

GEMFIELDS

GEMFIELDS GROUP LIMITED
(formerly Pallinghurst Resources Limited)
(Incorporated in Guernsey)
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("Gemfields" or the "Company")

Singapore Emerald Auction Results

Gemfields is pleased to announce the results of an auction of higher quality rough emeralds held in Singapore from 14 – 17 May 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 22.4 million
- Average price of USD 71.85 per carat
- The top lot set an all-time price per carat record for Gemfields emerald auctions
- Of the 35 lots offered, 28 were sold (80%)
- 72% of the carats offered were sold
- The 32 Kagem auctions held since July 2009 have generated USD 589 million in total revenues

The auction saw 45 companies placing bids and generating total revenues of USD 22.4 million with an overall average value of USD 71.85 per carat, an all-time record for any Gemfields emerald auction. The auction saw 72% of the offered carats being sold (or 80% of the number of lots offered).

Gemfields’ 32 auctions of emeralds and beryl mined at Kagem since July 2009 have generated USD 589 million in total revenues. The results of the five most recent higher quality Kagem auctions are summarised in the table below (and earlier results are available at www.gemfieldsgroup.com):

AUCTION RESULTS (HIGHER QUALITY)	Feb '17 AUCTION	Oct '17 AUCTION	May '18 AUCTION	Nov '18 AUCTION	May '19 AUCTION
Dates	13-17 Feb 2017	2-5 Oct 2017	15-18 May 2018	14-17 Nov 2018	14-17 May 2019
Location	Lusaka	Lusaka	Lusaka	Singapore	Singapore
Type	Higher Quality				
Carats offered	0.42 million	0.32 million	0.31 million	0.57 million	0.43 million
Carats sold	0.35 million	0.32 million	0.17 million	0.42 million	0.31 million
No. of companies placing bids	33	36	31	40	45
Average no. of bids per lot	7	11	8	8	8
No. of lots offered	19	18	17	26	35
No. of lots sold	17	18	10	20	28
Percentage of lots sold	89%	100%	59%	77%	80%
Percentage of lots sold by weight	84%	100%	56%	74%	72%
Total sales realised at auction	USD 22.3 million	USD 21.5 million	USD 10.3 million	USD 28.4 million	USD 22.4 million
Average per carat sales value	USD 63.61/carats	USD 66.21/carats	USD 59.55/carats	USD 68.03/carats	USD 71.85/carats

The specific auction mix and exact 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:

"As the results of this auction show, we continue to see encouraging signs of recovery in the emerald sector.

We congratulate Chatree Gems of Thailand – one of our firmly established ruby auction customers - on their participation in their first Gemfields emerald auction. They won three lots of fine quality emeralds, including the top lot comprising two exceptional gems weighing a total of 62 carats, and which set a new record price per carat for Zambian rough emeralds at a Gemfields auction. The two gemstones have been named 'Green' and 'Ice' in homage to the 1981 movie starring Omar Sharif and Ryan O'Neal.

The biggest issue Kagem presently faces is 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.

By contrast, the world's second and third largest emerald exporters, Colombia and Brazil, levy 2.5% and 2.0% respectively, bringing about a watershed shift in tactical advantage. While the 15% export duty shuts the door on foreign investors and new entrants interested in the Zambian emerald sector, the financial impact is being acutely felt by incumbent producers like Kagem. 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.

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