member account ID” | the identification code or number attached to any member account in CREST; |
| “Member States” | the member states of the EU; |
| “Memorandum” or “Memorandum of Association” | the memorandum of association of the Company, as amended from time to time; |
| “MIGA” | Multilateral Investment Guarantee Agency (part of the World Bank); |
| “Mine” or “Moma Mine” | the Moma titanium minerals mine consisting of a heavy mineral sands mine, processing facilities and associated infrastructure, which mine is located in the north east coast of Mozambique under licence to KMML and KMPL; |
| “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 licence 735C issued by the Government of Mozambique to KMML relating to the Namalope Reserve, which mining licence is valid until 28 August 2029; |
| “Mirabaud” | Mirabaud Securities of 33 Grosvenor Place. London SW1X 7HY, United Kingdom; |
| “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 Directive” | Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) as amended |
| “Mozambique” | the Republic of Mozambique; |
| “New Arbitration Proceeds” | any proceeds received by the Project Companies (net of all costs incurred by the Project Companies) in respect of the arbitration process, details of which process are set out in section 15 of Part 15 of this document; |
| “New Financial Covenant” | a forecast required to be provided to the Lenders (prepared on a prescribed basis) showing that the Company has sufficient cash to meet a US\$10 million cash financial covenant; |
| “New Deferred Shares” | the deferred shares of €0.059995 each in the capital of the Company to be created on the Capital Reorganisation becoming effective; |
| “New Ordinary Shares” | the Ordinary Shares of €0.001 each to be issued pursuant to the Capital Raise and, where the context requires, the Debt Equitisation; |

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| “Nomination Committee” | the nomination committee established by the Board, as described in section 11 of Part 15 of this Prospectus; |
| “Non-Executive Director(s)” or “NED” | the directors who hold the position of non-executive director and each a “Non-Executive Director” being Mr Steven McTiernan, Ms. Sofia Bianchi, Ms Elizabeth Headon, Mr Tony Lowrie, Mr Gabriel Smith and Mr John Ensall; |
| “Notice of EGM” | the notice of Extraordinary General Meeting set out at the end of this document; |
| “Novated Absa Facility” | a debt facility provided by Absa Bank Limited, originally as an unsecured primary debt obligation of the Company, and subsequently novated as a secured obligation of the Project Companies upon the effectiveness of the April 2015 Amendment on 24 July 2015, the principal terms of which are set out in Part 12 of this document; |
| “offer period” | the offer period which applied to the Company, pursuant to the Takeover Rules, from June 2014 until December 2015, when Iluka confirmed it did not intend to make an offer for Kenmare; |
| “Official List(s)” | the official list of the UK Financial Conduct Authority, pursuant to Part VI of FSMA and/or the official list maintained by the Irish Stock Exchange as the context may require; |
| “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 the Prospectus, and in the case of Qualifying Non-CREST Shareholders, the Application Form; |
| “Open Offer Entitlements” or “Basic Entitlement” | an entitlement of a Qualifying Shareholder to apply for 1 Open Offer Share (reflecting the Capital Reorganisation) for every 71 Existing Ordinary Shares held by him on the Record Date, pursuant to the Open Offer; |
| “Open Offer Shares” | the up to 39,181,767 New Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer; |
| “Options” | options to subscribe for Ordinary Shares granted pursuant to the Incentive Scheme or the Share Option Scheme; |
| “Ordinary Shares” | ordinary shares of €0.06 each in the capital of the Company or, on the Capital Reorganisation becoming effective, ordinary shares of €0.001 each in the capital of the Company, including, if the context requires, the New Ordinary Shares; |
| “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; |
| “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; |
| “participant ID” | the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant; |

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| “Payment Date” | the second business day falling after Admission of the New Ordinary Shares issued pursuant to the Cornerstone Placing, Firm Placing and Open Offer as detailed in the Amendment, Repayment and Equitisation Agreement; |
| “PDMR” | person discharging managerial responsibilities; |
| “Placing and Open Offer Agreement” | the conditional agreement dated 30 June, 2016 between the Company, Canaccord, Davy, Mirabaud and Hannam & Partners, further details of which are set out in section 14 of Part 15 of this document; |
| “Placing Commitment” | the commitment by the Committed Shareholder in respect of the Firm Placing; |
| “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; |
| “Project Loans” or “Project Debt” . . | the Senior Loans, the Subordinated Loans, the Standby Subordinated Loans and the Additional Standby Subordinated Loans; |
| “Prospectus” | this document issued by the Company in relation to the Capital Raise and the Debt Equitisation and the Admission of the New Ordinary Shares to be issued pursuant to the Capital Restructuring to trading on the Irish Stock Exchange and London Stock Exchange’s main markets for listed securities, and approved by and filed with the Central Bank in accordance with the Prospectus Directive and the Prospectus Regulations; |
| “Prospectus Directive” | European Parliament and Council Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU); |
| “Prospectus Regulations” or “Irish Prospectus Regulations” | Prospectus (Directive 2003/71/EC) Regulations 2005 (SI No. 324 of 2005); |
| “Prospectus Rules” | the rules issued by the Central Bank from time to time under section 1363 of the Act and/or, where appropriate, the rules issued by the UK Financial Services Authority under Part VI of FSMA; |
| “Q2 2016 to date” | means April and May, 2016; |
| “Qualifying CREST Shareholders” . . | Qualifying Shareholders holding Existing Ordinary Shares in uncertificated form in CREST on the Record Date; |
| “Qualifying Non-CREST Shareholders” | Qualifying Shareholders holding Existing Ordinary Shares in certificated form on the Record Date; |
| “Qualifying Shareholders” | Kenmare 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 or resident in any Excluded Territory; |
| “Registrar” or “Receiving Agent” or “Computershare” | Computershare Investor Services (Ireland) Limited; |

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| “Record Date” | the date on which the entitlement of Qualifying Shareholders to subscribe for Open Offer Shares will be determined by reference to the register of members of the Company, being 5.00 p.m. on 29 June, 2016; |
| “Regulation S” | means Regulation S, as promulgated under the Securities Act; |
| “Regulatory Information Service” or “RIS” | one of the regulatory information services authorised by the Irish Stock Exchange and/or the FCA to receive, process and disseminate regulated information from listed companies; |
| “Related Party Shareholder” or “Related Party” | M&G, which is a substantial shareholder of the Company within the meaning of the Listing Rules of the UK Listing Authority; |
| “Related Party Resolution” | Resolution 8 proposed for consideration at the EGM, being the resolution seeking approval for the Related Party Transaction; |
| “Related Party Transaction” | the proposed participation by M&G in the Firm Placing (and/or in respect of any Excess Application by M&G), which is a related party transaction for the purposes of Chapter 11 of the Listing Rules of the UK Listing Authority; |
| “relevant implementation date” | the date on which the Prospectus Directive was implemented in that relevant member state |
| “relevant member state” | each Member State which has implemented the Prospectus Directive (except for the UK and Ireland); |
| “Remuneration Committee” | the remuneration committee established by the Board, as described in section 11 of Part 15 of this Prospectus; |
| “Residual Project Debt” | the amount of debt outstanding after the Capital Restructuring being a minimum of US\$0 (in the event that the Capital Raise completes and the Open Offer is subscribed in full) and a maximum of US\$100 million (in the event that the that the value of the total number of New Ordinary Shares subscribed for at the Issue Price under the Capital Raise is equal to but not more than US\$275 million in aggregate (as a result of cash subscriptions and to the extent necessary the Underwriting); |
| “Resolutions” | the resolutions to be proposed at the Extraordinary General Meeting in connection, <i>inter alia</i> , with the Capital Reorganisation, the Capital Restructuring and the Capital Raise, notice of which is set out at the end of this document; |
| “Restriction Notice” | notice directing that the holder of the shares specified in such Restriction Notice shall, for so long as such Restriction Notice shall remain in force, not be entitled to attend or vote at any general meeting, either personally or by proxy. |
| “Restructuring Effective Date” | being the “Payment Date” as that term is defined under the Amendment, Repayment and Equitisation Agreement, being the date on which the restructuring of the Project Loans as described in this document is effective, which date is expected to be 28 July, 2016; |
| “RSA” | the New Hampshire Revised Statutes; |
| “SEC” | the US Securities and Exchange Commission; |

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| “Second Amended Supplemental Agreement” | the agreement so entitled to be entered into between among others the Project Companies, Kenmare, certain Group companies and the Lenders in connection with, amongst other matters, the amendment of the Financing Agreements following the Capital Restructuring; |
| “Second Supplemental Effective Date” | the date on which the Amended Financing Agreements become effective, which is expected to be 28 July, 2016; |
| “Securities Act” | U.S. Securities Act of 1933, as amended |
| “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” or “Senior Debt” | the loans with Senior Lenders as detailed in Part 10 of this Prospectus and, in the case of the loans on completion of the Capital Restructuring, section 14 of Part 15 of this Prospectus; |
| “Senior Managers” or “Senior Management” | the senior managers of Kenmare from time to time being as set out in section 6.6 of Part 15 of this Prospectus; |
| “SGRF” | The State General Reserve Fund of the Sultanate of Oman; |
| “SGRF Group” | means collectively the entities comprising the SGRF Investor and SGRF and any subsidiary company of the SGRF Investor or SGRF; |
| “SGRF Investor” | African Acquisition Sarl, an entity incorporated at the direction of SGRF; |
| “SGRF Subscription Agreement” | the subscription agreement dated 18 June, 2016 entered into between the Company and the SGRF Investor providing for the subscription by the SGRF Investor for New Ordinary Shares pursuant to the Cornerstone Placing in respect of US\$100 million at the Issue Price, the principal terms of which are set out in section 14 of Part 15 of this Prospectus; |
| “Shareholders” | holders of Ordinary Shares of the Company from time to time; |
| “Share Option Scheme(s)” | the Kenmare Group plc share option scheme adopted by the Company on 12 June 1987; |
| “Sponsor” | Davy, in its capacity as sponsor to Kenmare under the Listing Rules; |
| “Sponsor Injection” | means (i) the net proceeds of an equity raise or a debt issuance by the Company in the capital markets, or (ii) the purchase by a third party of an interest in the Sponsor resulting in a cash injection into the Group; |
| “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; |
| “Stock Exchanges” | the Irish Stock Exchange and the London Stock Exchange; |
| “Strategic Options Committee” | a committee of the Board, details of which are set out in section 11 of Part 15 of this document; |

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| “Sultanate of Oman” or “Oman” . . . | the Sultanate of Oman in Southwest Asia, on the southeast coast of the Arabian Peninsula contains Madha, an enclave enclosed by the United Arab Emirates, and Musandam, an exclave also separated by Emirati territory; |
| “Super Senior Facility” | a two year non-revolving facility of in respect of up to US\$50 million provided by the Lender Group to the Project Companies; |
| “Subordinated Lenders” | 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 Lenders’ Option Agreement” | an agreement entered into by, <i>inter alia</i> , the Company and the Project Companies with EIB and FMO, a summary of the principal terms of which are incorporated by reference into this document as referred to in section 14 of Part 15 of this document; |
| “Subordinated Loans” or “Subordinated Debt” | the Original Subordinated Loans, the Standby Subordinated Loans and the Additional Standby Subordinated Loans to the Project Companies; |
| “subsidiary” | shall be construed in accordance with the 2014 Act; |
| “subsidiary undertakings” | shall be construed in accordance with the 2014 Act; |
| “Substantial Acquisition Rules” | the Substantial Acquisition Rules 2007, issued by the Panel pursuant to the Irish Takeover Panel Act 2007; |
| “Transparency Regulations” | the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended); |
| “Transparency Rules” | the transparency rules issued by the Central Bank of Ireland from time to time under Section 1383 of the Act in connection with the Transparency Regulations; |
| “TSR” | total shareholder returns; |
| “TZMI” | TZ Minerals International Pty Ltd, an independent consulting company that provide insight and advice on opaque mineral, metal and chemical sectors; |
| “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; |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland; |
| “UK Companies Act” | the Companies Act, 2006 of England and Wales; |
| “UK Listing Authority” or “UKLA” | the FCA when exercising its functions under Part VI of the FSMA; |
| “UK Official List” | the London Stock Exchange main market; |
| “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; |
| “Warrants” | 57,317,850 warrants to subscribe for Ordinary Shares outstanding as of the Latest Practicable Date; |

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| “Warrantholders” | a holder or holders of Warrants; |
| “Withdrawal Period” | two Business Days commencing on the Business Day after the date on which any supplementary prospectus is published; and |
| “Working Capital Loans” or “Super Senior Loans” | US\$30 million of a two year US\$50 million non-revolving facility (the Super Senior Facility) provided by the Lender Group to the Project Companies. |

Notes:

- (i) Unless otherwise stated in this Prospectus, all reference to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- (ii) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.
- (iii) Expressions defined in the manual published by Euroclear from time to time in connection with the operation of CREST bear the same meaning when used in this Prospectus.

PART 18

GLOSSARY OF TECHNICAL TERMS

The following are definitions of certain terms that are commonly used in the titanium mining industry and in this Prospectus.

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| <i>beneficiated ilmenite</i> | 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; |
| <i>Definitive Feasibility Study</i> | the definitive feasibility study of the Mine which was completed by GRD Minproc Limited on 28 February 2001; |
| <i>frit</i> | 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; |
| <i>fluxes</i> | a flux is a chemical cleaning agent used as a coating on welding rods to facilitate welding by removing oxidation from the metals to be welded; |
| <i>heavy mineral concentrate or HMC</i> | heavy mineral concentrate extracted from mineral sand deposits and which include ilmenite, zircon, rutile and other non valuable heavy minerals and silica; |
| <i>heavy minerals</i> | economic minerals with a specific gravity of greater than 2.85; |
| <i>ilmenite</i> | means titanium-iron oxide (FeTiO ₃), a naturally occurring mineral with a TiO ₂ content generally ranging from 34% to 65%; |
| <i>km</i> | kilometres; |
| <i>kV</i> | kilovolt; |
| <i>MSP</i> | mineral separation plant; |
| <i>MW</i> | Megawatt; |
| <i>opacifier</i> | 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; |
| <i>pre-feasibility study</i> | the pre-feasibility study of the Mine which was completed by GRD Minproc Limited in February 2000; |
| <i>rutile</i> | is crystalline titanium dioxide which, in its pure state, contains close to 100% TiO ₂ . Natural concentrates typically contain 94% to 96% TiO ₂ ; |
| <i>slagging</i> | the smelting of ilmenite in an electric furnace to produce a titanium dioxide feedstock (slag) and the co-product pig iron; |
| <i>slimes</i> | a fine clay fraction in the ore of a heavy mineral deposit; |
| <i>slurry</i> | a semi-liquid mixture of fine particles of ore and water; |
| <i>spares</i> | spare parts for the Mine; |
| <i>tailings</i> | the remaining lighter non valuable material in the ore deposit left after recovering the HMC; |
| <i>THM</i> | total heavy minerals including non-valuable heavy minerals; |
| <i>TiO₂</i> | 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; |

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| <i>TiO₂ unit</i> | the amount of (100% titanium dioxide contained in a specific tonnage of a specific TiO ₂ mineral. For instance 1,000 tonnes of a 54.3% TiO ₂ ilmenite would contain 543 TiO ₂ units; |
| <i>tph</i> | tonne per hour; |
| <i>trommel</i> | a cylindrical (or conical) revolving screen used for screening or resizing the feed which is usually a slurried ore; |
| <i>underflow</i> | one of two streams that is produced from either a cyclone or an upstream classifier when it is fed 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; |
| <i>WCP</i> | wet concentrator plant; |
| <i>WCP A</i> | the original WCP; |
| <i>WCP B</i> | the second WCP built for the Expansion; |
| <i>WHIMS</i> | Wet High Intensity Magnetic Separation; and |
| <i>zircon</i> | is zirconium silicate (ZrSiO ₄), a zircon product containing at last 65.0% ZrO ₂ and H ₂ O 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;

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| <i>Resources</i> | 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; |
| <i>mineral resource</i> | 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; |
| <i>inferred mineral resource</i> | 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; |
| <i>indicated mineral resources</i> | 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; |
| <i>measured mineral resource</i> | 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.

PART 19

SUMMARY OF THE PROPOSED CHANGES TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Resolution 3 to be proposed at the EGM proposes certain amendments to the existing Memorandum of Association of the Company and the adoption of a new set of articles of association with provisions reflecting the recent enactment of the Companies Act 2014 and providing for the terms of the New Deferred Shares.

This is a summary of the proposed changes. A copy of the proposed Amended Memorandum and Articles of Association, and a copy marked to show changes from the existing Memorandum and Articles of Association, is available for inspection as provided in section 26 of Part 15.

Reasons for the proposed changes to the Memorandum and Articles of Association

Substantially all of the provisions of the Act became effective on 1 June 2015. The Act has consolidated the previous Irish Companies Acts and many of the related statutory instruments into a single statute and has introduced significant reforms to Irish company law.

Instead of providing, as the previous Irish Companies Acts had, for a model set of articles of association that apply unless otherwise provided for, the Act includes optional statutory provisions that apply to regulate a company unless its articles of association provide otherwise.

Resolution 3 to be proposed at the EGM proposes the adoption of revised Articles of Association for the Company to reflect the new statutory context and to ensure that the changes to Irish company law will not have an unintended effect on the Company's Articles of Association by altering how the provisions in the Articles of Association are to be applied.

It is also proposed that the Articles of Association of the Company be amended to introduce a new provision governing the rights attaching to the New Deferred Shares (Regulation 3(b)) and to introduce (as would be conventional for Irish listed companies) a provision authorising the Company, subject to the provisions of the Act and with the authority of shareholder resolution, to repurchase its own shares (Regulation 13). The rights attaching to the New Deferred Shares are summarised in section 12(i) of Part 15 of this Prospectus. It is also proposed that the Articles of Association be amended to introduce (as would be conventional for Irish listed companies) a provision authorising the Directors to deal with fractions of a share arising on a sub-division or consolidation.

Companies Act 2014 Amendments

It is proposed that statutory references in the Memorandum and Articles of Association (Articles 2(a), 11, 28, 45(b), 49, 50, 52(b), 79, 82, 83, 84, 92(a), 92(c), 100, 116(b), 119, 128, 132(a) and 140) to sections in the previous Irish Companies Acts will be amended to refer to the corresponding provisions in the Act.

The Act adopts a new approach with respect to the articles of association of all companies. Instead of making provision for an optional, model set of articles of association as was provided under Table A of the First Schedule to the Companies Act 1963 ("Table A"), the Act now contains specific statutory provisions that apply to all companies unless the company's articles of association specifically exclude them or modify their application. As those provisions deal with matters that are already dealt with in the Company's existing Articles of Association (which also disapply the model set of articles of association provided in Table A), it is proposed that a new provision will be included in the opening clause of the revised Articles of Association to disapply those optional sections of the Act. As Table A is no longer relevant, its disapplication in Article 1 is no longer necessary. A summary of each of the provisions which are being specifically excluded by the new Article 1 is set out below:

- Section 43(2) deals with use of a company's seal. This section is being disappplied as provision for use of the Company's seal is made in Article 116;
- Sections 77 to 81 deal with the making of calls in respect of unpaid amounts due on shares issued by a company. These sections are being disappplied as the matter is already provided for in Articles 19 to 26;
- Section 95(1)(a) is being disappplied as the Directors discretion to decline a transfer of shares is dealt with in Articles 29 to 31;

- Sections 96(2) to (11) deal with the transmission of shares in a company. These sections are being disapplied as the matter is already provided for in Articles 33 to 36;
- Sections 124 and 125 deal with the declaration and payment of dividends by a company. These sections are being disapplied as the relevant subject matter is already provided for in Articles 117 to 126;
- Section 126 deals with the capitalisation of distributable profits. This section is being disapplied as the matter is dealt with by Articles 132 to 133;
- Sections 144(3) and 144(4) deal with the appointment of directors of a company. These sections are being disapplied as the matter is already provided for in Articles 93 to 101;
- Section 148(2) deals with how the office of a director of a company may be vacated early. This section is being disapplied as the matter is already provided for in Article 92;
- Section 158(3) deals with the borrowing powers of the directors of a company. This section is being disapplied as the matter is already provided for in Article 79;
- Section 158(4) deals with the delegation power by directors to committees. This section is being disapplied as the matter is already provided for in Article 106;
- Sections 159 to 165 deal with the appointment of a managing director, the establishment of board committees, matters relating to board procedure and the appointment of alternate directors. These sections are being disapplied as these matters are already provided for in Articles 84, 85, 88, 91, 102 to 110 and 111 to 113;
- Sections 182(2) and (5) deal with the quorum required for a general meeting of a company. These sections are being disapplied as the matter is already provided for in Article 53;
- Section 183(3) is being disapplied as otherwise it would prohibit the appointment of multiple proxies, which will be permitted by amended Article 67;
- Section 187 deals with the conduct of general meetings of a company. This section is being disapplied as the matter is already provided for in Articles 52 to 60;
- Section 188 deals with voting at general meetings of a company. This section is being disapplied as the matter is already provided for in Articles 61 to 73;
- Sections 218(3), (4) and (5) deal with the service of notice on members of a company. These sections are being disapplied as detailed provision in this regard is made in respect of the Company by Articles 51A and 51B;
- Sections 229, 230 and 1113 deal with the interests of directors of a company. These sections are being disapplied as the matter is already provided for in Articles 83 to 86;
- Sections 338(5) and 338(6) deal with the delivery of the financial statements of the company. These sections are being disapplied as delivery methods are already dealt with in Articles 51A, 51B and 131;
- Section 618(1)(b) deals with the distribution of property on a winding up of a company. This section is being disapplied as the matter is already provided for in Article 139;
- Section 1090 deals with the rotation of directors of a company. This section is being disapplied as the matter is already provided for in Articles 93 to 99; and
- Section 1092 deals with the remuneration of the Directors of a Company. This section is being disapplied as the matter is already provided for in Articles 75 and 76.

In various places in the Articles of Association, references to “stock exchange nominee” are being deleted as this term is no longer in use following the repeal of the Companies (Amendment) Act 1977.

In various places in the Articles of Association, the expression “undenominated capital” is being inserted as this expression is now used in the Act to refer to that part of a company’s issued share capital that is not represented by the nominal value paid up on issued shares.

In various places in the Articles of Association, the expression “statutory financial statements” is being inserted as this expression is now used in the Act and replaces the term “accounts”—the new expression includes a balance sheet, a profit and loss account and other statements and notes.

Articles 7(b) and 7(c) are being deleted as following the repeal of the Companies (Amendment) Act 1983 these provisions are no longer applicable to the Company's affairs.

Article 22 is being amended to reflect the fact that the Act contains provisions for determining the appropriate rate of interest in this circumstance.

Article 52 is being amended to make clear that the appointment or re-appointment of the Auditors at general meetings is subject to Sections 380 and 382 to 385.

Article 55(b) is being amended to provide that the Secretary (together with any other person entitled to receive notice under the Act) is entitled to receive notice of general meetings as provided for by Section 180(1)(d) of the Act.

Article 69 is being amended to make it clear that the Directors' approval of the instrument of proxy is subject to the requirements of the Act.

Section 228(1)(d) of the Act is an entirely new restriction regarding the use of company property by directors but is not intended to change the applicable law. A new Article 76(b) is therefore being adopted in order to ensure that Directors can continue to use Company property, subject to such conditions as may be approved or delegated by the Board.

Sections 228(1)(e) and 228(2) of the Act are entirely new but are not intended to change the law on directors' duties. It is proposed therefore to include a new Article 84(6) in order to make it clear that Section 228(1)(e) will not restrict anything that may be done by any Director in accordance with the authorisation of the Board or a Board committee.

A new Article 92(d) is to be inserted to provide for the office of Director to be vacated if the Director becomes disqualified from being a Director by reason of any order made under Chapter 4 of Part 17 of the Act.

In Article 100, the word "extended" has been deleted for consistency with Section 146(3).

Articles 127 to 131 are being amended in order to reflect the new requirements regarding the maintenance of accounting records set out in Chapter 2 of Part 6 of the Act.

Under Article 131, the directors of a company may use the power provided for in the Act to send shareholders summary financial statements in lieu of the full statutory financial statements of the company. Article 131(e) has been amended to provide that, where the Directors elect to do so, any shareholder may request a full copy of the financial statements of the Company to be sent to him or her.

Articles 135 and 140 are being amended to clarify that the provisions of those Articles are subject to the provisions of the Act.

Article 138 is being amended to provide that the Secretary (together with any other person entitled to receive notice under the Act) is entitled to receive notice of general meetings as provided for by Section 180(1)(d) of the Act.

PART 20

Kenmare Resources plc

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Kenmare Resources plc (the “Company”) will be held at The Fitzwilliam Hotel, St. Stephen’s Green, Dublin 2, Ireland on 25 July, 2016 at 10.15 a.m. (or, if later, immediately following the conclusion of the Annual General Meeting convened to be held at 10.00 a.m. on the same day and at the same location) for the purpose of considering and, if thought fit, passing the following resolutions:

Resolution 1—Ordinary Resolution

THAT, subject to and conditional on all of Resolutions 2 to 5 and 8 being duly passed and on the admission of the New Ordinary Shares (as defined below) that are in issue to the Official List of the Irish Stock Exchange plc and the Official List maintained by the UK Listing Authority and to trading on the respective main markets for listed securities of the Irish Stock Exchange plc and the London Stock Exchange plc becoming effective:

- (a) in accordance with Section 83(1)(f) of the Companies Act 2014, the authorised share capital of the Company be reduced from €265,000,000 to €240,000,000 by the cancellation of 100,000,000 Deferred Shares of €0.25 which have not been taken or agreed to be taken by any person;
- (b) each of the ordinary shares of €0.06, issued and unissued, (the “Existing Ordinary Shares”) in the capital of the Company immediately prior to this resolution becoming effective be sub-divided and converted into one ordinary share of €0.000005 (an “Intermediate Ordinary Share”) having the same rights and being subject to the same restrictions as previously attached to the Existing Ordinary Shares (except as to nominal value) and one deferred share of €0.059995 each (each a “Deferred Share”) having the rights and being subject to the limitations and restrictions relating to the Deferred Shares set out in the new articles of association of the Company proposed for adoption pursuant to Resolution 3 (the “New Articles of Association”);
- (c) immediately thereafter, all Intermediate Ordinary Shares, issued and unissued, be consolidated into new ordinary shares of €0.001 each in the capital of the Company (the “New Ordinary Shares”)

provided that, where such sub-division and consolidation would otherwise result in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated and consolidated with the fractions of a New Ordinary Share to which other members of the Company would otherwise be entitled into New Ordinary Shares and the Directors of the Company be authorised in accordance with the New Articles of Association to sell (or appoint any other person to sell) to any person, on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable, and to retain the proceeds of sale (net of expenses) for the benefit of the Company, and that any Director of the Company (or any person appointed by the Directors of the Company) be authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant members and to do all acts and things the Directors consider necessary or desirable to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares and each (if any) of the issued Intermediate Ordinary Shares that cannot be consolidated into a New Ordinary Share shall be immediately acquired by the Company from the members otherwise entitled thereto for no consideration pursuant to Section 102(1)(a) of the Companies Act 2014 and cancelled pursuant to Section 106 of the Companies Act 2014 and that any Director of the Company (or any person appointed by the Directors of the Company) be authorised to execute an instrument of transfer in respect of such shares on behalf of the members concerned and to do all acts and things that the Directors consider necessary or desirable to effect the acquisition of such shares.

Resolution 2—Ordinary Resolution

THAT, subject to and conditional upon all of Resolutions 1, 3 to 5 and 8 being duly passed, the authorised share capital of the Company be increased from €240,000,000 to €240,161,000 by the creation of 161,000,000 new Ordinary Shares of €0.001 each, such new Ordinary Shares having attached thereto the rights and privileges and being subject to the limitations and restrictions referring to the new Ordinary Shares set out in the articles of association of the Company proposed for adoption pursuant to Resolution 3 below.

Resolution 3—Special Resolution

THAT, subject to and conditional upon all of Resolutions 1, 2, 4, 5 and 8 being duly passed:

- (a) the Memorandum of Association of the Company be amended:
 - (i) the deletion of the words “to be” in Clause 2;
 - (ii) in Clause 3(vi), the deletion of the words “Section 155 of the Companies Act 1963” and the substitution therefor of the words “Section 8 of the Companies Act 2014” and the deletion of the words “said section” and the substitution therefor of the words “Section 7 of the Companies Act 2014”;
 - (iii) the deletion of Clause 5 and the substitution therefor of the following:

“The share capital of the Company is €240,161,000 divided into 181,000,000 Ordinary Shares of €0.001 each and 4,000,000,000 Deferred Shares of €0.059995 each.”; and
- (b) the regulations contained in the document produced to the Meeting and signed by the chairman of the Meeting for identification be and are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company.

Resolution 4—Ordinary Resolution

THAT, subject to and conditional upon all of Resolutions 1 to 3 and 8 being duly passed and with effect from conclusion of the Meeting, the directors of the Company (the “**Directors**”) be and they are hereby generally and unconditionally authorised pursuant to and in accordance with section 1021 of the Companies Act 2014 (the “**2014 Act**”) (in addition and without prejudice to any existing such authority) to exercise all the powers of the Company to allot relevant securities (as defined in the 2014 Act) up to the aggregate nominal amount of €167,000 for the purpose of or in connection with the Capital Raise (including the Lender Underwriting), the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants (as those terms are defined in the document to shareholders of which this notice forms part). The authority hereby granted shall expire on the date which is 15 calendar months after the passing of this resolution, unless previously varied, revoked or renewed; 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 as if the authority conferred hereby had not expired.

Resolution 5—Special Resolution

THAT, subject to and conditional upon all of Resolutions 1 to 4 and 8 being duly passed and with effect from conclusion of the Meeting, the directors of the Company be and they are hereby generally and unconditionally empowered (in addition and without prejudice to any existing such power) pursuant to section 1023(3) of the Companies Act 2014 (the “**2014 Act**”) to allot equity securities (as defined in section 1023(1) of the 2014 Act) for cash pursuant to the authority conferred by the passing of Resolution 4 for the purpose of or in connection with the Capital Raise (including the Lender Underwriting), the Debt Equitisation, the Government of Mozambique Participation Arrangement and the Government of Mozambique Warrants (as those terms are defined in the document to shareholders of which this notice forms part) as if section 1022(1) of the 2014 Act did not apply to any such allotment. The power hereby granted shall expire on the date which is 15 calendar months after the passing of this resolution, unless previously varied, revoked or renewed; provided 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.

Resolution 6—Ordinary Resolution

THAT, subject to and conditional upon all of Resolutions 1 to 5 and 8 being duly passed and with effect from the date on which Admission of the New Ordinary Shares to be issued pursuant to the Capital Raise (as those terms are defined in the document to shareholders of which this notice forms part) first becomes effective (the “**Admission Date**”), the directors of the Company (the “**Directors**”) be and they are hereby generally and unconditionally authorised (in substitution for any existing such authority other than, and

without prejudice to, the authority conferred by Resolution 4) pursuant to and in accordance with section 1021 of the Companies Act 2014 (the “**2014 Act**”) to exercise all the powers of the Company to allot relevant securities (as defined in the 2014 Act) up to the aggregate nominal amount equal to one third of the aggregate nominal value of the issued ordinary share capital of the Company at close of business on the Admission Date. The authority hereby granted shall expire at the conclusion of the next annual general meeting of the Company held after the Admission Date or on the date which is 15 calendar months after the Admission Date (whichever shall be earlier), unless previously varied, revoked or renewed; 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 as if the authority conferred hereby had not expired.

Resolution 7—Special Resolution

THAT, subject to and conditional upon all of the Resolutions being duly passed and subject to and with effect from the date on which Admission of the New Ordinary Shares to be issued pursuant to the Capital Raise (as those terms are defined in the document to shareholders of which this notice forms part) first becomes effective (the “**Admission Date**”), the directors of the Company (the “**Directors**”) be and they are hereby generally and unconditionally empowered (in substitution for any existing such power other than, and without prejudice to, the power conferred by Resolution 5) pursuant to section 1023(3) of the Companies Act 2014 to allot equity securities (as defined in section 1023(1) of the 2014 Act) for cash pursuant to the authority conferred by Resolution No. 6 as if section 1022(1) of the 2014 Act did not apply to any such allotment, provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue, open offer or other invitation to or in favour of the holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportional (as nearly as may be) to the respective numbers of Ordinary Shares held by them (but subject to such exclusions or other 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 regulatory body or any stock exchange in, any territory, or otherwise howsoever); and
- (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount equal to five per cent. of the aggregate nominal value of the issued ordinary share capital of the Company at close of business on the Admission Date

and shall expire at the conclusion of the next annual general meeting of the Company held after the Admission Date or on the date which is 15 calendar months after the Admission Date (whichever shall be earlier), provided 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 hereby conferred had not expired.

Resolution 8—Ordinary Resolution

THAT, subject to and conditional upon all of Resolutions 1 to 5 being duly passed, the allotment and issue of a maximum of 18,712,664 New Ordinary Shares to M&G in the Firm Placing (and/or in respect of any Excess Application by M&G under the Open Offer pursuant to the term of the Placing Commitment by M&G) (as such terms are defined in the document to shareholders of which this notice forms part) which constitutes a related party transaction pursuant to the Listing Rules of the UK Listing Authority 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), be and is hereby approved.

Dated: 1 July, 2016

By Order of the Board
DEIRDRE CORCORAN
Company Secretary

Registered Office:
Chatham House,
Chatham Street,
Dublin 2,
Ireland

GENERAL NOTES:

Entitlement to attend and vote

- (1) Only those Shareholders registered on the Company's register of members:
- at 6.00 p.m. on the day which is two days prior to the Extraordinary General Meeting; 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.

Information regarding the meeting

- (2) Information regarding the Extraordinary General Meeting, including the information required by section 1103 of the Companies Act 2014, is available from www.kenmareresources.com.

Attending in person

- (3) The Extraordinary General Meeting will be held at The Fitzwilliam Hotel, St. Stephen's Green, Dublin 2, Ireland on 25 July, 2016 at 10.15 a.m. (or, if later, immediately following the conclusion of the Annual General Meeting convened to be held at 10.00 a.m. on the same day and at the same location). 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 on 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 he or she 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 executed either under its common seal or under the hand of an officer or attorney duly authorised on its 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 determined by the 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 or other authority, such power or authority (or a duly certified copy of any such power or authority) 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.eproxyappointment.com. There will be a Control Number required in addition to the SRN and PIN in order to log into the meeting which will be printed on all Proxy Cards and outlined in the email broadcast to eComms holders. 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 (ID 3RA50). In each case the proxy appointment must be received by no later than 10.15 a.m. on 23 July, 2016.

Issued shares and total voting rights

- (15) The total number of issued ordinary shares on the date of this notice of Extraordinary General Meeting is 2,781,905,503. 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.
- (16) The ordinary resolutions require a simple majority of votes cast by shareholders voting in person or by proxy to be passed. The special resolutions require a majority of not less than 75 per cent. of votes cast by those who vote either in person or by proxy to be passed.

Questions at the Extraordinary General Meeting

- (17) Under section 1107 of the Companies Act 2014, 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.

Other resolutions

- (18) The Extraordinary General Meeting is being convened to consider the specific resolutions as incorporated in this Notice of Extraordinary General Meeting. As the text of these resolutions is set out in this Notice of Extraordinary General Meeting, Section 1104 of the Companies Act 2014 (which provides that a member or members meeting the prescribed qualification criteria may table a draft resolution for an item on the agenda of an extraordinary general meeting) is accordingly inapplicable.

