

Gemfields plc

(“Gemfields” or the “Company” or the “Group”) (AIM: GEM)

Final audited results for the year to 30 June 2014

22 September 2014

Financial Highlights

- Revenue of US\$ 160.1 million (2013: US\$ 48.4 million);
- EBITDA^(a) of US\$ 59.3 million (2013: US\$ 1.2 million);
- Net profit after tax of US\$ 16.3 million (2013: loss of US\$ 22.8 million);
- Cash at bank of US\$ 36.8 million as at 30 June 2014 (2013: US\$ 11.2 million); and
- Estimated cost of inventory on hand, excluding fuel and other consumables, of US\$ 86.3 million (2013: US\$ 76.3 million).

a) *EBITDA – Earnings before interest, tax, depreciation, amortisation and impairment.*

Operational Highlights

Emeralds:

- Production summary for 75% owned Kagem Mining Limited (“Kagem”) in Zambia for the period:
 - Annual production of 20.2 million carats of emerald and beryl (2013: 30.0 million carats);
 - Grade of 253 carats per tonne (2013: 283 carats per tonne);
 - Total cash operating costs of US\$ 27.4 million (2013: 32.2 million);
 - Unit production costs^(b) of US\$ 0.91 per carat (2013: US\$ 0.55 per carat) or US\$ 1.33 on a cash cost basis (2013: US\$ 1.07);
 - Average monthly operating costs^(b) were US\$ 1.54 million (2013: US\$ 1.37 million), or US\$ 2.28 million on a cash cost basis (2013: US\$ 2.68 million); and
 - Cash rock handling unit costs of US\$ 3.70 per tonne (2013: US\$ 3.35 per tonne).
- Three auctions of emerald and beryl mined at Kagem (two of higher quality and one of lower quality) were held in Lusaka, Zambia, generating revenues of US\$ 84.4 million;
- Average per carat sales value of high quality gemstones and low quality gemstones increased respectively from US\$ 4.40 per carat in the July 2009 auction to US\$ 59.31 per carat in the February 2014 auction, and from US\$0.31 per carat in March 2010 auction to US\$3.32 per carat in the November 2013 auction;
- Traded rough emerald auctions (of gems not mined directly at the Company’s own mining operations) were held in Jaipur, India in September 2013 and May 2014, generating revenues of US\$ 22.0 million;
- In April 2014, the Mines Safety Department of Zambia awarded Kagem a certificate recognising more than three million shifts free of reportable injuries, believed to be a record in the Zambian mining industry;
- In December 2013, Kagem paid its first ever dividend of US\$ 8 million, of which US\$ 2 million was paid to the Government of the Republic of Zambia, a 25% shareholder in Kagem. This was followed up by a further dividend of equal value in February 2014; and
- Post period end:
 - August 2014 auction of lower quality rough emerald and beryl held in Lusaka, Zambia generated revenues of US\$ 15.5 million.

b) *On an accounting policy basis whereby waste moving costs are initially capitalised.*

Rubies:

- Bulk sampling summary for 75% owned Montepuez Ruby Mining Limitada (“Montepuez”) in Mozambique for the period:
 - Approximately 6.5 million carats of ruby and corundum extracted (2013: 1.9 million carats) taking the total ruby and corundum extracted to 8.4 million carats;
 - Total rock handling was 1.6 million tonnes (2013: 0.09 million tonnes), made up of 0.4 million tonnes of ore and 1.2 million tonnes of waste; and
 - Total cash operating costs of US\$ 10.9 million (2013: US\$ 5.9 million).
- Rough sales and auctions:
 - First-of-a-kind proprietary grading and sorting framework for rough rubies was well received at the inaugural auction in Singapore in June 2014;
 - First auction of rough ruby and corundum generated revenues of US\$ 33.5 million at an average realised price of US\$ 18.43 per carat; and
 - Next ruby auction is scheduled to take place before 31 December 2014.

Fabergé:

- Wholly-owned Fabergé Limited (“Fabergé”) saw increased unit sales and a 12% relative increase in gross profit margins derived from sales and sales orders agreed during the period;
- Robert Benvenuto joined Fabergé as President and COO on 28 October 2013;
- New advertising campaign entitled ‘The Art of Colour’ unveiled, supporting the Gemfields coloured gemstone strategy;
- Fabergé hosted a major marketing event from 1 to 21 April 2014 in the world-famous Harrods department store in Knightsbridge, London, resulting in record monthly sales for its concession within Harrods; and
- Post period end:
 - Fabergé was awarded the ‘Best International Brand Collection 2014’ prize at the Andrea Palladio International Jewellery Awards 2014 in Italy for its Spiral, Treillage and Emotion collections.

Marketing & Corporate:

- Increased efforts to expand communications outreach into China;
- Distribution and sales channels increased across the USA via selected partners;
- Gemfields continues to evaluate a number of other gemstone opportunities, including in Colombia and across Africa; and
- Post period end:
 - Gemfields announced that it had entered into a joint venture in order to progress opportunities in the Sri Lankan sapphire and gemstone sector.

Ian Harebottle, CEO of Gemfields, commented:

“Gemfields has enjoyed a stellar year which has seen a threefold increase in revenue to US\$ 160 million and a year-on-year EBITDA increase of US\$ 58 million. In addition to record revenues from our emerald business, the year saw Gemfields hold its inaugural ruby auction of Mozambican rubies, generating sales of US\$ 33.5 million from 1.82 million carats sold. Both our auction system and the rubies themselves received widespread acclaim from numerous industry stakeholders, underlining the significance to Gemfields of this new business.”

The consistent price increases achieved in our emerald business demonstrate our ongoing commitment to supporting the competitiveness of Zambian emeralds on the international market and affirm that our global marketing strategies, including our Fabergé business, are successfully driving demand for coloured gemstones. Our marketing initiatives included the Project Blossoming initiative in India (www.projectblossoming.com) and the '100 Good Deeds Bracelet' project (www.100gooddeeds.org) in collaboration with Mary Fisher and featuring Mila Kunis as project ambassador.

The Company's strategy remains that of becoming the global "Coloured Gemstone Champion" and we are very pleased with our recently announced opportunity to add Sri Lankan sapphires to our portfolio of premium coloured gemstones.

The Kagem emerald mine in Zambia continues to be our cornerstone asset and the fact that Kagem is now a fully tax paying entity (and has distributed its first ever dividends to our partners, the Government of the Republic of Zambia), validates the investment, turnaround and growth initiatives initiated when Gemfields acquired 75% of Kagem in June 2008. We are very grateful to our dedicated and hard-working team and remain tremendously excited about our expanding global portfolio of emeralds, rubies and sapphires."

Webcast presentation

Gemfields will be hosting a presentation for analysts at 11:00 BST today at the offices of Tavistock Communications, 131 Finsbury Pavement, London EC2A 1NT.

A live webcast of the results presentation will also be available at the link below and on the Gemfields website: www.gemfields.co.uk

<http://event.on24.com/r.htm?e=851525&s=1&k=42C99C193C698F37C3CA39DC678CFD85>

The webcast will include audio from the conference call. Please use the following numbers and Conference ID to dial in to the conference call:

Participant Dial in: +44 (0)20 3427 1905
Participant PIN Code: 1879303

The Chairman's statement and the primary financial statements are set out below and are available to view on the Company's website at www.gemfields.co.uk. The full financial statements will be sent to shareholders in due course.

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Notes to Editors:

Gemfields plc is the world's leading supplier of responsibly sourced coloured gemstones and is listed on the AIM market of the London Stock Exchange (ticker: GEM) where it is a constituent of the AIM50 index.

In July 2009, Gemfields commenced a formal auction programme for Zambian emeralds mined at the Kagem emerald mine. To date, the Company has held sixteen auctions of emerald and beryl produced at Kagem and which have generated revenues totalling US\$ 276 million. The Company has also held two traded emerald auctions (of gems not obtained directly from the Company's own mining operations) which generated revenues of US\$ 22.0 million.

The Company also owns a 75% stake in the highly prospective Montepuez ruby deposit in Mozambique as well as licences in Madagascar including ruby, emerald and sapphire deposits. In June 2014, Gemfields held its first auction of rough ruby and corundum produced at the Montepuez ruby deposit, generating revenues of US\$ 33.5 million. In addition, Gemfields holds a 50% interest in the Kariba amethyst mine in Zambia.

Gemfields acquired the Fabergé brand in January 2013 to create a globally recognised coloured gemstone champion. Fabergé provides Gemfields with direct control over a high-end luxury goods platform and a global brand with exceptional heritage.

Chairman's Statement

Dear Shareholder,

I am delighted to update you on a truly tremendous year for Gemfields. Your company generated record revenues of US\$ 160.1 million and EBITDA of US\$ 59.3 million. During the year Gemfields has continued to deliver on its strategy of shaping and consolidating the coloured gemstone industry, demonstrated convincingly by the addition of a significant new revenue stream from our ruby operations in Mozambique.

While Gemfields today enjoys an unrivalled presence in the international coloured gemstone industry, the opportunity for sustained growth is significant. We have built a successful emerald business with our world class Kagem mine in Zambia (which has provided an excellent platform to further our vision for the coloured gemstone sector globally) and the addition of rubies from Mozambique serves to amplify our position as the leading supplier of responsibly sourced coloured gemstones.

In June 2014 we announced the results of our first auction of rough rubies and corundum extracted from our 75% owned Montepuez deposit in Mozambique. I would like to commend our team, and that of our 25% partner Mwiriti, for having developed Montepuez from a greenfield project to an operational and revenue generating asset in a little over two years.

The inaugural auction, which raised US\$ 33.5 million, increased our confidence in, and understanding of, the ruby market and the value of our current ruby production profile. The auction opened the door to a new audience of coloured gemstone purchasers and confirmed the effectiveness of our 'first-of-its-kind' comprehensive grading and sorting framework which was initially established for emeralds and suitably adapted for rubies. The successful use of this framework, together with feedback received from auction participants, marked a meaningful endorsement of our ruby strategy and we are hopeful that the ruby market will follow the trajectory we observed when our grading and auction methodologies were first deployed in the emerald market.

While much work remains to be done in building a full scale mining operation, Montepuez is a noteworthy achievement and we look forward to our second auction of rough ruby and corundum which is scheduled to take place before 31 December 2014.

Throughout the past year, demand for our responsibly sourced rough emeralds continued to grow, in tandem with the upward trend in achieved per carat prices. In February 2014, our higher quality gemstones attained an average price of US\$ 59.31 per carat, a 10% increase over the previous higher quality auction. In November 2013, our lower quality gemstones sold for an average price of US\$ 3.32 per carat which was a 27% increase on the previous highest price per carat achieved at a lower quality auction. We generated US\$ 110 million from emerald and beryl sales during the year, derived from auctions of directly-mined as well as traded material, and including direct sales of our lowest grades of beryl.

During the year, our Kagem operation achieved an historic milestone and paid its first ever dividend. Total dividends amounting to US\$ 16 million were paid during the year, of which US\$ 4 million was paid to the Government of the Republic of Zambia as a 25% shareholder in Kagem. We are delighted to share the success of this operation with our host country and business partner.

The Company continues to evaluate a number of gemstone acquisition opportunities to complement our stated red, blue and green 'traffic light' of coloured gemstones strategy, and we were pleased to announce in September 2014 our move into Sri Lankan sapphires. This strategy runs in parallel with the organic growth programme, both in terms of the exploration and underground mining potential at Kagem, and the scaling up of activities at Montepuez.

Last but by no means least, the incorporation of Fabergé within the Gemfields family to complete our "mine and market" strategy has given us a more meaningful footprint within the high-end luxury goods market. Following last year's internal review, we have focussed on restructuring Fabergé's operations and implementing an integrated, global strategic plan. I am pleased to report that further progress has been made

inter alia with key appointments, product development and marketing, and that Gemfields is already reaping the direct and indirect benefits, as is evidenced by the increased demand and sales prices achieved for our emeralds and rubies and improved sales margins within Fabergé itself.

On behalf of the Board, I would once again like to sincerely thank all of our employees, host countries, project partners and advocates across our operations for their support, commitment and hard work. The 2014 financial year has been remarkably exciting and successful. I look forward to reporting on the future progress and prosperity of your company.

Graham Mascal
Non-Executive Chairman
19 September 2014

Operational and Financial Review

Kagem Mining Limited, Zambia

Kagem is the world's single largest emerald mine and is 75% owned by Gemfields, with the remaining 25% owned by the Government of the Republic of Zambia. Kagem is located in the Ndola Rural Emerald Restricted Area and lies south of Kitwe and west of Ndola in Zambia's Copperbelt Province. Kagem's licence area comprises almost 41 square kilometres and it supplies approximately 20% of global emerald production.

Mining

During the year, Kagem completed its third high wall pushback and has commenced its fourth in order to extend the pit size by a further 75 metres at the south-eastern edge of the Chama pit and to open up new areas of ore for future production. The work is being carried out by both in-house teams and a third-party contractor. A 17 month programme has been agreed with the contractor, ending in September 2015. The pushback programme is projected to deliver approximately 4 years of open pit ore production and seeks to increase the overall rate of ore mining as well as improving flexibility in the areas which can be mined at any given time.

Reasonable volumes of ore and gemstone production were achieved in the first half of the year while high rainfall, grade volatility and delays in initiating the fourth phase of the pushback programme negatively impacted on the full year mining results. Gemstone production for the year decreased by 32.7% to 20.2 million carats of emerald and beryl (2013: 30 million carats) and grade decreased by 10.6% to 253 carats per tonne (2013: 283 carats per tonne).

During the year 7.3 million tonnes of waste and talc-magnetite schist ("TMS") were mined (2013: 9.5 million tonnes), as were 80,000 tonnes of reaction zone (ore) (2013: 106,000 tonnes), yielding a stripping ratio of 92:1 (2013: 90:1).

Total cash operating costs were US\$ 27.4 million (2013: US\$ 32.2 million). Unit production costs were US\$ 0.91 per carat (2013: US\$ 0.55 per carat). On a cash basis unit production costs were US\$ 1.36 per carat (2013: US\$ 1.07 per carat). Cash rock handling unit costs increased by 10.4% to US\$ 3.70 per tonne (2013: US\$ 3.35 per tonne).

The trial underground mining project achieved total linear development of 157.4 metres (2013: 300.4 metres). Four additional small (10 metres by 10 metres) stopes were developed although the ground conditions proved challenging. The creation of back-filled support pillars has successfully supported the roof but this is time consuming given the current scale and nature of the project. A total of 2,635 tonnes of ore were extracted (2013: 4,918 tonnes) producing 184,935 carats (2013: 381,395 carats) at a grade of 70.2 carats per tonne (2013: 77.5 carats per tonne). An experienced underground project manager has been appointed and is expected to join the operation in October 2014.

With a proven resource available in the Chama pit and the continued viability of open-pit operations given robust emerald prices, Kagem has the flexibility to extend the open pit operation with further pushbacks and is likely in the short term to continue underground mining only on a trial basis.

During the year, a total of US\$ 2.9 million (2013: US\$ 4.6 million) was invested at Kagem in new mining and ancillary equipment, as well as on improving facilities and infrastructure.

Kagem's annual production performance is summarised in the table below:

| <i>Kagem Annual Production Summary</i> | <i>30-Jun-08</i> | <i>30-Jun-09</i> | <i>30-Jun-10</i> | <i>30-Jun-11</i> | <i>30-Jun-12</i> | <i>30-Jun-13</i> | <i>30-Jun-14</i> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gemstone production (emerald + beryl) million carats | 9.9 | 28.0 | 17.4 | 33.0 | 21.1 | 30.0 | 20.2 |
| Ore production (reaction zone) thousand tonnes | 42 | 80 | 61 | 69 | 103 | 106 | 80 |
| Grade (emerald + beryl/reaction zone) carats/tonne | 233 | 349 | 286 | 478 | 205 | 283 | 253 |
| Waste Mined (including TMS) million tonnes | 5.1 | 4.0 | 2.5 | 3.9 | 8.7 | 9.5 | 7.3 |
| Stripping ratio | 120 | 50 | 42 | 57 | 84 | 90 | 92 |

Processing

As a part of the ongoing efficiency drive at Kagem, the washing plant and its security arrangements were upgraded. This included optimisation of the process flows and re-sizing of the ore most likely to contain higher value gemstones. The building of a walled sorting facility has resulted in a better working environment including improved levels of ventilation, lighting and noise, resulting in fewer distractions and better overall control. These improvements have also resulted in fewer breakdowns, reduced maintenance costs, more efficient gem picking from the belts, enhanced security and improved gemstone recoveries.

Safety and environment

Mining operations inherently impact on the environment and pose a risk to the health and safety of employees. Kagem prides itself on its ability to produce emeralds that are mined in an ethical, transparent and safe manner with minimised impact on the natural environment. In April 2014, the Mines Safety Department of Zambia awarded Kagem with a safety certificate recognising 3.1 million shifts free of reportable injuries.

Geology and exploration

Our mineral resource strategy focuses on identifying the best possible opportunities within our mining licence for assessment by way of bulk sampling.

While the Chama pit continues to be the main focus with respect to our current production activities and contains the bulk of the known resources, we continue to look for future development projects within the Kagem licence and are committed to our resource replenishment programme. This has included 13,339 metres of diamond core drilling from 140 boreholes within the Libwente area, located 3 kilometres north east of the Chama pit.

Exploration at Libwente has established the continuity of the Mesoproterozoic Muva sequences, favourably intruded by pegmatites, quartz and quartz-tourmaline veins, all indicating high levels of potential. The Libwente bulk sampling programme has the scope to effectively extend the Fwaya Fwaya-Pirala belt (home of the Chama pit) in a north-easterly direction.

At Fibolele, bulk sampling first commenced in September 2012 with a 300 metre wide pit having been opened along an ultramafic strike length of 350 metres. A second phase was initiated in October 2013 and has benefitted from a low stripping ratio (40:1) and the identification of gemstone-producing structures.

During the year, we also tested a number of conceptual regional geophysical targets by diamond core drilling, identifying targets within Fibolele East, Dabwisa and Kanchule with 5,403 metres of core from a further 57 boreholes. We remain optimistic about the potential for additional mineable sites within the Kagem licence.

Our mining and exploration activities are augmented by the utilisation of in-depth geophysical and petrographic studies combined with state-of-the-art 3D inversion and voxel modelling, all of which is amalgamated into our 3D mine plan.

Sorting, rough sales and auctions

Gemfields typically offers its rough emerald production to selected market participants by way of sealed bid auctions where all gemstones tendered are certified by Gemfields as natural, untreated and of a specific origin. Many of the world's top gem houses and lapidaries are invited to attend these events.

During this financial year Kagem held three emerald auctions and completed one out-of-auction direct sale of material which previously failed to sell at auction.

The first auction, held in Lusaka in Zambia in July 2013, was an auction of predominantly higher quality rough emeralds. All of the 583,448 carats placed on offer were sold, generating revenues of US\$ 31.5 million. The auction yielded an overall average price of US\$ 54.00 per carat, the highest unit value achieved at any auction at that time, and representing a 26% increase over the previous high of US\$ 42.71 per carat (achieved at the July 2011 Singapore auction).

The second auction, held in Lusaka in November 2013, was of predominantly lower quality rough emerald and beryl, and saw 4.94 million carats being sold, representing by far the bulk of the value offered. The auction generated record aggregate lower quality auction revenues of US\$ 16.4 million. The auction also yielded an overall average value of US\$ 3.32 per carat, the highest unit value achieved at any Gemfields auction of predominantly lower quality material, and represented a 27% increase over the previous high of US\$ 2.61 per carat (achieved in the June 2012 Jaipur auction).

At the third auction, in February 2014, revenues of US\$ 36.5 million were realised at an auction of 0.62 million carats of predominantly higher quality emeralds, which in turn also represented a record overall unit price of US\$ 59.31 per carat for emeralds of this quality.

In October 2013, Gemfields also finalised a US\$ 3.5 million direct sale of 11,286 kilograms of Kagem's lowest two qualities of beryl which had accumulated in recent years, and portions of which had failed to sell at auction.

The auction results are summarised below:

| AUCTION RESULTS (EMERALDS & BERYL) | July 2013 | November 2013 | February 2014 |
|---|-------------------|----------------------|----------------------|
| Dates | 15-19 Jul 2013 | 11-15 Nov 2013 | 21-25 Feb 2014 |
| Location | Lusaka | Lusaka | Lusaka |
| Type | Higher Quality | Lower Quality | Higher Quality |
| Carats offered | 0.58 million | 5.62 million | 0.84 million |
| Carats Sold | 0.58 million | 4.94 million | 0.62 million |
| No. of companies placing bids | 36 | 20 | 34 |
| Average no. of bids per lot | 8 | 7 | 13 |
| No. of lots offered | 18 | 21 | 17 |
| No. of lots sold | 18 | 19 | 15 |
| Percentage of lots sold | 100% | 90% | 88% |
| Percentage of lots sold by weight | 100% | 88% | 74% |
| Percentage of lots sold by value | 100% | 91% | 86% |
| Total sales realised at auction | US\$ 31.5 million | US\$ 16.4 million | US\$ 36.5 million |
| Average per carat sales value | US\$ 54.00/carat | US\$ 3.32/carat | US\$ 59.31/carat |

Security

Kagem maintains a two tier security system to provide the necessary checks and balances, combining Kagem's own internal security personnel with mobile units of the Zambia Police.

The security environment is constantly evolving given changes to work flows and production scenarios. Security measures are continuously reviewed and updated in order to minimise the security risk. By staying abreast of the latest technological developments, Kagem is able to consistently improve its surveillance technology, an important deterrent against pilferage and pivotal in ensuring the safeguarding of assets.

Key security initiatives implemented during the year include the construction of a walled picking-belt facility at the washing plant and extensive upgrades to the CCTV infrastructure both there and at the sort house. These measures have yielded considerable improvements, but with the unfortunate and associated consequence of an increase in the number of apprehensions.

Security monitoring in the main Chama pit has also been improved with the implementation of a new CCTV torch-camera system and migration to IP-based cameras to ensure a wider field of view and more comprehensive imaging, all of which has markedly improved pit and production monitoring efficiencies. GPS tracking and monitoring systems have also been fitted to some of the vehicles in our fleet.

Dividend

During the year, Kagem declared and paid total dividends of US\$ 16 million with the Zambian government receiving US\$ 4 million given its 25% interest. The first dividend, paid in December 2013, is believed to be both the first ever dividend paid by Kagem in its 29-year history and the first such payment ever to be made to the Zambian government from any gemstone operation in the country.

The dividend payments are attributed to the turnaround strategy initiated at Kagem following Gemfields' acquisition of a 75% interest in June 2008, prior to which Kagem had intermittently reported losses and had annual revenues of approximately US\$ 9 million.

Gemfields Traded Emerald Auctions

Gemfields first offered traded emeralds at the Singapore auction held in July 2011. The traded emeralds were first offered to our auction attendees along with our directly-mined gemstones. Traded emeralds and beryl were also offered at subsequent Gemfields auctions held in November 2011 (Jaipur), March 2012 (Singapore) and June 2012 (Jaipur).

Since April 2013, gems mined by Gemfields at Kagem have been offered exclusively in Lusaka, Zambia. On the other hand, traded emeralds and beryl have been offered on a standalone basis in auctions held in Jaipur in September 2013 and May 2014.

The first standalone traded emerald auction held in Jaipur, India in September 2013 saw 145,952 carats of traded rough emeralds (predominantly of higher quality material) being sold, generating gross auction revenues of US\$ 8.5 million. The emeralds sold at the auction comprised emeralds obtained by Gemfields in the open market from various sources and yielded a robust average price of US\$ 58.00 per carat.

The second standalone traded emerald auction was held in Jaipur, India in May 2014. The emeralds sold were of predominantly of higher qualities and comprised both Zambian and Brazilian emeralds obtained by Gemfields in the open market from various sources. The auction saw 0.764 million carats of traded emeralds placed on offer, with 0.268 million carats (representing the majority of the value offered) being sold, and generating gross auction revenues of US\$ 13.5 million.

The standalone traded emerald auction results are summarised below:

| AUCTION RESULTS (TRADED EMERALDS) | September 2013 | May 2014 |
|--|-----------------------|-----------------------|
| Dates | 26-30 September 2013 | 28 April- 2 May 2014 |
| Location | Jaipur, India | Jaipur, India |
| Type | Traded Rough Emeralds | Traded Rough Emeralds |
| Carats offered | 0.417 million | 0.764 million |
| Carats Sold | 0.146 million | 0.268 million |
| No. of companies placing bids | 38 | 40 |
| Average no. of bids per lot | 11 | 8 |
| No. of lots offered | 29 | 41 |
| No. of lots sold | 17 | 21 |
| Percentage of lots sold | 59% | 51% |
| Percentage of lots sold by weight | 35% | 35% |
| Percentage of lots sold by value | 96% | 86% |
| Total gross sales realised at auction | US\$ 8.5 million | US\$ 13.5 million |
| Average per carat sales value | US\$ 58/carat | US\$ 50/carat |

The specific auction mix and the quality characteristics of the lots offered at the traded auctions can vary quite considerably from those auctions made up solely of lots derived from Kagem’s directly mined production. As a result, direct comparisons between traded auctions and Kagem auctions cannot be reliably drawn.

Montepuez Ruby Mining Limitada, Mozambique

The Montepuez ruby deposit is located in the northeast of Mozambique in the Cabo Delgado province. Covering approximately 33,600 hectares, it is believed to be the most significant recently discovered ruby deposit in the world. The ruby mining area, located to the east of the town of Montepuez, lies approximately 2 hours by car from the coastal town of Pemba, which has modern airport and port infrastructure.

Gemfields owns a 75% interest in Montepuez Ruby Mining Ltd (“MRM”) which holds a 25 year mining and exploration licence over the area, granted by the Government of Mozambique in November 2011.

Mining

Bulk sampling commenced in August 2012, continues to increase in scale and is delivering consistently pleasing results. The bulk sampling programme has allowed MRM to analyse the specific characteristics of the various ore bodies in parallel with identifying key target sites for future large scale mining operations.

MRM’s bulk sampling activities during the year were initially directed at the Maninge Nice, Central and Glass-A areas. However, towards the end of Q3 and early in Q4, there was shift in focus toward the newly discovered Mugloto area where the overall grade is significantly lower but the quality of rubies mined is markedly higher. As a result MRM saw a reduction in the volume of carats produced during the second half of the financial year, but with a quality-driven increase in overall value. As our geological understanding continues to improve, Gemfields is reasonably confident of its ability to manage the production volumes and values identified to date, and which may see MRM become Gemfields’ key operating asset.

Approximately 6.5 million carats of ruby and corundum were extracted during the period (2013: 1.9 million carats). This takes the total ruby and corundum extracted at Montepuez since the commencement of bulk sampling to 8.4 million carats. Total rock handling during the year was 1.6 million tonnes (2013: 0.09 million tonnes), made up of 0.4 million tonnes of ore and 1.2 million tonnes of waste. Total cash operating costs were US\$ 10.9 million (2013: US\$ 5.9 million).

MRM’s key operational parameters for the financial year are summarised below:

| <i>Montepuez Annual Production Summary</i> | <i>30 June 2013</i> | <i>30 June 2014</i> |
|--|---------------------|---------------------|
| Gemstone production (ruby and corundum) million carats | 1.9 | 6.5 |
| Ore production thousand tonnes | 26.6 | 408.6 |
| Grade (ruby and corundum/ore) carats/tonne | 69.8 | 16.0 |
| Waste Mined million tonnes | 0.1 | 1.2 |
| Stripping ratio | 2.4 | 2.9 |

- A total of 1.6 million tonnes were excavated from the Maninge Nice, Glass-A, Washplant West, Pit 25 and Mugloto areas. This included 1.2 million tonnes of waste and 0.4 million tonnes of ore at a stripping ratio of 2.9;
- Approximately 158,000 tonnes of ore were processed by the washing plant with the highest recoveries achieved from the gravel beds of Maninge Nice and Mugloto at an average grade of 43 carats per tonne).

Montepuez’s total capitalised mining costs (excluding capitalised infrastructure costs) for the year totalled US\$ 4.2 million (2013: US\$ 1.5 million). Total investment in property, plant and equipment for the year was US\$ 6.0 million (2013: US\$ 2.7 million).

Cumulative project expenditure from inception until 30 June 2014, including all acquisition, capital and operating costs, stood at approximately US\$ 34 million.

Geology and Exploration:

MRM's mining area comprises rocks ranging from granitic to amphibolitic in composition, with scattered quartzite and marble occurrences. The rocks are highly folded into tight and isoclinal folds of all scales, subsequently cut by a number of primarily northeast to southwest trending shear zones.

To date, rubies from Montepuez differ geologically from many of the rubies traditionally available in the international market in that they are amphibolite related rather than marble or basalt related. The rubies are found in both alluvial and eluvial deposits, with the occurrence of primary (in-situ) rubies within amphibolite recorded to date at depths exceeding 30 metres in places.

An extensive exploration program across the entire MRM licence area has been initiated with a view to generating a solid baseline geological map with sufficient subsurface data to understand the extent and trend of the amphibolites, the gravel bed thickness and its distribution and indicative grade.

Gemfields is targeting completion of its first JORC-compliant resource and reserve statement for MRM by 30 June 2016.

The exploration programme involves pitting, diamond core drilling (being carried out by two in-house core drill rigs) and auger drilling. The latter is carried out under contract by Mozambique-based Equator Drilling and focuses specifically on the Maninge Nice and Mugloto/Ntorro areas.

The auger drilling programme was initiated on 5 June 2014 and it is envisaged that a total of 25,000 metres will be drilled across the central part of the MRM licence. Approximately 5,000 metres have been drilled subsequent to the reporting period and the drilling programme is expected to be completed by December 2015.

The study has already delineated significant paleo-channel deposits with occurrences of ruby mineralisation within the Mugloto area and these have subsequently been proven by bulk sampling. Various other potential areas, each with gravel bed thicknesses of more than 1 metre, have also been delineated by means of the exploration programme.

Diamond core drilling is also ongoing with two rigs in operation north of the Maninge Nice area. During the year, this programme delivered some 1,649 metres of core. The core drilling is primarily utilised to establish the continuity of mineralised amphibolite within the subsurface areas. In the Maninge Nice area, the boundary of the amphibolitic body and the subsurface continuity of ruby mineralisation to below 30 metres have already been delineated and established. The team has also observed the presence of white marble bands of up to 30 metres in thickness and to a depth of up to 45 metres with intermittent bands of amphibolite.

Processing

Ore excavated from the bulk sampling pits is brought to a centralised stock yard adjacent to the washing plant. The washing plant has been augmented from the original pilot configuration of 30 tonnes per hour ("tph") to its current capacity of 120 tph by the addition of a dry screen, logwasher (to remove much of the clay and fines prior to processing), additional sizing screens and jigs. Concentration of the output gravel is achieved through a series of parallel and sequential jigs, each accommodating different size ranges.

To meet the washing plant's water requirements a water reservoir and large dam have been constructed adjacent to the plant for the collection of rain water. Seven large diameter bore holes across the licence area have also been installed.

Sorting, rough sales and auctions

MRM has constructed a fully functioning sorting facility at the mine camp which incorporates a grading room, 20 gloved sort boxes, secure storage and a waste facility. A high-level CCTV surveillance system is in operation throughout the sort house on a 24-7 basis. This sorting facility has been centralised and is

positioned close to the washing plant. Concentrated gravel is transported directly from the jigs to the sort house in secure lockboxes where it is sorted and graded by hand.

Gemfields' proprietary rough ruby grading framework, which separates each gemstone into one of nearly a thousand categories, has been very well received by industry stakeholders and participants attending the Company's inaugural ruby auction in Singapore.

Prior to the auction, Gemfields also investigated and tested some of the ruby and corundum enhancement processes that are available to support value addition within the lower quality rough material, including heating, glass-filling and other methods. These tests yielded encouraging results, improving the aesthetics of the rough material at a reasonable cost while delivering considerable benefit to the many downstream stakeholders who are not individually able to access such techniques. Consequently, Gemfields was able to offer both untreated and treated rough material at the auction, with all treated lots using industry-accepted treatment techniques and on a fully disclosed basis.

The inaugural auction of rough ruby and corundum was held in Singapore from 12 to 17 June 2014 and comprised a spread of both higher and lower qualities. A total of 55 companies placed bids during the auction which saw 2.03 million carats of ruby and corundum being placed on offer and 1.82 million carats being sold. The auction generated revenues of US\$ 33.5 million and yielded an overall average value of US\$ 18.43 per carat. A total of approximately US\$ 34 million has been spent on operations at MRM to 30 June 2014 meaning that the revenues from the first auction almost match the aggregate expenditures incurred to date.

The auction results are summarised below:

| AUCTION RESULTS (RUBY & CORUNDUM) | | JUNE 2014 |
|--|--|---------------------------|
| Dates | | 12-17 June 2014 |
| Location | | Singapore |
| Type | | Rough Rubies and Corundum |
| Carats offered | | 2.03 million |
| Carats Sold | | 1.82 million |
| No. of companies placing bids | | 55 |
| No. of lots offered | | 62 |
| No. of lots sold | | 57 |
| Percentage of lots sold | | 92% |
| Percentage of lots sold by weight | | 90% |
| Percentage of lots sold by market value | | 91% |
| Total sales realised at auction | | US\$ 33.5 million |
| Average per carat sales value | | US\$ 18.43/carat |

Gemfields' next auction of rough ruby and corundum is scheduled to take place in Singapore before the end of December 2014.

Infrastructure

The development of a fully operational base camp at Namanhumbir was completed during the year and includes accommodation, office facilities and recreation amenities for all of MRM's resident employees. A warehouse was also erected and equipped to accommodate the purchasing and supplies functions, including a formalised receipt, storage and issuing system.

Importantly, both the mining and Namanhumbir base camps were connected to the national power grid by way of a newly erected and commissioned high tension line with associated transformers supplied by Electricidade de Moçambique. In addition MRM also has three 250kVA diesel generators on site to provide backup power in the event of power outages.

The mine has evolved considerably and has a fully functioning engineering and maintenance workshop catering for the full fleet of light vehicles and heavy machinery. A prefabricated office has also been erected

to house the human resources and health & safety departments and a separate room is currently being utilised for security and CCTV systems. Given the distances involved, an additional satellite facility has also been installed at Mugloto in an effort to further improve security and increase operating efficiencies.

Security

The size of MRM's mining licence area, the value of its gems and their relative proximity to the surface mean that securing the area will continue to be a challenge. MRM's security team, assisted by external security contractors and Mozambican police have to date been reasonably effective in keeping the core licence and operating areas relatively clear.

The prevailing security arrangements at Montepuez have contributed to a reduction in the average number of illegal trespassers on the licence when compared to the levels prevailing at the time Gemfields initiated operations at MRM in early 2012.

Three basic elements of security have been adopted, namely architectural (barriers, locks, lighting, etc), operational (interaction between guards, quick reaction teams and local police support under a comprehensive set of security policies and procedures) and infrastructural (CCTV systems, communications and access control) and have achieved a considerable level of success.

Safety and environment

An annual safety review and improvement plan has been developed and implemented, including benchmarked safety standards, personal protective equipment and employee training. Regular monitoring is carried out by an inducted Mozambican health and safety officer and reviewed by committee, with an emphasis on safety supervision to establish safe working practices for all key activities throughout the operation. A local doctor has been engaged to carry out regular health checks on all employees via a fully stocked onsite medical post. In the event of more pressing medical emergencies, a Toyota Hilux ambulance is stationed at the mine site.

MRM is committed to the implementation of environmental management plans as outlined at a Group level and as required by law, and has adopted mining methods that limit MRM's overall impact on the environment, and which seek to preserve the ecology and biodiversity of the surrounding areas.

The process of upgrading MRM's environmental licence from level 1 to level 2, with the associated sustainable management system and supported by an enhanced environmental impact analysis focussing on biodiversity management for indigenous species (flora and fauna), has been initiated.

Corporate Social Responsibility

MRM demonstrates a strong commitment to the development of local communities and has implemented a series of developmental programmes within the villages surrounding the mining licence area, specifically in the villages of Namanhumbir, Mpene, Ntorro and Nseweh. A broad spread of community development programmes have already been undertaken and have so far focussed on the provision of healthcare, education, agriculture, water supplies and the development of local infrastructure and promotion of sport.

Kariba Minerals Limited, Zambia

Kariba Minerals Limited ("Kariba") is the world's single largest operating amethyst mine and continues to account for a material proportion of global amethyst reserves. Synonymous with the colour of royalty, amethyst's desirable natural colour continues to garner favour given their relative hardness, cost, aesthetic appeal and global opportunities for production and supply.

In 2013 the Government of the Republic of Zambia elected to transfer its 50% stake in Kariba (with Gemfields owning the remaining 50%) to ZCCM Investments Holdings plc ("ZCCM-IH"), in which the government owns some 87%.

Various factors have impacted on Kariba's development and while some of these are ongoing, each of Gemfields and ZCCM-IH provided further funds of US\$ 0.2 million during the year. Each of the

shareholders had also provided USD 1.25 million in the prior financial year to acquire new equipment and improve infrastructure.

As at 30 June 2014, all of the major rehabilitation, capital and construction projects had been completed within budget. These included:

- Rehabilitation of the sort house and extension of the strong room;
- Construction of a new workshop;
- Installation of a new 100 tph washing plant including four water management ponds and six stock management areas (silos) for lower grades;
- Two new excavators, one new bulldozer and three new 25 tonne dump trucks have deployed;
- A solar power installation has reduced dependency on diesel-generated electricity; and
- Rehabilitation of the mining camp and water distribution network are on schedule.

These upgrades are delivering positive results and have resulted in mining volumes increasing in line with budgets and the quantity of commercial and medium quality production increasing by some 70%.

The mine's development plans include connecting the Francis pits (Main Francis, Lower Francis and Top Francis West) and hence, following positive bulk sampling results, a new virgin area lying between the older pits is now being mined.

Subsequent to the year end, a new CCTV system was purchased and is expected to become fully operational in October 2014.

Oriental Mining SARL

Gemfields owns 100% of Oriental Mining SARL, a company incorporated in Madagascar. Oriental has 15 exploration licences covering emeralds, rubies, sapphires, tourmalines and garnets in the Antananarivo, Fianarantsoa and Toliara provinces of Madagascar. In addition, Oriental has the right to five exploration licences that are pending transfer approval from the Madagascar Ministry of Energy and Mines.

Madagascar is recognised as one of the most exciting coloured gemstone provinces in the world, with several key discoveries made during the last decade. Gemfields believes that, in the medium to long term, gemstone-related activity in the country has the potential to become a valuable part of the Group's asset portfolio. Given Madagascar's improving political and security environment following presidential elections earlier this year, Gemfields expects to further increase its level of activity in Madagascar during the financial year 2014-15.

Fabergé Limited

Fabergé is one of the world's most recognised luxury brand names, underscored by a well-documented and globally respected heritage. The acquisition of 100% of Fabergé by Gemfields was completed in late January 2013. The acquisition aligned the world's largest coloured-gemstone producer with one of the world's most recognisable and iconic heritage brands and enabled Gemfields to progress its vision for coloured gemstones to the next level, harnessing the Fabergé name to boost the international presence and perception of coloured gemstones and advance the Group's "Mine and Market" strategy.

Gemfields is thus operating in the two most profitable segments of the coloured gemstone supply chain, consistently increasing its market share and securing a greater influence over coloured gemstones positioning and consumer awareness.

During the year, Fabergé has undergone a successful transition following last year's internal review, with efforts focussed on containing costs, improving product flows, bringing about synergies, increasing

consumer and competitor understanding and the restructuring of operations so as to support the implementation of the integrated global strategic plan.

Robert Benvenuto was appointed as President and Chief Operating Officer of Fabergé in October 2013 to provide leadership and strengthen the management team. Robert previously spent thirteen years at Harry Winston where he served as Chief Finance Officer, COO and Co-CEO. This experience meant that, despite internal overhauls and restructuring, Fabergé's net operating cost to the Gemfields Group was within budget, supported by an increase in sales margins.

Implementation of Fabergé's integrated strategic plan is well underway with the aim of realising Fabergé's largely unexploited global growth potential.

The operations now fall into three categories: creative, production and marketing. The strategic plan allows for seamless integration between the product pipeline, global points of sales, marketing initiatives and the coordination between all departments.

Creative and production

Fabergé's design team has concentrated on creating new jewellery pieces and collections that reflect the artistic use of coloured gemstones in support of this new brand strategy, generating strong international coverage across the luxury goods, fashion, financial and trade media.

The Art of Colour, launched in October 2013 depicts the Fabergé 'Emotion' rings, which showcase pavé-set coloured gemstones and are enjoying strong client interest. Each ring is unique and is set with over 300 coloured gemstones.

Fabergé developed the following collections during the year:

- The Regalia Collection, a high jewellery suite featuring a surprise egg pendant with matching bracelet, ring, sautoir and earrings;
- The Rococo Collection; and
- Expansion pieces for the Emotion Collection.

Fabergé was honoured with the "Best International Brand Collection" award at the Andrea Palladio International Jewellery Awards 2014 event for the Spiral, Treillage and Emotion collections, testimony to what has been achieved thus far.

These and other new products were well received by consumers across key markets, a fundamental litmus test for the creation of a solid platform for future growth.

Marketing

In October 2013, Fabergé launched its first advertising campaign under Gemfields' ownership, entitled 'The Art of Colour'.

The Fabergé Big Egg Hunt, a creative charity and promotional initiative featuring some 300 eggs designed by leading international artists, designers and brands, concluded in New York on 26 April 2014. The Fabergé boutique on Madison Avenue hosted the egg designed by world renowned architect Zaha Hadid and enjoyed record footfall. The project raised US\$ 2.7 million for charities 'Elephant Family' (founded by Mark Shand) and 'Studio-in-a-School' (founded by Agnes Gund). The egg created for the Fabergé Big Egg Hunt by Jeff Koons set a world record, raising US\$ 0.9 million for the two charities.

From 24 February through 2 March 2014 Fabergé presented its latest jewellery collections at the Doha Jewellery and Watches Exhibition at the Qatar National Convention Centre in the Qatari capital. Fabergé also exhibited at Baselworld, the world's biggest jewellery and watch fair from 27 March through 3 April 2014. New collections and designs were well received by clients and the press alike, with the first sales already concluded.

In April 2014, Fabergé hosted a significant marketing event at Harrods, the world famous department store in London's Knightsbridge. The 'Fabergé Easter at Harrods' saw Fabergé host an exclusive salon and exhibition space in Harrods with the famed Brompton Road windows and façade dressed in Fabergé flags, telling the story of the legendary jewellery house. The event ran from 1 through 21 April 2014 and generated record monthly sales for Fabergé's directly-operated concession within Harrods.

'Fabergé: A life of its own', a new feature-length documentary telling the story of Fabergé, and in which Fabergé's Heritage Council played a significant role, won three awards at US film festivals.

Post Reporting Period Events

August 2014 emerald auction

From 5 to 8 August 2014 Gemfields held an auction of predominantly lower quality emeralds in Lusaka, Zambia, generating revenues of US\$ 15.5 million, the second highest aggregate revenue yet achieved for lower quality emeralds of this nature. Excluding the sale of 1.5 tonnes of low quality beryl, the average realised price was US\$ 3.61 per carat (or US\$ 1.34 per carat including the low quality beryl).

Acquisitions

Sri Lanka

In September 2014, Gemfields plc entered into a joint venture with East West Gem Investments Limited ('EWGI'), a Jersey registered company, in order to progress opportunities in the Sri Lankan sapphire and gemstone sector via three Sri Lankan subsidiaries which will be 75% and 25% held by Gemfields and EWGI respectively.

Under the terms of the agreements, Gemfields has acquired 75% operating interests in sixteen exploration licences (covering diverse minerals) for a consideration of US\$ 0.4 million. The joint venture will also see Gemfields and EWGI establish a gemstone trading company called Ratnapura Lanka Gemstones (Pvt) Ltd, a company approved by the Board of Investment of Sri Lanka (BOI Sri Lanka). The trading company will focus on sourcing rough sapphires from various sources in the local market.

Kagem revolving credit facility

In August 2014, Kagem entered into a US\$ 20 million revolving credit facility with Barclays Bank Zambia plc. Funds drawn under the facility bear interest at a rate of 3 month US\$ LIBOR plus 4.5%. A drawdown of US\$ 15 million took place on 29 August 2014.

The purpose of the loan was to replace the existing term loan with Barclays (which had an outstanding balance of US\$ 6.8 million at 30 June 2014) and for financing Kagem's working capital and capital expenditure projects.

Security for the loan comprises a fixed and floating charge over Kagem's net assets sufficient to cover the US\$ 20 million facility, a mortgage over an urban property registered in the name of Kagem Mining Limited and a corporate guarantee from Gemfields plc.

Sale of investment in Richland Resources Limited (formerly TanzaniteOne)

On the 30 July 2014, the Group sold its entire 7.04% shareholding in Richland Resources Limited for total consideration of US\$ 423,000, representing a profit of US\$ 193,000 over the year-end net book value of US\$ 230,000.

Outlook and objectives for the year ahead

Mining

Kagem

- Target of 25 million to 30 million carats of emerald and beryl production; and
- Seek to demonstrate the potential of both the Fibolele and Libwente prospects through accelerated bulk sampling.

MRM

- Target production of 8 million carats of ruby and corundum;
- Progress current bulk sampling work into a full scale mining operation; and
- Increase rock handling to 3.6 million tonnes and plant throughput to 350k tonnes per annum.

Auctions and Sales

- Target of at least three emerald and two ruby auctions;
- Expand emerald and ruby trading footprint; and
- Expand auction platform to further reinforcing Gemfields' position as the coloured gemstone supplier of choice.

New Projects

- Initiate operations in Sri Lanka; and
- Pursue at least one new project in Colombia.

Fabergé

- Roll out new integrated strategic plan;
- Progress “The Art of Colour” marketing approach to support coloured gemstones; and
- Expand product offering and distribution footprint.

Marketing

- Maintain focus on existing target areas (US, Europe and India);
- Accelerate marketing activities throughout China and the Middle East; and
- Pursue integrated marketing of the Gemfields name with leading downstream stakeholders in order to build consumer confidence and brand recognition.

General

- Retain strong cash and inventory position; and
- Leverage our current position to facilitate accelerated growth and diversification in order to cement Gemfields as the global leader in coloured gemstones.

Consolidated income statement for the year ended 30 June 2014

| In thousands of US\$ | 2014 | 2013 |
|---|-----------------|-------------|
| Revenue | 160,089 | 48,394 |
| Cost of sales | (75,029) | (34,749) |
| Gross profit | 85,060 | 13,645 |
| Other income | 192 | 89 |
| Selling, general and administrative expenses | (48,053) | (32,858) |
| Impairment charge on available-for-sale investments | (252) | (684) |
| Profit/(loss) from operations | 36,947 | (19,808) |
| Finance income | 52 | 593 |
| Finance expenses | (716) | (880) |
| Profit/(loss) before taxation | 36,283 | (20,095) |
| Tax charge | (20,011) | (2,698) |
| Profit/(loss) after taxation | 16,272 | (22,793) |
| Profit/(loss) for the year attributable to: | | |
| Owners of the parent | 8,811 | (22,790) |
| Non-controlling interest | 7,461 | (3) |
| | 16,272 | (22,793) |
| Earnings/(loss) per share for profit/(loss) attributable to the owners of the parent during the year | | |
| Basic | US\$0.02 | (US\$0.05) |
| Diluted | US\$0.02 | (US\$0.05) |

Consolidated statement of comprehensive income for the year ended 30 June 2014

| In thousands of US\$ | 2014 | 2013 |
|--|---------------|-----------------|
| Profit/(loss) after taxation | 16,272 | (22,793) |
| Other comprehensive income | | |
| Exchange (loss)/gains arising on translation of foreign operations | (464) | 311 |
| Total comprehensive income/(loss) | 15,808 | (22,482) |
| Total comprehensive income/(loss) attributable to: | | |
| Owners of the parent | 8,347 | (22,479) |
| Non-controlling interest | 7,461 | (3) |
| | 15,808 | (22,482) |

Consolidated statement of changes in equity for the year ended 30 June 2014

Attributable to equity holders of the parent

| In thousands of US\$ | Share capital | Share premium | Merger reserve | Option reserve | Cumulative translation reserve | Retained (deficit) | Total | Non-controlling interest | Equity |
|---|---------------|---------------|----------------|----------------|--------------------------------|--------------------|----------------|--------------------------|----------------|
| Balance at 1 July 2012 | 6,169 | 96,901 | 121,005 | 1,338 | 300 | (66,114) | 159,599 | 46,153 | 205,752 |
| Loss for the year | - | - | - | - | - | (22,790) | (22,790) | (3) | (22,793) |
| Other comprehensive income | - | - | - | - | 311 | - | 311 | - | 311 |
| Issue of shares for Fabergé acquisition | 3,367 | - | 86,981 | - | - | - | 90,348 | - | 90,348 |
| Other share issues | 21 | 313 | - | - | - | - | 334 | - | 334 |
| Share-based payments | - | - | - | 1,398 | - | - | 1,398 | - | 1,398 |
| Balance at 30 June 2013 | 9,557 | 97,214 | 207,986 | 2,736 | 611 | (88,904) | 229,200 | 46,150 | 275,350 |
| Profit for the year | - | - | - | - | - | 8,811 | 8,811 | 7,461 | 16,272 |
| Other comprehensive income | - | - | - | - | (464) | - | (464) | - | (464) |
| Share options lapsed / cancelled | - | - | - | (192) | - | 192 | - | - | - |
| Other share issues | 13 | 165 | - | (201) | - | 201 | 178 | - | 178 |
| Share-based payments | - | - | - | 1,787 | - | - | 1,787 | - | 1,787 |
| Dividends paid | - | - | - | - | - | - | - | (4,000) | (4,000) |
| Balance at 30 June 2014 | 9,570 | 97,379 | 207,986 | 4,130 | 147 | (79,700) | 239,512 | 49,611 | 289,123 |

The nature and purpose of each reserve within Shareholders' equity is described as follows:

| Reserve | Description and purpose |
|--------------------------------|---|
| Share capital | Amount subscribed for share capital at nominal value. |
| Share premium | Amount subscribed for share capital in excess of nominal value. |
| Merger reserve | The difference between the fair value of the shares issued as consideration for the acquisition of subsidiaries in excess of the nominal value of the shares, where 90% or more of shares are acquired. |
| Option reserve | Cumulative fair value of options charged to the income statement net of transfers to the profit and loss reserve on exercised and cancelled/lapsed options |
| Cumulative translation reserve | Cumulative gains and losses on translating the net assets of overseas operations to the presentational currency. |
| Retained deficit | Cumulative net gains and losses recognised in the consolidated income statement. |
| Non-controlling interest | Amounts attributable to non-controlling shareholders. |

Consolidated statement of financial position at 30 June 2014

| In thousands of US\$ | 2014 | 2013 |
|--|------------------|------------------|
| Non-current assets | | |
| Property, plant and equipment | 228,563 | 229,309 |
| Available-for-sale investments | 270 | 482 |
| Intangible assets | 41,507 | 48,003 |
| Deferred tax asset | 5,519 | - |
| Other non-current assets | 3,566 | 3,519 |
| | 279,425 | 281,313 |
| Current assets | | |
| Inventory | 88,508 | 77,861 |
| Trade and other receivables | 21,917 | 8,292 |
| Cash and cash equivalents | 36,837 | 11,222 |
| Total current assets | 147,262 | 97,375 |
| Total assets | 426,687 | 378,688 |
| Non-current liabilities | | |
| Deferred tax liability | (69,669) | (73,216) |
| Borrowings | (1,677) | - |
| Provisions | (3,730) | (2,461) |
| | (75,076) | (75,677) |
| Current liabilities | | |
| Trade and other payables | (20,917) | (10,094) |
| Current tax payable | (26,550) | (5,972) |
| Borrowings | (15,021) | (11,595) |
| | (62,488) | (27,661) |
| Total liabilities | (137,564) | (103,338) |
| Total net assets | 289,123 | 275,350 |
| Capital and reserves attributable to equity holders of the parent | | |
| Share capital | 9,570 | 9,557 |
| Share premium | 97,379 | 97,214 |
| Merger reserve | 207,986 | 207,986 |
| Option reserve | 4,130 | 2,736 |
| Cumulative translation reserve | 147 | 611 |
| Retained deficit | (79,700) | (88,904) |
| | 239,512 | 229,200 |
| Non-controlling interest | 49,611 | 46,150 |
| Total equity | 289,123 | 275,350 |

Consolidated statement of cash flows for the year ended 30 June 2014

| In thousands of US\$ | 2014 | 2013 |
|--|-----------------|-----------------|
| Cash flows from operating activities | | |
| Profit/(loss) for the year after tax | 16,272 | (22,793) |
| Depreciation and amortisation | 22,149 | 20,289 |
| Taxation charge | 20,011 | 2,698 |
| Share-based payments | 1,787 | 1,398 |
| Finance income | (52) | (593) |
| Finance expense | 716 | 880 |
| Loss on sale of available-for-sale investments | - | 168 |
| Loss on sale of property, plant and equipment | 83 | - |
| Impairment charge on available-for-sale investments | 252 | 684 |
| Increase in trade and other receivables | (13,388) | (2,431) |
| Increase/(decrease) in trade and other payables | 8,941 | (2,363) |
| Increase in provisions | 1,269 | 861 |
| Increase in inventory | (3,894) | (13,442) |
| Net cash generated from/(used for) operating activities | 54,146 | (14,644) |
| Taxation paid | (8,431) | (4,113) |
| Cash flows from investing activities | | |
| Purchase of intangible assets | (3,659) | (1,988) |
| Cash acquired with Fabergé | - | 11,524 |
| (Purchase)/sale of available-for-sale investment | (40) | 309 |
| Interest received | 52 | 593 |
| Loan granted to Kariba | (284) | (1,462) |
| Purchase of property, plant and equipment | (8,722) | (8,099) |
| Stripping costs | (7,566) | (15,777) |
| Sale of property, plant and equipment | 18 | - |
| Net cash used for investing activities | (20,201) | (14,900) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 178 | 33 |
| Dividends paid to non-controlling interest | (4,000) | - |
| Repayment of borrowings | (4,897) | (3,322) |
| Proceeds from borrowing | 10,000 | 12,000 |
| Interest paid | (716) | (880) |
| Net cash generated from financing activities | 565 | 7,831 |
| Net increase/(decrease) in cash and cash equivalents | 26,079 | (25,826) |
| Cash and cash equivalents at start of year | 11,222 | 36,737 |
| Exchange differences on translation | (464) | 311 |
| Cash and cash equivalents at end of year | 36,837 | 11,222 |

Basis of preparation

The Group's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations, issued by the International Accounting Standards Board ("IASB") as endorsed for use in the EU and those parts of the Companies Act 2006 that are applicable to companies that prepare their financial statements under IFRS.

The financial information for the years ended 30 June 2014 and 30 June 2013 does not constitute statutory accounts as defined by section 435 of the Companies Act 2006 but is extracted from the audited accounts for those years. The 30 June 2013 accounts have been delivered to the Registrar of Companies. The 30 June 2014 accounts will be delivered to Companies House within the statutory filing deadline. The auditors have reported on those accounts. Their report was unqualified and did not contain statements under Section 498 (2) of (3) of the Companies Act 2006.

****ENDS****