THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, together with the accompanying Proxy Form, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The distribution of this document and/or the accompanying Proxy Form in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Directors, whose names appear on page 3 of this document, accept responsibility, collectively and individually, for the information contained in this document, other than that relating to Fabergé, the Pallinghurst Group, the Concert Party and the Unbundling, for which Sean Gilbertson accepts responsibility as set out below. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Sean Gilbertson accepts responsibility, individually, for the information contained in this document relating to Fabergé, the Pallinghurst Group, the Concert Party and the Unbundling. To the best of the knowledge and belief of Sean Gilbertson (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Ordinary Shares are admitted to trading on AIM. Conditional upon completion of the Proposed Acquisition, application will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on AIM. It is expected that admission to trading on AIM and dealings in the Consideration Shares will commence at 8.00 a.m. on 28 January 2013.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should consider carefully whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Gemfields plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered No. 05129023)

Proposed Acquisition of Faberge Limited

Proposal for Approval of Waiver of Obligations under Rule 9 of the Takeover Code

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below. Attention is also drawn to the Risk Factors set out in Part II of this document.

Canaccord which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser, joint broker and financial adviser to the Company in connection with the matters described in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Canaccord or for advising any other person on the arrangements described in this document. Canaccord has not authorised the contents of, or any part of, this document, is not making any representation or warranty, express or implied, as to the contents of this document and nor shall it have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, its contents or otherwise arising in connection with this document (including any omission of information from this document. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Canaccord may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

J.P. Morgan Cazenove, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as joint broker and financial adviser to the Company in connection with the matters described in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or for advising any other person on the arrangements described in this document. J.P. Morgan Cazenove has not authorised the contents of, or any part of, this document, is not making any representation or warranty, express or implied, as to the contents of this document and nor shall it have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, its contents or otherwise arising in connection with this document (including any omission of information from this document. Nothing in this paragraph shall serve to exclude or limit any responsibilities which J.P. Morgan Cazenove may have under the Financial Services and Markets Act 2000 or the regulatory regime established thereunder.

Notice of a General Meeting of the Company, to be held at the offices of Reed Smith LLP, The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS at 11.00 a.m. on 7 January 2013, is set out at the end of this document. To be valid, the accompanying Proxy Form for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU, by no later than 11.00 a.m. on 5 January 2013. Completion and return of a Proxy Form will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

In accordance with Rule 9 of the Takeover Code, this document together with a Proxy Form must be and is being sent to all Shareholders, both in the UK and overseas. All Shareholders are requested to read this document, in particular paragraph 12 of Part I of this document which relates to the Whitewash, and to complete and return a Proxy Form, to Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU, by no later than 11.00 a.m. on 5 January 2013.

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	Graham Mascall *(Non-Executive Chairman)* Ian Harebottle *(Chief Executive Officer)* Devidas Shetty *(Chief Operating Officer)* Sean Gilbertson *(Executive Director)* Finn Behnken *(Non-Executive Director)* Clive Newall *(Non-Executive Director)*
Company Secretary	Devidas Shetty 54 Jermyn Street London SW1Y 6LX
Registered Office	54 Jermyn Street London SW1Y 6LX
Nominated Adviser, Joint Broker and Financial Adviser	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Joint Broker and Financial Adviser	J.P. Morgan Limited 25 Bank Street Canary Wharf London E14 5JP
Solicitors to the Company	Reed Smith LLP The Broadgate Tower 20 Primrose Street London EC2A 2RS
Solicitors to the Nominated Adviser and Joint Brokers	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Registrars	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PROPOSED ACQUISITION STATISTICS

Number of Ordinary Shares in issue as at the date of this document	325,773,208
Maximum number of Consideration Shares to be issued pursuant to the Proposed Acquisition	214 million
30 day VWAP on 20 November 2012[1]	41.82p
Ordinary Share price on 20 November 2012[1]	39.00p
Aggregate value of Consideration Shares using 30 day VWAP on 20 November 2012[2]	US$142 million (c.£89 million)[5]
Aggregate value of the Consideration Shares using the Ordinary Share price on 20 November 2012[2]	US$133 million (c.£83 million)[5]
Number of Consideration Shares as a percentage of the issued ordinary share capital of the Company following Admission[2]	39.6 %
Number of Ordinary Shares in issue following Admission[2]	539,773,208
Pallinghurst Group's interest in the Company on 5 December 2012[3]	33.1%
Pallinghurst Group's interest in the Company at Admission[2]	49.5%
Concert Party's interest in the Company on 5 December 2012[3]	63.1%
Concert Party's interest in the Company at Admission[2, 4]	75.6%

1 The last practicable date prior to the announcement of the Proposed Acquisition

2 Assuming that 214 million shares are issued pursuant to the Proposed Acquisition and that there are no Dissenting Shareholders

3 The last practicable date prior to the publication of this document

4 Following Admission, the Rox Shareholders intend to make a submission to the Panel to argue that they are no longer acting in concert and should each be deemed to be acting independently of each other

5 Calculated using the exchange rate prevailing on 20 November 2012 (being the latest practicable date prior to the announcement of the Proposed Acquisition) which was US$1.5920 per £1.00

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	6 December 2012
Latest time and date for receipt of Proxy Form	11.00 a.m. on 5 January 2013
General Meeting	11.00 a.m. on 7 January 2013
Admission and dealings in the Consideration Shares expected to commence on AIM	8.00 a.m. on 28 January 2013
Expected date for CREST stock accounts to be credited for Consideration Shares in uncertificated form	28 January 2013
Expected date for posting of share certificates for Consideration Shares	By 11 February 2013

Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service. References to time in this document are to London time.

If you have any questions on how to complete the Proxy Form, please contact Capita Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on telephone number 0871 664 0300 from within the UK or +44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0300 number cost 10 pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. This helpline is open from 9.00 a.m. to 5.00 p.m. on business days (i.e. Monday to Friday). Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. The helpline cannot provide advice on the merits of the Proposed Acquisition nor give any financial, legal or tax advice.

The Company's SEDOL code is B0HX108 and ISIN code is GB00B0HX1083.

Forward-Looking Statements

This document contains 'forward-looking statements' concerning Gemfields and Fabergé that are subject to risks and uncertainties. Generally, the words 'will', 'may', 'should', 'continue', 'believes', 'targets', 'plans', 'expects', 'aims', 'intends', 'anticipates' or similar expressions or negatives thereof identify forward-looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Gemfields' or Fabergé's operations and potential synergies resulting from the Proposed Acquisition; and (iii) the effects of government regulation on Gemfields' or Fabergé's business.

These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Gemfields' or Fabergé's ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. Neither Gemfields nor Fabergé can give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Neither Gemfields nor Fabergé undertakes any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Gemfields, Fabergé or any other person following the implementation of the Proposed Acquisition or otherwise.

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

"Admission"	admission of the Consideration Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
"AIM"	the market operated by the London Stock Exchange
"AIM Rules"	the rules published by the London Stock Exchange entitled AIM Rules for Companies in force from time to time
"Autumn"	Autumn Holdings Asset Inc.
"Canaccord"	Canaccord Genuity Limited
"Capita Registrars"	Capita Registrars Limited, registrars to the Company
"Companies Act"	Companies Act 2006
"Company" or "Gemfields"	Gemfields plc
"Completion"	completion of the Proposed Acquisition
"Concert Party"	the Pallinghurst Group, Investec Pallinghurst, NGPMR, Rox, Rox Conduit Limited and each party's respective affiliated persons, which together are deemed to be acting in concert for the purposes of the Takeover Code
"Consideration Shares"	the new Ordinary Shares to be issued to the Fabergé Shareholders pursuant to the Merger
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such regulations)
"Directors" or "Board"	the directors of the Company whose names are set out on page 3 of this document, or any duly authorised committee thereof
"Dissenting Shareholder"	a Fabergé Shareholder that has dissented to the Merger
"Dissenting Shares"	Fabergé Shares held by a Dissenting Shareholder
"Enlarged Group"	the Company, its subsidiaries and its subsidiary undertakings following Completion, including the Fabergé Group
"Enlarged Issued Share Capital"	the issued ordinary share capital of the Company immediately following Admission
"Existing Relationship Agreement"	the relationship agreement dated 6 June 2008 governing the relationship between Rox and the Company
"Fabergé"	Faberge Limited
"Fabergé Group"	Fabergé, its subsidiaries and its subsidiary undertakings
"Fabergé Shareholders"	holders of Fabergé Shares
"Fabergé Shares"	the ordinary shares of US$0.001 each in the capital of Fabergé
"FSA"	Financial Services Authority
"Gemfields Cayman"	Runway SPV, a wholly owned subsidiary of Gemfields

"General Meeting"	the general meeting of the Company to be held at 11.00 a.m. on 7 January 2013 and any adjournment thereof
"Group"	the Company, its subsidiaries, and its associates and joint ventures
"Implementation Agreement"	the implementation agreement dated 21 November 2012 between the Majority Fabergé Shareholders, the Company, Gemfields Cayman and Fabergé which sets out the framework for implementing the Merger
"Independent Directors"	Graham Mascall, Ian Harebottle, Devidas Shetty, Clive Newall and Finn Behnken
"Independent Shareholders"	the Shareholders other than Rox, Pallinghurst and Sean Gilbertson
"Investec Pallinghurst"	Investec Pallinghurst (Cayman) L.P.
"J.P. Morgan Cazenove"	J.P. Morgan Limited, which conducts its UK investment banking business as J.P. Morgan Cazenove
"Lock-In Agreement"	a lock-in agreement between the Company and each of Pallinghurst and Faberge Conduit Limited pursuant to which the Consideration Shares issued to such Majority Fabergé Shareholders are subject to lock in provisions
"London Stock Exchange"	London Stock Exchange plc
"Majority Fabergé Shareholders"	Faberge Conduit Limited and Pallinghurst
"Merger"	the merger of Fabergé and Gemfields Cayman pursuant to Part XVI of Cayman Companies Law
"New Relationship Agreement"	the relationship agreement to be entered into between Pallinghurst and the Company on completion of the Unbundling governing the relationship between Pallinghurst and the Company
"NGPMR"	NGPMR (Cayman) L.P.
"Notice of General Meeting"	the notice convening the General Meeting which is set out at the end of this document
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company
"Pallinghurst"	The Pallinghurst Resources Fund L.P.
"Pallinghurst Founder"	Pallinghurst (Cayman) Founder L.P.
"Pallinghurst Group"	Pallinghurst, Pallinghurst Founder, Pallinghurst Resources Management, Autumn and Sean Gilbertson, which are deemed to be acting in concert for the purposes of the Takeover Code
"Pallinghurst Resources Management"	Pallinghurst Resources Management L.P.
"Panel"	the Panel on Takeovers and Mergers
"PRL"	Pallinghurst Resources Limited (previously Pallinghurst Resources (Guernsey) Limited), a Guernsey company
"Proposed Acquisition"	the proposed acquisition by the Company of all of the shares of Fabergé in issue at Completion
"Proxy Form"	the proxy form for use in connection with the General Meeting which accompanies this document

"Regulatory Information Service"	a regulatory information service that is approved by the FSA as meeting primary information provider criteria and that is on the list of regulatory information services maintained by the FSA
"Resolutions"	the resolutions set out in the Notice of General Meeting
"Rox"	Rox Limited
"Rox Shareholders"	the indirect ultimate shareholders of Rox, being Pallinghurst, NGPMR and Investec Pallinghurst
"Section 190 Approval"	approval by Shareholders of the issue of Consideration Shares, or alternative consideration where required by law, to Autumn and Pallinghurst Resources Management pursuant to the terms of the Merger
"Shareholders"	holders of Ordinary Shares
"Takeover Code"	the City Code on Takeovers and Mergers
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"Unbundling"	the proposed restructuring whereby Rox and its parent company, Rox Conduit Limited, would cease to hold any shares directly or indirectly in the Company and these shares would instead be held independently in the respective proportions by Pallinghurst, Investec Pallinghurst and NGPMR
"Whitewash"	a waiver of the obligation under Rule 9 of the Takeover Code of the Pallinghurst Group to make a general offer for the entire issued share capital of the Company to all Shareholders as a result of certain of them receiving Consideration Shares pursuant to the Merger, such waiver being granted by the Panel conditional upon the approval by Independent Shareholders of the Whitewash Resolution
"Whitewash Resolution"	the ordinary resolution concerning the Whitewash to be proposed on a poll of the Independent Shareholders at the General Meeting and set out in the Notice of General Meeting as Resolution 1
"VWAP"	volume–weighted average price
"£" and "pence"	respectively, pounds and pence sterling, the lawful currency for the time being of the United Kingdom
"US$"	the lawful currency for the time being of the United States of America

GLOSSARY

"beryl"	an hexagonal mineral crystal; green, blue-green and other pale tints. Transparent and coloured gem varieties include emerald, aquamarine, morganite, helidor, golden beryl, bixbite and vorobievite
"bulk sample"	the taking of large samples, which may consist of large-diameter drill core, the contents of a trench or mine working, or a car or train load of ore material, for metallurgical testing in mine evaluation
"carat"	a unit of mass equal to 200mg
"coloured gemstones"	a piece of attractive mineral, other than diamond, which when cut and polished is used to make jewellery or other adornments
"Indicated Mineral Resource"	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
"Inferred Mineral Resource"	that part of Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
"JORC"	the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
"JORC Code"	the 2004 Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia
"LOM"	life of mine
"ore"	the naturally occurring material from which a mineral or minerals of economic value can be extracted profitably or to satisfy social or political objectives. The term is generally but not always used to refer to metalliferous material, and is often modified by the names of a valuable constituent; e.g., iron ore, ore mineral
"Mineral Resource"	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge
"rough gemstone"	a gemstone in its natural, uncut and unpolished state
"waste"	barren or sub-marginal rock or ore that has been mined, but is not of sufficient value to warrant treatment and is therefore removed from production ahead of the milling or washing process

PART I

LETTER FROM THE CHAIRMAN OF GEMFIELDS PLC

GEMFIELDS PLC

(Registered in England and Wales no. 05129023)

Directors:

Graham Mascall *(Non-Executive Chairman)*
Ian Harebottle *(Chief Executive Officer)*
Devidas Shetty *(Chief Operating Officer)*
Sean Gilbertson *(Executive Director)*
Finn Behnken *(Non-Executive-Director)*
Clive Newall *(Non-Executive Director)*

6 December 2012

Dear Shareholder,

Proposed Acquisition of Faberge Limited
Proposal for Approval of Waiver of Obligations under Rule 9 of the Takeover Code
and
Notice of General Meeting

1. Introduction and summary

On 21 November 2012, your Board announced Gemfields' proposed acquisition of a 100 per cent. interest in Faberge Limited with a view to creating a globally recognised coloured gemstone champion. Fabergé will provide Gemfields with direct control over a high-end luxury goods retail platform and a global brand with an exceptional heritage.

The Proposed Acquisition consideration will be satisfied by the issue of up to 214 million Consideration Shares representing approximately 39.6 per cent. of the Enlarged Issued Share Capital (assuming no Fabergé Shareholder dissents) following Completion. It values Fabergé at approximately US$142 million (£89 million), on the basis of a 30 day volume weighted share price as at 20 November 2012 and at approximately US$133 million (£83 million), on the basis of the price of Ordinary Shares as at 20 November 2012.

The Proposed Acquisition is conditional on, *inter alia*, (i) the waiver by Independent Shareholders of Pallinghurst Group's obligation to make a mandatory offer under Rule 9 of the Takeover Code as a result of the Proposed Acquisition, (ii) the restructuring of the Company's largest shareholder, Rox, (iii) the approval of the acquisition of Fabergé Shares from persons connected with a Director, and (iv) admission of the Consideration Shares to trading on AIM. The relevant Resolutions will be proposed at the Company's General Meeting to be held on 7 January 2013, notice of which is set out at the end of this document.

The purpose of this document is to provide you with information about the background to and the reasons for the Proposed Acquisition, to explain why the Independent Directors consider the Proposed Acquisition to be in the best interests of the Company and its Shareholders as a whole, to explain why the Independent Directors recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, and to seek your approval for the Whitewash and the Section 190 Approval.

2. Summary of the Proposed Acquisition

Gemfields has entered into a conditional Implementation Agreement which sets out the framework for it, through a Cayman subsidiary, to acquire 100 per cent. of the issued and to be issued share capital of Fabergé by way of merger in the Cayman Islands. Fabergé is an international purveyor of luxury jewellery with boutiques and concessions located in Geneva, New York, London (in Mayfair and Harrods in Knightsbridge) and Hong Kong.

The Directors believe that the Proposed Acquisition will accelerate Gemfields' development and momentum within the coloured gemstone sector, further enhancing the Company's position as a coloured gemstone champion. The Proposed Acquisition positions Fabergé as the "go-to" jeweller for coloured gemstones – thereby filling a perceived gap in the market – and effectively allowing it to become the coloured gemstone jeweller of choice in consumers' minds. The Directors believe that the coloured gemstone sector has, in recent years, been largely overlooked by the large-scale mining producers and higher quality retailers at least partly as a result of the current overwhelming focus on the diamond market. This has in turn led to undercapitalisation of the coloured gemstone industry which has also suffered from the challenges of inconsistent and fragmented supply and limited marketing spend. The Directors see this historic underinvestment as an opportunity to target dynamic growth through consolidation and vertical integration, and believe that the Enlarged Group will enjoy a superior ability to grow and promote the coloured gemstone sector in terms of both volume and sales as the sector gains in size and influence.

Gemfields views the Proposed Acquisition as an important strategic opportunity to boost the international presence and perception of coloured gemstones, to gain participation in the high margin luxury sector and to further advance its stated "mine and market" vision. The transaction should broaden Gemfields' investor and institutional appeal beyond the traditional mining investment community, potentially gaining exposure to higher luxury sector multiples.

3. Proposed Acquisition Overview

The consideration for the Proposed Acquisition comprises entirely of the issue and allotment of up to 214 million new Ordinary Shares (referred to in this document as the "Consideration Shares") (subject to any alternative consideration required to be paid to the Dissenting Shareholders by applicable law). The Consideration Shares will be allocated among Fabergé Shareholders in proportion to their shareholding in Fabergé immediately prior to Completion.

The Proposed Acquisition is conditional upon, *inter alia*, the Whitewash, the Unbundling (being the proposed restructuring of Rox and its parent company, Rox Conduit Limited more particularly described at paragraph 10.1 below), the Section 190 Approval (being the acquisition of Fabergé Shares from persons connected with a Director, more particularly described at paragraph 14 below) and Admission.

The resolutions necessary to implement the Proposed Acquisition will be proposed as Resolutions 1 and 2 at the General Meeting.

It is expected that the Proposed Acquisition will be completed by the end of January 2013.

Further information on the Proposed Acquisition can be found at paragraph 8 below.

4. Information on Gemfields

Gemfields is a leading gemstone mining and marketing company listed on AIM (ticker: GEM). The Company's principal asset is the 75 per cent. owned Kagem emerald mine in Zambia, the world's single largest producing emerald mine by value and volume. In addition to this, Gemfields has a 50 per cent. interest in the Kariba amethyst mine in Zambia and a 75 per cent. interest in the Montepuez ruby deposit in Mozambique, which is currently undergoing trial mining and bulk sampling, with the first sales expected to take place in H1 2013. The Company also owns licences in Madagascar including ruby, emerald and sapphire prospecting rights.

In July 2009, Gemfields commenced a formal auction programme for its ethically sourced Zambian emeralds. To date, the Company has held 11 auctions which have generated combined revenues totalling US$160.5 million.

On 2 October 2012, Gemfields announced a significant upgrade in its mineral resource at the Kagem mine to a JORC Code compliant Indicated Mineral Resource of 1.0 billion carats of emerald and beryl at a projected 365 carats per tonne, while at the same time completing an underground mining feasibility study anticipating a 20 year LOM at a production rate of 34 million carats per annum, development of

which is expected to commence in the financial year to 30 June 2014. This announcement was followed by record results for the financial year to 30 June 2012 with revenue up 108 per cent. to US$83.7 million and profit before tax and exceptional items up 140 per cent. to US$47.8 million.

Kagem

Kagem, 75 per cent. owned by Gemfields, is the single largest producing emerald mine by value and volume globally. Kagem is spread over an area of approximately 43 square kilometers, of which only 1.78 square kilometers is currently being mined, and encompassing six known emerald bearing belts. During the year to 30 June 2012, 21 million carats of emerald and beryl were produced, and more than 8.7 million tonnes of waste and 103,000 tonnes of ore were mined. SRK Consulting (UK) Limited reported a 'Mineral Resource' at Kagem of 2.7 million tonnes of ore or 1,003 million carats of emerald and beryl (Indicated Mineral Resource), as well as 9,200 tonnes of ore or 223,000 carats of emerald and beryl (Inferred Mineral Resource). The projected LOM is a minimum of 20 years, producing approximately 34 million carats per annum. As disclosed in the results for the year ending 30 June 2012, Gemfields expects to commence accelerated underground construction and development in the financial year to 30 June 2014.

Kariba

Kariba, 50 per cent. owned by Gemfields, is the world's single largest producing amethyst mine. Kariba is located in Zambia and is spread over approximately 2.5 square kilometres. Gemfields plans to potentially increase its level of investment in Kariba in the medium term.

Montepuez

Montepuez, 75 per cent. owned by Gemfields, is located in Mozambique and covers approximately 300 square kilometres. It is believed to be potentially the largest ruby concession in private hands. The licence held by Gemfields is for a period of 25 years. Bulk sampling is currently underway at Montepuez and first rough ruby sales are expected in 2013.

Mine and market strategy

Gemfields is proud to be the first mining company to produce emeralds that are completely traceable from mine to market. The Company brings gemstones to the market in conjunction with partners and in a transparent way by means of selling rough gems through an established procedure. Gemfields, in partnership with its dealers and manufacturers, tracks and monitors its emeralds through the entire journey to the consumer and offers certification and full disclosure directly to these clients.

5. Current trading and prospects

On 21 November 2012, Gemfields released its market update for the quarter to 30 September 2012:

- Production summary for the Kagem emerald mine:
  - The first quarter of the new financial year saw production increase to 7.9 million carats (versus 7.3 million carats in the prior quarter)
  - Grade for the quarter was 259 carats per tonne (versus 181 carats per tonne in the prior quarter), with unit production costs of US$0.50 per carat (versus US$0.57 per carat in the prior quarter)
  - Cash rock handling unit costs were US$3.30 per tonne (versus US$3.50 per tonne in the prior quarter)
  - Ore production costs were US$130 per tonne (versus US$104 per tonne in the prior quarter)
- Kagem's large-scale and ongoing waste movement programme to open up new areas for future ore production continues to progress to plan
- At 30 September 2012, Gemfields had US$17.7 million in cash and total debt outstanding of US$7.4 million
- Bulk sampling activities are underway at the promising Montepuez ruby deposit in Mozambique

- Demand for ethical emeralds continues to remain firm across all major markets as clearly indicated by the pleasing per carat prices achieved during the Company's recent higher quality rough emerald auction held in Singapore from 29 October to 2 November 2012

On 9 October 2012, Gemfields released its audited results for the year to 30 June 2012:

- Revenue up 108 per cent. to US$83,714,737 (2011: US$40,157,218)
- Profit before tax and exceptional items up 140 per cent. to US$47,811,406 (2011: US$19,901,429)[1]
- Profit after tax up 653 per cent. to US$161,466,000 including the Kagem write back (2011: US$21,445,643)
- Cash at bank increased by 169 per cent. to US$36,737,362 (2011: US$13,648,654)
- Annual production of 21 million carats of emerald and beryl
- Stable operating costs despite inflationary pressures

Outlook

Demand for ethically sourced rare coloured gemstones continues to increase across all major markets, including the USA, Europe, India and China. Gemfields is thus confident that this, coupled with its proven operating efficiencies and accelerated expansion, sales and marketing initiatives, will support continued growth throughout the coming year.

Gemfields' efforts to increase the production levels at each of its mines and to target certain acquisitions should serve to reduce operating risks and ensure healthy production volumes for each of its core products. With sales being well supported by Gemfields' ability to expand existing and proven marketing initiatives across a broader target market, and given the various strategic initiatives planned for the coming year, Gemfields remains encouraged by the opportunities that are available to it and the potential to secure continued growth into the future.

During the coming year Gemfields will also implement its new marketing initiatives aimed at increasing the market visibility and profile of emeralds, rubies and other premium coloured gemstones.

6. Information on Fabergé

The Fabergé brand was originally established by Gustav Fabergé in 1842 in St Petersburg, Russia. It was Gustav's son, Peter Carl Fabergé (born in 1846) who led the firm to worldwide renown, winning the favour of the Imperial Romanov family in the 1880's and the award of the Grand Prix at the 1900 World Fair in Paris. Fabergé is a world-renowned luxury name in part due to the success of the 50 jeweled eggs commissioned by the Imperial Russian family from 1885 through to 1916.

Today, Fabergé's catalogues of luxury items and *objets d'art* are intimately associated with the use of colour and of coloured gemstones.

The Fabergé brand underwent two dramatic setbacks in the first half of the 20th century. The first was the Bolshevik Revolution of 1918 which resulted in the scattering of the Fabergé family and a violent end to production at the Fabergé workshops. As a result, the Fabergé family was not significantly involved in the production of Fabergé-branded items for almost 90 years.

Secondly, in 1951 the Fabergé family effectively lost the rights to use their family name in marketing Fabergé-branded designs when protracted and expensive litigation forced on them a settlement that ceded the rights to an American corporation in return for only US$25,000.

After changing hands on two further occasions, the then Fabergé Inc (which had acquired Elizabeth Arden) was purchased by Unilever plc for US$1.55 billion in 1989.

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1 In 2012 the Company changed its accounting policy and commenced capitalising and recognising deferred stripping costs. The profit before tax and exceptional items for 2012 would be $37.1 million had the accounting policy not changed in 2012 and deferred stripping costs of $10.7 million not been recognised.

In January 2007, Pallinghurst acquired Unilever plc's worldwide portfolio of Fabergé trademarks, licences and associated rights and reunited the name with the Fabergé family through the establishment of the Fabergé Heritage Council. Following an extensive two-and-a-half year clean-up of the brand's business, licences and trademarks, the unified Fabergé was formally re-launched on 9 September 2009, with the first new collection since 1917 unveiled at Goodwood House, England. Fabergé has since opened boutiques or concessions in Geneva, London (in Mayfair and Harrods in Knightsbridge), Hong Kong and New York.

Fabergé has opened five new retail outlets since 2009, four of which were opened in the last two years. Fabergé delivered revenue of US$6.97 million in the financial year to 31 March 2012, an increase of 367 per cent. on the previous year.

Fabergé is targeting opening an average of two new stores per annum over the next ten years, with an aim of 71 stores by 2033. Fabergé is targeting US$6.5 million of annual sales in the medium term for each new store added. Each store is expected to have operating costs of circa US$1 million per annum comprising of fixed costs of US$750,000 and sustaining capital expenditure of US$30,000. Fabergé is also targeting a 26/74 per cent. wholesale/retail sales mix.

Summary Financials

Summary Financials for Fabergé are set out below:

Year ended 31 March (US$ '000)	*2009A*	*2010A*	*2011A*	*2012A*	*6m ended[2] 30 Sep 2012A*
Income Statement					
Revenue	4,481	765	1,492	6,966	2,556
Cost of sales	—	-354	-1,590	-5,109	-1,501
Sales, general and administrative costs	-17,680	-20,929	-13,695	-15,442	-7,871
Corporation tax	-16	-20	-42	-17	-2
Net loss	-13,165	-20,584	-14,618	-14,308	-7,299
Balance sheet					
Intangible assets	36,172	36,275	36,266	36,261	36,263
Tangible fixed assets	115	898	728	1,121	1,906
Inventory	15,499	22,038	24,230	29,664	34,282
Loan from Shareholders[1]	—	—	-6,450	-25,705	-51,677
Employee loan/(benefits)	-1,259	-1,941	-1,211	-1,206	-1,229
Net assets	56,450	71,178	56,560	42,252	35,235
Retained loss	-23,426	-43,906	-57,991	-72,450	-79,749
Cash Flow Statement					
Changes in working capital	-16,875	-5,758	-3,425	-3,550	-1,526
Operating cash flow	-26,012	-25,960	-18,127	-16,490	-7,201
Investing cash flow	-1,827	-1,099	-150	-1,487	-1,277
Financing cash flow	27,729	35,370	6,200	18,347	25,136
Net cash flow	-110	8,311	-12,077	-371	16,658
Cash at the end of the year	5,461	13,772	1,695	2,066	18,884

1 It is expected that the current shareholder loans of circa US$52m will be converted into equity immediately prior to Completion pursuant to the Implementation Agreement

2 Excludes order book and sales where funds have been received but goods not yet delivered

Significant Changes

Save in respect of the proposals as disclosed in this document, there has been no significant change in the financial or trading position of the Fabergé Group since 31 March 2012, the date to which its most recent audited accounts have been drawn up.

7. Background to and reasons for the Proposed Acquisition

The principal benefits of the Proposed Acquisition for Gemfields are as follows:

Route to market

Gemfields has a proven track record in coloured gemstone mining, marketing and promotion. The Company has achieved a tenfold increase in rough gemstone sales prices over the past four years as a direct result of its focused marketing initiatives and regular closed tender auctions that have ensured a consistent supply of high quality ethically sourced emeralds to world markets. Additionally, Gemfields has established a wholesale sales division whose focus is on assisting both downstream manufacturers and upstream retailers gain greater access to global supply.

However, the Company strongly believes that the potential for continued and sustainable increases in demand for coloured gemstones requires the endorsement and backing of high-end brand positioning and specialist retail distribution outlets, both of which can be achieved through the Proposed Acquisition.

Gemfields currently receives revenue mainly from the production and sale of rough gemstones. Access to a retail platform through Fabergé will allow the Company to maximise returns at all of the typically high margin points of the supply and distribution chain – namely mining, rough gem sales, polished gemstone sales and retail – while at the same time providing direct access to the end consumer and greater control of the final positioning of its products. The Directors believe that Fabergé will become an important vehicle for the marketing and delivery of gemstones within the Enlarged Group and will act as a flagship for its products, driving the aspirational positioning of, and consumer demand for, coloured gemstones across all price points within the sector.

Gemfields presently sells rough gemstones to its clients through closed tender auctions, some of whom elect to send their polished gems to London, on consignment for Gemfields, to onward sell at trade prices. Many of these gems could be readily used in Fabergé jewellery and sold to consumers at retail prices, thereby potentially capturing additional margin for the Enlarged Group.

Fabergé will additionally provide a platform for Gemfields to further develop the concept of "ethically branded gemstones", along similar lines to that of Forevermark diamonds.

Brand names and access to global luxury market

Fabergé is one of the most recognised luxury brand names with a well-documented and globally recognised heritage. The Company estimates that building such a renowned brand name from scratch would take a considerable investment in time and money and would ultimately be likely to cost far more than the Proposed Acquisition.

Fabergé will provide Gemfields with entry to the global luxury market, which was estimated to be worth US$244 billion in 2011[1] and is forecast to grow to US$305 billion by 2014[1]. The hard luxury market, which includes luxury jewellery, watches, pens and lighters, represented approximately 22 per cent. (US$54 billion) of the total luxury goods market in 2011.[1]

Access to this market is expected to broaden Gemfields' investor and institutional appeal beyond the traditional mining investment community.

The opportunity

The Proposed Acquisition offers significant marketing, communication, management and supply chain synergies which should improve operational efficiencies within the Enlarged Group.

Cost savings through combined marketing and co-branding in the Enlarged Group will ensure that the core focus on coloured gems drives and promotes both companies and the industry as a whole. The Proposed Acquisition will optimise buying power in terms of advertising and celebrity endorsements whilst also increasing the Company's influence over product positioning helping to drive consumer demand and awareness of coloured gemstones.

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1 Bain & Company 2012 Luxury Goods Worldwide Market Study (11th Edition)

Gemfields will gain a geographic presence in Geneva and Hong Kong, whilst Fabergé will gain a presence in India, a market well understood by Gemfields, but as yet untapped by Fabergé. The Enlarged Group will be a truly global company with operations spread over seven time zones in eight countries.

The combination will allow the Enlarged Group to increase the breadth and depth of its product offering and to mine and market other premium coloured gems whilst combining the two companies' luxury and gemstone expertise.

8. Principal terms of the Proposed Acquisition

Implementation Agreement

The Company, the Majority Fabergé Shareholders, Fabergé and a newly incorporated wholly owned subsidiary of Gemfields, incorporated under Cayman law for the purposes of the Proposed Acquisition ("Gemfields Cayman") entered into the Implementation Agreement on 21 November 2012 whereby the parties propose to implement a plan of merger, merging Fabergé and Gemfields Cayman into a single merged entity of which Fabergé will be the surviving company. In consideration of the cancellation of the Fabergé Shares, Fabergé Shareholders (other than the Dissenting Shareholders) will automatically receive new Ordinary Shares in Gemfields.

The Implementation Agreement, and completion of the Merger, are conditional upon, *inter alia*, the Unbundling, the Whitewash, the Section 190 Approval and Admission. The Merger is also conditional upon the approval of Fabergé Shareholders holding two thirds or more of the Fabergé Shares. The Majority Fabergé Shareholders have however undertaken in the Implementation Agreement to vote in favour of the Merger, which in itself constitutes a sufficient majority to pass this resolution.

The Implementation Agreement provides customary warranty and indemnity protection in favour of the Company in relation to matters relating to Fabergé and its business and obligations with respect to the management of the Fabergé Group prior to Completion.

Gemfields also has the right to terminate the Implementation Agreement and halt the Merger in certain circumstances prior to Completion, in particular, in the event of a breach of the warranties set out in the Implementation Agreement, the Majority Fabergé Shareholders not complying with certain pre-Completion obligations or the occurrence of a material adverse change in the business of the Fabergé Group. Any decisions on behalf of the Company will be made by an independent committee which has been appointed for this purpose. The Majority Fabergé Shareholders may terminate the Implementation Agreement and halt the Merger in the event of a material adverse change to the business of the Group prior to Completion.

It is expected that the Proposed Acquisition will be completed before the end of January 2013.

Consideration

The consideration payable pursuant to the Proposed Acquisition will be satisfied by the issue of up to 214 million Consideration Shares, representing approximately 39.6 per cent. of the Enlarged Issued Share Capital (assuming no Dissenting Shareholders). Each Fabergé Shareholder shall be entitled to receive such proportion of the Consideration Shares as is equal to the proportion of Fabergé Shares that the Fabergé Shareholder holds in Fabergé immediately prior to Completion.

The Proposed Acquisition values Fabergé at approximately US$142 million (£89 million), on the basis of a 30 day volume weighted share price as at 20 November 2012 and at approximately US$133 million (£83 million), on the basis of the price of Ordinary Shares as at 20 November 2012.

Dissent Rights

Pursuant to Cayman law, Fabergé Shareholders have limited rights of dissent to the terms of the Merger, with their right of appeal restricted to whether the Fabergé Shareholder has received fair value for the Fabergé Shares. A Dissenting Shareholder cannot hold up completion of the Proposed Acquisition and any adjustment agreed with respect to the fair value of the Dissenting Shares would be agreed on an individual basis but may be payable in cash. A commitment has been received pursuant to the

Implementation Agreement from the Majority Fabergé Shareholders that they will not exercise their right to dissent under the Merger with respect to their respective holdings in Fabergé, which in aggregate equates, immediately prior to Completion, to 93.3 per cent. of Fabergé Shares in issue.

New Relationship Agreement

At present, the 59.1 per cent. stake in the Company owned by Rox is governed by the Existing Relationship Agreement (see below).

On completion of the Unbundling of Rox, and after the Proposed Acquisition, Pallinghurst will hold an interest in approximately 48.0 per cent. of the Enlarged Issued Share Capital and the combined Pallinghurst Group will hold an interest in approximately 49.5 per cent. of the Enlarged Issued Share Capital (in each case assuming no Dissenting Shareholders). As a result of this, it is proposed that the Company and Pallinghurst will enter into the New Relationship Agreement to manage the ongoing relationship between them.

The New Relationship Agreement provides that Pallinghurst shall exercise all its powers and procure that any non-independent directors and Related Parties exercise their powers to ensure that, *inter alia*: (i) the Company has its own dedicated management which shall operate and take decisions independently of Pallinghurst; (ii) the business and affairs of the Company be carried out in accordance with its constitution and for the benefit of its shareholders as a whole; (iii) independent directors shall constitute at least 50 per cent. of the board and all committees (save for the audit committee to which different rules apply); (iv) the Company shall comply with the principles of best practice adopted by UK AIM companies and any relevant market rules or regulatory requirements; (v) no agreement shall be entered into between the Company and Pallinghurst or any of its associates unless approved by the Board including the non-independent directors; (vi) all transactions between the Company and Pallinghurst and its associates shall be carried out on arm's length terms; and (vii) Pallinghurst shall not sell, transfer or agree to sell, transfer or otherwise dispose of its shares which would reduce its aggregate holding to a level below 30 per cent. of the voting rights without giving the Company at least two business days' notice.

In addition, Pallinghurst and its associates are also bound by certain non-compete provisions to prevent them from, *inter alia*, competing, or holding interests of more than 10 per cent. in companies that compete, with the Company's business (subject to certain exceptions). Pallinghurst and its associates must also not solicit for employment any group employee or induce or attempt to induce any group employee to terminate its employment relationship. The parties are bound by certain confidentiality obligations.

Pursuant to the New Relationship Agreement, associates of Pallinghurst include, *inter alia*, (i) any company which is a subsidiary or parent undertaking of Pallinghurst; (ii) any company whose directors act in accordance with Pallinghurst's directions or instructions, (iii) any company in the capital of which Pallinghurst or any entity listed under (i) or (ii) holds 30 per cent. or more of the voting rights and is able to appoint or remove directors; and (iv) 'Related Parties' of Pallinghurst and such parties referred to at (i), (ii) and (iii) (as such term is defined in the AIM Rules).

Lock-In Agreement

The Consideration Shares issued to Pallinghurst and Faberge Conduit Limited in connection with the Proposed Acquisition will be subject to the terms of a lock-in agreement which provides that lock-in provisions shall apply, subject to limited exceptions, for 12 months from the date of Completion and a further 12 months of orderly market sale provisions shall apply following the expiry of the initial 12 month lock-in period. In addition, Canaccord is granted certain powers to sell Consideration Shares held under the Lock-In Agreement to satisfy any settled claim against either of Pallinghurst or Faberge Conduit Limited under the Implementation Agreement.

Faberge Conduit Limited Voting Agreement

On 3 December 2012, Faberge Conduit Limited, Pallinghurst, Pallinghurst Founder, NGPMR and Investec Pallinghurst entered into a voting agreement whereby the parties agreed that, following Admission, Faberge Conduit Limited would vote its Ordinary Shares in Gemfields in four separate tranches proportionate to each of Pallinghurst, Pallinghurst Founder, NGPMR and Investec Pallinghurst's underlying interest in Faberge Conduit Limited with each tranche being voted on the instruction of the relevant underlying shareholder.

9. Effect of the Proposed Acquisition on the Enlarged Group

Gemfields recorded a profit before tax and exceptional items of US$47.8 million for the year to 30 June 2012. Had the two companies been combined for that financial period, based on the Fabergé audited financials for the year to 31 March 2012 split proportionally for the final nine months, and the unaudited management accounts for the 3 months to 30 June 2012, the Enlarged Group's combined revenues would have risen from US$83.7 million to US$90.7 million and the profit before tax and exceptional items would have fallen from US$47.8 million to US$30.5 million for the period. The anticipated growth rate of the Fabergé business is described in the "Information on Fabergé" section of this document.

10. Information on the Concert Party

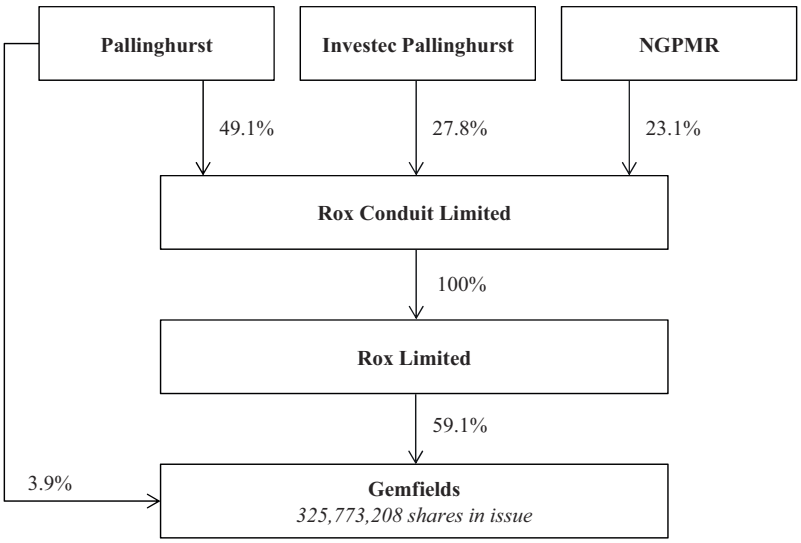
As at the date of this document members of the Pallinghurst Group, Investec Pallinghurst and NGPMR are deemed to be acting in concert for the purposes of the Takeover Code.

Pallinghurst, Pallinghurst Founder, Pallinghurst Resources Management, Autumn and Sean Gilbertson are deemed to be acting in concert by virtue of the interrelationship between various of their beneficiaries and the directors of their controlling entities. Pallinghurst, Investec Pallinghurst, NGPMR, Rox and Rox Conduit Limited are deemed to be acting in concert by virtue of Pallinghurst, Investec Pallinghurst and NGPMR's joint interest in each of Rox and Rox Conduit Limited. Further details regarding these relationships are set out below and in Part III of this document.

10.1 ***The Rox Shareholders***

Pallinghurst, Investec Pallinghurst and NGPMR together hold 100 per cent. of the issued share capital of Rox Conduit Limited. Rox Conduit Limited in turn holds 100 per cent. of the issued share capital of Rox, which holds 59.1 per cent. of the issued share capital of the Company. In addition to Pallinghurst's indirect interest in the Company through Rox, Pallinghurst also directly holds a further 3.9 per cent. of the issued share capital of the Company. This corporate structure is shown in diagram 1 below.

Diagram 1



On 6 June 2008, Rox and the Company entered into the Existing Relationship Agreement governing the relationship between the two parties and ensuring that the Company and its subsidiaries were capable at all times of carrying on its business independently of Rox and that all transactions between the Company and Rox were on arm's length terms on a normal commercial basis.

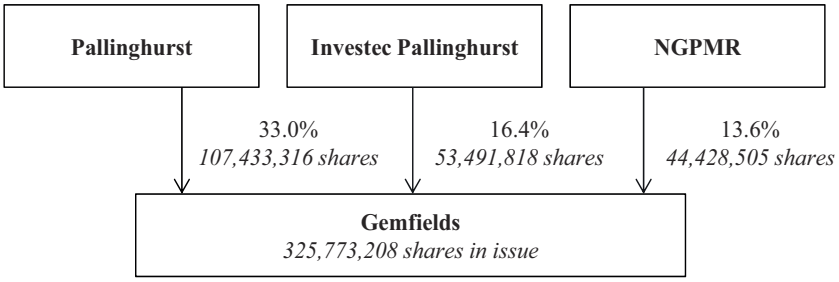
Subject to approval of the Whitewash by the Independent Shareholders, the Rox Shareholders have committed to take steps so that neither Rox nor its parent, Rox Conduit Limited, will hold any shares directly in the Company (such steps are referred to in this document as the "Unbundling"). Both Rox and Rox Conduit Limited will be wound up following Unbundling. Upon completion of the Unbundling, the Rox Shareholders will all hold Ordinary Shares directly which will mean that, subject to the rules of the Takeover Code, they can vote their respective rights independently upon

Completion. The Unbundling is a condition precedent to Completion and is expected to complete prior to Admission. Immediately following Admission, the Rox Shareholders will make a submission to the Panel to argue that they are no longer acting in concert and should be deemed to be independent.

Following the Unbundling, the Existing Relationship Agreement will cease to have effect and Pallinghurst will enter into the New Relationship Agreement as described above.

The corporate structure immediately following the Unbundling but prior to Completion is shown in diagram 2 below.

Diagram 2



Further details regarding the Rox Shareholders are set out in Part III.

10.2 ***Sean Gilbertson***

Sean Gilbertson is an executive Director of the Company and a director of Rox and Rox Conduit Limited and holds an indirect 0.55 per cent. interest in Pallinghurst by virtue of a direct holding in PRL, Pallinghurst's limited partner and the parent company of the general partner. Sean Gilbertson's father, Brian Gilbertson, is also an executive director and chairman of PRL and Sean Gilbertson is a director of Pallinghurst Founder's general partner, Pallinghurst (Cayman) Founder Limited. As a result of the above, Sean Gilbertson is deemed to be acting in concert with Pallinghurst and therefore a member of the Concert Party. Further details regarding the relationship between the entities described in this section is set out below and in Part III. Sean Gilbertson also has a direct holding of 300,000 Ordinary Shares representing 0.09 per cent. of the issued share capital of the Company as at the date of this document. Following Admission, this will equate to a direct interest of 0.06 per cent. of the Enlarged Issued Share Capital.

Sean Gilbertson is also a director of Fabergé and Faberge Conduit Limited. Mr. Gilbertson graduated as a mining engineer from the University of the Witwatersrand in South Africa in 1994, having spent time in the country's deep-level gold and platinum mines. From 1995 he worked for Deutsche Bank AG and Deutsche Morgan Grenfell in Frankfurt and London specialising in project finance. He co-founded globalCOAL in 1998 and was appointed chief executive officer in 2001 when the business was acquired by industry players including, *inter alia*, Anglo American PLC, BHP-Billiton Ltd, Glencore International AG and Rio Tinto PLC. He joined the office of Brian Gilbertson in late 2003, working on a variety of natural resource projects, culminating in the establishment of Pallinghurst Resources LLP in 2005.

10.3 ***Pallinghurst***

Pallinghurst is an exempted limited partnership domiciled in the Cayman Islands. Its general partner (and controlling entity) is Pallinghurst Resources (Guernsey) GP Ltd which is in turn wholly controlled by PRL. PRL is also Pallinghurst's principal limited partner. PRL is advised with respect to its investment decisions by Pallinghurst Advisors LLP, an FSA registered entity (number 446361). Brian Gilbertson is an executive director and chairman of PRL and Sean Gilbertson is a partner of Pallinghurst Advisors LLP. Sean Gilbertson also holds a direct interest in PRL. Following Admission Pallinghurst will hold a combined direct and indirect interest in 48.0 per cent. of the Company. Further details regarding Pallinghurst and PRL are set out in Part III.

10.4 ***Pallinghurst Founder***

Pallinghurst Founder is a Cayman Islands exempted limited partnership whose affairs are directed by its general partner, Pallinghurst (Cayman) Founder Limited of which Sean Gilbertson is a Director. Pallinghurst Founder holds a 5.5 per cent. interest in Faberge Conduit Limited which will, on Admission, receive Consideration Shares. Sean Gilbertson is one of four beneficiaries in a trust that has a participation in Pallinghurst Founder. Following Admission, Pallinghurst Founder will hold an indirect interest of 1.0 per cent. in the Company (assuming no Dissenting Shareholders). Further details regarding Pallinghurst Founder are set out in Part III.

10.5 ***Pallinghurst Resources Management***

Pallinghurst Resources Management is a limited partnership controlled by its partners, including its general partner Pallinghurst (Cayman) General Partner L.P. (G.P.) Limited and its limited partner Pallinghurst (Cayman) Founder Partner L.P. Sean Gilbertson holds a 50 per cent. indirect interest in Pallinghurst Resources Management and Brian Gilbertson holds a further 25 per cent. interest in the entity. On Admission, assuming it is not a Dissenting Shareholder, Pallinghurst Resources Management will hold a direct interest of approximately 0.3 per cent. in the Company (assuming no Dissenting Shareholders). Further details regarding Pallinghurst Resources Management are set out in Part III.

10.6 ***Autumn***

Autumn is a current shareholder of Fabergé and will on Admission (assuming it is not a Dissenting Shareholder), hold a direct interest of approximately 0.2 per cent. in the Company (assuming no Dissenting Shareholders). 50 per cent. of Autumn's shares are held by a discretionary trust in which Sean and Brian Gilbertson are named beneficiaries. The remaining interest in Autumn is held on trust for Brian Gilbertson.

11. Issue of Consideration Shares

Pallinghurst, Pallinghurst Founder, Investec Pallinghurst and NGPMR are all shareholders in Faberge Conduit Limited which in turn is a shareholder in Fabergé. In addition, Pallinghurst, Pallinghurst Resources Management and Autumn have direct holdings in Fabergé. As consideration for the acquisition of their shareholdings in Fabergé as part of the Proposed Acquisition, each of Pallinghurst, Pallinghurst Founder, Pallinghurst Resources Management, Investec Pallinghurst, NGPMR and Autumn will receive an interest in a certain number of Consideration Shares. Details of each entity's direct and indirect entitlement to Consideration Shares and direct and indirect interests in the Company before and after Admission (assuming no Dissenting Shareholders) are set out in the table below.

Name of Entity	*Interest in Ordinary Shares in the Company on 5 December 2012*[1]	*Interest in Company on 5 December 2012*[1]	*Entitlement to Consideration Shares*	*Interest in Ordinary Shares in the Company immediately following Admission*[2]	*Interest in Company immediately following Admission*[2]	*Maximum interest in Company immediately following Admission*[6]
Pallinghurst	107,433,316	33.0%	151,475,599	258,908,915	48.0%	49.3%
Pallinghurst Founder	—	—	5,391,081	5,391,081	1.0%	1.0%
Pallinghurst Resources Management	—	—	1,586,729	1,586,729	0.3%	0.3%
Investec Pallinghurst	53,491,818	16.4%	14,781,229	68,273,047	12.6%	13.0%
NGPMR	44,428,505	13.6%	28,068,738	72,497,243	13.4%	13.8%
Autumn	—	—	988,079	988,079	0.2%	0.2%
Sean Gilbertson	300,000	0.1%	—	300,000	0.1%	0.1%
The Pallinghurst Group[4]	**107,733,316**	**33.1%**	**159,441,488**	**267,174,804**	**49.5%**	**50.6%**
Concert Party[5]	**205,653,639**	**63.1%**[3]	**202,291,455**	**407,945,094**	**75.6%**	**77.3%**

1 Latest practicable date prior to the date of this document and assuming the Unbundling takes place

2 Assuming 214 million Consideration Shares are issued pursuant to the Proposed Acquisition and that there are no Dissenting Shareholders

3 Consists of 59.1 per cent. holding by Rox and 3.9 per cent. direct holding by Pallinghurst

4 The Pallinghurst Group consists of Pallinghurst, Pallinghurst Founder, Pallinghurst Resources Management, Autumn and Sean Gilbertson

5 As at 5 December 2012 the largest individual shareholder in the Company, Rox, holds 59.1 per cent. of the Company. Following Admission, the largest individual shareholder in the Company will be Pallinghurst at 48.0 per cent. Following Admission (and because Unbundling will have occurred), the Rox Shareholders intend to make a submission to the Panel to argue that they are no longer acting in concert and should each be deemed to be acting independently of each other. The Concert Party is made up of the Pallinghurst Group (as described above), Investec Pallinghurst and NGPMR

6 Assuming the number of Dissenting Shareholders which will lead to the highest percentage holding of the relevant member of the Concert Party

Upon completion of the Proposed Acquisition, the Consideration Shares will represent 39.6 per cent. of the Enlarged Issued Share Capital, assuming 214 million Ordinary Shares are issued pursuant to the Proposed Acquisition.

12. Implications of the Proposed Acquisition under the Takeover Code

Rule 9 of the Takeover Code

The Takeover Code is issued and administered by the Panel. The Company is a company to which the Takeover Code applies and its Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining Shareholders to acquire their shares.

Rule 9 of the Takeover Code further provides that where any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any such person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person or persons acting in concert with him will normally be required to make a general offer to all remaining Shareholders to acquire their shares.

An offer under Rule 9 of the Takeover Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Whitewash and Concert Party

The Company's current largest Shareholder is Rox, which presently owns approximately 59.1 per cent. of the Company. Pallinghurst, through its direct and indirect holdings, is currently interested in 33.0 per cent. of the Company. Investec Pallinghurst and NGPMR are currently interested in approximately 16.4 per cent. and 13.6 per cent. of the Company respectively. Sean Gilbertson has a direct interest in approximately 0.1 per cent. of the Company. The Pallinghurst Group, Investec Pallinghurst and NGPMR are treated by the Takeover Panel as a concert party for the purposes of the Takeover Code.

Notwithstanding the Unbundling, the Concert Party is currently considered to be acting in concert for the purposes of the Takeover Code and their aggregate shareholding prior to the allotment of Consideration Shares is 205,653,639 Ordinary Shares, representing approximately 63.1 per cent. of the current issued share capital of the Company.

Immediately prior to the Merger, the Pallinghurst Group will have an interest of 74.5 per cent. and the Concert Party will have an interest of 94.5 per cent. in Fabergé.

Pursuant to the Proposed Acquisition, members of the Pallinghurst Group will receive a maximum of 159,441,488 Consideration Shares (assuming neither Pallinghurst Resources Management nor Autumn dissent) as a result of their direct holding in Fabergé and indirect interest by virtue of their shareholding in Fabergé Conduit Limited. As such, the Pallinghurst Group's aggregate holding on Completion will be

267,174,804 Ordinary Shares, representing approximately 49.5 per cent. of the Enlarged Issued Share Capital (assuming no Dissenting Shareholders). The maximum potential holding of the Pallinghurst Group, assuming all minority Fabergé Shareholders dissent other than Pallinghurst Resources Management and Autumn, is 267,174,804 Ordinary Shares, representing approximately 50.6 per cent. of the Enlarged Issued Share Capital.

Pursuant to the Proposed Acquisition, the Concert Party will together receive, directly and indirectly via their interest in Faberge Conduit Limited, a maximum of 202,291,455 Consideration Shares (assuming neither Pallinghurst Resources Management nor Autumn dissent) and their aggregate direct and indirect holding on Completion will be 407,945,094 Ordinary Shares, representing approximately 75.6 per cent. of the Enlarged Issued Share Capital (assuming no Dissenting Shareholders). The maximum potential holding of the Concert Party, assuming all minority Fabergé Shareholders dissent other than Pallinghurst Resources Management and Autumn, is 407,945,094 Ordinary Shares, representing approximately 77.3 per cent. of the Enlarged Issued Share Capital. However, immediately post-Completion (and because Unbundling will have occurred) the Rox Shareholders intend to make a submission to the Panel to argue that they are no longer acting in concert and should be deemed to be independent.

The Panel has confirmed that due to the current size of the holding of the Concert Party being over 50 per cent. collectively they will be able to receive Consideration Shares without triggering an obligation under Rule 9 of the Takeover Code. However, due to the increase in the holding of members of the Pallinghurst Group as a result of the issue of Consideration Shares, in order not to trigger an obligation under Rule 9 of the Takeover Code, the Independent Shareholders of the Company must waive the obligation on the Pallinghurst Group to make a mandatory offer under Rule 9 of the Takeover Code, which would otherwise arise as a result of the issue of the Consideration Shares to members of the Pallinghurst Group, at a general meeting of the Company.

Subject to the approval of Independent Shareholders, the Panel has agreed to waive the obligation on the Pallinghurst Group to make a general offer for the entire issued share capital of the Company that would otherwise arise as a result of the Proposed Acquisition. Accordingly, the Whitewash Resolution is being proposed at the General Meeting and will be taken by means of a poll of Independent Shareholders attending and voting at the General Meeting. Neither Pallinghurst, Rox nor Sean Gilbertson are permitted to exercise their voting rights in respect of the Whitewash Resolution but may exercise their voting rights in respect of Resolution 2.

No member of the Concert Party has purchased Ordinary Shares in the 12 months preceding the date of this document. The waiver to which the Panel has agreed under the Takeover Code will be invalidated if any purchases are made by a member of the Concert Party, or any person acting in concert with it in the period between the date of this document and the General Meeting.

Shareholders should note that:

A. On Admission, and assuming Dissenting Shareholders holding not more than 88,870 Fabergé Shares dissent to the Merger and that neither Pallinghurst Resources Management nor Autumn is a Dissenting Shareholder, Pallinghurst individually, and the Pallinghurst Group collectively, will be interested in Ordinary Shares carrying more than 30 per cent. but less than 50 per cent. of the voting rights of the Company and will have increased its share of the voting rights pursuant to the Proposed Acquisition and consequent issue of Consideration Shares. However, post-Admission no member of the Pallinghurst Group will be able to increase its percentage interest in the voting rights of the Company without Panel consent. If it did so it would incur an obligation to make a general offer for the Company under Rule 9 of the Takeover Code.

B. On Admission, in the event Dissenting Shareholders holding more than 88,870 Fabergé Shares dissent to the Merger, the Pallinghurst Group (assuming neither Pallinghurst Resources Management nor Autumn is a Dissenting Shareholder) collectively will be interested in Ordinary Shares carrying more than 50 per cent. of the voting rights of the Company and will have increased its share of the voting rights of the Company pursuant to the Proposed Acquisition and consequent issue of Consideration Shares.

C. **Following Admission, and assuming all Fabergé Shareholders other than the Majority Fabergé Shareholders, Pallinghurst Resources Management and Autumn give notice of dissent with respect to their Fabergé Shares, the Pallinghurst Group will control a maximum of 50.6 per cent. of the voting rights of the Company. This may in turn have the effect of reducing the liquidity of trading in the Ordinary Shares on AIM. The voting rights of the Company held by the Pallinghurst Group will also mean that the Pallinghurst Group will be able to, if it so wishes and subject to the terms of the New Relationship Agreement, pass ordinary resolutions and exert significant influence over special resolutions proposed at future general meetings of the Company. Pre-Unbundling similar circumstances exist with Rox given its direct 59.1 per cent. interest in the Company.**

D. **Following Admission, the Rox Shareholders intend to make a submission to the Panel to argue that they are no longer acting in concert and should be deemed to be independent. If the Panel deem the Rox Shareholders to be no longer acting in concert, NGPMR and Investec Pallinghurst will be free to acquire shares in the Company without being required to make a Rule 9 offer providing their individual holdings remain less than 30 per cent. of the voting rights of the Company.**

Where the Pallinghurst Group holds more than 50 per cent. of the voting rights of the Company and Pallinghurst individually holds more than 30 per cent. but less than 50 per cent. of the voting rights of the Company, Pallinghurst will not be able to increase its percentage interest in the voting rights of the Company without Panel consent. If it did so it would incur an obligation to make a general offer for the Company under Rule 9 of the Takeover Code. Each other member of the Pallinghurst Group will however be free to acquire shares in the Company without being required to make a Rule 9 offer providing their individual holdings remain less than 30 per cent. of the voting rights of the Company.

Rule 9 fairness opinion

Canaccord has provided advice to the Independent Directors in relation to the Whitewash in accordance with the requirements of paragraph 4(a) of Appendix 1 to the Takeover Code.

This advice was provided by Canaccord to the Independent Directors only and, in providing such advice, Canaccord has taken into account the Independent Directors' commercial assessments as well as, but not limited to, the confirmations of the future intentions of the Pallinghurst Group as set out below.

The Independent Directors, who have been so advised by Canaccord, consider that the approval of the Whitewash by the Panel of any requirement for the Pallinghurst Group to make a general offer to Shareholders under Rule 9 of the Takeover Code, is fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole.

Intentions of the Pallinghurst Group

Pallinghurst, Pallinghurst Founder, Autumn and Sean Gilbertson, each being members of the Pallinghurst Group, confirm that:

- following Completion, their intention is that the business of the Company be continued in the same manner as at present, and they shall continue to support the Company's objectives in pursuing its growth and mine and market strategy which is described in more detail at paragraph 4 of Part I of this document;
- they have no intention to alter the locations of the Company's places of business and the continued employment of its employees and management (and those of its subsidiaries), nor would there be any material changes in the conditions of employment, nor any redeployment of the fixed assets of the Company;
- they intend to maintain the Company's admission to trading on AIM;
- they intend that their business be continued in the same manner as at present and they will continue their strategy of private and public investments; and

- they do not intend to alter the locations of their places of business and the continued employment of their employees and management (and those of their subsidiaries).

Pallinghurst Resources Management (the last remaining member of the Pallinghurst Group), which will hold at completion 0.3 per cent. of the Ordinary Shares of the Enlarged Group, is jointly controlled by two parties who have recently been opposing parties in a long running legal dispute which has only recently been determined and is subject to appeal. As a result of such determination, and subject to an appeal, it is intended that Pallinghurst Resources Management is placed into administration and its assets, including its holding in Fabergé and/or Gemfields are dealt with by a liquidator. As a result of this, Pallinghurst Resources Management is not in a position to state its future intentions regarding the business of the Company.

13. Related Party Opinion and AIM Rules

The acquisition of Fabergé represents a related party transaction for the Company under Rule 13 of the AIM Rules by virtue of the Pallinghurst Group's direct and indirect holdings in the Company and their direct and indirect holdings in Fabergé. Sean Gilbertson is also an executive director of both the Company and Fabergé. The Independent Directors consider, having consulted with the Company's nominated adviser, Canaccord, that the terms of the Proposed Acquisition are fair and reasonable insofar as the Company's Shareholders are concerned.

Given the size of the Proposed Acquisition, the Company has also provided such disclosure as is required in accordance with Rule 12 and Schedule 4 to the AIM Rules as a substantial transaction.

14. Section 190 Approval

Pursuant to Section 190 of the Companies Act, the Company may not enter into an arrangement under which the Company acquires or is to acquire a substantial non-cash asset (directly or indirectly) from a Director of the Company or a person so connected. For these purposes, a 'substantial non-cash asset, is a substantial asset in relation to the company if its value either (a) exceeds 10 per cent. of the company's asset value and is more than £5,000, or (b) exceeds £100,000.

Autumn, which has an approximate interest of 0.5 per cent. in Fabergé is a connected person of Sean Gilbertson by virtue of Mr. Gilbertson and other members of his family being named beneficiaries in a discretionary trust that holds 50 per cent. of the issued share capital of Autumn. The remaining interest is also held on trust for Brian Gilbertson, Mr. Gilbertson's father.

Pallinghurst Resources Management, which has an approximate interest of 0.7 per cent. in Fabergé, is also a connected person of Mr. Gilbertson by virtue of Mr. Gilbertson holding a 50 per cent. indirect interest in both the general partner and the limited partner of Pallinghurst Resources Management.

Pursuant to the terms of the Merger, each of Autumn and Pallinghurst Resources Management will receive Consideration Shares (or an entitlement to fair value if a Dissenting Shareholder) in exchange for the cancellation of its Fabergé Shares.

Shareholder approval is therefore required prior to the Company issuing any form of consideration to either of Autumn or Pallinghurst Resources Management.

15. Authorised and issued share capital

The Company's authorised and issued share capital, at the date of this document is, and is expected to be immediately after Admission:

	At the date of this document		*Following Admission of Consideration Shares*[1]	
	Amount	*Number of Ordinary Shares*	*Amount*	*Number of Ordinary Shares*
Authorised	£6,000,000	600,000,000	Not applicable	Not applicable
Issued and fully paid	£3,257,732.08	325,773,208	£5,397,732.08	539,773,208

1 Assuming that 214 million Consideration Shares are issued pursuant to the Proposed Acquisition

16. Settlement and dealings

Following Completion, application will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on AIM. It is expected that Admission will become effective, and that trading in the Consideration Shares will commence three business days after the later of 22 January 2013 or five business days after the Implementation Agreement becomes wholly unconditional but for Admission.

The Consideration Shares will, when issued and fully paid, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive any dividend or other distribution declared or made after Admission.

Following Admission (and assuming no Dissenting Shareholders), the Company will have 539,773,208 Ordinary Shares in issue, none of which will be held in treasury.

This document does not constitute, or form part of, an offer to sell, or the solicitation of an offer to subscribe for or buy any securities.

This document is not an offer of securities for sale in or into the United States. Any securities issued in connection with the Proposed Acquisition have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be offered, sold, taken up or renounced in the United States absent registration under the Securities Act or an applicable exemption from such registration. There will be no public offering of securities in the United States. The Ordinary Shares have not been and will not be registered with any regulatory authority of any state or other jurisdiction of the United States.

17. General Meeting

Set out at the end of this document is a notice convening the General Meeting to be held on 7 January 2013 at the offices of Reed Smith LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2RS, at 11.00 a.m., at which the following Resolutions will be proposed:

Resolution 1 is the Whitewash Resolution and will be proposed as an ordinary resolution which will be taken on a poll of the Independent Shareholders. The purpose of Resolution 1 is to approve the Whitewash whereby the Independent Shareholders will approve the Panel waiver of the Pallinghurst Group's obligations under Rule 9 of the Takeover Code to make a general offer to all remaining Shareholders to acquire their shares as a consequence of the issue to it of Consideration Shares under the terms of the Merger. Neither members of the Pallinghurst Group nor any other member of the Concert Party is permitted to exercise its voting rights in relation to Resolution 1 but may exercise its voting rights in respect of the remainder of the Resolutions.

Resolution 2, which will be proposed as an ordinary resolution, is a resolution to approve the issue by the Company of Consideration Shares, or alternative consideration where required by law, to Autumn and Pallinghurst Resources Management. Under section 190 of the Companies Act, the Company may not enter into an arrangement under which the Company acquires or is to acquire a substantial non-cash asset (directly or indirectly) from a Director of the Company or a person so connected.

18. Action to be taken

A Proxy Form for use at the General Meeting accompanies this document. The Proxy Form should to be completed in accordance with the instructions thereon and returned to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU, as soon as possible, but in any event so as to be received by 11.00 a.m. on 5 January 2013. The completion and return of a Proxy Form will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

19. Recommendation

The Whitewash, and therefore the Proposed Acquisition are conditional upon, *inter alia*, the passing by the Independent Shareholders of Resolution 1 and Shareholders of Resolution 2 at the General Meeting.

The Independent Directors, who have been so advised by Canaccord, consider the Whitewash to be fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole and unanimously recommend Independent Shareholders to vote in favour of the Whitewash Resolution (Resolution 1). In providing advice to the Independent Directors, Canaccord has taken into account the Independent Directors' commercial assessments.

Each of Rox, Pallinghurst and Sean Gilbertson is prohibited under the Takeover Code from (and will not be) voting their interest in 205,653,639 Ordinary Shares, representing approximately 63.1 per cent. of the issued share capital in relation to the Whitewash Resolution (Resolution 1).

The Independent Directors consider the Section 190 Approval to be in the best interests of the Company and its Shareholders as a whole and unanimously recommend Shareholders to vote in favour of Resolution 2.

The Independent Directors intend to vote in favour of the Resolutions in respect of their beneficial holdings of Ordinary Shares amounting, in aggregate, to 450,000 Ordinary Shares, representing approximately 0.14 per cent. of the existing issued ordinary share capital of the Company.

Yours faithfully

Graham Mascall
Non-Executive Chairman

PART II

RISK FACTORS

Prior to making any decision to vote in favour of the Resolutions at the General Meeting, Shareholders should carefully consider, together with all other relevant information contained in this document, the specific factors and risks described below. Gemfields considers these to be the known material risk factors relating to the proposals contained in this document for the Shareholders to consider.

The risk factors below relate only to the proposals contained in this document and more specifically the Proposed Acquisition, the Unbundling and the Whitewash. The risks set out below are not set out in any particular order of priority.

There may be other risks which the Board is not aware of or which it believes to be immaterial which may, in the future, be connected to the proposals contained in this document and have an adverse effect on the business, financial condition, results or future prospects of the Enlarged Group.

RISKS RELATING TO THE WHITEWASH AND UNBUNDLING

Control by certain Shareholders

Following the Unbundling and the Proposed Acquisition and depending on the number (if any) of Dissenting Shareholders, the Pallinghurst Group will beneficially own, approximately between 49.5 per cent. and 50.6 per cent. of the Enlarged Issued Share Capital of the Company (Pallinghurst individually will beneficially own approximately between 48.0 per cent. and 49.3 per cent. of the Enlarged Issued Share Capital of the Company), Investec Pallinghurst will beneficially own approximately between 12.6 per cent. and 13.0 per cent. of the Enlarged Issued Share Capital and NGPMR will beneficially own, approximately between 13.4 per cent. and 13.8 per cent. of the Enlarged Issued Share Capital. The Pallinghurst Group, Investec Pallinghurst and NGPMR are treated by the Panel as a concert party for the purposes of the Takeover Code. As a result, the Pallinghurst Group individually, or in conjunction with the other members of the Concert Party would (as is already the case at the date of this document) be able to exercise significant control over all matters requiring Shareholder approval, which could delay or prevent an outside party from acquiring or merging with the Company. Subject to the terms of the New Relationship Agreement entered into between the Company and Pallinghurst, the Concert Party will (as is already the case at the date of this document) be able to pass ordinary resolutions of the Company and the remaining Shareholders will not be able to block these resolutions. The ability of these shareholders to prevent or delay these transactions, an ability they already hold at the date of this document, could cause the price of the Ordinary Shares to decline.

RISKS RELATING TO THE PROPOSED ACQUISITION

Fabergé is currently a loss making business

Fabergé is currently a loss making business and will require a significant amount of working capital before reaching profitability. It is likely that Fabergé's existing working capital levels are insufficient to meet Fabergé's long term working capital requirements and the Enlarged Group will be required to contribute further working capital to the business. This will reduce the available working capital of the Enlarged Group as a whole and the short term profitability of the Enlarged Group which may have an effect on ongoing profits and the Enlarged Group's ability to raise external funds.

Satisfaction of conditions precedent to completion

Completion of the Proposed Acquisition is subject, *inter alia*, to the approval of Shareholders at the General Meeting of the Company. If Shareholders do not approve the Whitewash and/or the Section 190 Approval at the General Meeting, the Proposed Acquisition will not complete. If the conditions in the Implementation Agreement are not satisfied or waived, the Proposed Acquisition will not proceed but the Company may be required to meet its accrued costs in respect of the aborted Proposed Acquisition.

Fabergé's markets are highly competitive; Fabergé and, following the Proposed Acquisition, the Enlarged Group must be able to respond to industry change in order to remain competitive

Fabergé operates in market sectors which are characterised by a high level of competition between retailers and potential retailers. Competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements or devote greater resources than Fabergé (and, following the Proposed Acquisition, the Enlarged Group) to the development, promotion and sale of new product and service offerings. Fabergé (and, following the Proposed Acquisition, the Enlarged Group) must continue to respond promptly and effectively to industry changes, customer demand and competitors in order to be successful. No assurance can be given that Fabergé and, following the Proposed Acquisition, the Enlarged Group will continue to be able to respond to changes in the industry and correspondingly develop the products required by customers or that competition will not have a material adverse effect on Fabergé's (and, following the Proposed Acquisition, the Enlarged Group's) business, results of operations or financial condition.

Fabergé is an early stage business and there can be no guarantee of growth

Fabergé, as distinct from the Fabergé brand, has a limited operating history and was only launched in 2009. There can be no assurance that Fabergé will be able to manage effectively the expansion of its operations or that Fabergé's current personnel, systems, procedures and controls will be adequate to support Fabergé's operations. Any failure of the Directors to effectively manage Fabergé's growth and development could have a material adverse effect on Fabergé's business and on the Enlarged Group's financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of Fabergé's current strategy will develop as anticipated and that Fabergé will be profitable in the future.

Reliance on certain suppliers for the maintenance of Fabergé's stock

Fabergé's ability to deliver according to market demands depends largely on obtaining timely and adequate supply of stock on competitive terms. Failure by any of Fabergé's suppliers could interrupt its product supply, and could significantly limit Fabergé's sales and increase its costs. If the Company fails to anticipate customer demand properly an over/undersupply of stock could occur. In addition, a particular stock item may be available only from a limited number of suppliers. Suppliers may from time to time extend lead times, limit supplies or increase prices due to capacity constraints or other factors, which could adversely affect Fabergé's ability to deliver its products on a timely basis. Despite Fabergé's efforts to select its suppliers and manage its supplier relationships with scrutiny, a supplier may fail to meet Fabergé's supplier requirements, such as, most notably, Fabergé's and its customers' product quality, safety and other corresponding standards. Moreover, a supplier may experience delays or disruption to its manufacturing, or experience financial difficulties. Any of these events could delay the successful delivery of products which meet Fabergé's and its customers' quality and other corresponding requirements, or otherwise adversely affect Fabergé's sales and Fabergé's results of operations. Also, the Group's reputation and brand value may be affected due to real or alleged failures in its products.

Fabergé (and, following the Proposed Acquisition, the Enlarged Group) are dependent on key personnel and the recruitment and retention of suitably qualified personnel

The ability of Fabergé (and, following the Proposed Acquisition, the Enlarged Group) to meet the demands of the market and to compete effectively is, to a large extent, dependent on the skills, experience and performance of its employees. Fabergé (and, following the Proposed Acquisition, the Enlarged Group) need individuals with appropriate knowledge and expertise and Fabergé recognises that the relationships that its employees develop with customers and retailers are key to its success. The loss of key personnel, the loss of a significant number of staff or the failure to attract and maintain the number of suitable employees required could have serious consequences for Fabergé, including a negative effect on customer relationships and consequently a material adverse effect on its business and the results of its operations.

Fabergé's (and, following the Proposed Acquisition, the Enlarged Group's) businesses are highly reliant on the continued services of its senior management, including its executive Directors and other key personnel. These individuals possess revenue, marketing, financial and administrative skills that are critical to the continued successful operation of Fabergé's and, following the Proposed Acquisition, the Enlarged Group's

businesses. Failure to retain such individuals, whether such individuals wish to enter into the employment of Fabergé's (and, following the Proposed Acquisition, the Enlarged Group's) competitors or otherwise, or the failure to attract and retain strong management and other staff in the future, could have an adverse effect upon Fabergé's businesses, financial condition and the results of its operations.

Fabergé (and, following the Proposed Acquisition, the Enlarged Group) is exposed to the risk of changes in tax legislation and its interpretation, as well as to increases in the rate of corporate and other taxes in the jurisdictions in which it operates

Fabergé's (and, following the Proposed Acquisition, the Enlarged Group's) activities are subject to tax at various rates in the jurisdictions in which it operates computed in accordance with local legislation, policy and practice. Action by governments to increase tax rates or to impose additional taxes or remove incentives could affect Fabergé's (and, following the Proposed Acquisition, the Enlarged Group's) profitability. Revisions to tax legislation or to its interpretation or changes in any applied policy or practice might also affect Fabergé's (and, following the Proposed Acquisition, the Enlarged Group's) past results (where such changes apply retrospectively) or results in the future.

Fabergé is dependent to a significant extent on economic conditions which allow discretionary consumer spending

The success of Fabergé's operations depends to a significant extent upon factors that affect discretionary consumer spending (including economic conditions and perceptions of such conditions by consumers) within the economy as a whole and in regional and local markets where Fabergé operates. Retail sales in particular are sensitive to economic conditions. Any downturn or perceived downturn in such conditions could negatively impact on Fabergé's sales and profits.

Litigation

Fabergé has historically spent a significant amount of time and money defending its intellectual property rights from infringement by third parties. Fabergé (and, following Completion, the Enlarged Group), may be party to further litigation in the course of its business. Any litigation, by the Enlarged Group or against it, may be costly and lengthy and there can be no assurance that the Enlarged Group would prevail. Litigation could also involve a significant diversion of resources and management attention and be disruptive to normal business operations. An unfavourable resolution of a particular lawsuit or the costs associated with substantial litigation could have a material adverse effect on the Enlarged Group's reputation, corporate and brand image, business, operating results and financial condition.

Dependence upon key intellectual property

Fabergé's success depends in part on its ability to protect its rights in its intellectual property. Fabergé, (and following the Proposed Acquisition, the Enlarged Group) will rely upon various intellectual property protections, including copyright, trademarks, trade secrets and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use Fabergé's (and following the Proposed Acquisition, the Enlarged Group's), intellectual property without its authorisation. Enforcing intellectual property rights can be difficult and expensive. To protect the Enlarged Group's intellectual property, the Enlarged Group may become involved in litigation which, even if successful, could result in substantial expense, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Enlarged Group's business or adversely affect its revenue, financial condition and result of operations.

PART III

INFORMATION ON THE CONCERT PARTY

1. The Pallinghurst Group

1.1 *Pallinghurst*

Pallinghurst is an exempted limited partnership domiciled in the Cayman Islands. Its general partner (and controlling entity) is Pallinghurst Resources (Guernsey) GP Ltd which is in turn wholly controlled by PRL. PRL is also Pallinghurst's principal limited partner. PRL is advised with respect to its investment decisions by Pallinghurst Advisors LLP, an FSA registered entity (number 446361).

PRL is a company incorporated and regulated in Guernsey by the Guernsey Financial Services Commission and is listed on the Johannesburg Stock Exchange with in excess of 3,500 shareholders. The rights of PRL shareholders are governed by its articles and memorandum of association and by Guernsey law.

Sean Gilbertson holds a direct interest in PRL (0.55 per cent.) which will, following Admission, equate approximately to a 0.3 per cent. indirect interest in the Company.

Further details of PRL are as follows:

- Guernsey company registration number: 47656.
- Registered address: 11 New Street, St. Peter Port, Guernsey, GY1 2PF.
- Date of incorporation: 4 September 2007.
- Place of incorporation: Guernsey.
- Directors: Brian Gilbertson, Arne H. Frandsen, Andrew Willis, Stuart Platt-Ransom, Clive Harris, Martin Tolcher and Patricia White.
- Nature of business: Private and public investments.
- Financial and trading prospects: PRL is a going concern with good financial and trading prospects.

PRL produces audited consolidated financial statements for itself and its subsidiaries, including Pallinghurst, to 31 December each year. In addition it produces reviewed interim financial statements to 30 June each year. The financial statements for periods ending between 31 December 2007 and 30 June 2012 are available from PRL's registered office and are incorporated by reference into this document in accordance with Rule 24.15 of the Takeover Code. Further information about Pallinghurst and electronic copies of these financial statements can be found at www.pallinghurst.com or for copies of these reports please see paragraph 9 of Part IV.

Pallinghurst is deemed to be acting in concert with the other Rox Shareholders by virtue of their combined holdings in Rox prior to the Unbundling, details of which are included in Part I above. Immediately following the Unbundling, the Rox Shareholders will make a submission to the Panel to argue that they are no longer acting in concert and should be deemed to be independent.

Pallinghurst is deemed to be acting in concert with Pallinghurst Founder by virtue of the crossover between the directors of PRL, the directors of Pallinghurst (Cayman) Founder Limited and the beneficiaries of Pallinghurst Founder. Pallinghurst is deemed to be acting in concert with the remaining members of the Concert Party by virtue of the interrelationship between Pallinghurst Founder and those other persons.

1.2 ***Pallinghurst Founder***

Pallinghurst Founder is a Cayman Islands exempted limited partnership and was incorporated on 19 April 2007. As a limited partnership its affairs are directed by its general partner, Pallinghurst (Cayman) Founder Limited of which Sean Gilbertson is a Director. There are a number of overlapping directors between Pallinghurst (Cayman) Founder Limited and PRL. The rights of the limited partners of Pallinghurst Founder are governed by its limited partnership agreement and by the provisions of Cayman law applicable to such limited partnerships. Pallinghurst Founder's income is partly derived from the collection of performance fees or carried interest when an investment or series of investments are realised by Pallinghurst, PRL or their co-investors. It is also permitted to make separate investments such as its current holding in Fabergé. Beneficiaries of Pallinghurst Founder include certain members of the PRL board.

Pallinghurst Founder holds a 5.5 per cent. interest in Faberge Conduit Limited which will, on Admission, receive Consideration Shares. Sean Gilbertson is one of four beneficiaries in a trust that has a participation in Pallinghurst Founder. Following Admission, Pallinghurst Founder will hold an indirect interest of 1.0 per cent. in the Company.

Further details of Pallinghurst Founder are as follows:

- Registration number: WK19848.
- Registered address:c/o Intertrust Corporate Services (Cayman) Limited, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.
- Date of incorporation: 19 April 2007.
- Place of incorporation: Cayman Islands.
- Nature of business: Investment holding.
- Pallinghurst Founder has no subsidiaries or other group companies and is not required to produce audited financial statements under Cayman law.
- Pallinghurst Founder is a going concern with good financial and trading prospects.

Pallinghurst Founder is deemed to be acting in concert with Pallinghurst by virtue of the crossover between the directors of PRL, the directors of Pallinghurst (Cayman) Founder Limited and the beneficiaries of Pallinghurst Founder. Pallinghurst Founder is deemed to be acting in concert with other members of the Pallinghurst Group by virtue of Sean Gilbertson's directorship with its general partner and Sean Gilbertson's interest in the remaining members of the Pallinghurst Group.

1.3 ***Pallinghurst Resources Management***

Pallinghurst Resources Management was registered on 19 May 2006 as Pallinghurst Resources Fund L.P. in the Cayman Islands as an exempted limited partnership. Pallinghurst Resources Management is controlled by its partners, including its general partner Pallinghurst (Cayman) General Partner L.P. (G.P.) Limited and its limited partner Pallinghurst (Cayman) Founder Partner L.P., Sean Gilbertson has a 50 per cent. indirect interest in Pallinghurst Resources Management and his father, Brian Gilbertson, has a 25 per cent. indirect interest in the entity.

Further details of Pallinghurst Resources Management are as follows:

- Registration number: WK17484.
- Registered address: c/o Intertrust Corporate Services (Cayman) Limited, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.
- Date of incorporation: 19 May 2006.
- Place of incorporation: Cayman Islands.
- Nature of business: Investment holding.
- Pallinghurst Resources Management has one subsidiary, Pallinghurst-Utima (Cayman) Ltd, which is currently inactive. Pallinghurst Resources Management is not required to produce audited financial statements under Cayman law.

Pallinghurst Resources Management has recently been involved in a long running legal dispute which has only recently been determined and is subject to appeal. As a result of such determination, and subject to an appeal, it is intended that Pallinghurst Resources Management is placed into administration and its assets, including its holding in Fabergé and/or Gemfields are dealt with by a liquidator.

Pallinghurst Resources Management is deemed to be acting in concert with other members of the Concert Party by virtue of Sean Gilbertson's indirect interest in the entity.

1.4 ***Sean Gilbertson***

Sean Gilbertson is an executive Director of the Company and a director of Rox and Rox Conduit Limited and holds an indirect interest in Pallinghurst by virtue of a direct holding in PRL. Sean Gilbertson's father, Brian Gilbertson, is an executive director and chairman of PRL and Sean Gilbertson is a director of Pallinghurst (Cayman) Founder Limited and the Panel have therefore deemed that Sean Gilbertson is acting in concert with Pallinghurst and is a member of the Concert Party.

1.5 ***Autumn***

Autumn has an approximately 0.5 per cent. interest in Fabergé and will, on Admission, hold a direct interest of approximately 0.2 per cent. in the Company. 50 per cent. of Autumn's shares are held by a discretionary trust in which Sean Gilbertson and his father Brian Gilbertson are named beneficiaries. The remaining interest in Autumn is also held on trust for Brian Gilbertson.

1.6 ***Rox and Rox Conduit Limited***

Pallinghurst, Investec Pallinghurst and NGPMR together hold 100 per cent. of the issued share capital of Rox Conduit Limited. Rox Conduit Limited in turn holds 100 per cent. of the issued share capital of Rox, which holds 59.1 per cent. of the issued share capital of the Company. The directors of Rox and Rox Conduit are Sean Gilbertson, Arne Frandsen and Clive Harris. A further description of these entities is set out in Paragraph 10.1 of Part I.

2. Investec Pallinghurst

Investec Pallinghurst is a Cayman Islands exempted limited partnership and was registered on 24 May 2007. The beneficial owners of Investec Pallinghurst include Investec Bank (Mauritius) Limited which is based in Mauritius and Guinness Mahon & Co. Limited which is an English company.

- The rights of the partners of Investec Pallinghurst are governed by its limited partnership agreement and by the provisions of Cayman law applicable to such limited partnerships.
- Investec Pallinghurst's registered office is located at c/o Intertrust Corporate Services (Cayman) Limited, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands.
- Investec Pallinghurst is a going concern with good financial and trading prospects.

Investec Pallinghurst is deemed to be acting in concert with the other Rox Shareholders by virtue of the Rox Shareholders' combined holdings in Rox prior to the Unbundling. As discussed above, immediately following the Unbundling, the Rox Shareholders will make a submission to the Panel to argue that they are no longer acting in concert and should be deemed to be independent.

3. NGPMR

NGPMR is a Cayman Islands exempted limited partnership and was registered on 27 July 2007. The beneficial owners of NGPMR consist of various limited partners, each based in the United States of America. The only limited partners of NGPMR with an economic interest of over 10 per cent. are NGP Midstream and Resources, L.P., NGP M&R Offshore Holdings L.P., both limited partnerships established under the laws of Delaware, and Natural Gas Partners IX L.P.

- The rights of the partners of NGPMR are governed by its partnership agreement and by the provisions of Cayman law applicable to such limited partnerships.
- NGPMR's registered office is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- NGPMR is a going concern with good financial and trading prospects.

NGPMR is deemed to be acting in concert with the other Rox Shareholders by virtue of the Rox Shareholders' combined holdings in Rox prior to the Unbundling. As discussed above, immediately following the Unbundling, the Rox Shareholders will make a submission to the Panel to argue that they are no longer acting in concert and should be deemed to be independent.

3. Existing Relationship Agreement

On 6 June 2008 the Company and Rox entered into the Existing Relationship Agreement to manage the relationship between them. At the time of entry into the Existing Relationship Agreement Rox was a 55 per cent. shareholder of the Company.

For the purposes of the Existing Relationship Agreement, associates of Rox include, *inter alia*, (i) any company which is a subsidiary or parent undertaking or Rox (excluding any party which is an investor in or has an investment or co-investment arrangement with PRL or Pallinghurst (Cayman) GP Limited); (ii) any Company whose directors act in accordance with Rox's directions or instructions; (iii) any company in the capital of which Rox or any entity listed under (i) or (ii) holds 30 per cent. or more of the voting rights and is able to appoint or remove directors; (iv) for so long as he holds more than 5 per cent. of the share capital in Rox, Mr Rajiv Gupta; and (v) 'Related Parties' of Rox (as such term is defined in the AIM Rules).

The Existing Relationship Agreement provides, *inter alia*, that Rox shall exercise all its powers and procure that any non-independent directors and related parties exercise their powers to ensure that: (i) the Company has its own dedicated management which shall operate and take decisions independent of Rox; (ii) the business and affairs of the Company be carried out in accordance with its constitution and for the benefit of its shareholders as a whole; (iii) independent directors shall constitute at least 50 per cent. of the board and all committees (save for the audit committee to which different rules apply); (iv) the Company shall comply with the principles of best practice adopted by UK AIM companies and any relevant market rules or regulatory requirements; (v) no agreement shall be entered into between the Company and Rox or any of its associates unless approved by the board including the non-independent directors; (vi) all transactions between the Company and Rox and its associates shall be carried out on arm's length terms; (vii) Rox shall not sell, transfer or agree to sell, transfer or otherwise dispose of its shares which would reduce its aggregate holding to a level below 30 per cent. of the voting rights without giving the Company at least two business days' notice.

In addition, Rox and its associates are also bound by certain non-compete provisions to prevent them from, *inter alia*, competing, or holding interests of more than 10 per cent. in companies that compete with the Company's business (subject to certain exceptions). Rox and its associates must also not solicit for employment any group employee or induce or attempt to induce any group employee to terminate its employment relationship. The parties are bound by certain confidentiality obligations. The Existing Relationship Agreement shall terminate on Rox ceasing to control (directly or indirectly) 30 per cent. or more of the voting rights of the Company.

Following the Unbundling, Pallinghurst and the Company will enter into the New Relationship Agreement as more particularly described at paragraph 8 of Part I.

PART IV

ADDITIONAL INFORMATION

1. Responsibility

The Independent Directors accept responsibility for the information contained in this document save that the only responsibility accepted by the Independent Directors in respect of the information in this document relating to Fabergé, the Pallinghurst Group, the Concert Party and the Unbundling has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Directors to verify this information).

Sean Gilbertson accepts responsibility for the information contained in this document that relates to Fabergé, the Pallinghurst Group, the Concert Party and the Unbundling save that the only responsibility accepted by Mr. Gilbertson in respect of the information in this document relating to NGPMR, Investec Pallinghurst and Autumn has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by Mr. Gilbertson to verify this information). Mr. Gilbertson, who has not participated in the Board's consideration of the Proposed Acquisition or the Whitewash, does not take responsibility for the contents of this document and in particular the paragraph on page 25 entitled "Recommendation". The Panel has consented to the exclusion of Mr. Gilbertson from these matters on the basis that he is a director of both the Company and of Fabergé and therefore is not in a position to independently advise the Independent Shareholders in connection with the Proposed Acquisition and the Whitewash.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital

The Company's authorised and issued share capital, at the date of this document is, and is expected to be immediately after Admission:

	At the date of this document		*Following Admission of Consideration Shares*[1]	
	Amount	*Number of Ordinary Shares*	*Amount*	*Number of Ordinary Shares*
Authorised	£6,000,000	600,000,000	Not applicable	Not applicable
Issued and fully paid	£3,257,732.08	325,773,208	£5,397,732.08	539,773,208

1 Assuming that 214 million Consideration Shares are issued pursuant to the Proposed Acquisition

3. Interests and Dealings

3.1 ***Definitions***

For the purposes of this paragraph 3:

acting in concert has the meaning attributed to it in the Takeover Code;

arrangement includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

connected persons means in relation to a director, those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations and includes any spouse, civil partner, infants (including step children), relevant trusts and any company in which a director holds at least 20 per cent. of its voting share capital;

dealing or **dealt** includes:

(a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;

(b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;

(c) subscribing or agreeing to subscribe for relevant securities;

(d) exercising or converting, whether in respect of new or existing relevant securities, any relevant securities carrying conversion or subscription rights;

(e) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;

(f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

(g) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

disclosure date means 5 December 2012, being the latest practicable date prior to the publication of this document;

disclosure period means the period commencing on 6 December 2011, being the date 12 months prior to the date of publication of this document and ending on the disclosure date;

financial collateral arrangements are arrangements during an offer period whereby either the Company or any member of the Concert Party, enters into, or takes action to unwind, a security financial collateral arrangement which provides a right for the collateral-taker to use and dispose of relevant securities of the Company as if it were the owner of those relevant securities (a "right of use"), or enters into, or takes action to unwind, a title transfer collateral arrangement in respect of relevant securities of the Company;

being **interested** in securities (or having an **interest** in such securities) includes where a person:

(a) owns them;

(b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;

(c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(d) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;

relevant securities means shares in the Company which carry voting rights and securities of the Company carrying conversion or subscription rights into such shares; and

short position means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

3.2 ***Interests of Directors***

At the disclosure date, the interests of the Directors and their families and the interests of their connected persons in the issued share capital of the Company currently and as they are expected to be immediately following Admission are as follows:

	As at the disclosure date		*Immediately following Admission*[1]	
Name of Director	*Interest in Ordinary Shares*	*Percentage of Existing Issued Share Capital*	*Interest in Ordinary Shares*	*Percentage of Enlarged Issued Share Capital*
Graham Mascall	150,000	0.05%	150,000	0.03%
Ian Harebottle	200,000	0.06%	200,000	0.04%
Devidas Shetty	100,000	0.03%	100,000	0.02%
Sean Gilbertson	300,000[2]	0.09%	300,000	0.06%
Finn Behnken	—	—	—	—
Clive Newall	—	—	—	—

1 Assuming 214 million Consideration Shares are issued pursuant to the Proposed Acquisition and there are no Dissenting Shareholders

2 In addition Mr. Gilbertson has an indirect interest of 589,900 Ordinary Shares pursuant to Mr. Gilbertson's interest in PRL prior to the Proposed Acquisition

3.3 ***Interests in options***

The interests referred to at paragraph 3.2 above exclude the interests of the Directors in options to subscribe for Consideration Shares and awards under the Company's long term incentive plans, which are as at the disclosure date as follows:

Name of Director	*Number of Ordinary Shares under option*	*Option Price*	*Percentage of Existing Issued Share Capital*	*Percentage of Enlarged Issued Share Capital*[1]	*Issue Date*	*Expiry Date*
Graham Mascall	1,000,000	£0.085	0.31%	0.19%	1 January 2011	31 December 2021
Graham Mascall	300,000	£0.1995	0.09%	0.06%	1 January 2012	31 December 2022
Ian Harebottle	1,950,000	£0.085	0.60%	0.36%	1 January 2011	31 December 2021
Ian Harebottle	600,000	£0.1995	0.18%	0.11%	1 January 2012	31 December 2022
Devidas Shetty	1,250,000	£0.085	0.38%	0.23%	1 January 2011	31 December 2021
Devidas Shetty	500,000	£0.1995	0.15%	0.09%	1 January 2012	31 December 2022
Clive Newall	700,000	£0.085	0.21%	0.13%	1 January 2011	31 December 2021
Clive Newall	200,000	£0.1995	0.06%	0.04%	1 January 2012	31 December 2022
Sean Gilbertson	—	—	—	—	—	
Finn Behnken	—	—	—	—	—	

1 Assuming 214 million Consideration Shares are issued pursuant to the Proposed Acquisition and there are no Dissenting Shareholders

3.4 ***Interests of the Pallinghurst Group and the other members of the Concert Party***

At the disclosure date, the beneficial interests of the Pallinghurst Group and the other members of the Concert Party in the issued share capital of the Company currently, as they are expected to be immediately following Admission (assuming no Dissenting Shareholders) are as follows:

	As at the disclosure date		*Immediately following Admission*[1]		
Name of Concert Party	*Number of Ordinary Shares*	*Percentage of Existing Issued Share Capital*	*Number of Ordinary Shares*	*Percentage of Enlarged Share Capital*	*Maximum Percentage of Enlarged Issued Share Capital*[5]
Pallinghurst	107,433,316	33.0%	258,908,915	48.0%	49.3%
Pallinghurst Founder	—	—	5,391,081	1.0%	1.0%
Pallinghurst Resources Management	—	—	1,586,729	0.3%	0.3%
Investec Pallinghurst	53,491,818	16.4%	68,273,047	12.6%	13.0%
NGPMR	44,428,505	13.6%	72,497,243	13.4%	13.8%
Autumn	—	—	988,079	0.2%	0.2%
Sean Gilbertson	300,000	0.1%	300,000	0.1%	0.1%
The Pallinghurst Group[3]	**107,733,316**	**33.1%**	**267,174,804**	**49.5%**	**50.6%**
Concert Party[4]	**205,653,639**	**63.1%**[2]	**407,945,094**	**75.6%**	**77.3%**
Total Gemfields	*325,773,208*	*100.0%*	*539,773,208*	*100.0%*	*100%*

1 Assuming 214 million Consideration Shares are issued pursuant to the Proposed Acquisition and that there are no Dissenting Shareholders

2 Consists of 59.1 per cent. holding by Rox and 3.9 per cent. direct holding by Pallinghurst

3 The Pallinghurst Group consists of Pallinghurst, Pallinghurst Founder, Pallinghurst Resources Management, Autumn and Sean Gilbertson

4 As at the Disclosure Date the largest individual shareholder in the Company, Rox, hold 59.1 per cent. of the Company. Following Admission the largest individual shareholder of the Company will be Pallinghurst at 48.0 per cent. Following Admission (and because Unbundling will have occurred) the Rox Shareholders intend to make a submission to the Panel to argue that they are no longer acting in concert and should each be deemed to be acting independently of each other. The Concert Party is made up of the Pallinghurst Group, Investec Pallinghurst and NGPMR

5 Assuming the number of Dissenting Shareholders which will lead to the highest percentage holding of the relevant member of the Concert Party

Immediately following Admission, and assuming 214 million Consideration Shares are issued pursuant to the Proposed Acquisition and there are no Dissenting Shareholders, the Pallinghurst Group will hold 267,174,804 Ordinary Shares, representing approximately 49.5 per cent. of the Enlarged Issued Share Capital. The maximum potential holding of the Pallinghurst Group, assuming all minority Fabergé Shareholders dissent other than Pallinghurst Resources Management and Autumn, is 267,174,804 Ordinary Shares, representing approximately 50.6 per cent.

Immediately following Admission, and assuming 214 million Consideration Shares are issued pursuant to the Proposed Acquisition and that there are no Dissenting Shareholders, the members of the Concert Party, will together hold 407,945,094 Ordinary Shares, representing approximately 75.6 per cent. of the Enlarged Issued Share Capital. The maximum potential holding of the Concert Party, assuming all minority Fabergé Shareholders dissent other than Pallinghurst Resources Management and Autumn, is 407,945,094 Ordinary Shares, representing approximately 77.3 per cent.

On 20 November 2012 Autumn, which held 25,000 Fabergé Shares on constructive trust for Pallinghurst Resources Management, transferred the legal title in such shares to Pallinghurst Resources Management for nil consideration.

3.5 ***No other interests***

Save as disclosed in paragraphs 3.1 to 3.4 of this Part IV:

(a) as at the disclosure date, neither the Pallinghurst Group, nor any of its directors (nor any members of their respective immediate families, related trusts or, so far as the directors are aware, connected persons), nor any person acting in concert with the Pallinghurst Group, had any interest in or right to subscribe for or had any short position in relation to, any relevant securities;

(b) neither the Pallinghurst Group, nor any of its directors (nor any members of their respective immediate families, related trusts or, so far as the directors are aware, connected persons), nor any person acting in concert with the Pallinghurst Group, has dealt in any relevant securities in the disclosure period;

(c) neither the Pallinghurst Group, nor any person acting in concert with them, has borrowed or lent (including any financial collateral arrangements) any relevant securities;

(d) and save as disclosed in Part III with respect to Sean Gilbertson, as at the disclosure date, neither the Company nor any of the Directors (nor any members of their respective immediate families, related trusts or, so far as the Directors are aware, connected persons) had any interest in or right to subscribe for, or had any short position in relation to any relevant securities or any securities of the Pallinghurst Group;

(e) neither the Company, nor any of its directors (nor any members of their respective immediate families, related trusts or, so far as the directors are aware, connected persons), nor any person acting in concert with the Company, has dealt in any relevant securities in the disclosure period;

(f) as at the disclosure date, no person acting in concert with the Company and no person with whom the Company or any person acting in concert with the Company has any arrangements, had an interest in or right to subscribe for any relevant securities or any short position in relation to any relevant securities;

(g) neither the Company nor any person acting in concert with the Company has borrowed or lent (including any financial collateral arrangements) any relevant securities save for any borrowed shares which have either been on-lent or sold; and

(h) neither the Pallinghurst Group, nor any person acting in concert with it, has purchased Ordinary Shares in the 12 months preceding the date of this document.

The Company has not redeemed or purchased any relevant securities during the disclosure period.

4. Special arrangements

Save as disclosed in this document, no member of the Concert Party has entered into agreements, arrangements or understandings (including any compensation arrangement) with any of the Company's Directors, recent directors, Shareholders, recent Shareholders or any person interested or recently interested in Ordinary Shares which are connected with or dependent upon the outcome of the proposals set out in this document. No member of the Concert Party has entered into any agreement, arrangement or understanding to transfer any Consideration Shares to any person.

There are no financing arrangements in place in connection with the Proposed Acquisition and there are no arrangements relating to the payment of interest on, repayment of, or security for any liability (contingent or otherwise) of the Concert Party which depend to any significant extent on the business of the Company.

5. Directors' Service Agreements

5.1 The following are details of current service agreements and letters of appointment in relation to the Directors:

(a) Graham Mascall was appointed as Non-Executive Chairman of the Company on 18 April 2005 under the terms of a letter of appointment dated 14 September 2005. He is currently entitled to an annual fee of £53,460. He is required to provide the Company with 12 days service per annum. He is required to attend quarterly Company board meetings, the annual general meeting each year and board committee meetings (which other than audit committee meetings, are both usually planned to coincide with the date of a board meeting) and occasional additional meetings for specific purposes. The Company will be responsible for any out of pocket expenses incurred by him. The letter of appointment contains a restrictive covenant that he will not hold any directorships in the same business sector as the Company except with prior approval of the board.

(b) Ian Harebottle was appointed as Chief Executive Officer of the Company on 11 February 2009 under the terms of a service agreement. He is currently entitled to an annual fee of £275,000, which was increased from £250,000 on 1 July 2012 which is split between Almizan Development Limited (60 per cent.), the Company (20 per cent.) and Kagem Mining Limited (20 per cent.). The Company may at its sole discretion pay Mr. Harebottle a bonus. During 2012 Mr. Harebottle was paid a bonus of £250,000. The scope of his employment is to perform such duties and exercise such powers consistent with his position or assigned to him by the board of directors. He has agreed to devote all of his professional time in carrying out these duties for the Company. The agreement is terminable by the Company on 3 months' written notice and by Mr. Harebottle on 6 months' written notice. He is entitled to 25 days paid holiday. The Company will continue to pay his salary and benefits during an absence of 6 weeks in any 6 month period on medical grounds. The agreement contains post termination restrictive covenants which place limitations and restrictions on the solicitation of customers and employees, dealings with customers and interfering with suppliers of the Group and from acting in competition with the business of the Group. The agreement also includes provision for the assignment to the Company of intellectual property created by Mr. Harebottle during his term in office and provision for the non-disclosure of confidential information.

(c) Devidas Shetty was appointed as Chief Financial Officer of the Company on 1 January 2012 under the terms of a service agreement dated 17 December 2009 and on 6 July 2012 was promoted to Chief Operating Officer. He is currently entitled to an annual fee of £200,000, which was increased from £180,000 on 1 July 2012. The Company may at its sole discretion pay Mr. Shetty a bonus. During 2012, Mr. Shetty was paid a bonus of £180,000. The scope of his employment is to perform such duties and exercise such powers consistent with his position or assigned to him by the board of directors. He has agreed to devote all of his professional time in carrying out these duties for the Company. The agreement is terminable by either party on 3 months' written notice. He is entitled to 25 days paid holiday. The Company will continue to pay his salary and benefits during an absence of 6 weeks in any 6 month period on medical grounds. The agreement contains post termination restrictive covenants which place limitations and restrictions on the solicitation of customers and employees, dealings with customers and interfering with suppliers of the Group and from acting in competition with the business of the Group. The agreement also includes provision for the assignment to the Company of intellectual property created by Mr. Shetty during his term in office and provision for the non-disclosure of confidential information.

(d) Sean Gilbertson was appointed as Executive Director of the Company in June 2008 under the terms of a service agreement. He does not receive an annual fee. The scope of his employment is to perform such duties and exercise such powers consistent with his position or assigned to him by the board of directors. The agreement is terminable by the Company on 3 months' written notice or by Sean Gilbertson on 6 months' notice. He is entitled to 13 days unpaid holiday. However, the Company will continue to pay his salary (nil) and benefits (nil) during an absence of 6 weeks in any 6 month period on medical grounds. The

agreement contains post termination restrictive covenants which place limitations and restrictions on the solicitation of customers and employees, dealings with customers and interfering with suppliers of the Group and from acting in competition with the business of the Group. The agreement also includes provision for the assignment to the Company of intellectual property created by Sean Gilbertson during his term in office and provision for the non-disclosure of confidential information.

(e) Finn Behnken was appointed as Non-Executive Director of the Company on 6 June 2008 under the terms of a letter of appointment dated 13 May 2008. He does not receive an annual fee. The Company will be responsible for any out of pocket expenses incurred by him. The letter of appointment contains a restrictive covenant that he will not hold any directorships in the same business sector as the Company except with prior approval of the board.

(f) Clive Newall was appointed as Non-Executive Director of the Company on 25 April 2005 under the terms of a letter of appointment dated 19 April 2005. He is currently entitled to an annual fee of £21,384. He is required to provide the Company with 12 days service per annum. He is required to attend all Company board meetings. The Company will be responsible for any out of pocket expenses incurred by him. The letter of appointment contains a restrictive covenant that he will not hold any directorships in the same business sector as the Company except with prior approval of the board.

5.2 Save as disclosed in paragraph 5.1 above, no Director has a service agreement with the Company that has been entered into or varied within six months prior to the date of this document or which is a contract expiring or determinable by the Company without payment of compensation (other than statutory compensation) after more than one year.

5.3 Save for any payments to the Directors on termination in lieu of notice and otherwise than set out in paragraph 5.1 above, no benefits on termination are payable by the Company.

5.4 There has been no waiver of emoluments during the financial year immediately preceding the date of this document.

5.5 There are no outstanding loans made by the Company, nor has any guarantee been provided by the Company to, or for the benefit of, any Director.

5.6 No management incentivisation arrangements have been proposed in connection with the Whitewash.

6. Material Contracts

6.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this document and are or may be material:

(a) On 21 November 2012, the Company entered into the Implementation Agreement with the Majority Fabergé Shareholders, Fabergé and Gemfields Cayman which sets out the framework for implementing the Merger. Further details of this agreement are set out in Part I.

(b) On 10 August 2011, Kagem Mining Limited entered into a US$9,275,000 debt facility with Barclays Bank Zambia plc with an interest rate of 3 month LIBOR plus 4.75 per cent. to finance waste removal from Chama Pit Open Mine by a contractor. The loan is repayable over a period of 36 months. The Company gave security for the loan by way of a corporate guarantee over the assets of Kagem Mining Ltd (excluding mining licences). The security given is by way of a fixed and floating debenture over all of the borrower's assets up to US$9,275,000 and a mortgage over property number 6374 in the name of Kagem Mining Limited registered to cover US$1,675,000. In addition the Company gave a pledge over cash to be held in Barclays Bank in London for US$2,500,000 which was subsequently returned to the Company.

6.2 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this document and are or may be material:

(a) On 20 November 2012, Pallinghurst, Pallinghurst Investec, NGPMR, Rox and Rox Conduit entered into an unbundling agreement whereby Rox and its parent company, Rox Conduit Limited, will cease to hold any shares directly or indirectly in the Company and these shares would instead be held independently in the respective proportions by Pallinghurst, Investec Pallinghurst and NGPMR. The agreement is conditional upon the Whitewash Resolution having been approved. Further details of the Unbundling are set out in paragraph 10 of Part I.

(b) On 3 December 2012, Faberge Conduit Limited, Pallinghurst, Pallinghurst Founder, NGPMR and Investec Pallinghurst entered into a voting agreement setting out how Faberge Conduit Limited would vote with respect to its holding of Consideration Shares post Admission. The agreement is conditional on completion of the Proposed Acquisition and the issue and allotment of the Consideration Shares. Pursuant to the terms of the agreement, each of the underlying shareholders of Faberge Conduit Limited shall be entitled to instruct the board of Faberge Conduit Limited to vote a proportion of the Consideration Shares held by Faberge Conduit Limited that is equal to the proportionate interest that shareholder has in Faberge Conduit Limited in such manner as that shareholder sees fit.

The obligations and rights of each shareholder shall cease upon that shareholder ceasing to hold an interest in Faberge Conduit Limited.

(c) On 21 November 2012, Pallinghurst, Faberge Conduit Limited, the Company, Fabergé and Gemfields Cayman entered into the Implementation Agreement which sets out the framework for implementing the Merger. Further details of this agreement are set out in Part I.

7. Middle Market Quotations

The following table sets out the middle market quotations for an Ordinary Share, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first business day of each of the six months immediately prior to the disclosure date and for the last business day prior to the publication of this document:

Date	*Price per Ordinary Share (pence)*
2 July 2012	37.250
1 August 2012	37.625
3 September 2012	33.500
1 October 2012	37.500
1 November 2012	41.250
3 December 2012	32.000
5 December 2012	31.750

8. General

8.1 Save in respect of the proposals as disclosed in this document and as announced by the Company via a Regulatory Information Service, there has been no significant change in the financial or trading position of the Group since 30 June 2012, the date to which its most recent audited accounts have been drawn up.

8.2 Canaccord has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name in the form and context in which it appears.

8.3 J. P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion in it of its name in the form and context in which it appears.

8.4 No inducement fee is payable in respect of the proposals set out in this document.

9. Documentation Incorporated by Reference

9.1 The following information with respect to the Company has been incorporated by reference into this document in accordance with Rule 24.15 of the Takeover Code:

	Information	*Source of Information*
(a)	The interim results for the six month period ending 31 December 2011	http://gemfields.co.uk/images/stories/reports/152.pdf
(b)	The published annual report and accounts of the Company for the financial period ended 30 June 2011	http://gemfields.co.uk/images/stories/reports/128.pdf
(c)	The published annual report and accounts of the Company for the financial period ended 30 June 2010	http://gemfields.co.uk/images/stories/reports/81.pdf

In addition, a copy of the published annual report and accounts of the Company for the financial period ended 30 June 2012 has been sent to Shareholders in connection with the Company's annual general meeting.

9.2 The following information with respect to the Pallinghurst Group has been incorporated by reference into this document in accordance with Rule 24.15 of the Takeover Code:

	Information	*Source of Information*
(a)	PRL Interim Report for the six months ended 30 June 2012	http://www.pallinghurst.com/financial-information
(b)	Annual Report 31 December 2011	http://www.pallinghurst.com/financial-information
(c)	Annual Report 31 December 2010	http://www.pallinghurst.com/financial-information

9.3 A Shareholder, any person with information rights or any other person to whom this document is sent may request a copy of any of the documents listed in this section 10 in hard copy form. A hard copy may be obtained by contacting the Company at Gemfields plc, 54 Jermyn Street, London SW1Y 6LX or by telephoning +44 (0)20 7518 3400. No hard copies will be sent to any person unless requested.

Copies of the above documents are also available on the Company's website: www.gemfields.co.uk.

10. Documents on display

10.1 The following documents or copies thereof are available for inspection at the offices of Reed Smith LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2RS during normal business hours on any weekday (public holidays excepted) until Admission and also on the Company's website www.gemfields.co.uk

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of PRL

(c) the audited consolidated accounts of the Company for the years ended 30 June 2010, 2011 and 2012

(d) the audited consolidated accounts of PRL for the years ended 31 December 2010 and 2011 and the interim accounts for the six month period ending 30 June 2012;

(e) the written consent of Canaccord referred to in paragraph 8.2 above;

(f) the written consent of J.P. Morgan Cazenove referred to in paragraph 8.3 above;

(g) the following material contracts:

(i) the Implementation Agreement;

(ii) the debt facility with Barclays Bank Zambia plc referred to at paragraph 6.1(b) above;

(h) a copy of this document.

A Shareholder, any person with information rights or any other person to whom this document is sent may request a copy of any of the documents listed in this paragraph 10 in hard copy form. A hard copy may be obtained by contacting the Company at Gemfields plc, 54 Jermyn Street, London SW1Y 6LX or by telephoning +44 (0) 20 7518 3400. No hard copies will be sent to any person unless requested.

Dated 6 December 2012

NOTICE OF GENERAL MEETING

GEMFIELDS PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered No. 05129023)

Notice is hereby given that a general meeting (the "Meeting") of Gemfields plc (the "Company") will be held at the offices of Reed Smith LLP, The Broadgate Tower, 20 Primrose Street, London EC2A 2RS, on 7 January 2013 at 11.00 a.m. to consider and, if thought fit, to pass the following resolutions:

ORDINARY RESOLUTION (TAKEN ON A POLL OF INDEPENDENT SHAREHOLDERS)

1. **THAT**, the waiver, granted by the Panel on Takeovers and Mergers on the terms set out in the Company's Circular to Shareholders of which this notice forms part, of the obligation that would otherwise arise on The Pallinghurst Resources Fund L.P., Pallinghurst (Cayman) Founder L.P., Pallinghurst Resources Management L.P., Autumn Holdings Asset Inc. and Sean Gilbertson, to make a general offer to the shareholders of the Company under Rule 9 of the City Code on Takeovers and Mergers upon receipt of ordinary shares in the capital of the Company in connection with the merger of Faberge Limited and Runway SPV (the "Merger") be and is hereby approved.

ORDINARY RESOLUTION

2. **THAT**, the issue of ordinary shares in the capital of the Company, or any alternative consideration where required by law, to Autumn Holdings Asset Inc. and Pallinghurst Resources Management L.P., being in each case an entity connected with Sean Gilbertson, a director of the Company, in connection with the Merger be approved.

Registered office:
54 Jermyn Street
London
SW1Y 6LX

By order of the Board:
Devidas Shetty
Company Secretary
6 December 2012

NOTES

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 5 January 2013 or, if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Proxy Form are set out in the notes to the Proxy Form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, it will be necessary to notify the registrar in accordance with Note 6 below.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy Proxy Form

6. The notes to the Proxy Form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the Proxy Form, the form must be:
   - completed and signed;
   - sent or delivered to Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU; and
   - received by Capita Registrars no later than 11.00 a.m. on 5 January 2013.

   In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The CREST Proxy Instruction, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) by 11.00 a.m. on 5 January 2013. No such CREST Proxy Instruction received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Proxy Instruction by the CREST Applications Host) from which our registrars are able to retrieve the CREST Proxy Instruction by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard copy Proxy Form and would like to change the instructions using another hard copy Proxy Form, please contact Capita Registrars. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Registrars no later than 11.00 a.m. on 5 January 2013. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

14. As at 6.00 p.m. on 5 December 2012, the Company's issued share capital comprised 325,773,208 ordinary shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 5 December 2012 is 325,773,208. With respect to Resolution 1 only the Independent Shareholders are eligible to vote and so the total voting rights with respect to Resolution 1 only are 120,119,569.

Documents on display

15. Copies of the circular will be available for at least 15 minutes prior to the Meeting and during the Meeting.

Communication

16. Except as provided above, members who have general queries about the Meeting should call the Capita shareholder helpline on 0871 664 0300 (or from outside the UK: +44 (0) 20 8639 3399). Calls cost 10 pence per minute plus network charges. No other methods of communication will be accepted.

    You may not use any electronic address provided either in this notice of general meeting or any related documents (including the Chairman's letter and Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

Postage by United Kingdom (UK) shareholders: If the Proxy Form is posted in the UK, there is no postage to pay.

Postage by shareholders outside the UK: Shareholders with addresses outside the UK should post the Proxy Form in an envelope to: Capita Registrars, PXS, 34 Beckenham Road, Kent, United Kingdom BR3 4TU. The appropriate postage will need to be paid locally.