Gemfields Press Statement

Gemfields confirms today that it has agreed, on a no-admission-of-liability basis, the settlement of all claims brought by English law firm Leigh Day on behalf of individuals living in the vicinity of Montepuez Ruby Mining Limitada’s (MRM) mining concession in northern Mozambique. The settlement figure is GBP 5.8 million comprising the sum to be distributed to the claimants by Leigh Day and their legal expenses.

In its voluntary statement dated 12 February 2018, Gemfields recognised that, in the past, instances of violence have occurred on and around the MRM licence area, both before and after Gemfields’ arrival in Montepuez.

Gemfields has maintained throughout that it is not liable for the alleged incidents set out in the claims but has taken the view that the agreed settlement best balances the interests of the assorted stakeholders and avoids tainting MRM’s relationship with sections of the local community by contesting protracted and expensive litigation against the claimants. Gemfields is also cognisant of the fact that, had it prevailed at trial (which it fully expected to do), none of its own, likely very substantial, legal costs would have been recoverable from the claimants or from Leigh Day.

In furthering its ongoing commitment to transparency and support for the local community, Gemfields will also establish a new and independent operational grievance mechanism (OGM) in keeping with industry best practice and as advocated by the United Nations Guiding Principles on Business and Human Rights. An independent panel will consider evidence accompanying grievances submitted to the OGM and, where applicable, determine compensation payable by reference to Mozambican law.

Under the terms of the settlement, and provided Gemfields fulfils its commitment to establish the OGM, Leigh Day will not bring or support any further claims in relation to MRM where they arise prior to the date of the settlement agreement.

Gemfields will also create a new agricultural development and training fund committing at least GBP 500,000 to provide long-term sustainable benefits including skills training to foster economic activity and employment for the Ntoro/Namucoho community. That fund will be additional to the settlement amount and sit alongside Gemfields’ existing direct investment in, and establishment of, collaborative community projects in the area.

Sean Gilbertson, Gemfields’ Chief Executive Officer, commented:

"Given a complex array of considerations and the likely protracted nature of the mooted litigation, we believe today’s settlement best balances the interests and futures of the assorted stakeholders."
Vitally, we wish to ensure that we are regarded as trusted and transparent partners to members of our local communities, rather than legal adversaries.

Gemfields and MRM routinely seek ongoing improvement in practices, policies and procedures. We are confident that we have and will continue to set new benchmarks in our sector, particularly in relation to transparency, health & safety, environmental management, training, community affairs, human rights practices, payment of taxes and reporting of production and financial performance.

We regard this settlement, together with the new community support mechanisms, as a critical step in allowing us to continue to develop our world-class operations at Montepuez in harmony with the local communities.

Gemfields would like to extend its thanks to Leigh Day for working cooperatively with us to achieve a constructive and sustainable outcome."

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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