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The Directors of the Company, whose names appear on page 6, accept responsibility for the information contained in this document and for compliance with the AIM Rules for Companies. 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.

**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 Financial Conduct Authority ("Official List"). 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. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange plc has not itself examined or approved the contents of this document.**

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## **GEMFIELDS GROUP LIMITED**

*(Incorporated under The Companies (Guernsey) Law 2008 and registered in Guernsey, with registered number 47656)*

*(Registered as an external company in South Africa under registration number 2009/012636/10 on 26 June 2009)*

### **APPENDIX TO PRE ADMISSION ANNOUNCEMENT**

#### **FURTHER INFORMATION ON GEMFIELDS GROUP LIMITED IN CONNECTION WITH ITS PROPOSED ADMISSION TO TRADING ON AIM**

##### **Nominated Adviser and Broker**



This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules for Companies published by the London Stock Exchange for a quoted applicant. It includes, *inter alia*, all information that is, under these rules, required for an admission document which is not currently publicly available. Information which is public includes, without limitation, all information which is communicated through the Stock Exchange News Services ("**SENS**") (which is an announcement via the JSE) or the website of the JSE, and all information available on the Company's website at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com) (collectively, the "**Public Record**"). The Public Record can be accessed freely. This Appendix should be read in conjunction with the Schedule 1 Announcement Form made by the Company and the Company's Public Record. This Appendix and the Schedule 1 Announcement Form together constitute the "**Announcement**".

A copy of this Appendix, which is dated 17 January 2020, will be available on the Company Website, [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com), from 17 January 2020.

finnCap Limited ("**finnCap**"), which is a member of the London Stock Exchange and authorised and regulated by the Financial Conduct Authority, is acting as nominated adviser and broker exclusively for the Company in connection with the proposed arrangements described in the Announcement. finnCap's responsibilities as the Company's nominated adviser, including a responsibility to advise and guide the Company on its responsibilities under the AIM Rules for Companies, are owed to the London Stock Exchange. finnCap will not be responsible to any other persons for providing protections afforded to customers of finnCap nor for advising them in relation to the arrangements described in the Announcement.

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares and this document is not for distribution in or into the United States, Japan, Australia, the Republic of South Africa or any other jurisdiction where it is unlawful to do so. The Ordinary Shares have not nor will they be registered under the United States Securities Act of 1933 (as amended) (the "**Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Japan or Australia or the Republic of South Africa and, unless an exemption under such Act or laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within the United States, Japan or Australia or the Republic of South Africa for the account or benefit of any national, resident or citizen thereof. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

An investment in the Company may not be suitable for all recipients of this document. Any such investment is speculative and involves a high degree of risk. Prospective investors should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn in particular to the risk factors referred to in paragraph 3 of this document.

This document contains forward looking statements. These statements relate to the Company's future prospects, developments and business strategy. Forward looking statements are identified by their use of terms and phrases, including without limitation, statements containing the words "believe", "anticipated", "expected", "could", "envisage", "estimate", "may" or the negative of those, variations or similar expressions including references to assumptions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking-statements speak only as at the date of this document. The Company disclaims any obligations to update any such forward looking statements in this document to reflect events or developments except as may be otherwise required by applicable securities laws.

Neither the Guernsey Financial Services Commission nor the States of Guernsey take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

# CONTENTS

	Page number
DEFINITIONS .....	3
DIRECTORS, SECRETARY AND ADVISERS .....	6
EXPECTED TIMETABLE.....	8
SHARE CAPITAL .....	8
1. INTRODUCTION.....	9
2. COMPETENT PERSON'S REPORT .....	9
3. RISK FACTORS .....	9
4. INCORPORATION AND CURRENT LISTINGS .....	18
5. SHARE CAPITAL .....	20
6. ARTICLES OF INCORPORATION .....	21
7. TAKEOVERS.....	28
8. NO SIGNIFICANT CHANGE – WORKING CAPITAL.....	29
9. FINANCIAL INFORMATION .....	29
10. MAJOR SHAREHOLDERS .....	30
11. DIRECTORS' INTERESTS .....	31
12. ADDITIONAL INFORMATION ON THE DIRECTORS .....	31
13. LOCK-IN ARRANGEMENTS.....	38
14. ARRANGEMENTS AND REMUNERATION OF DIRECTORS .....	38
15. RELATED PARTY TRANSACTIONS .....	40
16. SETTLEMENT AND CREST .....	40
17. UK TAXATION.....	40
18. GUERNSEY TAXATION .....	42
19. MATERIAL CONTRACTS.....	43
20. LITIGATION.....	47
21. EMPLOYEES .....	47
22. CORPORATE GOVERNANCE.....	47
23. GENERAL .....	48

## DEFINITIONS

<b>“Admission”</b>	the admission of all of the issued Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
<b>“Admission Agreement”</b>	the agreement dated 17 January 2020 between (1) the Company (2) the Directors and (3) finnCap, details of which are set out in paragraph 19.1 of this Appendix;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules for Companies”</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time;
<b>“AIM Rules for Nominated Advisers”</b>	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time;
<b>“Announcement”</b>	the announcement pursuant to Schedule 1 of the AIM Rules for Companies of which this Appendix forms part;
<b>“Appendix”</b>	this document;
<b>“Articles of Incorporation”</b>	the articles of incorporation of the Company as in force as at the date of this document;
<b>“AUD”</b>	Australian dollars, the lawful currency of Australia;
<b>“Board” or “Directors”</b>	the current directors of the Company whose names are set out on page 6 of this document;
<b>“BSX”</b>	the Bermuda Stock Exchange;
<b>“Business Day”</b>	a day other than a Saturday, Sunday or official public holiday in the City of London, Guernsey or Johannesburg;
<b>“City Code”</b>	the City Code on Takeovers and Mergers as amended from time to time;
<b>“Companies Law”</b>	The Companies (Guernsey) Law 2008 (as amended);
<b>“Company”</b>	Gemfields Group Limited, a company incorporated under the Companies Law and registered in Guernsey, with registered number 47656;
<b>“Company Website”</b>	<a href="http://www.gemfieldsgroup.com">www.gemfieldsgroup.com</a> ;
<b>“Competent Person” or “SRK”</b>	SRK Consulting (UK) Limited;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
<b>“CREST Regulations”</b>	the Uncertificated Securities (Guernsey) Regulations 2009;
<b>“Directors”</b>	the Executive Directors and the Non-Executive Directors;
<b>“EUR”</b>	Euro, the single currency of participating member states of the European Economic and Monetary Union;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Executive Directors”</b>	the Directors of the Company who hold the position of executive directors, being Sean Gilbertson and David Lovett;
<b>“Fabergé”</b>	the jewellery brand “Fabergé” which is owned and controlled by the Group;
<b>“FCA”</b>	the Financial Conduct Authority of the UK;
<b>“finnCap”</b>	finnCap Limited, the Company’s nominated adviser and broker;

<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000 as amended from time to time;
<b>“GBP”</b>	UK pounds sterling, the lawful currency of the United Kingdom;
<b>“Group”</b>	the Company and all entities controlled by the Company;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs (which shall include its predecessors, the Inland Revenue and HM Customs and Excise);
<b>“JORC Code”</b>	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 edition), an internationally recognised code that has adopted the International Reporting Template set by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO);
<b>“ISIN”</b>	the international securities identification number;
<b>“JSE”</b>	Johannesburg Stock Exchange;
<b>“JSE Listings Requirements”</b>	the listings requirements of the JSE, as amended from time to time by the JSE;
<b>“King IV”</b>	the King Code of Governance Principles and the King Report on Governance introduced by the Institute of Directors in Southern Africa in November 2016;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc;
<b>“Nomad and Broker Agreement”</b>	the agreement dated 16 January 2020 between (1) the Company and (2) finnCap, details of which are set out in paragraph 19.3 of this Appendix;
<b>“Non-Executive Directors”</b>	the Directors of the Company who hold the position of non-executive directors, being Martin Tolcher, Dr Christo Wiese, Kwame Mmala, Lumkile Mondli and Carel Malan;
<b>“Ordinary Resolution”</b>	a resolution, taken in accordance with the Articles of Incorporation, passed by a simple majority of the Shareholders, present or by proxy, at the meeting, convened with the proper notice of the meeting having been provided to the Shareholders;
<b>“Ordinary Shares”</b>	ordinary fully paid shares in the capital of the Company with a par value of USD 0.00001 each;
<b>“Panel”</b>	The Panel on Takeovers and Mergers;
<b>“Public Record”</b>	information which has been communicated through the SENS or the website of the JSE, and all information available on the Company's Website;
<b>“SDRT”</b>	means UK Stamp Duty and Stamp Duty Reserve Tax;
<b>“SENS”</b>	the Stock Exchange News Service;
<b>“Shareholders”</b>	the holders of Ordinary Shares from time to time;
<b>“Special Resolution”</b>	a resolution taken in accordance with the Articles of Incorporation, passed by a majority of not less than three-quarters of the votes of the Shareholders, present or by proxy, at the meeting convened with the proper notice of the meeting having been provided to the Shareholders;
<b>“Takeover Code”</b>	The City Code on Takeovers and Mergers;
<b>“Technical Report”</b>	has the meaning attributed to it in paragraph 2;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;

**“uncertificated” or in  
“uncertificated form”**

recorded on the relevant register of the uncertificated share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

**“US” or “United States”**

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

**“USD”**

United States dollars and cents, the lawful currency of the United states;

**“ZAR”**

South African rand, the lawful currency of South Africa;

**“ZMK”**

Zambian kwacha, the lawful currency of Zambia.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	<p>Martin Paul Tolcher, <i>Non-Executive Chairman</i>  Sean Thomas Gilbertson, <i>Chief Executive Officer</i>  David John Lovett, <i>Chief Financial Officer</i>  Dr Christoffel Hendrik Wiese, <i>Non-Executive Director</i>  Lumkile Patriarch Mondli, <i>Lead Non-Executive Director</i>  Kwape David Mmela, <i>Non-Executive Director</i>  Carel Johannes Malan, <i>Non-Executive Director</i></p>
<b>Company Secretary</b>	Toby Hewitt
<b>Registered Office</b>	<p>PO Box 186  Royal Chambers  St. Julian's Avenue  St. Peter Port  Guernsey  GY1 4HP  Channel Islands</p>
<b>Company Website</b>	<a href="http://www.gemfieldsgroup.com">www.gemfieldsgroup.com</a>
<b>Nominated Adviser and Broker</b>	<p>finnCap Limited  60 New Broad Street  London  EC2M 1JJ  United Kingdom</p>
<b>JSE Sponsor</b>	<p>Investec Bank Limited  100 Grayston Drive  Sandton  2196  South Africa</p>
<b>BSX Sponsor</b>	<p>Clarien BSX Services Ltd  25 Reid Street  Hamilton  HM 11  Bermuda</p>
<b>English Solicitors to the Company</b>	<p>Howard Kennedy LLP  No.1 London Bridge  London  SE1 9BG  United Kingdom</p>
<b>Guernsey legal advisers to the Company</b>	<p>Mourant  Royal Chambers  St Julian's Avenue  St Peter Port  Guernsey  GY14HP  Channel Islands</p>
<b>Zambian legal advisers to the Company</b>	<p>Chibesakunda &amp; Co  CCO House, Stand No. 2374  Kelvin Siwale Road  P.O Box 30279  Lusaka  Zambia</p>

<b>Mozambican legal advisers to the Company</b>	SAL & Caldeira Advogados, Lda. Av. da Marginal Nº 4985 1º andar – Prédio ZEN Maputo Mozambique
<b>Ethiopian legal advisers to the Company</b>	Mehrteab Leul & Associates Law Office Dembel City Center Africa Avenue Addis Ababa P.O. Box 33449 Ethiopia
<b>Madagascan legal advisers to the Company</b>	PricewaterhouseCoopers Tax & Legal Sarl Rue Rajakoba Augustin Ankadivato Antananarivo Madagascar
<b>English Solicitors to the Nominated Adviser and Broker</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London EC4R 3TT United Kingdom
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
<b>Competent Person</b>	SRK Consulting (UK) Limited 5 <sup>th</sup> Floor Churchill House 17 Churchill Way Cardiff CF10 2HH United Kingdom
<b>Financial Public Relations</b>	Camarco 107 Cheapside London EC2V 6DS United Kingdom
<b>Registrar and Bermuda Transfer Secretary</b>	Computershare Investor Services (Guernsey) Limited 1 <sup>st</sup> Floor Tudor House Le Bordage St Peter Port Guernsey GY1 1DB Channel Islands
<b>South African Transfer Secretary</b>	Computershare Investor Services (Pty) Limited Rosebank Towers 15 Biermann Avenue Rosebank, 2196 South Africa

## EXPECTED TIMETABLE

All references to time in this document and in the expected timetable are to the time in London, United Kingdom, unless otherwise stated. Each of the times and dates in the table below are indicative only and may be subject to change.

Publication of this Announcement	17 January 2020
Admission effective	14 February 2020

## SHARE CAPITAL

Issued Share Capital at Admission	1,267,450,245 Ordinary Shares <sup>(1)</sup>
AIM Symbol	GEM
JSE Symbol	GML
BSX Symbol	GML.BH
ISIN Code	GG00BG0KTL52
LEI	21380017GAVXTCYS5R31
SEDOL Number	BKFW1G3

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<sup>(1)</sup> The Company is in the process of buying back shares pursuant to a closed period buy-back mandate, lodged with the JSE on 19 December 2019, and, therefore, the stated issued share capital may be up to 100,000,000 shares lower at the date of Admission, depending on the extent to which the buy-back mandate is fulfilled.



## 1. INTRODUCTION

- 1.1. Gemfields Group Limited is a world leading producer of responsibly sourced, coloured gemstones. The Group is Africa-focussed and is the market leader in the mining, grading, marketing and selling of precious coloured gemstones. The Group's key producing assets are located in Zambia (emerald and beryl) and Mozambique (rubies). The Kagem mine in Zambia is believed to be the world's largest producing emerald mine and is estimated to account for more than one fifth of the world's total production of emeralds. Similarly, the Montepuez ruby mine in Mozambique ("**MRM**") is recognised as the largest ruby producing mine in the world and the Group owns rights to additional concessions in the same region of Mozambique which provide exploration upside. The Group has a controlling 75% interest in both Kagem and MRM and is the operator of both assets.
- 1.2. Gemfields has developed a proprietary grading system for emeralds and rubies together with a pioneering auction platform so as to provide a consistent supply of coloured gemstones to downstream markets. In addition to the gemstone mining and production assets the Group also owns and operates the Fabergé brand, one of the world's most recognisable luxury brands. Fabergé provides the Group with direct access to the coloured gemstones end consumer and the brand is focussed on the promotion of the desirability of coloured gemstones through its jewellery, timepieces and *objets*.
- 1.3. The Group currently has a primary listing on the Johannesburg Stock Exchange and a secondary listing on the Bermuda Stock Exchange.

## 2. COMPETENT PERSON'S REPORT

- 2.1. A technical report prepared in accordance with the JORC Code dated January 2020 (the "**Technical Report**") entitled "A Competent Persons Report for the Kagem Emerald and Beryl Mine, Zambia and the Montepuez Ruby and Corundum Mine, Mozambique" prepared by SRK Consulting (UK) Limited ("**SRK**"), and in particular Lucy Roberts and Sabine Anderson of SRK, is available on the Company Website.
- 2.2. The Competent Person whose name and address is set out at page 7 of this document, accepts responsibility for the information contained in the Technical Report and has reviewed and approved of the technical information contained in this Appendix. To the best of the knowledge and belief of the Competent Person (who has taken all reasonable care to ensure that such is the case) the information contained in the Technical Report is in accordance with the facts, and does not omit anything likely to affect the import of such information.

## 3. RISK FACTORS

- 3.1. An investment in the Company is highly speculative and involves a high measure of risk. An investment in the Company is, therefore, suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such an investment. There are a number of risks which may have a material and adverse impact on the future operating and financial performance of the Company and the value of the Company's Ordinary Shares which are set out in the Public Record. If such risks materialise an investor in the Ordinary Shares could lose all or part of his or her investment. These include risks that are general risks associated with any form of business and, in addition, specific risks associated with the Company's business and its involvement in exploration, development and mining in Africa. While most risk factors are largely beyond the control of the Company and its Directors, the Company will seek to mitigate these risks where possible.
- 3.2. The following summarises the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the trading price of the Company's Ordinary Shares. Further risks are identified by the Competent Person in the Technical Report.
  - 3.2.1. **The Group's mining licences and contracts** The Group's current exploration and mining operations are dependent upon the grant, renewal or continuance in force of appropriate surface and/or subsurface use contracts, licences, permits and regulatory approvals and consents which may be valid only for a defined time period, may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that such surface and/or subsurface use contracts, licences,

permits, regulatory approvals or consents would be granted, renewed or continue in force, or, if so, on what terms. The Group's surface and/or subsurface use contracts and related working programmes contain a range of obligations on the Group, and there may be adverse consequences of breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the Group's surface and/or subsurface use licences and/or surface and/or subsurface use contracts. Withdrawal of licences, termination of surface and/or subsurface use contracts or failure to secure requisite licences or the cessation thereof or surface and/or subsurface use contracts in respect of any of the Group's operations may have a material adverse impact on the Group's business, operating results and financial condition.

3.2.2. In particular, in Madagascar the company's subsidiary, Oriental Mining S.A.R.L. ("**Oriental**") has 9 exploration mining licences duly registered in the records of the *Bureau du Cadastre Minier de Madagascar* ("**BCMM**") in its name and a further 11 exploration mining licences (registered in the records of BCMM in the name of Classic Real Stones S.A.R.L.) in the process of being transferred to Oriental. All 20 exploration mining licences have expired but the request for renewal of such licences has been duly filed with the BCMM, and will occur on the date of signature of the new mining licences by the Ministry of Mines. However, the Madagascar Government announced in 2010 that the delivery of new mining licences is suspended for an undetermined period but that an additional period equal to the duration of the suspension will be granted in favour of all such affected parties when the suspension ends. As such, the renewal of the mining licences are pending, and remain valid for so long as the renewal applications are not rejected.

3.2.3. **Changes to the current political and regulatory environment in Zambia, Mozambique, Madagascar and Ethiopia or any other markets in which the Group operates in the future may adversely affect the Group** The Group's exploration and development activities are and will continue to be conducted in a variety of countries and markets. The political and economic conditions that currently exist in each of these countries and markets may change and national governments may adopt different policies with respect to foreign development and to ownership of natural resources at any time. Any changes in policy may result in changes in laws affecting the ownership of assets, licence tenure, taxation, royalties, exchange rates, environmental protection, labour relations, repatriation of income and return of capital. This may adversely affect both the Group's ability to undertake exploration and development activities on future properties as well as its ability to continue to explore and develop those properties for which it has obtained exploration rights to date. Regulatory changes, if any, in extraction or investment policies or shifts in political attitude may adversely affect the Group's operations and future profitability. Operations may be affected in varying degrees by Government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income and other taxes, foreign investment, maintenance of claims, environmental legislation, water use, employment and contractor selection.

3.2.4. In particular, the Government of Zambia introduced tax regime changes from 1 January 2019. These changes included the introduction of a 15% export duty on precious gemstones (other than diamonds). This change has had an impact on the profitability, cash flow and development of the gemstone sector in Zambia. In addition, the 6% mineral royalty levied on gemstones is no longer tax deductible for corporation tax purposes. However, on 13 December 2019, the Government of Zambia announced it had suspended the 15% export duty on gemstones with effect from 1 January 2020.

3.2.5. **Litigation** While the Group currently has no material outstanding litigation or dispute not already disclosed, there can be no guarantee that the current or future actions of the Group will not result in litigation since there have been a number of cases where the rights and privileges of mining companies have been the subject of litigation. The mining industry, as with all industries, may be subject to legal claims, both with and

without merit, from time to time. The Directors cannot preclude that such litigation may be brought against the Group in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Group's financial position, results or operations. The Group's business may be materially adversely affected if the Group and/or its employees or agents are found not to have met the appropriate standard of care or not exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

- 3.2.6. In February 2018, UK law firm Leigh Day LLP filed a claim against the Company on behalf of a number of individuals living near the Montepuez mine in Mozambique. The claim brought against the Company alleged human rights abuses perpetrated by employees and contractors of the Company's local subsidiary, police and government security forces. Mediation took place between the parties in December 2018 and a settlement was reached (as further described in paragraph 19.8). There was no admission by the Company of any liability on its part with respect to the alleged abuses and the Company has always maintained that it is not liable for any such claims. A settlement figure of GBP 5.8 million was paid by the Company, inclusive of Leigh Day's legal fees. As part of the settlement it was agreed that the Company would establish an Independent Operational Grievance Mechanism (OGM) which will safeguard individuals who wish to raise grievances concerning the actions and operations of MRM. It is possible that the Company may incur further costs as part of resolving disputes raised via the OGM.
- 3.2.7. The Group operates certain security arrangements in the areas surrounding its mines in Mozambique and Zambia. There is a risk that further claims could arise from illegal artisanal and small scale miners if management strategies to deal with artisanal and small scale miners are not implemented efficiently.
- 3.2.8. **Environmental, Social and Health and Safety Requirements** The Group has developed cost estimates as part of its various Environmental Impact Assessments obligations. There is a risk that actual costs will exceed the estimates.
- 3.2.9. **Exchange Control Regulations** Some of the territories in which the Group operates employ, or may employ in the future, exchange control regulations which may adversely affect the Group's ability to transfer funds in and from such territories, and therefore the Group's ability to carry on its operations in such territories.
- 3.2.10. **The profitability of the Group's operations and the cash flows generated by these operations are significantly affected by changes in the market price for gemstones** The market prices for gemstones are highly subjective and can fluctuate widely. These fluctuations are caused by numerous factors beyond the Group's control, including: speculative positions taken by investors or traders in gemstones; changes in the demand for gemstone use in jewellery and for investment; changes in the supply of gemstones from production; changes in sentiment; financial market expectations regarding the rate of inflation; the strength of the US dollar (the currency in which the price of gemstones is denominated) relative to other currencies; changes in interest rates; global or regional political or economic events; and costs of gemstone production in major gemstone-producing nations. If revenue from gemstone sales falls below the cost of production for an extended period, the Group will experience losses and may be forced to curtail or suspend some or all of its capital projects and/or operations. In addition, the Group would have to assess the economic impact of low gemstone prices on its ability to recover any losses it may incur during that period and on its ability to maintain adequate cash and accounting reserves.
- 3.2.11. **Information on Reserves and Resources** The Group's reported mineral resources and ore reserves are reported in accordance with the JORC Code. There are numerous uncertainties inherent in estimating mineral resources, including factors beyond the control of the Group. The estimation of mineral resources and ore reserves is a detailed process and the accuracy of any such estimation is a function of the quality of available data and of engineering and geological interpretation and

judgement, and necessary assumptions. Results of drilling, testing, production, evaluation of mine plans and exploration activities subsequent to the date of any estimate may justify revision (up or down) of such estimates. There is no assurance that mineral resources can be economically mined. Mineral resources that have not been converted to mineral ore do not have demonstrated economic viability. Mineral reserves are a statement of resources that are considered as commercially mineable according to ruling economic parameters at the time, following a defined life of mine plan. Only a certain proportion of estimated mineral resources will be translated into reserves and recovered as the Group proceeds to production on its development and exploration sites. There is no guarantee that they will be recovered at the volume, grade and rates estimated. The failure of the Group to achieve its production estimates is likely to have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of ore mineral resource and reserve estimates, the accuracy of assumptions regarding mineral grades and recovery rates, ground conditions (including hydrogeology and geotechnics), physical characteristics of ores, such as hardness, the presence or absence of particular characteristics and the accuracy of estimated rates and costs of mining, ore haulage and processing. Changes in the Group's capital costs and operating costs are likely to have a significant impact on its profitability. Its main planned production expenses will be mining contracting costs, transport costs, treatment costs and overheads. Changes in costs of the Group's mining and processing operations can occur as a result of unforeseen events and could result in changes in profitability or resource estimates, including rendering certain mineral resources uneconomic to mine. Many of these changes may be beyond the Group's control. The volume and grade of the ore the Group recovers may not conform to current expectations. Lower market prices, increased production costs, reduced recovery rates and other factors may render the Group's mineral resources and ore reserves uneconomic to exploit and may result in revision of its ore reserve estimates from time to time. Ore reserve data is not necessarily indicative of future results of operations. If the Group's actual ore reserves are less than current estimates, the Group's results of operations and financial condition may be materially impaired.

- 3.2.12. **Third party contractors and providers of capital equipment can be scarce** The Group contracts or leases services and capital equipment from third party providers. Such equipment and services can be scarce and may not be readily available at times and places required. In addition, costs of third party services and equipment have increased significantly over recent years and may continue to rise. Scarcity of equipment and services and increased prices may in particular result from any significant increase in exploration and development activities on a region by region basis which might be driven by high demand for gemstones or other minerals. In some of the regions in which the Group operates there is significant demand for capital equipment and services. The unavailability of, or high costs incurred to obtain, such services and equipment could result in a delay or restriction in the Group's projects and adversely affect the feasibility and profitability of such projects and therefore have an adverse effect on the Group's business, financial condition, results of operations and prospects.
- 3.2.13. **Power stoppages, fluctuations and energy cost increases could adversely affect the Group's results of operations and financial condition** The Group's mining operations are dependent on electrical power generated by local power companies. Back-up power is sourced from diesel generators. Historically, the incidence of power outages has resulted in mining companies being required to reduce power consumption at operations to minimise the load on that country's power grid, leading to notable losses in production across the mining industry. The Company cannot give assurance as to a resumption of rolling power outages, voltage imbalances or reductions in availability that may impact future operations.
- 3.2.14. **Shortages and interruptions in the water supply or significant increases in water tariffs could have an adverse effect on the business and financial condition** The Group's mining operations require significant amounts of water. The



Group procures water from boreholes. The Group is dependent on the availability of water in its areas of operations. If the local authorities take action to reduce access to water or there is a drought, the Group could suffer from a reduction in its operating capacity and significantly higher production costs.

- 3.2.15. **Estimates in financial statements** Preparation of consolidated financial statements requires the Group to use estimates and assumptions. Accounting for estimates requires the Group to use its judgement to determine the amount to be recorded in its financial statements in connection with these estimates. The Group's accounting policies regarding exploration and evaluation require management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of ore reserves or mineral resources have been found. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate, the Group could be required to write down the value of certain assets. On an ongoing basis, the Group re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.
- 3.2.16. **Holding company structure and restrictions on dividends** The Company's operating results and its financial condition are dependent on the trading performance of members of the Group. The Company's ability to pay dividends will depend on the level of distributions, if any, received from the Company's subsidiaries. The Group's members may, from time to time, be subject to restrictions on their ability to make distributions to the Company, as a result of factors such as restrictive covenants contained within loan agreements, foreign exchange limitations and regulatory or fiscal restrictions. There can be no assurance that such restrictions will not have a material adverse effect on the Group's business, operating results and financial condition.
- 3.2.17. **Uninsured risks** It is not always possible to obtain insurance against all risks facing the Group and the Group may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Group or to other companies in the mining industry on acceptable terms. Although the Group maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the Ordinary Shares.
- 3.2.18. **Working Capital** The Company may need to raise additional funds in the future in order to develop further exploration and development programmes. Whether as a result of fluctuating market conditions, lack of market interest in the Company's industry sector or otherwise, this additional financing may not be available to the Company on acceptable terms. Additional equity financing may be dilutive to Shareholders and could contain rights and preferences superior to those of the Ordinary Shares, while debt financing may involve restrictions on the Company's financing and operating activities or may not be available at reasonable cost. If the Company is unable to raise additional funds as needed, the scope of its operations may be reduced and or its interest in concessions may be diluted or may expire and, as a result, the Company may be unable to fulfil its medium to long-term exploration and development programme.
- 3.2.19. **Currency risks** Currency fluctuations may affect the Group's revenue from its operations. The Group's revenue from gemstone sales and other financing activities will be received in pounds sterling and US dollars, while a significant portion of its operating expenses will be incurred in other currencies, particularly those of the countries in which it operates, namely Zambia, Mozambique, Madagascar and Ethiopia. Accordingly, foreign currency fluctuations may adversely affect the Group's financial position and operation results.

- 3.2.20. **Labour unions** As at the date of this document, the Group's employees are members of certain recognised labour unions and the Group is subjected to collective agreements with such labour unions.
- 3.2.21. **Risks relating to key personnel** The Group's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Group must attract and retain additional highly qualified management and technical personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.
- 3.2.22. **Nature of Gems, Exploration and Mining** The exploration and development of gemstone deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a gemstone structure may result in substantial rewards, few properties that are explored are ultimately developed into economically viable operating mines. Major expenditure may be required to establish reserves by drilling and for constructing mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary feasibility studies or full feasibility studies on the Group's exploration projects or the current or proposed exploration programmes on any of the properties in which the Group has exploration rights will result in a profitable commercial mining operation. The Group's operations will be subject to all of the hazards and risks normally incidental to the exploration, development and production of gemstones, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all such damage caused. The Group's activities may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which the Group has interests. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, rock slides, flooding or other conditions may be encountered in the drilling and removal of material. Whether a gemstone deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit (such as its size and quality), proximity to infrastructure, financing costs and governmental regulations (including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of gemstones and environmental protection) and other factors including the availability of equipment. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Group not receiving an adequate return on invested capital.
- 3.2.23. **Consumer demand for and perception of coloured gemstones** The coloured gemstone industry is subject to changes in customer preferences, perceptions, fashions and spending habits. The Group's performance depends on factors which may affect the worldwide desirability of coloured gemstones. Such factors include adverse media coverage, consumer incomes and consumer preferences. For example, treatments used to enhance the appearance of coloured gemstones became a significant concern, resulting in erosion in product confidence and price during the mid to late 1990s (although Zambian emeralds need for treatment of its rich bluish green material is generally less than other known active emerald source which has proven increasingly important to treatment weary consumers). Furthermore, by their nature, coloured gemstones are luxury consumer goods and a change in consumer spending habits may result in reduced demand and lower prices for the coloured gemstones produced by the Group. Any changes in consumer preferences or levels of consumer spending may have a material adverse effect on the Group's results of operations or financial condition.
- 3.2.24. **Competition** The gemstone exploration and mining business is competitive in all of its phases. The Group will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Group, in the search for and acquisition of exploration and development rights on

attractive gemstone properties. The Group's ability to acquire exploration and development rights on properties in the future will depend not only on its ability to develop the properties on which it currently has exploration and development rights, but also on its ability to select and acquire exploration and development rights on suitable properties for exploration and development. There is no assurance that the Group will be able to compete successfully with its competitors in acquiring exploration and development rights on such properties.

- 3.2.25. **Security risks and loss control issues** Whilst mine security and loss control procedures have been implemented, the risk remains of illegal mining, theft, threats to mine workers' lives and safety as well as industrial espionage, information loss and the loss of the operational efficiency of the mine.
- 3.2.26. **Fabergé is currently a loss making business** Fabergé is currently a loss making business and will require further working capital before reaching profitability. Fabergé's existing working capital levels are insufficient to meet Fabergé's long term working capital requirements and the Group will be required to contribute further working capital to the business. This will reduce the available working capital of the Group as a whole and the short term profitability of the Group which may have an effect on ongoing profits and the Group's ability to raise external funds.
- 3.2.27. **Fabergé's markets are highly competitive; Fabergé and the 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. 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 the Group) to the development, promotion and sale of new product and service offerings. Fabergé (and the 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 the 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 the Group's) business, results of operations or financial condition.
- 3.2.28. **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 adversely effect on Fabergé's business and on the 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.
- 3.2.29. **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.

- 3.2.30. **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.
- 3.2.31. **Dependence upon key intellectual property** Fabergé's success depends in part on its ability to protect its rights in its intellectual property. Fabergé, (and the 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 the Group's), intellectual property without its authorisation. Enforcing intellectual property rights can be difficult and expensive. To protect the Group's intellectual property, the 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 Group's business or adversely affect its revenue, financial condition and result of operations.
- 3.2.32. **The legal system in many emerging markets countries is less certain than more developed legal systems** Many emerging markets countries have a less developed legal system than more established economies, particularly with respect to mining operations, which may result in risks such as: (i) potential difficulties in obtaining effective legal redress in their courts, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of Governmental authorities; (iii) the lack of judicial or administrative guidance when interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In addition, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Any difficulties faced by the Group arising from these uncertainties could have an adverse effect on the Group's business and financial condition and prospects.
- 3.2.33. **Any downgrading of prevailing debt rating by an international rating agency could have a negative impact on the Group** Any adverse revision to the prevailing credit rating for domestic and international debt by any of the international rating agencies may adversely impact the Group's ability to raise future project or corporate financing and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on the Group's financial performance and its ability to obtain financing to fund its growth on favourable terms or at all.
- 3.2.34. **National or regional instability could disrupt the Group's business and affect the price of the Ordinary Shares** Ongoing terrorist activity and armed conflicts in Africa and the Middle East and elsewhere have had a significant effect on international finance and commodity markets. Any future national or international acts of terrorism or armed conflicts in countries where the Group has operations or assets or in neighbouring countries or other parts of the world could have an adverse effect on the Group's operations, financial and commodities markets and the wider global economy and could adversely affect the Group's business and financial condition.



- 3.2.35. By way of example, the Company has one licence in Ethiopia focussed on the exploration of emeralds. The licence was originally granted in 2013 and acquired by Web Gemstone Mining Ltd (“WGM”), a subsidiary of Gemfields plc, in 2015. In June 2018, a mob of 300 to 500 local people overran the Company’s site where they looted and destroyed the Company’s property. This caused the Company to evacuate its personnel from the site and the Company still does not have control of its site or property. Despite a local law legal opinion confirming good title to the exploration licence, it is unknown when and if the Company will be able to recommence operations in Ethiopia.
- 3.2.36. Islamic insurgents have been reported as operating within Mozambique’s northern Cabo Delgado province since October 2017. The Company’s assets in Mozambique are situated within Montepuez, an area located within the Cabo Delgado province. The Company’s operations in Mozambique could be affected in the event that conflict escalates.
- 3.2.37. **Acts of God and contagious diseases** Acts of God such as natural disasters and outbreaks of highly contagious diseases are beyond the control of the Group and may adversely affect the economy, infrastructure and livelihood of people in the countries in which the Group is operating or proposing to operate. The Group’s business and profitability may be adversely affected should such acts of God and/or outbreaks occur and/or continue.
- 3.2.38. **Bribery and corruption** The Group operates in a range of regions where its representatives may be exposed to potentially corrupt practices. There is no guarantee that the Group’s policies will successfully protect the Group from such practices and their legal and financial consequences.
- 3.2.39. **Share price may fluctuate** Publicly traded securities from time to time experience price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them. In addition, the market price of the Ordinary Shares may prove to be volatile. The market price of the Ordinary Shares may fluctuate in response to a number of factors, many of which are beyond the Group’s control, including: variations in operating results in the Group’s reporting periods; changes in financial estimates by securities analysts; changes in market valuation of similar companies; announcements by the Group of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments; changes to mineral resource and reserve statements; additions or departures of key personnel; any shortfall in revenues or net income or any increase in losses from levels expected by securities analysts; future issues or sales of Ordinary Shares; and stock market price and volume fluctuations. Any of these events could result in a material decline in the price of the Ordinary Shares.
- 3.2.40. **Liquidity of the Ordinary Shares** Notwithstanding that Admission becomes effective and dealings commence in the Ordinary Shares, this should not be taken as implying that there will be a liquid market for the Ordinary Shares on AIM. An investment in the Ordinary Shares may thus be difficult to realise on AIM. Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up. Investors may, on disposing of Ordinary Shares, realise less than their original investment or may lose their entire investment. The Ordinary Shares may, therefore, not be suitable as a short-term investment. In addition, the market price of the Ordinary Shares may not reflect the underlying value of the Company’s net assets. The price at which the Ordinary Shares will be traded and the price at which investors may realise their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its proposed operations, and some which may affect the business sectors in which the Company operates. Such factors could also include the performance of the Company’s operations, large purchases or sales of the Ordinary Shares, liquidity or the absence of liquidity in the Ordinary Shares, legislative or regulatory changes relating to the business of the Group and general economic conditions.

#### 4. INCORPORATION AND CURRENT LISTINGS

4.1. The Company was incorporated on 4 September 2007 as Pallinghurst Resources (Guernsey) Limited in accordance with Guernsey law. On 28 May 2009, the Company changed its name from Pallinghurst Resources (Guernsey) Limited to Pallinghurst Resources Limited. The Company was registered as an external company in South Africa (registration number 2009/012636/10) on 26 June 2009. The Company's name was changed to Gemfields Group Limited on 26 June 2018. The principal legislation under which the Company operates is the Companies Law.

4.2. The Company's subsidiaries as at the date of this document are:

<b>Name</b>	<b>Country of incorporation</b>	<b>% voting shares</b>	<b>Nature of Activity</b>
Almizan Development Limited	British Virgin Islands	100	Non-trading
Campos de Joia, Limitada	Mozambique	100	Gemstone mining and exploration
Eastern Ruby Mining Limitada	Mozambique	75	Gemstone mining and exploration
Fabergé (UK) Limited	United Kingdom	100	Fabergé UK activities including retail
Fabergé Hospitality Limited	British Virgin Islands	100	Non-trading
Fabergé Inc.	USA	100	Retail activity and promotion of the Fabergé collection of jewellery and watches in the USA
Fabergé Limited	Cayman Islands	100	Holding company
Fabergé Suisse SA	Switzerland	100	Sales activity and promotion of the Fabergé collection of jewellery and watches
Forest HoldCo Limited	United Kingdom	100	Holding company
Gemfields BVI Limited	British Virgin Islands	100	Holding company
Gemfields Canada Inc.	Canada	100	Non-trading
Gemfields CdJ Mauritius	Mauritius	100	Holding and administrative services company
Gemfields Foundation (charity)	United Kingdom	100	Charity
Gemfields Holdings Zambia Limited	Zambia	100	Non-trading
Gemfields India Pvt Limited	India	100	Gemstone sales and marketing
Gemfields Mauritius Limited	Mauritius	100	Holding and administrative service company
Gemfields Mining Limited	Zambia	100	Gemstone mining and exploration
Gemfields Participacoes Limitada	Brazil	100	Non-trading
Gemfields Limited	United Kingdom	100	Holding company
Gemfields Services Limited	United Kingdom	100	Administrative services for GGL
Gemfields Singapore Pte Limited	Singapore	100	Gemstone auctions

<b>Name</b>	<b>Country of incorporation</b>	<b>% voting shares</b>	<b>Nature of Activity</b>
Gemfields South Africa (Pty) Limited	South Africa	100	Gemstone sales and marketing
Gemfields USA, Inc.	USA	100	Gemstone sales and marketing
Gemholds Brazil Limited	United Kingdom	100	Holding company
Gemholds Colombia Limited	United Kingdom	100	Holding company
Gemholds Ethiopia Limited	United Kingdom	100	Holding company
Gemholds Limited	United Kingdom	100	Holding company
Gemhouse Mining Zambia Limited	Zambia	100	Non-trading
Graphon Investments (Pvt) Limited	Sri Lanka	75	Holding company
Graphon Mining Resources (Pvt) Limited	Sri Lanka	75	Mineral resource studies
Hagura Mining Limited	United Kingdom	100	Holding and administrative services company
Island HoldCo Limited	United Kingdom	100	Holding company
Kagem Mining Limited	Zambia	75	Gemstone mining, exploration and processing
Mineworks Private Limited	India	25	Gemstone exploration
Mbuva Mining Limited	Zambia	100	Non-trading
Megaruma Mining Limitada	Mozambique	75	Gemstone mining and exploration
Montepuez Ruby Mining Limitada	Mozambique	75	Gemstone mining and exploration
Nairoto Resources Holding	Mauritius	100	Holding and administrative services company
Nairoto Resources Limitada	Mozambique	75	Gold, and other resources, exploration and future mining project
Novo Campo De Joia 1, Limitada	Mozambique	100	Non-trading
Novo Campo De Joia 2, Limitada	Mozambique	100	Non-trading
Novo Campo De Joia 3, Limitada	Mozambique	100	Non-trading
Novo Megaruma Mining, Limitada	Mozambique	75	Non-trading
Oriental Mining SARL	Madagascar	100	Gemstone mining and exploration

<b>Name</b>	<b>Country of incorporation</b>	<b>% voting shares</b>	<b>Nature of Activity</b>
Pallinghurst Resources (Guernsey) GP Ltd	Guernsey	100	Holding Company
The Pallinghurst Resources Fund L.P.	Cayman Islands	99.99	Holding Company
Pallinghurst Consolidated (Cayman) Ltd	Cayman Islands	100	Non-trading
Peninsula HoldCo Limited	United Kingdom	100	Holding company
Ratnapura Lanka Gemstones (Pvt) Limited	Sri Lanka	75	Gemstone trading
Singha Heavy Equipment (Pvt) Limited	Sri Lanka	75	Dormant company
Singha Industrial Investments (Pvt) Limited	Sri Lanka	75	Holding company
Web Gemstone Mining plc	Ethiopia	75	Gemstone mining and exploration

- 4.3. The Company was listed on the BSX on 21 September 2007. On 20 August 2008, the Company listed on the JSE, with the JSE becoming the Company's primary listing and the BSX listing being retained as a secondary listing. The ISIN for the Ordinary Shares is GG00BG0KTL52. The JSE Code is GML and the BSX Code is GML.BH. The Ordinary Shares will trade on AIM under the tradeable instrument display mnemonic GEM, SEDOL Number BKFW1G3, LEI 21380017GAVXTCYS5R31 and the ISIN is the same as for the Ordinary Shares.
- 4.4. The Company confirms that, following due and careful enquiry, it has adhered to the legal and regulatory requirements involved in having the Ordinary Shares traded on the JSE and the BSX.
- 4.5. Copies of all documents or announcements which the Company has made public over the last two years (in consequence of having its Ordinary Shares admitted to and posted for trading on the JSE and BSX) are available on the Company Website.

## **5. SHARE CAPITAL**

- 5.1. As at 16 January 2020 (being the latest practicable date prior to the date of the Announcement), the issued share capital of the Company was:
- 1,267,450,245 Ordinary Shares fully paid<sup>(1)</sup>
- The Company is seeking admission to trading on AIM in respect of all such issued Ordinary Shares.
- 5.2. The issued share capital immediately following Admission (assuming no options are exercised prior to Admission) will be:
- 1,267,450,245 Ordinary Shares fully paid<sup>(1)</sup>

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(1) The company is in the process of buying back shares pursuant to a closed period buy-back mandate, lodged with the JSE on 19 December 2019, and therefore, the stated issued share capital may be up to 100,000,000 shares lower at the date of Admission, depending on the extent to which the buy-back mandate is fulfilled.

- 5.3 The total number of Ordinary Shares issuable under options as at 16 January 2020 (being the last practicable date prior to the date of the Announcement) is 118,020,683 as follows:

Number of Ordinary Shares issuable under options	Exercise Price (ZAR)	Last Tranche Expiry date
55,780,428	3.45	September 2024
17,472,255	2.97	January 2025
43,188,000	2.30	July 2025
1,580,000	1.91	March 2026

- 5.4 The Company set up an employee share option scheme (“**ESOS**”) on 26 June 2017. The scheme was intended to act as an incentive to employees to promote the continued growth of the Company by giving them the opportunity to acquire Ordinary Shares, thereby aligning their interests with those of Shareholders. All employees of the Company and its subsidiaries are eligible (including the Executive Directors). The total number of Ordinary Shares reserved for the scheme under the ESOS is 167,341,281 (approximately 10% of the company’s share capital at the time the ESOS was approved by Shareholders and approximately 14% of the Company’s current Share Capital). The number of shares under options can be increased with the approval of 75% of Shareholders. The maximum number of shares any one option holder shall be entitled to exercise an option over shall be determined by the Directors, providing it does not exceed 27,890,213 Ordinary Shares. The options were granted at the option price, being ZAR 3.45 (when granted before or on 31 December 2017) or the middle market price of an Ordinary Share on the most recent trading day on the JSE immediately preceding the date of the grant of the option (if granted after 31 December 2017). Ordinary Shares which are the subject of an option are divided into five equal tranches with the first tranche being exercisable on the date of the grant of the option and each following (20%) tranche being exercisable on the anniversary of the date of the grant of the option. On 26 June 2018, the Board created the Gemfields Group Limited Employee Share Option Scheme UK CSOP Sub-Plan (“**CSOP**”) in order to provide a tax-advantaged incentive to UK employees of the Company. Pursuant to the CSOP the total market value of all the Ordinary Shares an option holder may acquire on exercise may not exceed GBP 30,000. UK employees receive their options under the CSOP first. Once they have reached the limit of the CSOP, they may be granted further options under the ESOS. Where there is a variation of the Company’s share capital, the directors of the Company may adjust the number of shares subject to the options.
- 5.5 There are 96,276,146 Ordinary Shares in the Company held by The Pallinghurst Resources Fund LP (which is a member of the Group). Under Guernsey law, these are classified as ordinary shares with full dividend and voting rights, however, the JSE classifies these as treasury shares which carry no voting rights. The JSE does not define or opine on whether these shares carry dividends rights, so the default position is that they do carry dividends rights and therefore the Company can pay a dividend to The Pallinghurst Resources Fund LP if it desires to. The Company intends that the entirety of the shares held by The Pallinghurst Resources Fund LP be transferred to the Company by way of a dividend in specie up to the Company and are thereafter cancelled.
- 5.6 There are no restrictions on the transfer of Ordinary Shares.
- 5.7 The Company has not paid a dividend to date. It is the Directors’ intention to pay dividends when profit, available cash flow and capital requirements allow and in accordance with the Company’s strategy for growth. However, the Directors can give no assurance as to the payment of future dividends.

## 6. ARTICLES OF INCORPORATION

- 6.1. The Company is governed by its Articles of Incorporation dated 24 July 2018. The following is a summary of the Articles of Incorporation.
- 6.2. *Objects*  
The Articles of Incorporation do not provide for any objects of the Company and accordingly the Company’s objects are unrestricted.

6.3. *Rights attaching to shares*

The Company may issue an unlimited number of shares, which may be designated and issued as Ordinary Shares or otherwise as the Directors may from time to time determine. Please see paragraph 6.20 in respect of the proposed amendments which will be made to the Articles of Incorporation at the next annual general meeting.

6.4. *Ordinary Shares*

The rights attaching to the Ordinary Shares shall be as follows:

as to income — the holders of Ordinary Shares shall be entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company attributable to the Ordinary Shares and available for dividend or distribution and resolved to be distributed in respect of any accounting period or any other income or right to participate therein in accordance with paragraph 6.14 (*Dividends*) below;

as to capital — (Subject to Article 37 (*Winding Up*) which sets out the order of priorities of payments,) on a winding up, and after payment of all the creditors, the payment of the net asset value per share of the Ordinary Shares, less any cost associated with the liquidation; and

as to voting — the holders of the Ordinary Shares shall be entitled to receive notice of and to attend and vote at general meetings of the Company. Each holder of an Ordinary Share will have one vote in respect of each Ordinary Share held by them.

6.5. *General*

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to Article 5 (*Issue of Shares*), Article 12.4 (which states that the board may only create a new class of shares by way of Special Resolution) and the JSE Listings Requirements, any share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights or restrictions, whether as to dividend, voting, return of capital or otherwise, as the Directors may determine.

6.6. *Issue of Shares*

Subject to paragraph 6.7 (*Alteration of share capital*) and the provisions of the Companies Law and the JSE Listings Requirements and to the undertaking referred to in paragraph 6.20, the unissued shares shall be at the disposal of the Directors which is authorised to allot, grant options, warrants or other rights over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Directors determine provided that (a) no Ordinary Share shall be issued at a discount except in accordance with the JSE Listings Requirements; and (b) that such shares are offered to the existing members *pro rata* to their shareholding unless the shares are: (1) otherwise empowered in a general meeting; or (2) issued for the acquisition of assets or reduction of debt.

6.7. *Alteration of share capital*

The Company may by Special Resolution and subject to the Companies Law and the JSE Listings Requirements: consolidate and divide all or any of its share capital into shares of larger or smaller amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount; cancel any shares, at the date of the passing of the resolution, have not been taken up or agreed to be taken up by any person, and diminish the amount of its share capital by the amount of shares so cancelled; convert all or any shares to shares of a different class, whether issued or not, and in particular (but without derogating from the generality of the foregoing) convert ordinary shares or preference shares to redeemable preference shares.

The Company may reduce its share capital, any capital account or any share premium account in any manner and with and subject to any authorisation or consent required by Guernsey law.

The Company may, subject to the JSE Listings Requirements, purchase any of its own shares, whether or not they are redeemable, and may pay the purchase price in respect of such purchase to the fullest extent permitted by law.



6.8. *Variation of Class Rights*

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may, subject to any JSE Listings Requirements, whether or not the Company is being wound up, be altered, abrogated or varied with the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a Special Resolution of the holders of the shares of that class.

6.9. *Remuneration and appointment of Directors*

The non-executive Directors shall be entitled to receive by way of fees for their services such sum as the Directors shall determine, provided that the amount of such fees shall not exceed USD 100,000 each per annum or such other amount as is approved by the Company in general meeting from time to time. The Directors shall also be entitled to be paid all reasonable out of pocket expenses properly incurred by them in attending general meetings, Directors or committee meetings or otherwise in connection with the performance of their duties.

If any Director, having been requested by the Directors, shall render or perform services which in the opinion of the Directors go beyond the ordinary duties of a Director, he may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as a disinterested quorum of Directors may determine, and such extra remuneration will be, in addition to any other remuneration which he may be entitled to receive.

Unless otherwise determined by Ordinary Resolution of the Company the Directors (disregarding alternate Directors) will not be less than four or more than eight.

The Directors shall have power at any time to appoint any person eligible in accordance with section 137 of the Companies Law to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number, if any, fixed pursuant to the Articles of Incorporation. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

The Directors may at any time appoint one or more of their body to be holder of any executive office including the office of managing director on such terms and for such periods as they may determine. The fees and remuneration of executive directors shall be dealt with by the remuneration committee of the Company but shall be subject to the JSE Listings Requirements. The period of office for Executive Directors shall be subject to and determined by the terms of their employment.

6.10. *Disqualification and removal of Directors*

A Director shall cease to hold office if: (i) he (not being a person holding for a fixed term an executive office subject to termination if he cease from any cause to be a Director) resigns his office by written notice signed by him sent to or deposited at the office; (ii) he shall have absented himself (such absence not being absence with leave or by arrangement with the Directors on the affairs of the Company) from meetings of the Directors for a consecutive period of twelve (12) months and the Directors resolve that his office shall be vacated; (iii) if he dies or becomes of unsound mind or incapable; (iv) he becomes insolvent, suspends payment or compounds with his creditors; (v) the Company by Special Resolution vote to remove the Director from office; or (vi) he becomes ineligible to be a Director in accordance with section 137 of the Companies Law.

If the Company in general meeting removes any Director before the expiration of his period of office, it may by Special Resolution appoint another person to be a Director in his stead who shall retain his office so long only as the Director in whose stead he is appointed would have held the same if he had not been removed. Such removal shall be without prejudice any claims such Director may have for damages for breach of any contract of service between him and the Company.

At the annual general meeting held in each year 1/3 (one-third) of the Directors, or if their number is not a multiple of three, then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of Directors to retire no account shall be taken of any director who by reason of the provisions of Article 26.1 is not subject to retirement and provided that this Article shall not apply to Executive Directors. The Directors so to retire at each annual general meeting shall be firstly those retiring in terms of Article 18.2 (directors appointed by the Directors to fill a casual vacancy or as an addition to the existing Directors, and whose appointment is only valid until the next following annual general meeting and then eligible for re-election) and secondly those referred to in terms of Article 24.2 (directors appointed by special resolution to replace a Director that has been removed before the expiration of his period of office, such new director's appointment being valid only until the expiration of the term of the previous director) and lastly those who have been longest in office since their last election or appointment. As between Directors of equal seniority, the Directors to retire shall, in the absence of agreement, be selected from among them by lot. Provided that notwithstanding anything herein contained, if, at the date of any annual general meeting any Director will have held office for a period of three years since his last election or appointment he shall retire at such meeting, either as one of the Directors to retire in pursuance of the foregoing or additionally thereto. A retiring Director shall act as a director throughout the meeting at which he retires. The length of time a Director has been in office shall, save in respect of Directors appointed or elected in terms of the provisions of Articles 18.2 and 24.2 be computed from the date of his last election or appointment. Directors subject to retire by rotation may offer themselves up for re-election.

6.11. *Proceedings of Directors*

The Directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman at the meeting shall not have a second or casting vote.

A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Directors participates and all participants can hear and speak to each other shall be a valid meeting.

The Directors shall also determine the notice necessary for its meetings and the persons to whom such notice shall be given.

A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions exercisable by the Directors.

The continuing Directors may act notwithstanding any vacancy but, if and so long as their number is reduced below the minimum number fixed pursuant to the Articles of Incorporation, the continuing Directors must, as soon as possible, and, in any event, not later than 3 (three) months from the date that the number falls below the minimum fill such vacancy or summoning a general meeting to do so. If there are no Directors able or willing to act, then any Shareholder may call a general meeting for the purpose of appointing Directors. Any failure by the Company at any time to have the minimum number of Directors during the three-month period, does not limit or negate the authority of the Directors, or invalidate anything done by the Directors or the Company. After the expiry of the three month period, the remaining Directors shall only be permitted to act for the purpose of filling the vacancy or summoning a general meeting to do so.

The Directors may elect a chairman of their meetings who will hold office only for the duration of the meeting at which he was elected. If no such chairman be elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.



The Directors may delegate any of their powers to committees consisting of such one or more Directors as they think fit. Such committees shall meet only outside the United Kingdom. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. Subject thereto, this paragraph shall apply *mutatis mutandis* to the proceedings of such committees.

The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be three except that where the minimum number of Directors has been fixed at one a sole Director shall be deemed to form a quorum. For the purposes of this Article an alternate appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.

A resolution in writing signed by each Director (or his alternate) entitled to receive notice of a meeting of the Director or by all the members of a committee shall be as valid and effectual as a resolution passed at a meeting of the Directors or committee.

#### 6.12. *Conflicts of Interest*

A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Directors in accordance with section 162 of the Companies Law, the nature and extent of that interest.

The obligation referred to above does not apply if:

- (a) the transaction or proposed transaction is between the Director and the Company; and
- (b) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

A general disclosure to the Directors to the effect that a Director has an interest (as director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party is sufficient disclosure of interest in relation to that transaction.

Nothing referred to above in this paragraph 6.12 applies in relation to:

- (a) remuneration or other benefit given to a Director;
- (b) insurance purchased or maintained for a Director in accordance with section 158 of the Companies Law; or
- (c) a qualifying third party indemnity provision provided for a Director in accordance with section 159 of the Companies Law.

A Director who is interested in a transaction entered into, or to be entered into, by the Company, may:

- (a) vote on a matter relating to the transaction;
- (b) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purpose of a quorum;
- (c) sign a document relating to the transaction on behalf of the Company; and
- (d) do any other thing in his capacity as a Director in relation to the transaction,

as if the Director was not interested in the transaction.

Subject to the paragraph below, a Director is interested in a transaction to which the Company is a party if such Director:

- (a) is a party to, or may derive a material benefit from, the transaction;
- (b) has a material financial interest in another party to the transaction;
- (c) is a director, officer, employee or member of another party (other than a party which is an associated company) who may derive a material financial benefit from the transaction;

- (d) is the parent, child or spouse of another party who may derive a material financial benefit from the transaction; or
- (e) is otherwise directly or indirectly materially interested in the transaction.

A Director is not interested in a transaction to which the Company is a party if the transaction comprises only the giving by the Company of security to a third party which has no connection with the Director, at the request of the third party, in respect of a debt or obligation of the Company for which the Director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity or security.

A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.

Any Director may continue to be or become a director, managing director, manager or other officer or member of any company in which the Company may be interested and (unless otherwise agreed) no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager or other officer or member of any such other company.

#### 6.13. *Winding Up*

If the Company shall be wound up, the surplus assets remaining after payment of all creditors shall, subject to any special terms of issue, be distributed according to the number of shares held by each Shareholder.

If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a Special Resolution, divide among the Shareholders in specie any part of the assets of the Company and whether or not the assets shall consist of assets of a single kind and may for such purposes set such value as he deems fair upon any one or more class or property and may determine how much division shall be carried out as between the shareholders or different classes of Shareholders. The liquidator may with the like authority, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the Shareholders as the liquidator, with the like sanction, shall think fit.

Where the Company is proposed to be or is in course of being wound up and the whole or part of its business or assets are proposed to be transferred or sold to another company ("**the transferee**") the liquidator of the Company may, with the sanction of an Ordinary Resolution, conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares policies or other like interests in the transferee for distribution among the Shareholders of the Company or may enter into any other arrangement whereby the Shareholders of the Company may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

#### 6.14. *Dividends*

Subject to compliance with section 304 of the Companies Law, the Directors may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Directors may also declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Directors so justifies.

The method of payment of dividends shall be at the discretion of the Directors. No dividend shall be paid in excess of the amounts permitted by the Companies Law or approved by the Directors.

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

No dividend or other moneys payable on or in respect of a share shall bear interest against the Company. If such monies are not claimed before the expiry of a three year period from the date of attempted payment, the monies will be paid to a charitable institution. Investors will pay administration charges for the service of 0.1% per annum of the amount of such monies.

#### 6.15. *General meetings*

General meetings shall be held once at least in each subsequent calendar year in accordance with section 199 of the Companies Law but so that not more than 15 months may elapse between one annual general meeting and the next. At each such annual general meeting shall be laid copies of the Company's most recent accounts, Directors' report and, if applicable, the auditor's report in accordance with section 252 of the Companies Law. The requirement for an annual general meeting may be waived by the Shareholders in accordance with section 201 of the Companies Law. Other meetings of the Company shall be called extraordinary general meetings.

General meetings may be held in Guernsey or elsewhere at the discretion of the Directors.

A Shareholder participating by video link or telephone conference call or other electronic or telephonic means of communication in a meeting at which a quorum is present shall be treated as having attended that meeting provided that the Shareholders present at the meeting can hear and speak to the participating Shareholder.

Any general meeting convened by the Directors, unless its time shall have been fixed by the Company in general meeting or unless convened in pursuance of a requisition, may be postponed by the Directors by notice in writing and the meeting shall, subject to any further postponement or adjournment, be held at the postponed date for the purpose of transacting the business covered by the original notice.

#### 6.16. *Notice of General Meetings*

Notice in writing specifying the time and place of an annual general meeting or of any other general meeting specifying also in the case of any special business the general nature of the business to be transacted shall be given by giving not less than:

- (a) 30 clear days' notice where such notice is sent by surface post;
- (b) 21 clear days' notice where such notice is sent by air mail; or
- (c) 21 clear days' notice where such notice is sent from within South Africa,

to such Shareholders as are entitled to receive notices provided with the consent in writing of all the Shareholders a meeting may be convened by a shorter notice or at no notice and in any manner they think fit. In every notice there shall appear a statement that a Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a Shareholder.

Notices and other documents may be sent in electronic form or published on a website in accordance with section 208 of the Companies Law.

Notice of a general meeting of the Company must be sent to every Shareholder, every Director, every alternate Director registered as such and the Issuer Services Division of the JSE and must be announced on SENS.

Notice of a general meeting of the Company must state the time and date of the meeting, state the place of the meeting, specify any special business to be put to the meeting (as defined in the Articles of Incorporation), contain the information required under section 178(6)(a) of the Companies Law in respect of a resolution which is to be proposed as a special resolution at the meeting, contain the information required under section 179(6)(a) of the Companies Law in respect of a resolution which is to be proposed as a waiver resolution at the meeting, and contain the information required under section 180(3)(a) of the Companies Law in respect of a resolution which is to be proposed as a unanimous resolution at the meeting.

Notice of a general meeting must state the general nature of the business to be dealt with at the meeting.

The accidental omission to give notice of any meeting to or the non-receipt of such notice by any Shareholder shall not invalidate any resolution or any proposed resolution otherwise duly approved.

**6.17. *Borrowing Powers of the Company***

The Directors may exercise all the powers of the Company to mortgage or encumber its Investments and/or assets or any part thereof and to issue debentures or debenture stock (whether secured or unsecured), whether outright or as security for any debt, liability or obligation of the Company or any third party. The granting of special privileges to holders of debt instruments, such as attending and voting at general meetings and the appointment of directors is prohibited.

**6.18. *Transfer of Shares***

All transfers of shares may be effected by transfer in writing in any form as the Directors may accept provided that any such instrument shall state the transferors and transferees full names and addresses. Any instrument of transfer shall be signed by or on behalf of the transferor who shall be deemed to remain the holder until the name of the transferee is entered in the register of the Company.

Every instrument of transfer shall be left at the registered office of the Company or such other place as the Directors may prescribe with the certificate (if any) of every share to be transferred and such other evidence as the Directors may reasonably require to prove the title of the transferor or his right to transfer the shares; and the transfer and any such certificate shall remain in the custody of the Directors but shall be at all reasonable times produced at the request and expense of the transferor or transferee or their respective representatives.

**6.19. *Interests in Shares***

The Directors have the power by notice in writing to require any Investor to disclose to the Company the identity of any person other than an investor who has any interest in the shares held by such investor and the nature of such interest.

Any such notice shall require any information in response to such notice to be given in writing within such reasonable time as the Directors shall determine.

**6.20. *Undertaking to amend the Articles of Incorporation***

The articles state that the Company is authorised to issue an unlimited number of shares, and are silent as to pre-emption rights (see paragraph 6.3). The Company relies on the JSE Listings Requirements in this area. JSE Listings Requirements rule 3.30 imposes pre-emption rights on the Company and reflects how a listed company would typically address the disapplication of pre-emption rights on an annual basis.

Nevertheless, the Directors undertake to approve an amendment of the Articles of Incorporation to include provisions, which will be subject to ratification at the next annual general meeting (anticipated to be held on or about mid 2020) to introduce typical pre-emption right provisions broadly equivalent to those under the UK Companies Act 2006 as well as provisions requiring Shareholders holding 3% or more of the voting rights in the Company to notify the Company thereof (as further set out in paragraph 10.4.2).

**7. TAKEOVERS**

The Takeover Code is issued and administered by the Panel. The Company will be subject to the Takeover Code and therefore Shareholders are entitled to the protections afforded by the Takeover Code.

**7.1. *Mandatory bids and compulsory acquisition rules relating to shares***

Other than as provided by the Takeover Code and Part XVIII of the Companies Law, there are no rules or provisions relating to mandatory bids and/or squeeze out rules relating to the Company.

## 7.2. *Mandatory bids*

The Takeover Code has been incorporated into the Companies Law and it therefore applies to the Company. Under the Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of the acquirer and its concert parties to interests in shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on circumstances, its concert parties would be required (except with the consent of the Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for interests in shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of interests in shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the total voting rights in the Company.

## 7.3. *Squeeze out*

Under the Companies Law, if a "takeover offer" (as provided in section 336 of the Companies Law) is made for the shares or any class of shares in the capital of a company and if, within 4 months after the date of such offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares) then the offeror may, within 2 months after the expiration of that 4 month period, send an acquisition notice to any dissenting shareholders informing them that it wishes to acquire their shares (an "**Acquisition Notice**"). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, accepted by the shareholders comprising 90 per cent. in value of the shares affected, was made.

## 8. **NO SIGNIFICANT CHANGE – WORKING CAPITAL**

- 8.1. Other than has been disclosed in the Public Record/disclosed in the unaudited interim financial information relating to the Group for the six month period ended 30 June 2019, there have been no significant changes in the financial or trading position of the Company since the end of the financial year ended 31 December 2018.
- 8.2. The Directors have no reason to believe that the working capital available to Group will be insufficient for at least 12 months from the expected date of Admission.

## 9. **FINANCIAL INFORMATION**

The unaudited interim financial information relating to the Group for the six month period ended 30 June 2019 and the audited consolidated financial information relating to the Group for the years ended 31 December 2018, 31 December 2017, and 31 December 2016 can be found on the Company Website at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com).

## 10. MAJOR SHAREHOLDERS

- 10.1. Subject to the limitations described in paragraph 10.4 below, the Company is aware of the following shareholdings which represent 3% or more of the Company's issued Ordinary Shares as at 16 January 2020 (being the last practicable date prior to the date of the Announcement):

Shareholder	Number of Ordinary Shares	%
Dr Christo Wiese <sup>(1)</sup>	160,388,407	12.65
Fidelity International	139,535,923	11.01
Ophorst Van Marwijk Kooy Vermogensbeheer N.V.	96,765,269	7.63
Gemfields Group Limited <sup>(2)</sup>	96,276,146	7.60
Oasis <sup>(3)</sup>	94,785,218	7.48
Investec Asset Management	71,372,033	5.63
Old Mutual Plc	69,145,457	5.46
Solway Finance Limited	67,386,056	5.32
Investec Bank <sup>(4)</sup>	60,228,829	4.75
Hof Hoorneman Bankiers N.V	39,298,250	3.10

(1) Dr Wiese holds indirect interests in the Company via various entities, totalling 160,388,407 Ordinary Shares. Members of his immediate family hold a further 2,204,700 Ordinary Shares representing 0.17%.

(2) The Company's interest in its own shares is 96,276,146 or 7.60%. The Company intends to cancel these shares.

(3) The Oasis shareholding includes interests held by Oasis Asset Management and Oasis Crescent Capital.

(4) Made up of 36,619,127 Ordinary Shares held by Investec Investments (UK) Limited and 23,609,702 Ordinary Shares held by Investec Bank (Mauritius) Limited.

Such shareholders do not have different voting rights in respect of their Ordinary Shares than other shareholders.

- 10.2. So far as the Company is aware (as described in paragraph 10.4), the percentage of its issued Ordinary Shares as at 16 January 2020 and as expected at Admission not in public hands for the purposes of the AIM Rules for Companies is 27.57%, being the shareholdings of directors, management and substantial shareholders.
- 10.3. So far as the Company is aware (as described in paragraph 10.4), (a) the Company is not directly or indirectly controlled by any company or person acting jointly or severally or (b) there are no arrangements the operation of which may at a subsequent date result in a change of control of the Company.
- 10.4. *The Disclosure of Interests in Shares*
- 10.4.1. As a Guernsey company, the Company is not subject to the provisions of the UK Disclosure Guidance and Transparency Rules and, consequently, Shareholders will not be subject to any UK requirement to disclose to the Company the level of their interests in Ordinary Shares. However the Company operates on the basis that shareholders are required to notify the Company when they hold 5% or more of the voting rights in the Company and every subsequent multiple of 5%, although at present cannot enforce this obligation on shareholders.
- 10.4.2. The Directors undertake to approve an amendment of the Articles of Incorporation to include provisions, which will be subject to ratification at the next annual general meeting (anticipated to be held on or about mid 2020), requiring Shareholders holding 3% or more of the voting rights in the Company to notify the Company thereof and of subsequent changes thereto which reach, exceed or fall below a 1% threshold, so long as the Ordinary Shares are admitted to trading on AIM. To the extent Shareholders do not comply with the new article the Company will not necessarily be aware of interests below this figure, and the Company will be unable to announce these shareholdings in accordance with the requirements of rule 17 of the AIM Rules for Companies.



## 11. DIRECTORS' INTERESTS

- 11.1. As at 16 January 2020 (being the latest practicable date prior to the date of the Announcement) and as expected to be held on Admission, the interests (all of which are beneficial) of the Directors (including any interest known to that Director or which could with reasonable diligence be ascertained by him or any person connected with a Director within the meaning of sections 252 to 255 (inclusive) of the UK Companies Act 2006 (as amended)) in the Company's issued share capital are or are expected to be as follows:

Director	Number of Ordinary Shares	Percentage of issued share capital as at 16 January 2020 (being the latest practicable date prior to the date of the Announcement)	Percentage of issued share capital immediately following Admission (assuming no options are exercised prior to the date of the Announcement)	Number of Ordinary Shares under option	Last Tranche Expiry date	Exercise price (ZAR)
Dr Christo Wiese (1)	160,388,407	12.65%	12.65%	—	—	—
Sean Gilbertson	10,454,959	0.82%	0.82%	27,890,213	September 2024	3.45
(2)(3)(4)	8,325,334	0.66%	0.66%	—	—	—
Kwape Mmela	42,000	0.00%	0.00%	1,184,200	January 2025	2.97
David Lovett	—	—	—	7,000,000	July 2025	2.30
Martin Tolcher	—	—	—	—	—	—
Lumkile Mondli	—	—	—	—	—	—
Carel Malan	—	—	—	—	—	—

- (1) Dr Wiese holds indirect interests in the Company via various entities, totalling 160,388,407 Ordinary Shares. Members of his immediate family hold a further 2,204,700 Ordinary Shares representing 0.17%.
- (2) Sean Gilbertson has an interest, not included in the figure, by virtue of being a beneficiary of a family trust which owns Autumn Holdings Asset Inc., which, in turn, holds 1,887,230 Ordinary Shares.
- (3) This figure does not include shares held by Pallinghurst Resources Management L.P., a limited partnership in which Sean Gilbertson holds a 50% interest, and which is entitled to 3,030,652 Ordinary Shares; however, these shares have not yet been claimed following the compulsory acquisition of Gemfields plc in 2017.
- (4) GigaJoule Ltd, a company wholly owned by Sean Gilbertson, may become entitled to 103,147 Ordinary Shares if a loan granted to a third party by GigaJoule Ltd is not repaid.

- 11.2. None of the Directors or any person connected with them (within the meaning of section 252 of the UK Companies Act 2006 (as amended)) is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

## 12. ADDITIONAL INFORMATION ON THE DIRECTORS

- 12.1. The Directors of the Company are as follows:

Name	Age	Position
Martin Paul Tolcher	56	(Independent Chairman)
Sean Thomas Gilbertson	47	(Chief Executive Officer)
David John Lovett	37	(Chief Financial Officer)
Dr Christoffel Hendrik Wiese	78	(Non-Executive Director)
Lumkile Patriarch Mondli	57	(Lead Independent Non-Executive Director)
Kwape David Mmela	49	(Independent Non-Executive Director)
Carel Johannes Malan	33	(Independent Non-Executive Director)

- 12.2. The Directors biographies are as follows:

### *Martin Tolcher, Chairman*

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

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

Since November 2011, Mr Tolcher has been self-employed as an independent non-executive director, and holds directorships within a number of other fund structures domiciled in Guernsey, several of which have been or still are listed on the London Stock Exchange and the International Stock Exchange. Mr Tolcher is a Chartered Fellow of the Chartered Institute for Securities & Investment. Mr Tolcher is a British citizen and is a resident of Guernsey.

*Sean Gilbertson, Chief Executive Officer*

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

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

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

Mr Gilbertson is a British and South African citizen.

*David Lovett, Chief Financial Officer*

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

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

*Dr Christo Wiese, Non-Executive Director*

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

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

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

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

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

*Lumkile Mondi, Lead Independent Non-Executive Director*

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



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

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

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

*Carel Malan, Independent Non-Executive Director*

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

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

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

*Kwape Mmela, Independent Non-Executive Director*

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

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

- 12.3. The Directors currently hold, and have during the five years preceding the date of this document held, the following directorships or partnerships:

<b>Name</b>	<b>Current directorship/partnership</b>	<b>Former directorship/partnership</b>
Martin Tolcher	Pallinghurst Resources (Guernsey) GP Limited Pallinghurst GP Limited Gemfields Group Limited Global Specialised Opportunities 1 Limited AB International Fund PCC Limited IAB PCC Limited AB Fund Managers (Guernsey) Limited KDC Properties Limited Darwin Property Investment Management (Guernsey) Limited Darwin West Country (Guernsey) Limited Darwin Finance (Guernsey) Limited Darwin Alternative Investment Management (Guernsey) Limited	Novar Finance GP Limited Novar Finance (Guernsey) Limited Catagnana Limited Japan Special Opportunities Limited In Vivo Capital GP Limited Global Phoenix Investments Limited Nevsky Property Asset Management Limited Collins International Limited Legis Fund Services Limited Legis Fund Services (Jersey) Limited NBAD Global Growth Fund PCC Limited NBAD Fund Managers (Guernsey) Limited

Name	Current directorship/partnership	Former directorship/partnership
Sean Gilbertson	Petras Holdings Limited Darwin Leisure Development Properties (Guernsey) Limited Darwin Leisure Development Finance (Guernsey) Limited The Finance Sector Non-Executive Forum LBG Guernsey Cricket Board LBG	Eagle Venture Partners Limited Louis Group European Property Limited Global Specialised Opportunities 1 Limited D&G Investment Management Limited Pure Capital PCC Limited Blue Skye GP Limited British Capital Property Investments Limited British Capital Property Limited British Capital Finance Limited Cornerstone Asset Managers Limited Lookout Investments Limited St Peter Port Investment PCC Limited Core Funds PCC Limited Damille Investments II Limited MENA Capital Management Limited MENA Advisors Limited Longcross Property Investment Fund Limited AB Alternative Strategies Fund PCC Limited
	Almizan Development Ltd Arianna Investments Ltd Campos de Joia Lda Eastern Ruby Mining Limitada Fabergé (UK) Limited Fabergé Conduit Limited Fabergé Inc. Fabergé Limited Gemfields Canada Inc Gemfields CDJ Mauritius Gemfields Foundation Gemfields Group Limited Gemfields Limited Gemfields Mauritius Limited Gemfields Services Limited Gemfields USA Inc GigaJoule Ltd Graphon Investments (Private) Ltd Graphon Mining Resources (Private) Ltd Hagura Mining Ltd Kagem Mining Ltd Koude Vlake Pty Ltd Megaruma Mining Lda Mineworks Ltd Montepuez Ruby Mining Limitada Nairoto Resources, Lda Novo Campo De Joia 1, Limitada Novo Campo De Joia 2, Limitada Novo Campo De Joia 3, Limitada	Pallinghurst Advisors LLP Pallinghurst (Cayman) Founder II L.P Pallinghurst (Cayman) Founder L.P Pallinghurst Cayman GP L.P. Pallinghurst Kalahari Ltd Sandfontein & Houmsrivier Properties (Pty) Limited Web Gemstone Mining plc

<b>Name</b>	<b>Current directorship/partnership</b>	<b>Former directorship/partnership</b>
	Novo Megaruma Mining, Limitada Oriental Mining SARL Pallinghurst Consolidated (Cayman) Limited Pallinghurst Resources (Guernsey) GP Ltd Ratnapura Lanka Gemstones (Pvt) Ltd Sandfontein Lodge & Nature Reserve (Pty) Ltd Singha Heavy Equipment (Private) Ltd Singha Industrial Investments (Private) Ltd	
David Lovett	Almizan Development LTD Campos de Joia Lda Eastern Ruby Mining Limitada Fabergé (UK) Limited Fabergé Conduit Limited Fabergé Limited Fabergé Suisse S.A. Gemfields (BVI) Ltd Gemfields Canada Inc Gemfields CdJ Mauritius Gemfields Group Limited Gemfields Limited Gemfields Mauritius Ltd Gemfields Services Limited Gemfields Singapore Pte Ltd Gemfields South Africa (Pty) Ltd Gemfields USA Inc Gemholds Brazil Limited Gemriti Island HoldCo Ltd Montepuez Ruby Mining Limitada Nairobi Resources Holding Nairobi Resources Limitada Novo Campo De Joia 1, Limitada Novo Campo De Joia 2, Limitada Novo Campo De Joia 3, Limitada Pallinghurst Resources (Guernsey) GP Ltd Pallinghurst Steel Feed (Dutch) B.V. Peninsula HoldCo Ltd	Fabergé Inc. Forest HoldCo Ltd Gemfields Foundation Gemfields Holdco India Ltd (dissolved) Gemfields India (Pvt) Ltd Gemfields Mining Ltd Gemholds Ethiopia Ltd Gemholds Ltd Hagura Mining Ltd
Dr Christo Wiese	Gemfields Group Limited Brait SE Schonegevel Holdings (Pty) Ltd FI Operations (Pty) Ltd Invicta Holdings (Pty) Ltd Lourensford Fruit Company (Pty) Ltd Dorsland Diamante (Pty) Ltd Titan Share Dealers (Pty) Ltd Wieskor (Pty) Ltd Wiesfam Trust (Pty) Ltd Tradehold (Pty) Ltd Toerama (Pty) Ltd	PSG Financial Service (Pty) Ltd Greatermans Finance Company (Pty) Ltd Anglo-African Shipping Company (Pty) Ltd Pepkor (Pty) Ltd Pepkorfin (Pty) Ltd Massif Investments (Pty) Ltd Minor Investments (Pty) Ltd Cenfund Investments (Pty) Ltd Energy Africa (Pty) Ltd Vendak Beleggings (Pty) Ltd Klee Investments (Pty) Ltd

<b>Name</b>	<b>Current directorship/partnership</b>	<b>Former directorship/partnership</b>
	Titan Manor (Pty) Ltd Titan Group Investments (Pty) Ltd Titan Premier Investments (Pty) Ltd Titan Asset Management (Pty) Ltd Worldquest Investment Resources (Pty) Ltd Matrix Development (Pty) Ltd Tomil Holdings (Pty) Ltd Titan Global Investments (Pty) Ltd Granadino Investments (Pty) Ltd Thibault Square Financial Services (Pty) Ltd Titan Financial Services (Pty) Ltd FI Funding and Investments Holdco (Pty) Ltd Lourensford Sawmills (Pty) Ltd Radaj 2 (Pty) Ltd Loncape Finance (Pty) Ltd Oryx Management Services (Pty) Ltd Titan Trademarks (Pty) Ltd Grene Properties (Pty) Ltd Lourensford Brokenhill Sawmill (Pty) Ltd Pepkor Holdings (Pty) Ltd Move-On-Up 289 (Pty) Ltd Pallinghurst Resources (Guernsey) GP Ltd Afropulse 500 (Pty) Ltd Zoloworx Investments (Pty) Ltd Newshelf 1093 (Pty) Ltd Auburn Avenue Trading 143 (Pty) Ltd Alenti 254 (Pty) Ltd Deuceprops 1014 (Pty) Ltd Deuceprops 1016 (Pty) Ltd Sereno Properties No 8 (Pty) Ltd Sereno Properties No 9 (Pty) Ltd Yserfamilie (Pty) Ltd Deuceprops 1015 (Pty) Ltd Deuceprops 1018 (Pty) Ltd Deuceprops 3001 (Pty) Ltd Ceta Trading (Pty) Ltd Coala Bear Trading (Pty) Ltd Lourensford Holdings (Pty) Ltd	CCIJ Investments (Pty) Ltd VRE Investments (Pty) Ltd Wouter J De Wet (Pty) Ltd PSG Group (Pty) Ltd Inkonka Investments (Pty) Ltd Luna Group (Pty) Ltd Jeke Trading (Pty) Ltd Rickshaw Trade and Invest 2 (Pty) Ltd Main Street 290 (Pty) Ltd Dewberry Trading 4 (Pty) Ltd Idada Trading 141 (Pty) Ltd Elandspad Investments (Pty) Ltd Palaeofion (Pty) Ltd Palaeofin Security SPV (Pty) Ltd Gwen to Oxford 1 (Pty) Ltd Just Jasmine Investments 143 (Pty) Ltd Mcduck investment Holdings (Pty) Ltd Western Crown Properties 64 (Pty) Ltd Titan Prefco (Pty) Ltd Mettle Vehicle Finance (Pty) Ltd Georgia Avenue Investments 73 (Pty) Ltd Sangricraft Investments (Pty) Ltd Mayabex (Pty) Ltd Ventiwiz Investments (Pty) Ltd Luna Holdings (Pty) Ltd Moxispot (Pty) Ltd Incapart Investments (Pty) Ltd Sereno Properties No 7 (Pty) Ltd Parinol (Pty) Ltd Fincom (Pty) Ltd Azuradox (Pty) Ltd Aussenkjer Boerdery (Incorporated in Namibia) Steinhoff International Holdings N.V (Pty) Ltd. Fundex Investments (Pty) Ltd The Sa Sme Fund (Pty) Ltd
Lumkile Mondli	Gemfields Group Limited Thelo Rolling Stock Leasing (Pty) Ltd Yard Capital (Pty) Ltd	Arcelor Mittal SA Ltd GAIA Infrastructure Capital Limited Fasyl Technology Group (Pty) Ltd Musa Group (Pty) Ltd Aerosud Holding (Pty) Ltd Pallinghurst Resources (Guernsey) GP Ltd
Kwape Mmela	Gemfields Group Limited Hlamogolo Capital (Pty) Ltd ShepherdTree Holdings Limited	Sedibelo Platinum Mines Ltd

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Former directorship/partnership</u>
Carel Malan	Gemfields Group Limited Rosemary Body Corporate	

- 12.4 Sean Gilbertson is a director of Sandfontein & Houmsrivier Properties (Pty) Ltd (“**SaHRP**”), a Namibian company 49.9% owned by Arianna Investments Ltd (“**Arianna**”) (an entity controlled by Sean Gilbertson), and 50.1% owned by a Namibian business partner. SaHRP owned and operated a nature reserve and lodge in Namibia. In 2017, following a dispute between the SaHRP shareholders, Arianna applied to the Namibian court to put SaHRP into liquidation. The court granted the liquidation order and SaHRP was put into liquidation. Arianna partnered with a new Namibian company to purchase the lodge and properties owned by SaHRP from the liquidators. The liquidation of SaHRP is nearly complete.

- 12.5. Save as disclosed above, none of the Directors:

12.5.1. has any unspent convictions in relation to indictable offences;

12.5.2. has been the subject of any public criticism by any statutory or regulatory authority (including a recognised professional body);

12.5.3. has been a director of a company at the time of, or within the 12 months preceding the date of, that company being the subject of a receivership, compulsory liquidation, creditors’ voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;

12.5.4. has been a partner of a partnership at the time of, or within 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership;

12.5.5. has any asset which, at any time, has been the subject of a receivership;

12.5.6. is or has been bankrupt nor been the subject of any form of individual voluntary arrangement; and

12.5.7. is or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

- 12.6 Further disclosure regarding ongoing matters pertaining to Dr Christo Wiese, Non-Executive Director:

*12.6.1. Ongoing tax proceedings*

Dr Christo Wiese and other individuals are currently involved in South African legal proceedings brought by the South African Revenue Services in relation to Energy Africa (Pty) Ltd (“**Energy Africa**”), a company that was sold by ENSafrica, a South African Law firm, together with Energy Africa’s holding company, Elandspad Investments (Pty) Ltd (“**Elandspad**”), to Dr Wiese’s Titan Group in 2007.

In addition, the joint liquidators of Energy Africa brought court proceedings against Elandspad and a member of the Titan Group, Titan Premier Investments (Pty) Ltd, to set aside the disposition of an asset by Energy Africa and seeking ZAR 216.6 million from the defendants.

Dr Wiese maintains that warranties given to him by ENSafrica in relation to the Titan Group’s acquisition (from ENSafrica) of Energy Africa and Elandspad provide him with protection in relation to the proceedings.

Neither set of proceedings is criminal in nature and the cases are not expected to be heard until the third quarter of 2020.

### 12.6.2. Steinhoff International Holdings Limited

In November 2014 Dr Wiese acquired approximately 20% of Steinhoff International Holdings Limited (“**Steinhoff**”) by selling his shares in clothing retailer Pepkor to Steinhoff in return for the issue of new Steinhoff shares to Dr Wiese. On 5 December 2017, Steinhoff's CEO, Markus Jooste, resigned unexpectedly. An ensuing accounting scandal saw the Steinhoff share price collapse.

In 2018, South African law firm LHL Attorneys filed a class-action lawsuit in the Johannesburg High Court against Steinhoff and its predecessor company for damages to investors. Steinhoff is accused of violating capital market laws and of balance sheet manipulation. Dr Wiese became the non-independent and non-executive Chairman of the Supervisory Board of Steinhoff in May 2016 and held that position at the time the accounting irregularities came to light.

The lawsuit seeks damages of approximately EUR 12 billion from the Steinhoff Group holding company and individuals including the former Steinhoff CEO, the former Steinhoff CFO and the former Chairman of the Supervisory Board (Dr Wiese). Steinhoff has, after a protracted investigation by PricewaterhouseCoopers, identified only eight former executive directors and/or employees as the culprits responsible for the financial irregularities that occurred between 2009 and 2017. Dr Wiese is not one of the eight. Given the extensive losses he suffered, Dr Wiese has submitted his own claim for damages against Steinhoff and certain former executive directors in the amount of EUR 4 billion. Proceedings are ongoing.

## 13. LOCK-IN ARRANGEMENTS

The Directors have each undertaken to finncap and the Company that they shall not, except in certain specified circumstances sell, transfer, grant any option over or otherwise dispose of the legal, beneficial or any other interest in any Ordinary Shares (“**Interest**”) held by them at the date of Admission (or rights arising from any such shares or other securities or attached to any such shares) (together the “**Restricted Shares**”) for six months from Admission and thereafter shall dispose of Restricted Shares in such a manner as to ensure an orderly market of shares for a further period of twelve months (the “**Lock In Period**”).

## 14. ARRANGEMENTS AND REMUNERATION OF DIRECTORS

- 14.1 The Directors received the following sums in the year ended 31 December 2018 in addition to any share based compensation which is disclosed in the Company's Annual Report 2018, available under the Company Website at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com).

Name	Fee (USD)	Bonus (USD)	Total (USD)
Martin Tolcher	57,500	—	57,500
Sean Gilbertson	548,000	—	548,000
David Lovett	253,000	—	253,000
Dr Christo Wiese	40,000	—	40,000
Lumkile Mondi	60,000	—	60,000
Kwape Mmela	52,500	—	52,500
Carel Malan <sup>(1)</sup>	—	—	—

(1) Carel Malan was appointed as an Independent Non-Executive Director on 9 January 2019. Mr Malan's fee consists of USD 40,000 in Group Director Fees and USD 7,500 in Board Committee Fees.

- 14.2 Summaries of the service agreements and other arrangements for the Executive Directors are as follows:

### *Sean Gilbertson, Chief Executive Officer*

Pursuant to a service agreement dated on or around 21 July 2017, Sean Gilbertson was appointed as an executive director of the Company for a five year term with effect from 17 July 2017. He was subsequently appointed to Chief Executive on 31 March 2018, on the same terms as his existing contract. The service agreement is subject to termination upon



Mr Gilbertson giving the Company not less than six months' notice, or by the Company giving Mr Gilbertson not less than three months' written notice. However the Company reserves the right to pay Mr Gilbertson in lieu all or part of any notice period.

The agreement provides for an annual salary of USD 575,000 (less tax and other lawful deductions). In addition, an annual bonus is payable to Mr Gilbertson in the event that: (i) the weighted average value per share on the JSE (determined over the last 30 trading days of the relevant year); and (ii) the aggregate dividends per share declared during the relevant year (the "**Adjusted Share Price**") has increased by 10% or more when compared to the previous year. The annual bonus is on a sliding scale based on the performance of the above. The maximum bonus of 100% of the employee's annual base compensation is payable in the event that the Adjusted Share Price has increased by more than 25%. The Board has the right, but not the obligation to award Mr Gilbertson a discretionary bonus, should the annual bonus not be payable.

Mr Gilbertson's agreement also includes typical provisions which apply on termination, including the right to require him to work his notice period on garden leave, to resign his directorship on termination of his employment and restrictions applicable following the termination of his employment, including a non-compete for a period of 12 months. In the event that Mr Gilbertson's employment is terminated early for any reason other than his resignation, gross misconduct or fraud, death or disability, the Company shall make a payment equal to 12 months' salary and any applicable bonus.

*David Lovett, Chief Financial Officer*

Pursuant to a service contract with a commencement date of 31 March 2018, David Lovett was appointed as Chief Financial Officer of the Company. The contract is subject to termination upon not less than three months' notice by either party. However, the Company reserves the right to pay Mr Lovett in lieu all or part of any notice period.

The agreement provides for an annual salary of USD 337,000 (less tax and other lawful deductions). In addition, an annual bonus is payable to Mr Lovett in the event that: (i) the weighted average value per share on the JSE (determined over the last 30 trading days of the relevant year); and (ii) the aggregate dividends per share declared during the relevant year (the "**Adjusted Share Price**") has increased by 10% or more when compared to the previous year. The annual bonus is on a sliding scale based on the performance of the above. The maximum bonus of 100% of the employee's annual base compensation is payable in the event that the Adjusted Share Price has increased by more than 25%. The Board has the right, but not the obligation to award Mr Lovett a discretionary bonus, should the annual bonus not be payable. Mr Lovett was also awarded options over 7,000,000 shares, which vest in five equal tranches on each anniversary of the commencement date of the contract.

Mr Lovett's agreement also includes typical provisions which apply on termination, including the right to require him to work his notice period on garden leave, to resign his directorship on termination of his employment and restrictions applicable following the termination of his employment, including restrictions against working for a competing business for a period of six months following termination of his employment, and restrictions against soliciting clients and customers, and soliciting senior employees to leave the business, for a period of 12 months following the termination of his employment. In the event that Mr Lovett's employment is terminated early for any reason other than his resignation, gross misconduct or fraud, death or disability, the Company shall make a payment equal to six months' salary and any applicable bonus.

- 14.3 Each of the Non-Executive Directors has entered into a standard form letter of appointment dated January 2020, conditional on Admission, to formalise each director's terms of appointment. The letter of appointment is subject to termination in the event that either the Company or the Non-Executive Director gives three months' written notice to the other. The Non-Executive directors are remunerated in accordance with paragraph 14.1 but Martin Tolcher was appointed as chairman of the Company on 25 November 2019 and accordingly has had his annual fee increased to USD 100,000 effective from that date.

- 14.4 The table below shows the date of appointment, date of last re-election (where applicable) and date of expiry of the Directors' tenure (where applicable) as at 16 January 2020 (being the latest practicable date prior to the date of the Announcement):

<b>Name</b>	<b>Date of appointment</b>	<b>Date of last re-election</b>
Martin Tolcher	25 November 2008 (appointed as Chairman on 25 November 2019)	29 June 2016
Sean Gilbertson	17 July 2017 (appointed CEO on 31 March 2018)	26 June 2018
David Lovett	31 March 2018	26 June 2018
Dr Christo Wiese	11 February 2013	26 June 2018
Lumkile Mondli	29 October 2015	29 June 2016
Carel Malan	9 January 2019	10 May 2019
Kwape Mmela	31 July 2017	26 June 2018

Non-executive directors retire by rotation in accordance with article 18.6 of the Articles. Please see paragraph 6.10 above for more detail on the arrangements for retirement by rotation.

Executive Directors are not subject to retirement by rotation.

## **15. RELATED PARTY TRANSACTIONS**

Save as set out in the Public Record, the Company has not, as at 16 January 2020 (being the latest practicable date), entered into any transactions with persons who are related parties for the purposes of relevant International Financial Reporting Standards which are (as a single transaction or in their entirety) material to the Company.

## **16. SETTLEMENT AND CREST**

- 16.1. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument.
- 16.2. The Ordinary Shares are eligible for CREST settlement. The Company has applied for the Ordinary Shares to be admitted to CREST.

## **17. UK TAXATION**

### **17.1 General**

The following statements are intended to apply only as a general guide to current United Kingdom tax law and to the current published practice of HM Revenue & Customs. They relate only to certain limited aspects of the United Kingdom taxation treatment of holders of Ordinary Shares and (except to the extent stated otherwise) are intended to apply only to Shareholders who are resident and, in the case of individuals, domiciled for tax purposes in (and only in) the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold their Ordinary Shares as an investment (other than in an individual savings account or exempt pension arrangement) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The statements may not apply to certain classes of Shareholders such as dealers in securities and they assume that the Ordinary Shares are and will continue to be registered in a register kept outside the United Kingdom. For the purposes of the UK tax section the Company is UK tax resident only.

*Prospective Shareholders who are in any doubt as to their tax position regarding the acquisition, ownership or disposition of New Ordinary Shares or who are subject to tax in a jurisdiction other than the United Kingdom should consult their own tax advisers.*



## 17.2 *Taxation of Dividends*

The Company is not required to withhold on account United Kingdom tax when paying a dividend. Liability to United Kingdom tax on dividends received will depend upon the individual circumstances of a Shareholder.

## 17.3 *United Kingdom resident individual Shareholders*

Under current UK tax rules, specific rates of tax apply to dividend income. UK resident individuals are entitled to a nil rate of income tax on the first GBP 2,000 of dividend income in the tax year 2019/2020 (the dividend allowance). Any dividend income received by a UK resident individual Shareholder in excess of the nil rate band will be subject to income tax at a rate of 7.5 per cent. to the extent that it is within the basic rate band, 32.5 per cent., to the extent that it is within the higher rate band and 38.1 per cent. to the extent that it is within the additional rate band.

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band (in the absence of the nil rate band exemption) which would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

## 17.4 *United Kingdom resident corporate Shareholders*

It is likely that most dividends paid on the Ordinary Shares to United Kingdom resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from United Kingdom corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

## 17.5 *Taxation of Capital Gains*

A disposal of Ordinary Shares by a Shareholder who is resident in the United Kingdom for tax purposes, or is not United Kingdom resident but carries on a trade, profession or vocation in the United Kingdom through a permanent establishment, branch or agency and has used, held or acquired Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency, may, depending on the Shareholder's circumstances and subject to any available exemptions and reliefs, give rise to a chargeable gain or an allowable loss for the purposes of the taxation of capital gains.

## 17.6 *United Kingdom resident individual Shareholders*

A disposal of Ordinary Shares by an individual Shareholder within the charge to United Kingdom capital gains tax will, subject to the availability to the Shareholder of any personal annual exemption allowance (which for the 2019/20 tax year exempts the first GBP 12,000 of gains from tax), reliefs and/or allowable losses, be subject to tax at the rate of 10% (for basic rate taxpayers) or 20% (for higher and additional rate taxpayers).

Individuals who are temporarily non-United Kingdom resident may, in certain circumstances on re-establishing United Kingdom tax residence, be subject to tax in respect of gains realised while they were not resident in the United Kingdom.

## 17.7 *United Kingdom resident corporate Shareholders*

A disposal by a Shareholder within the charge to United Kingdom corporation tax may give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom corporation tax, depending on the circumstances and subject to any available exemptions, allowances or reliefs. Corporation tax is charged on chargeable gains at the rate of 19% for the year starting 1 April 2019 (falling to 17% for the year starting 1 April 2020).

## 17.8 *Stamp duty and stamp duty reserve tax ("SDRT")*

The following statements on United Kingdom stamp duty and SDRT apply regardless of whether or not a Shareholder is resident in the United Kingdom for United Kingdom tax purposes. The statements summarise the current position and are intended as a general guide only to stamp duty and SDRT. Special rules apply to agreements made by certain categories of person including charities, broker dealers and market makers in the ordinary course of their business.

No United Kingdom stamp duty will be payable in respect of the paperless transfer of Ordinary Shares in dematerialised form. No United Kingdom stamp duty will be payable on a written transfer of Ordinary Shares if such transfer is executed and retained outside the United Kingdom and *provided that* such transfer does not relate to any property situated in the United Kingdom or to any other matter or thing done or to be done in the United Kingdom (which may include, without limitation, the involvement of United Kingdom bank accounts in payment mechanics).

No United Kingdom SDRT should arise in respect of any agreement to transfer Ordinary Shares.

***These paragraphs are intended as a general guide only. Each prospective Shareholder is urged to consult its own tax adviser about possible stamp duty and SDRT charges in relation to shares held through clearance systems.***

## **18. GUERNSEY TAXATION**

The following information is general in nature and relates only to Guernsey taxation applicable to the Company, the anticipated tax treatment in Guernsey that applies to persons holding Ordinary Shares in the Company as an investment and the Guernsey tax regime generally. The summary does not constitute legal or tax advice and is based on taxation law and practice at the date of this document. Shareholders and prospective investors should be aware that the level and bases of taxation may change from those described and should consult their own professional advisors on the implications of acquiring, holding, disposing of or transferring Ordinary Shares in the Company under the laws of the countries in which they are liable to taxation.

### **18.1 *Taxation of the Company***

The Company is not tax resident in Guernsey on the basis that the central management and control of the Company is located in the UK.

No stamp duty or other taxes are chargeable in Guernsey on the issue, transfer, disposal, conversion or redemption of New Ordinary Shares. Guernsey currently does not levy taxes upon capital inheritances, capital gains gifts, capital transfer, wealth, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

### **18.2 *Taxation of Shareholders***

Shareholders not resident in Guernsey for tax purposes (which for this purpose includes the islands of Alderney and Herm) will not be subject to income tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any Ordinary Shares owned by them and will receive dividends without deduction of Guernsey income tax.

On the assumption that the Company is not controlled by a majority of Guernsey tax resident Shareholders, any Guernsey resident Shareholders will be subject to income tax at 20% on any distribution from the Company.

Guernsey resident Shareholders should suffer no liability to Guernsey tax on disposal of Ordinary Shares in the Company, provided those Ordinary Shares are only held for investment purposes.

### **18.3 *Anti-Avoidance***

Guernsey has a wide-ranging anti-avoidance provision. This provision targets transactions where the effect of the transaction or series of transactions is the avoidance, reduction or deferral of a tax liability. At his discretion, the Director of Income Tax will make such adjustments to the tax liability to counteract the effects of the avoidance, reduction or deferral of the tax liability.

## 19. MATERIAL CONTRACTS

In addition to the agreements summarised or contained in the Company's Public Record (which can be found at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com)) the following contracts are contracts which (i) have been entered into by the Company or its subsidiaries during the two years immediately preceding the date of the Announcement other than contracts which have been entered into in the ordinary course of business; or (ii) are material subsisting agreements which are included within, or which relate to, the assets and liabilities of the Company or its subsidiaries (notwithstanding whether they are within the ordinary course of business or were entered into within the previous two years):

### 19.1 *Admission Agreement*

On 17 January 2020, the Company, the Directors and finnCap entered into an agreement pursuant to which, subject to certain conditions, finnCap has been appointed as nominated adviser and broker in connection with the proposed application for Admission. The Admission Agreement may be terminated by finnCap in certain customary circumstances prior to Admission. The obligations of finnCap are conditional upon, *inter alia*: (i) Admission occurring and becoming effective by 8.00 a.m. on or prior to 14 February 2020 (or such later time and/or date, not being later than 5.00 p.m. on 28 February 2020, as the Company and finnCap may agree); and (ii) the agreement not having been terminated prior to Admission in accordance with its terms. In consideration for its services, finnCap shall be entitled to receive the fees as set out in the finnCap engagement letter, details of which are set out in paragraph 19.2 below. The Company and the Directors have given warranties to finnCap concerning, *inter alia*, the accuracy of the information contained in this document and the announcement. The Company has also given an indemnity to finnCap. The agreement is governed by and construed in accordance with the laws of England and Wales.

### 19.2 *finnCap engagement letter*

On 25 June 2019, the Company entered into an agreement with finnCap, setting out the terms on which finnCap has agreed to act as the Company's financial adviser, broker and nominated adviser in connection with Admission. In consideration for the services provided by finnCap in its role as financial adviser, broker and nominated adviser, the Company agreed to pay finnCap: (1) a corporate finance fee of GBP 225,000 upon Admission (the "**Corporate Finance Fee**"); a retainer of GBP 10,000 per month from the date of the agreement (plus VAT) (the "**Work Fee**"); and (3) all expenses incurred by finnCap in connection with its services to the Company. At Admission the Work Fee paid by the Company shall be deducted from the Corporate Finance Fee. The agreement contains an undertaking from the Company to offer finnCap the opportunity to match the terms proposed by any other broker in the event that the Company intends to offer equity securities to investors during the term of the engagement. The contract may be terminated by either party on not less than one month's prior written notice, or immediately upon the occurrence of certain typical events as contained in finnCap's standard terms and conditions.

### 19.3 *Nomad and Broker Agreement*

The Company entered into a nominated adviser and broker engagement letter dated 16 January 2020 (the "**Nomad and Broker Agreement**") pursuant to which the Company appointed finnCap to act as its nominated adviser and broker for the purposes of the AIM Rules, conditional on Admission.

Pursuant to the Nomad and Broker Agreement, the Company has agreed to pay finnCap an annual retainer fee for its services as nominated adviser and broker of GBP 75,000 plus, where applicable, VAT, rising annually by an amount equal to the retail price index on each anniversary of the Nomad and Broker Agreement; finnCap is also entitled to the reimbursement of expenses.

The Nomad and Broker Agreement may be terminated by either party at any time on at least three months' prior written notice provided that the Company may not serve notice to terminate to expire earlier than one year from Admission. finnCap may also terminate the Nomad and Broker Agreement at any time if the Company commits a material breach of the Nomad and Broker Agreement or the AIM Rules.

#### 19.4 *Licence Transfer Agreement*

On 13 September 2018, Gemfields Limited and Kagem Mining Limited (“**Kagem**”) entered into a Licence Transfer Agreement to transfer 13 exploration and mining licences (subject to certain conditions precedent) held by two of the Company’s subsidiaries, Gemfields Mining Ltd and Gemfields Holdings Zambia Ltd, to Kagem in order to expand the scale and scope of Kagem’s operations. In consideration for the transfer, Kagem agreed to pay to Gemfields Limited a royalty of 15% of the amount by which, in any financial year, Kagem’s gross revenue exceeds the baseline revenue of USD 67 million, such royalty to be paid until the earlier of the 10<sup>th</sup> anniversary of completion and USD 45.75 million of royalty having been paid by Kagem to Gemfields Limited (provided that no royalty is payable in any financial year in which Kagem’s overall unit operating cost per carat across all licences owned or operated by Kagem exceeds USD 2.00 per carat). The agreement is governed by Zambian law. On 17 October 2019, the transfer of 3 of the 13 licences was completed. The remaining transfers are subject to due diligence by the Ministry of Mines and Mineral Development of Zambia.

#### 19.5 *Agreement for the sale of Kariba Minerals Limited (Zambian amethyst mine)*

On 9 November 2018, a sale and purchase agreement was entered into between ZCCM Investments Holdings plc, Gemfields Canada Inc. and Gemfields Limited in relation to Kariba Minerals Limited. Gemfields Canada Inc. agreed to sell its 250,000,000 ordinary shares in Kariba Minerals Limited (representing its 50% holding in the company) at a par value of one Kwacha (K 1.00) per share to ZCCM Investments Holdings plc in exchange for cash consideration of USD 2.5 million. As part of the agreement, Gemfields Limited, who had loaned funds to Kariba Minerals Limited under two shareholder loan agreements dated 10 December 2012 and 19 May 2014 respectively, totalling in aggregate approximately USD 5,000,000, agreed to discharge Kariba Minerals Limited’s obligation to repay the amounts outstanding. Each party gave standard warranties to the other in respect of, *inter alia*, power and authority to enter into the transaction documents (being the sale and purchase agreement and any instrument of transfer in respect of the sale shares); that no insolvency event has occurred; that entering into the transaction documents did not contravene any applicable laws. On 26 June 2019, it was announced that the transaction had completed and that net consideration of USD 2.375 million had been received after deduction of the applicable property transfer taxes in Zambia.

#### 19.6 *The Nairoto Project – Joint Venture Agreement*

An agreement was entered into on 24 June 2019 between: (1) Mwiriti Limitada; (2) Chamerelis Holding Co. Limited (together, the “**Mwiriti Parties**”); and (3) Gemfields Limited in order to establish a joint venture company (which has been incorporated under the name Nairoto Resources Limitada) (the “**JV Co**”) to hold and develop six applications for mining concessions and six exploration licences in Mozambique which are currently held by the Mwiriti Parties. Gemfields Limited owns 75% of the JV Co and Mwiriti 25%. The 25% held by Mwiriti may not be diluted. Under the terms of the agreement, Gemfields Limited will contribute its proven exploration and project development experience together with appropriate financing and Mwiriti will contribute the six applications for mining concessions and the six exploration licences for gold and assorted minerals. The licences, which begin as little as 20 kilometres from the Company’s existing operations at Montepuez, include an extension of the known Montepuez ruby belt with both secondary gold incidence and primary corundum mineralisation having been observed.

The Mwiriti Parties are obliged, *inter alia*, to obtain authorisation from The Ministry of Mineral Resources and Energy (“**MIREME**”) and procure that all of the mining licences are transferred to the JV Co free of encumbrances as soon as practicable after the JV Co’s incorporation; take all steps and best endeavours to ensure the prompt conversion of the exploration licences to mining concessions; and, in case MIREME applies the two year period time restriction on the mining licences to be eligible to be transferred, immediately initiate the steps to obtain MIREME’s authorisation as soon as this period expires. Gemfields Limited is obliged to take all steps to incorporate the JV Co within 90 business days of the agreement; provide and appoint a project head to co-ordinate and manage the joint venture; make an initial funding facility of not less than USD 15 million available to the JV Co and provide all funding that is required for the success of the JV Co; upon confirmation of the validity of

Mwiriti's costs and expenses incurred in relation to the development of the mining licences to date, allow for all such costs to be reimbursed by the JV Co when the company is in the opinion of the board in a cash flow positive position from operations.

The board shall consist of one non-executive chairman and four directors (three appointed by Gemfields Limited and one by Mwiriti). There are certain reserved matters that cannot be done without the consent of all shareholders. The JV Co paid Mwiriti an advance payment of USD 3,000,000 representing an advance payment against Mwiriti's share of future earnings from the JV Co.

Transfers of shares (other than permitted transfers to affiliates) are subject to pre-emption rights. Shares can be compulsorily transferred to the other party in the event of a material breach which is not remedied within 30 days or a shareholder is subject to certain insolvency proceedings. The agreement contains drag-along provisions should a shareholder holding 75% of the shares wish to transfer all of its shares, and tag-along rights which become applicable only after the third anniversary of the signature date. The Mwiriti Parties agreed to indemnify Gemfields Limited in respect of any tax liabilities imposed as a result of the transfer of the mining licences to the JV Co.

#### 19.7 *Jupiter Mines Limited – Share Sale Agreement*

On 13 April 2019, a sale and purchase agreement was entered into between AMCI Euro Holdings B.V. ("**AMCI**") and Pallinghurst Consolidated (Cayman) Ltd (the "**Seller**"). AMCI agreed to buy the Seller's 7.4% shareholding in ASX-listed Jupiter Mines Limited (comprising 145,845,372 ordinary shares) in consideration for AUD 44,240,938, payable in two tranches of AUD 22,120,469 each.

The sale of the first tranche of shares (relating to 50% of the Seller's shares in Jupiter Mines Limited) completed on 3 June 2019 and the sale of the second tranche of shares completed on 29 November 2019 (following an amendment to the share purchase agreement being entered into). Under the agreement, the Seller gave unlimited warranties in respect of its capacity and title to the sale shares. In addition, the Seller retained entitlement to AUD 3,646,134 of dividends paid by Jupiter Mines Limited on 21 May 2019.

#### 19.8 *Mozambique Settlement Agreement*

On 17 December 2018, the Company entered into a settlement agreement, on a no-admission-of-liability basis, with English law firm Leigh Day on behalf of 273 individuals residing in the area of the Montepuez Ruby Mine ("**MRM**") who had alleged that they had suffered human rights abuses committed by employees and contractors of MRM, local police and government security forces. Pursuant to the agreement, the Company agreed to pay a settlement of GBP 5.8 million, inclusive of Leigh Day's legal fees. The Company also agreed to provide an additional GBP 500,000 fund to establish agricultural or other livelihood projects for residents of the Namucho community. In addition, it was agreed that the Company would establish an Independent Operational Grievance Mechanism to deal with any other allegations of a similar nature concerning the actions and operations of MRM, which is due to be established by 17 December 2019 (now extended to 29<sup>th</sup> February 2020).

#### 19.9 *Kagem Revolving Credit Facility*

On 3 March 2017, Kagem renewed an existing USD 20,000,000 revolving credit facility with Barclays Bank Zambia plc for an additional three year term at an interest rate of 3 month USD LIBOR plus 5.5% per annum. The final repayment date falls 36 months after the date of first drawdown of the facility. Security is given by way of a fixed and floating debenture over all of the borrower's assets up to USD 20,000,000, together with a corporate guarantee from Gemfields Limited in the amount of USD 20,000,000 and a mortgage over certain property held by Kagem. The agreement contains a negative pledge on the borrower to not (without the prior written consent of Barclays Bank Zambia plc) create or permit to subsist any security over its assets unless it offers to grant equivalent security *pari passu* in favour of the bank. In the event of a change of control, the borrower must notify the bank in advance.

On 7 March 2017, Kagem entered into a new USD 15,000,000 revolving credit facility with Barclays Bank Mauritius Limited, with an interest rate of 3 month USD LIBOR plus 5.5% per annum. In March 2019, Kagem repaid USD 5 million of this facility and the remainder was assumed by Barclays Bank Zambia plc, such that Kagem's loan with Barclays Bank



Zambia plc is now USD 30,000,000 and that Kagem no longer has any borrowings with Barclays Bank Mauritius Limited. As part of this arrangement, Kagem agreed to enter into new loan agreements with Barclays Zambia (which were subsequently executed in October 2019), comprising: (1) a new USD 10,000,000 revolving credit facility agreement; and (2) a new USD 20,000,000 term loan facility. The revolving credit facility agreement has an interest rate of 3 month USD LIBOR plus 5.5 per cent. per annum, and a term of 36 months after the date of first drawdown with an option to extend by 24 months. The term loan facility has an interest rate of 3 month USD LIBOR plus 5.5 per cent. per annum, and a term of 60 months after the date of first drawdown. By way of security for the facilities offered by Barclays Zambia to Kagem, the Company also increased the corporate guarantee referred to above from USD 20,000,000 to USD 30,000,000, pursuant to a guarantee agreement entered into in October 2019.

19.10 *Montepuez Ruby Mining Limitada – Multi Option Facility*

Montepuez Ruby Mining Limitada (“**MRM**”) entered into a USD 15,000,000 multi-option facility agreement with Barclays Bank Mozambique (“**Barclays Mozambique**”) in June 2016, with an interest rate of 3 month USD LIBOR plus 4 per cent. per annum (and a further interest rate of 2% per annum in the event of a default). The facility is secured by a corporate guarantee, provided by Gemfields Limited, in the amount of USD 15,000,000. Either party may terminate the agreement by giving 10 calendar days prior written notice (termination shall not affect any outstanding rights and obligations). At least 50% of the borrower’s annual proceeds must be routed through its bank account held with Barclays Mozambique and that overdraft shall swing to credit at least once annually. The agreement renews on an annual basis from 31 December. The outstanding balance as of 30 June 2019 was USD 0.5 million.

19.11 *Montepuez Ruby Mining Limitada – Overdraft Facility*

On 24 June 2016, Banco Comercial E De Investimentos S.A. (“**BCI**”) entered into an agreement with MRM to provide an overdraft facility of up to USD 15,000,000 for working capital purposes. This facility has an interest rate of three-month USD LIBOR plus 3.75% per annum. As of June 30 2019, USD 9.2 million was outstanding. The facility is secured by a blank promissory note undertaken by MRM and a corporate guarantee given by Gemfields Mauritius Limited.

A further facility of up to USD 15,000,000, for “leasing, leaseback, LC’s and loans for equipment acquisition and constructions works” was entered into in June 2016. The facility has an interest rate of three-month USD LIBOR plus 3.75% per annum. As at 30 June 2019, USD nil million was outstanding.

19.12 *Montepuez Ruby Mining Limitada and Berry Juice Construction Limitada – Construction Contract*

On 25 September 2018, Montepuez Ruby Mining Limitada (“**MRM**”) and Berry Juice Construction Limitada (the “**Contractor**”) entered into an agreement pursuant to which the Contractor agreed to commence land clearance, road construction and a housebuilding project, known as the MRM RAP (Resettlement Action Plan) Project in consideration for USD 4,406,171.43. The contract was made in accordance with FIDIC Form of Contract First Edition 1999 and has a contract term of 16 months. If the Contractor fails to complete the works within this time, the Contractor shall pay delay damages of USD 1,000 per day to a maximum of 2% of the contract value. If the Contractor completes the works before the time of completion, MRM shall pay an incentive of 2% per day, to a maximum of 2% of the contract value. In the event of non-performance by the Contractor, MRM may send written notice to which the Contractor has 15 days to respond. If no response is received within 30 days, MRM may terminate the contract.

19.13 *Montepuez Ruby Mining Limitada and Berry Juice Construction Limitada – Construction Contract*

On 19 July 2019, Montepuez Ruby Mining Limitada (“**MRM**”) and Berry Juice Construction Limitada (the “**Contractor**”) entered into an agreement for building and engineering works designed by MRM. The Contractor agreed to commence the work known as the MRM RAP Project – Public Building Construction pursuant to which the Contractor agreed to build, *inter alia*: certain administration buildings, a police station, a church, a mosque, schools, a community hall and a market in consideration for the sum of USD 2,311,634.79 (excluding tax) of which 15% is payable in advance, and the remainder is to be paid monthly in



accordance with interim payment certificates. Delayed payments will attract statutory interest plus 2%. The contract was made in accordance with FIDIC Form of Contract First Edition 1999 and has a term of 6 months. If the Contractor fails to complete the works within this time, the Contractor shall pay MRM delay damages of USD 1,000 per day to a maximum of 2% of the contract value. In the event of non-performance by the Contractor, MRM may send written notice to which the Contractor has 15 days to respond. If no response is received within 30 days, MRM may terminate the contract.

## 20. LITIGATION

20.1 Other than as set out below, no member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened by or against any member of the Group.

20.1.1 In February 2018, UK law firm Leigh Day LLP filed a claim against the Company on behalf of a number of individuals living near the Montepuez mine in Mozambique. The claim brought against the Company alleged human rights abuses perpetrated by employees and contractors of the Company's local subsidiary, local police and government security forces. Mediation took place between the parties in December 2018 and a settlement was reached (as further described in paragraph 19.8 above). There was no admission by the Company of any liability on its part with respect to the alleged abuses and the Company has always maintained that it is not liable for any such claims. A settlement figure of GBP 5.8 million was paid by the Company, inclusive of Leigh Day's legal fees. In connection with the settlement, a sum of GBP 0.5 million was contributed to the Namucho fund to assist with agricultural productivity in the region. In addition it was agreed that the Company would establish an Independent Operational Grievance Mechanism (OGM) which will safeguard individuals who wish to raise grievances concerning the actions and operations of MRM.

## 21. EMPLOYEES

21.1 The number of people employed by the Group for the years ended 31 December 2018, 2017 and 2016 was as follows:

<b>Employees and Contractors</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Administration staff	251	137	126
Fabergé staff	46	42	40
Mining staff	1,787	1,978	2,088
<b>Total</b>	<b>2,084</b>	<b>2,157</b>	<b>2,254</b>

21.2 As at 30 June 2019, a total of 974 people were employed at the Kagem emerald mine, of which 773 were directly employed and 201 were employed through contractors.

21.3 As at 30 June 2019, a total of 1,358 people were employed at the Montepuez ruby mine of which 554 were directly employed and 804 were contractors.

## 22. CORPORATE GOVERNANCE

22.1. As a result of its listing on the JSE and the BSX, the Company has already established corporate governance practices and procedures, and complies with South African corporate governance standards appropriate for it as a publicly listed company. The Company adheres to the JSE Listings Requirements and to the principles of King IV on a "comply or explain" basis. The Company's King IV register was last updated on 22 March 2019 and its King IV statement can be found on the Company Website.

- 22.2. The Board meets regularly to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. The Company has in place an audit committee, a remuneration committee and a nomination committee with formally delegated duties and responsibilities and with written terms of reference. Each of these committees will meet regularly and at least two to three times a year. The audit committee is made up of Carel Malan (chairman), Martin Tolcher and Lumkile Mondi. Its mandate is set out in its terms of reference and includes the following responsibilities: (1) monitoring the accuracy and integrity of the Group's financial and other reporting; (2) monitoring the effectiveness of risk management processes and internal controls; and (3) recommending the appointment of external auditors to shareholders on an annual basis. The remuneration committee is made up of Kwape Mmela (chairman); Martin Tolcher and Lumkile Mondi. Its mandate is set out in its terms of reference and includes the following responsibilities: (1) determining levels of remuneration for each member of the Board; (2) determining levels of remuneration for senior members of management or staff; and (3) monitoring and maintaining the Company's remuneration policy. The nomination committee is made up of Lumkile Mondi (chairman); Kwape Mmela and Martin Tolcher. The nomination committee assists the Board in setting and administering the Company's Nomination and Succession Policy, and assists the board with, inter alia, reviewing the structure, size and composition of the Board on an ongoing basis, with the recommendation of any changes to the Board as necessary.
- 22.3. The Company has recently established a new Strategic Operations and Ethics Risk Council (the "**Risk Council**"). The Risk Council's principal purpose is to monitor current and emerging strategic operations and ethics risks and challenges which the group faces. The Risk Council is a sub-committee of, and reports into, the Audit Committee. The Risk council is not intended to be a formal committee that makes board-level decisions but rather aims to be a forum for discussion around improvements that can be made to oversee and monitor risk across the group.
- 22.4. The Company currently operates a share dealing policy which applies to the Directors and certain employees of the Company. The Company has adopted, with effect from Admission, a revised share dealing policy for the Directors and employees of the Group which contains provisions appropriate for a company whose shares are admitted to trading on AIM (particularly relating to dealing during close periods in accordance with the Market Abuse Regulation (596/2014)) and the Company will take all reasonable steps to ensure compliance by the Directors and employees of the Group with such policy.

## 23. GENERAL

- 23.1. Other than as disclosed in the Announcement, this document or as otherwise disclosed in the Public Record:
- 23.1.1. there have been no interruptions in the Company's business which may have or have had in the last twelve months a significant effect on the Company's financial position;
- 23.1.2. there are no significant investments by the Company under active consideration; and
- 23.1.3. the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 23.2. There are no other persons (excluding professional advisers otherwise disclosed in the Announcement and this Appendix or in the Public Record and trade suppliers) who have received, directly or indirectly, from the Company within the 12 months preceding the date of this document or with whom the Company has entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly from the Company on or after Admission fees or securities in the Company or any other benefit, with a value of GBP 10,000 or more at the date of Admission.
- 23.3. The Company's accounting reference date is 31 December. BDO LLP is, and has been the auditors of the Company since 8 January 2018.
- 23.4. finnCap has given and has not withdrawn its written consent to the inclusion in this Appendix of references to its name in the form and context in which it appears.

- 23.5. The Competent Person has given and has not withdrawn their written consent to the inclusion in this Appendix of references to their name in the form and context in which it appears.
- 23.6. The Competent Person has confirmed to the Company and finnCap that there has been no material change of circumstances or available information since the date of the Technical Report.
- 23.7. To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of the Announcement and Appendix other than the references to their name.
- 23.8. The costs, charges and expenses payable by the Company in connection with or incidental to Admission, including registration and stock exchange fees, legal fees and expenses are estimated to amount to approximately GBP 931,000 excluding Value Added Tax.
- 23.9. Information equivalent to that required for an admission document which has not previously been made public (in consequence of the Company having its Ordinary Shares traded on the JSE and BSX) is included in this Announcement or is available at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com).
- 23.10. The information required by Rule 26 of the AIM Rules for Companies will be available at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com) as from the date of Admission.
- 23.11. Where information has been sourced from third-party external sources, this information has been accurately reproduced and to the best of the knowledge and belief of the Company (having taken all reasonable care to ensure that such is the case) the information is in accordance with the facts and does not omit anything likely to render this information inaccurate or misleading.
- 23.12. Details of the rights attaching to Ordinary Shares and copies of the Company's latest published accounts are available at the Company's website [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com).

17 January 2020

