

GEMFIELDS

Announcement of successful Lusaka Emerald Auction

6 October 2017

Gemfields plc (“Gemfields”, which is 100% owned by Pallinghurst) is pleased to announce the results of its auction of higher quality rough emeralds, held in Lusaka, Zambia, from 2 – 5 October 2017. The emeralds were extracted by Kagem Mining Ltd (“Kagem”, which is 75% owned by Gemfields and 25% by the Government of the Republic of Zambia) in Zambia. The proceeds of this auction will be fully repatriated to Kagem in Zambia, with all royalties due to the Government of the Republic of Zambia being paid on the full sales prices achieved at the auction.

Highlights – Emerald Auction

- Auction revenues of US\$21.5 million
- Average price of US\$66.21 per carat, the second highest price ever achieved
- 100% of the carats offered were sold
- The Kagem auctions held since July 2009 have generated US\$495 million in total revenues

The auction saw 36 companies placing bids and generating total revenues of US\$21.5 million with a strong overall average value of US\$66.21 per carat, the second highest per carat price achieved by Kagem to date. All emeralds offered were sold.

Gemfields’ 26 auctions of emeralds and beryl mined at Kagem since July 2009 have generated US\$495 million in total revenues.

The results of the five most recent higher quality Kagem auctions are summarised in the table below:

AUCTION RESULTS (HIGHER QUALITY)	Nov '14 AUCTION	Sep '15 AUCTION	Apr '16 AUCTION	Feb '17 AUCTION	Oct '17 AUCTION
Dates	13-17 Nov 2014	31 Aug-4 Sep 2015	30 Mar-3 Apr 2016	13-17 Feb 2017	2-5 Oct 2017
Location	Lusaka	Singapore	Lusaka	Lusaka	Lusaka
Type	Higher Quality	Higher Quality	Higher Quality	Higher Quality	Higher Quality
Carats offered	0.60 million	0.60 million	0.56 million	0.42 million	0.32 million
Carats sold	0.53 million	0.59 million	0.47 million	0.35 million	0.32 million
No. of companies placing bids	34	37	33	33	36
Average no. of bids per lot	12	11	9	7	11
No. of lots offered	17	19	18	19	18
No. of lots sold	16	18	16	17	18
Percentage of lots sold	94%	95%	89%	89%	100%
Percentage of lots sold by weight	89%	98%	84%	84%	100%
Percentage of lots sold by value	89%	88%	94%	95%	100%
Total sales realised at auction	US\$34.9 million	US\$34.7 million	US\$33.1 million	US\$22.3 million	US\$21.5 million
Average per carat sales value	US\$65.89/carat	US\$58.42/carat	US\$70.68/carat	US\$63.61/carat	US\$66.21/carat

The specific auction mix and the exact quality of the lots offered at each auction vary in characteristics such as size, colour and clarity on account of variations in mined production and market demand. Each auction naturally contains a degree of variation in overall quality composition and therefore the results of each auction are not always directly comparable.

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Sean Gilbertson, CEO of Gemfields, commented:

“I am very pleased with the results of this auction. It was, by weight, the smallest auction of Kagem higher quality emeralds to date, as a result of the reduced production experienced over the past 12 months. The average price per carat realised was strong, constituting the second highest figure achieved to date. That outcome, and the fact that 100% of the gems offered were sold, underscores the enduring strength of market demand for responsibly sourced high quality emeralds from our Kagem mine.”

“The extraordinary “Insofu” emerald, a 6,100 carat emerald mined by Kagem on 5 February 2010, and displaying wonderful colour and translucency, was purchased at the auction by Rajkumar Tongya of Dia-Color, specialists in high-value gems. The emerald is named “Insofu” (meaning “elephant” in the vernacular of the Bemba people indigenous to Zambia’s Copperbelt province in which Kagem is based) in consideration of its size and shape, and Gemfields’ ongoing desire to support wildlife conservation efforts as part of its wider Corporate Social Responsibility programme.

We were delighted also that the auction saw the inaugural commercial deployment of the nano-particle “paternity testing” technology developed by the renowned Swiss laboratory, Gubelin, as first announced by Gubelin and Gemfields at BaselWorld in April 2017. The nano-particles, carrying a form of synthetic DNA which tags the emeralds as having been mined at Kagem, allows identification of, inter alia, the mine-of-origin for decades to come, providing unparalleled traceability. The nano-particles were applied to the highest quality lot from the auction, which was won by ‘Jewel of Africa’, the first ever Zambian company to win a lot at a Kagem auction. This means that emeralds mined in Zambia, auctioned in Zambia, cut-and-polished in Zambia and then mounted in jewellery in Zambia, become the first to deploy this breakthrough in traceability. Our congratulations go to proprietors Raj and Rashmi Sharma and we are very grateful to Gubelin for their presence at the auction in overseeing the process.

As always, we extend our thanks to our loyal customers, to the Government of the Republic of Zambia, and to the hardworking Gemfields team for their sterling efforts in making this auction and the outcome possible.”

Enquiries:

Head of PR and Communications:

Anna Flower: anna.flower@gemfields.co.uk

Tel: +44(0)20 7518 3418

Mob: +44(0)7493 237 598

Notes to Editors:

Gemfields is a world leading supplier of responsibly sourced coloured gemstones. Gemfields is the operator and 75% owner of both the Kagem emerald mine in Zambia (believed to be the world’s single largest producing emerald mine) and the Montepuez ruby mine in Mozambique (one of the most significant recently discovered ruby deposits in the world). In addition, Gemfields also holds controlling interests in various other gemstone mining and prospecting licenses in Zambia, Mozambique, Ethiopia and Madagascar.

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Gemfields' outright ownership of Fabergé - an iconic and prestigious brand of exceptional heritage - enables Gemfields to optimise positioning, perception and consumer awareness of coloured gemstones, advancing the wider group's "mine and market" vision.

Gemfields has developed a proprietary grading system and a pioneering auction and trading platform to provide a consistent supply of quality coloured gemstones to the global downstream markets. This is a key component of Gemfields' business model which has played an important role in the appropriate distribution and associated resurgence of the global coloured gemstone sector.

www.gemfields.co.uk