

# GEMFIELDS

## **GEMFIELDS GROUP LIMITED**

(Incorporated in Guernsey)

(Guernsey registration Number: 47656)

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

Share code on JSE:GML / AIM:GEM / BSX:GML.BH

ISIN: GG00BGOKTL52      LEI: 21380017GAVXTCYS5R31

("Gemfields" or the "Company")

30 March 2020

### **COVID-19 UPDATE**

The turmoil stemming from COVID-19 patently represents one of the most serious challenges faced by many companies globally. Gemfields is no exception and a significant detrimental impact on its operations, revenues and business is inevitable during 2020 and possibly beyond.

The wellbeing of Gemfields' employees and communities remains the overriding priority. As of 30 March 2020, all but critical operations at the Kagem emerald mine in Zambia have been suspended for what is hoped to be a period not exceeding one month. Gemfields' operations in Mozambique, including the Montepuez Ruby Mine, are poised to implement similar suspensions should developments so require however remain unaffected at this time. Exploration projects in Madagascar have been suspended. Gemfields' offices in London and Jaipur are closed, with personnel working remotely.

Fabergé's directly operated retail operations at Harrods in London and the Galleria Mall in Houston are closed. The mono-brand Fabergé boutiques operated by partners in the Dubai Mall and Kiev in the Ukraine are closed. In addition, approximately 80% of the multi-brand retailers that Fabergé sells to are presently closed. Similarly, some 80% of the workshops that supply Fabergé are closed, including Fabergé's own timepieces workshop in Geneva.

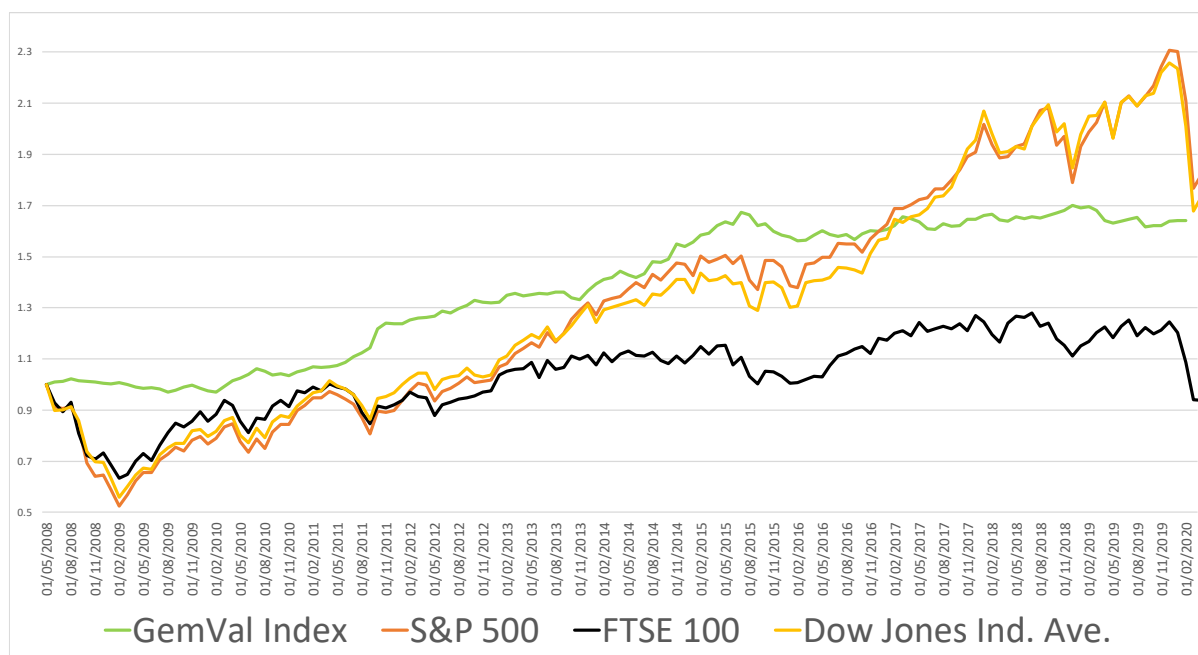
In 2019, some 93% of Gemfields' revenue was derived from 6 gemstone auctions at which clients were able to carefully inspect the gems before bidding. Widespread travel restrictions dictate that Gemfields cannot presently host auctions. Once the travel restrictions are lifted, additional time will clearly be required before life and business returns to a relative 'normal'. There is clearly also a risk that travel restrictions may be extended or re-introduced should a second wave of virus infections take hold in key countries.

Due to the prevailing levels of uncertainty, Gemfields is unable to provide reliable guidance as to when it might be able to host its next auctions. The emerald (high quality) and ruby (mixed quality) auctions originally scheduled for May and June 2020 respectively are highly likely to be rescheduled for the second half of the year. Should market circumstances not recover adequately, it is also conceivable that the subsequent emerald (high quality) and ruby (mixed quality) auctions originally scheduled for November and December 2020 may be cancelled altogether.

At 29 February 2020, the Gemfields Group had cash balances of approximately USD 73.5 million, a net cash position of approximately USD 43.5 million and undrawn overdraft facilities of USD 30 million.

In addition to its cash position, Gemfields perceives additional comfort in the fact that well-bought gemstones have for centuries been regarded as a store of value and a guard against turbulent times. This was also evidenced

during the 2008 financial crisis when gemstone prices proved remarkably resilient when compared to equity indices.



**Note:** All indices are re-based to 1.00 at May 2008. The GemVal Aggregate Index (GVA) is calculated (by [www.gemval.com](http://www.gemval.com)) as a total value of 26 standard specimens of gemstones and is intended to represent the overall pricing trend in the jewellery market.

Gemfields is continually adapting its approach, policies and controls as the circumstances develop and is ensuring the timely dissemination of information to its team members operating in 9 countries. Alongside host nation government direction, this includes but is not limited to the commonly deployed measures of increased sanitation, education and training, social distancing practices and travel/visitor restrictions. Further market updates will be provided as circumstances require.

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#### 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 that has played an important role in the growth of the global coloured gemstone sector.