

# GEMFIELDS

## GEMFIELDS GROUP LIMITED

(Incorporated in Guernsey)

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("Gemfields" or the "Company")

## Lusaka Emerald Auction Results

Gemfields is pleased to announce the result of an auction of predominantly commercial quality rough emerald held in Lusaka, Zambia from 19-22 August 2019. The emeralds were extracted by Kagem Mining Ltd in Zambia ("Kagem", which is 75% owned by Gemfields and 25% by the Industrial Development Corporation of Zambia). The proceeds of this auction will be fully repatriated to Kagem in Zambia, with all royalties due to the Government of the Republic of Zambia being paid on the full sales prices achieved at the auction.

### Highlights – Emerald Auction

- Auction revenues of USD 18.6 million
- Of the 35 lots offered, 26 were sold (74%)
- Average price of USD 4.75 per carat
- 37% (\*) of the carats offered were sold
- The 33 auctions of Kagem gemstones held since July 2009 have generated USD 608 million in total revenues

The auction saw 34 companies placing bids, generating total revenues of USD 18.6 million with an overall average value of USD 4.75 per carat. The auction saw 37% of the offered carats being sold (or 74% of the number of lots offered).

Gemfields' 33 auctions of emeralds and beryl mined at Kagem since July 2009 have generated USD 608 million in total revenues. The results of the five most recent commercial quality Kagem auctions are summarised in the table below:

AUCTION RESULTS (COMMERCIAL QUALITY)	May '17 AUCTION	Feb '18 AUCTION	Jul-Aug '18 AUCTION	Feb '19 AUCTION	Aug '19 AUCTION
Dates	15-18 May 2017	19-22 Feb 2018	30 Jul – 2 Aug 2018	18-20 Feb 2019	19-22 Aug 2019
Location	Jaipur, India	Jaipur, India	Lusaka, Zambia	Lusaka, Zambia	Lusaka, Zambia
Type	Commercial Quality	Commercial Quality	Commercial Quality	Commercial Quality	Commercial Quality
Carats offered	3.10 million	3.73 million	2.89 million	4.15 million	10.68 million (*)
Carats sold	3.10 million	3.55 million	2.59 million	2.46 million	3.92 million
No. of companies placing bids	33	31	22	24	34
Average no. of bids per lot	9	5	6	5	6
No. of lots offered	23	21	21	23	35
No. of lots sold	23	19	17	16	26
Percentage of lots sold	100%	90%	81%	70%	74%
Percentage of lots sold by weight	100%	95%	90%	59%	37% (*)
Total sales realised at auction	USD 14.5 million	USD 10.8 million	USD 10.9 million	USD 10.8 million	USD 18.6 million
Average per carat sales value	USD 4.68/carats	USD 3.05/carats	USD 4.21/carats	USD 4.39/carats	USD 4.75/carats

(\*) Unlike the other auctions tabulated above, August 2019 included beryl. The single lot of beryl (of 5 million carats) was unsold.

The specific auction mix and the quality of the lots offered at each auction vary in characteristics such as size, colour and clarity on account of variations in mined production and market demand. Therefore the results of each auction are not always directly comparable.

Adrian Banks, Gemfields' Managing Director of Product & Sales, commented:

*"We are pleased that the green shoots of recovery in the emerald sector first observed at our May 2019 emerald auction in Singapore have continued to grow this week in Lusaka. The Indian market, which is particularly important when it comes to commercial quality emeralds and which has been navigating challenging conditions for some time, appears to have turned the corner and we hope will continue to go from strength to strength. This auction saw the highest number of participating companies at any of our commercial quality auctions held in Lusaka, and we congratulate Caibaocheng on becoming the first Chinese customer to win at any Gemfields emerald auction.*

*As usual, and given our long-term vision and loyalty to the true value of Zambian emeralds, we have elected to retain auction lots that we believe command higher prices than those presently offered by the market.*

*Kagem's biggest impediment remains the 15% Zambian export duty imposed on emeralds since 1 January 2019. When combined with the pre-existing 6% mineral royalty tax, Zambian emerald exporters must now pay an effective 21% turnover tax on their revenues. The financial impact is being acutely felt by incumbent producers like Kagem, severely inhibiting money available for capital investment in growth and handing the tactical advantage to other emerald-producing countries like Brazil and Colombia, neither of which have any export duty on emeralds. We continue to liaise with the key government departments in seeking resolution and remain hopeful that a solution will be found".*

#### **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](http://www.gemfieldsgroup.com)

To join our press release mailing list, click here: [gemfields@gemfields.com](mailto:gemfields@gemfields.com)

For any press enquiries please contact us on [investor.relations@gemfields.com](mailto:investor.relations@gemfields.com)

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