

GEMFIELDS

GEMFIELDS GROUP LIMITED

(Incorporated in Guernsey)
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("Gemfields", the "Company" or the "Group")

THIS ANNOUNCEMENT DOES NOT CONSTITUTE AN OFFER OF SECURITIES FOR SALE OR SUBSCRIPTION IN ANY JURISDICTION

17 January 2020

Announcement of intention to float on AIM

Gemfields, a world-leading supplier of responsibly sourced, coloured gemstones, is pleased to announce its intention to seek admission of its Ordinary Shares to trading on the AIM market of the London Stock Exchange ("Admission"). The Company is not intending to raise capital in conjunction with Admission. The Company expects that Admission will become effective on 14 February 2020.

Key Strengths of the Group

- **World-class and sector-leading assets**

The Group's key producing assets, the Kagem emerald mine in Zambia ('Kagem') (believed to be the world's single largest producing emerald mine) and the Montepuez ruby mine in Mozambique ('MRM') (one of the most significant recently discovered ruby deposits in the world), are both expected to have long mine-lives with potential for expansion. Kagem is estimated to provide more than one fifth of the world's emeralds and unearthed the 'Inkalamu', or Lion Emerald, a 5,655-carat gem which was successfully sold in November 2018. MRM is estimated to provide around half of the world's ruby supply through shallow, open-pit mining. The Group has a controlling 75% interest in both Kagem and MRM and is the operator of both assets.

- **Consistent growth in consumer demand and price for coloured gemstones**

The past decade has seen world record prices at auction houses for cut and polished emeralds and rubies, surpassing the price of colourless diamonds on a per carat basis. Prices realised at Gemfields' auctions of higher quality Zambian rough emeralds have increased over 1,500% over the same period. Gemfields has boosted manufacturer and consumer confidence in its emeralds and rubies through reliable supply, consistent grading, greater transparency and by engaging with innovative traceability technology.

- **Strong and profitable business**

Gemfields is a cash generative business. Based on unaudited numbers for the year to December 2019, the Company was free cash flow generative and holds a positive net cash position at the end of 2019. Since 2009, Gemfields has held 47 auctions (34 of Zambian emeralds and 13 of Mozambican rubies), surpassing USD 1.2 billion in combined auction revenue. In the 2018 annual

results, the Group received revenues of USD 206 million and EBITDA of USD 58.9 million, a 29% EBITDA margin. The recent suspension of the Zambian 15% export duty on precious gemstones is anticipated to further improve the profitability of the business, whilst revenues from MRM have reflected strong and consistent demand for Mozambican rubies.

- **Professional and pioneering commercial auction platform**

Gemfields' proprietary grading system and pioneering auction platform, together with initiatives such as the use of blockchain in improving supply chain traceability, have been instrumental in providing downstream markets with confidence in Gemfields' gemstones. These initiatives have given manufacturers and the wider market improved visibility of the availability, volume, quality and consistency of supply of rough coloured gemstones being supplied by Kagem and MRM. This has been a key component of Gemfields' business model and has played an important role in the growth of the global coloured gemstone sector.

- **Deep commitment to social licence and responsible mining**

Gemfields takes a leading role in providing a positive impact for stakeholders through its commitment to the Group's three core values of Transparency, Legitimacy and Integrity. Gemfields carries a strong belief that coloured gemstones should benefit the host country and host communities from which they originate.

Responsible sourcing for Gemfields includes incorporating industry-leading policies and practices across its operations, transparency in the auction sales process, an active role in industry working groups to modernise the sector, projects to improve health, education and livelihoods for the communities around mine sites and conservation efforts to protect Africa's wildlife and biodiversity.

- **Owner of Fabergé, the world-renowned luxury jewellery brand**

Through its outright ownership of Fabergé, an iconic and prestigious brand of exceptional heritage, Gemfields can optimise the positioning, perception and consumer awareness of coloured gemstones, advancing the Group's wider "mine and market" vision.

- **Exploration upside from its wider portfolio**

The Group holds controlling interests in various other gemstones mining and prospecting licences in Zambia, Mozambique, Ethiopia and Madagascar that form part of the Company's wider strategy of delivering long term value to its shareholders.

- **Experienced management team**

The Gemfields senior management and Board is comprised of industry veterans in their respective technical, supply chain and financial fields.

Strategy

The Directors are focused on consolidating Gemfields' position as a leading global coloured gemstones supplier, with a clear African focus. The Directors intend to continue to pursue an organic growth strategy driven by a strong operational performance, healthy profitability and a commitment to further developing a transparent, professional and responsible coloured gemstones industry. Any future M&A opportunities will be carefully considered by the Board against appropriate financial and operational criteria.

Rationale for listing

A listing on AIM will allow Gemfields access to greater liquidity and international investors. It will also allow UK investors access to a growing market and the opportunity to invest in a Company that is the world-leader in the mining, grading, marketing and selling of precious coloured gemstones.

Sean Gilbertson, CEO of Gemfields, commented:

“We are pleased to announce our decision to bring the Gemfields assets back to the London market, thereby providing UK, European and international investors with the opportunity of being part of the growing precious coloured gemstones market.

The past decade has seen a consistent rise in the demand and price for precious coloured gemstones, and Gemfields has been at the forefront of driving that increased awareness, confidence and transparency in the sector from both the market and the consumer. Our ownership of the iconic luxury brand, Fabergé, offers the Group direct insight into perception and pricing of precious coloured gemstones from a consumer perspective.

The Company’s auctions in both rubies and emeralds during 2019 have clearly demonstrated robust demand and pricing and we continue to see increasing numbers of participating customers, further validating our pioneering auction and grading platform. The AIM listing will provide Gemfields with access to much greater market liquidity, as well as a widening of the current investor base. We are looking forward to this next phase in the Company’s development and to delivering value for all our shareholders.”

Enquiries

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

To join our press release mailing list, click here: gemfields@gemfields.com

For any press enquiries please contact us on gemfields@camarco.co.uk

Sponsor

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Overview of Gemfields

Gemfields is a world-leading supplier of responsibly sourced, coloured gemstones. The Group is Africa-focussed and is the market leader in the mining, grading, marketing and selling of precious coloured gemstones. The Group’s key producing assets are located in Zambia (emerald and beryl) and Mozambique (rubies). The Kagem mine in Zambia is believed to be the world’s largest producing emerald mine and is estimated to account for more than one fifth of the world’s total production of emeralds. Similarly, the MRM ruby mine in Mozambique is recognised as the largest ruby producing mine in the world and the Group

owns rights to additional concessions in the same region of Mozambique which provide exploration upside. The Group has a controlling 75% interest in both Kagem and MRM and is the operator of both assets.

Gemfields has developed a proprietary grading system for emeralds and rubies together with a pioneering auction platform so as to provide a consistent supply of coloured gemstones to downstream markets. In addition to the gemstone mining and production assets the Group also owns and operates the Fabergé brand, one of the world's most recognisable luxury brands. Fabergé provides the Group with direct access to the coloured gemstone end-consumer and the brand is focussed on the promotion of the desirability of coloured gemstones through its jewellery, timepieces and *objets*.

The Group currently has a primary listing on the Johannesburg Stock Exchange and a secondary listing on the Bermuda Stock Exchange.

Current Trading

Gemfields held two commercial ruby and four emerald and beryl auctions in the 2019 calendar year, altogether delivering annual revenues exceeding US\$200 million, a first for the Group. Customer participation numbers continued to increase across both auction platforms, providing added validation for the Company's pioneering grading and sorting system, together with its auction platform, which provides customers with visibility of the consistency, availability, volume and quality of rough coloured gemstones. The Company saw its first successful Chinese customer at a Gemfields emerald auction in August 2019.

In December 2019, Gemfields received the renewal of its Kagem mining licence from the Zambian government. The renewal gives Kagem the right to continue mining emeralds for a period of 25 years to April 2045. In the same month, Gemfields received confirmation from the Government of Zambia of the suspension of the 15% export duty on precious gemstones (excluding diamonds) with effect from 1 January 2020.

Dividend Policy

It is the Directors' intention to pay dividends when profit, available cash flow and capital requirements allow and in accordance with the Company's strategy for growth.

Board of Directors and Senior Management

Board of Directors

On Admission, the Board will consist of two Executive Directors, one Non-Executive Director and four Independent Non-Executive Directors. Brief biographies of the Directors of the Company are set out below:

Martin Tolcher, Chairman

Martin Tolcher was appointed as Chairman of Gemfields on 25 November 2019. He has been involved in the fund administration industry in Guernsey for over 30 years. Mr Tolcher has worked at senior levels for three Guernsey subsidiaries of Bermudan and Canadian international banks, gaining considerable experience in a wide variety of offshore fund and private equity structures.

Mr Tolcher joined Legis Fund Services Limited in 2005 and was appointed managing director at the beginning of 2007, a position he held until the end of 2010. Mr Tolcher remained a director of that company until September 2011.

Since November 2011, Mr Tolcher has been self-employed as an independent non-executive director, and holds directorships within a number of other fund structures domiciled in Guernsey, several of which have

been or still are listed on the London Stock Exchange and the International Stock Exchange. Mr Tolcher is a Chartered Fellow of the Chartered Institute for Securities & Investment. Mr Tolcher is a British citizen and is a resident of Guernsey.

Sean Gilbertson, Chief Executive Officer

Sean Gilbertson graduated as a mining engineer from Wits University in South Africa having spent time in the country's deep-level gold and platinum mines. Mr Gilbertson worked as project financier for Deutsche Bank in Frankfurt and London specialising in independent power projects and public/private partnerships.

In 1998, Mr Gilbertson co-founded globalCOAL, a company that played a central role in the commoditisation of the thermal coal industry, and was appointed chief executive officer in 2001 when the business was acquired by industry players, including Anglo American plc, BHP Billiton plc, Glencore International AG and Rio Tinto plc. He was also co-founder of the pioneering Spectron eMetals trading platform for category I and II members of the London Metals Exchange.

Mr Gilbertson has served on the boards of Gemfields Ltd (formerly Gemfields plc) and Kagem Mining Ltd since 2008.

Mr Gilbertson is a British and South African citizen.

David Lovett, Chief Financial Officer

David Lovett graduated from Birmingham University's Business School in 2005, with a Bachelor of Commerce focused on Economics and Marketing. He then joined Grant Thornton in the UK, working across advisory and tax services, becoming a chartered accountant with the ICAEW.

Mr Lovett joined the Company's finance team in 2008. He has acted as a senior financial manager across a number of the Group's operating subsidiaries during his tenure and has a thorough understanding of the group's activities, including Fabergé. Mr Lovett is a British citizen.

Dr Christo Wiese, Non-Executive Director

Christo Wiese is chairperson of Shoprite Holdings Limited, Africa's largest fast-moving consumer goods retail company with a total of more than 2,400 outlets trading in 15 countries in Africa and the Indian Ocean Islands, employing more than 148,000 people.

Dr Wiese is a significant shareholder in a range of businesses throughout the world. He holds large and controlling stakes in Brait SE (an investment holding company), Tradehold Ltd (UK based property investment company) and Invicta Holdings Ltd, all listed on the JSE.

Dr Wiese has served on the boards of many listed companies over the years and is a past director of the SA Reserve Bank and former chairman of the Industrial Development Corporation of SA Ltd and Pepkor Holdings (Pty) Ltd.

During 2015, Dr Wiese was awarded the Lifetime Achievement Award at the Sunday Times Top 100 Companies awards, the All Africa Business Leaders Awards, as well as being inducted into the World Retail Hall of Fame.

Dr Wiese owns Lourensford Wine Estate, a producer of internationally acclaimed wines, and is owner of a large game reserve in the Kalahari. Dr Wiese is a South African citizen.

Lumkile Mondi, Lead Independent Non-Executive Director

Lumkile Mondi is a Senior Lecturer at the School of Economics and Business Science of the University of the Witwatersrand in Johannesburg, South Africa. Mr Mondi is a strategist, economist and a leader. He has

worked extensively in the African continent undertaking his responsibilities at the Industrial Development Corporation (IDC), where he was an executive for eleven years. He is also the chairman of Thelo Rolling Stock Leasing. He previously served on the board of ArcelorMittal South Africa.

Mr Mondi has more than 20 years of postgraduate experience and over seven years working in financial markets in interest rate derivatives and asset and liability management. Mr Mondi is also involved in the BRICS think tanks in institutional strengthening and coordination. He has presented and participated in various conferences worldwide, including the United Nations, World Bank, the Brazilian Development Bank and OECD.

Mr Mondi has travelled extensively throughout the world bringing innovation in his work for a better world for all. Mr Mondi is a South African citizen.

Carel Malan, Independent Non-Executive Director

Carel Malan started his career at Ernst & Young where he received his first exposure to the mining industry. After three years with the firm in Gauteng he requested a transfer to Bermuda where he spent a further year.

Mr Malan joined Tshipi in January 2012 and was appointed CFO in May 2014. In October 2015 Mr Malan resigned from Tshipi to pursue other interests, however, Mr Malan's interest in mining and in-depth knowledge and experience of Tshipi's business model brought him back to the company where he was reappointed as CFO. He was part of the executive team growing the Tshipi asset to become the largest exporter of manganese ore from South Africa. In 2018 he was part of the team that listed Jupiter Mines on the ASX, which was flagged as the biggest IPO of the decade on the ASX.

Mr Malan is a Chartered Accountant and a South African citizen.

Kwape Mmela, Independent Non-Executive Director

Kwape Mmela has more than 22 years of experience in both the public and private sectors. This includes working for the Constitutional Assembly during the drafting of South Africa's constitution post-Apartheid, and serving as a director of JSE-listed Platmin Limited (now Sedibelo Platinum Mines Limited) for almost ten years. He is a founder and chairman of his family investment entities - ShepherdTree Holdings Limited and Hlamogolo Capital Proprietary Limited.

Mr Mmela is a trained lawyer (LLB) at The University of the North in South Africa where he also completed a BProc. He also holds a MPhil in Business Research from Monarch Business School. Mr Mmela is a South African citizen.

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Any purchase of shares in the Company following Admission should be made solely on the basis of information contained in the Schedule One Announcement and its Appendix together with other publically-available information. No reliance may be placed for any purpose on the information contained in this announcement.