

GEMFIELDS

GEMFIELDS GROUP LIMITED

(formerly Pallinghurst Resources Limited)

(Incorporated in Guernsey)

(Guernsey registration Number: 47656)

(South African external company registration number 2009/012636/10)

Share code on the BSX: GML.BH ISIN: GG00BG0KTL52

Share code on the JSE: GML

("Gemfields" or the "Company")

Conditional Sale of Shares in Jupiter Mines Ltd (“Jupiter”) and Intention to Declare Special Dividend

The Board of Directors of Gemfields (the “**Board**”) is pleased to announce that it has entered into a conditional sale and purchase agreement with AMCI Euro Holdings B.V. (“**AMCI**”), pursuant to which Gemfields (through its wholly owned subsidiary, Pallinghurst Consolidated (Cayman) Ltd (“**PCCL**”)) has agreed to sell, and AMCI has agreed to purchase, 145,845,372 ordinary shares (the “**Transaction**”) in ASX-listed Jupiter (the “**Jupiter Shares**”), such shares constituting Gemfields’ entire remaining holding in Jupiter following its participation in Jupiter’s IPO last year.

Gemfields will receive a total amount of AUD 44,240,938 (equivalent to approximately USD 31.6 million at today’s AUD to USD exchange rate) in cash as consideration for the Jupiter Shares. As part of the Transaction, Gemfields will also retain its right to payment of the AUD 0.025 per share dividend declared by Jupiter on 19 February 2019 (with a dividend record date of 7 May 2019), and which is payable on 21 May 2019, amounting in aggregate to AUD 3,646,134 (the “**Jupiter Dividend**”). Any further dividend declared by Jupiter between 21 May 2019 and final completion of the Transaction shall be passed on to AMCI from PCCL. Taken together, Gemfields will therefore receive AUD 47,887,072 (or the equivalent of AUD 0.328 per Jupiter share).

Completion of the Transaction shall take place in two stages, as follows:

1. on 3 June 2019, 72,922,686 of the Jupiter Shares will be sold for AUD 22,120,469 (“**First Tranche Sales Proceeds**”); and
2. on 1 November 2019 the remaining 72,922,686 of the Jupiter Shares will be sold for a further AUD 22,120,469.

The Transaction is conditional upon the expiry of certain IPO-related lock-in restrictions to which PCCL is currently subject in respect of the Jupiter Shares under an escrow deed dated 29 June 2018 and entered into between PCCL and Jupiter.

Rationale for Transaction: The Transaction is consistent with the Board’s strategy for Gemfields to be focussed on African coloured gemstones. Please also refer to Sean Gilbertson’s comment below.

Financial Impact on Gemfields: Gemfields’ 145,845,372 Jupiter shares are valued at approximately AUD 46.7 million based on the Jupiter closing share price of AUD 0.320 per share on 12 April 2019.

In Jupiter’s most recent published financial information, the unaudited six-month period to 31 August 2018, it reported a Net Profit After Tax of AUD 108.2 million (approximately USD 81.5 million). The sale of the Jupiter Shares represents 7.4% of the entire issued share capital of Jupiter.

Profits attributable to the Transaction: Please see the above details of the consideration to be received by Gemfields and the treatment of Jupiter's existing and future dividend payments.

JSE categorisation of the Transaction: The transaction is categorised as a category 2 transaction in terms of section 9.5(a) of the JSE Listings Requirements and accordingly no shareholder approval is required.

Special Dividend

The Board is also pleased to announce that, as a result of the Transaction, it intends to declare a special dividend of USD 24,685,829 to Gemfields shareholders ("**Special Dividend**"), conditional upon the prior receipt by Gemfields of the Jupiter Dividend and the First Tranche Sales Proceeds, as well as receipt of South African Reserve Bank approval (as is required by the JSE Listings Requirements) and any other consents required as part of the Transaction. The Special Dividend represents a distribution of USD 0.0175 per share and, at Friday's closing Gemfields' share price of ZAR 1.73, a special dividend yield of approximately 14.2%.

It is expected that the Special Dividend will be formally declared in early June 2019, together with a dividend timetable.

Sean Gilbertson, Gemfields' Chief Executive Officer, commented:

"The sale of Gemfields' remaining minority stake in Jupiter Mines is consistent with the Board's strategy for Gemfields to be focussed on African coloured gemstones and I believe that the price achieved for the sale is fair, being approximately 2.4% below the 30 day VWAP and approximately 2.5% above Friday's closing Jupiter share price. The sale of our Jupiter shares also enables the Directors to realise their ambition of making a maiden distribution to shareholders."

Additional information on Gemfields

Gemfields is a world leading supplier of responsibly sourced coloured gemstones. Gemfields is the operator and 75% owner of both the Kagem emerald mine in Zambia (believed to be the world's single largest producing emerald mine) and the Montepuez ruby mine in Mozambique (one of the most significant recently discovered ruby deposits in the world). In addition, Gemfields also holds controlling interests in various other gemstone mining and prospecting licenses in Zambia, Mozambique, Ethiopia and Madagascar.

Gemfields' outright ownership of Fabergé - an iconic and prestigious brand of exceptional heritage - enables Gemfields to optimise positioning, perception and consumer awareness of coloured gemstones, advancing the wider group's "mine and market" vision.

Gemfields has developed a proprietary grading system and a pioneering auction and trading platform to provide a consistent supply of coloured gemstones to downstream markets, a key component of Gemfields' business model and has played an important role in the growth of the global coloured gemstone sector.

Further information on Gemfields Group Limited can be found at www.gemfieldsgroup.com.

For any press enquiries please contact us on investor.relations@gemfields.com.

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