



## INVESTOR UPDATE

SEPTEMBER 2018

# GEMFIELDS

A STORY IN EVERY GEMSTONE





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# GEMFIELDS GROUP LIMITED

## BOARD MEMBERS

### Non-Executive Chairman



*Brian Gilbertson*  
Chairman

### Executive Directors



*Sean Gilbertson*  
Chief Executive Officer



*David Lovett*  
Chief Financial Officer

### Non-Executive Director



*Dr Christo Wiese*

### Independent Non-Executive Directors



*Martin Tolcher*



*Lumkile Mondli*  
Lead Independent Director



*Erich Clarke*



*Kwape Mmela*

#### **Audit Committee**

Martin Tolcher (Chair),  
Lumkile Mondli and Erich Clarke

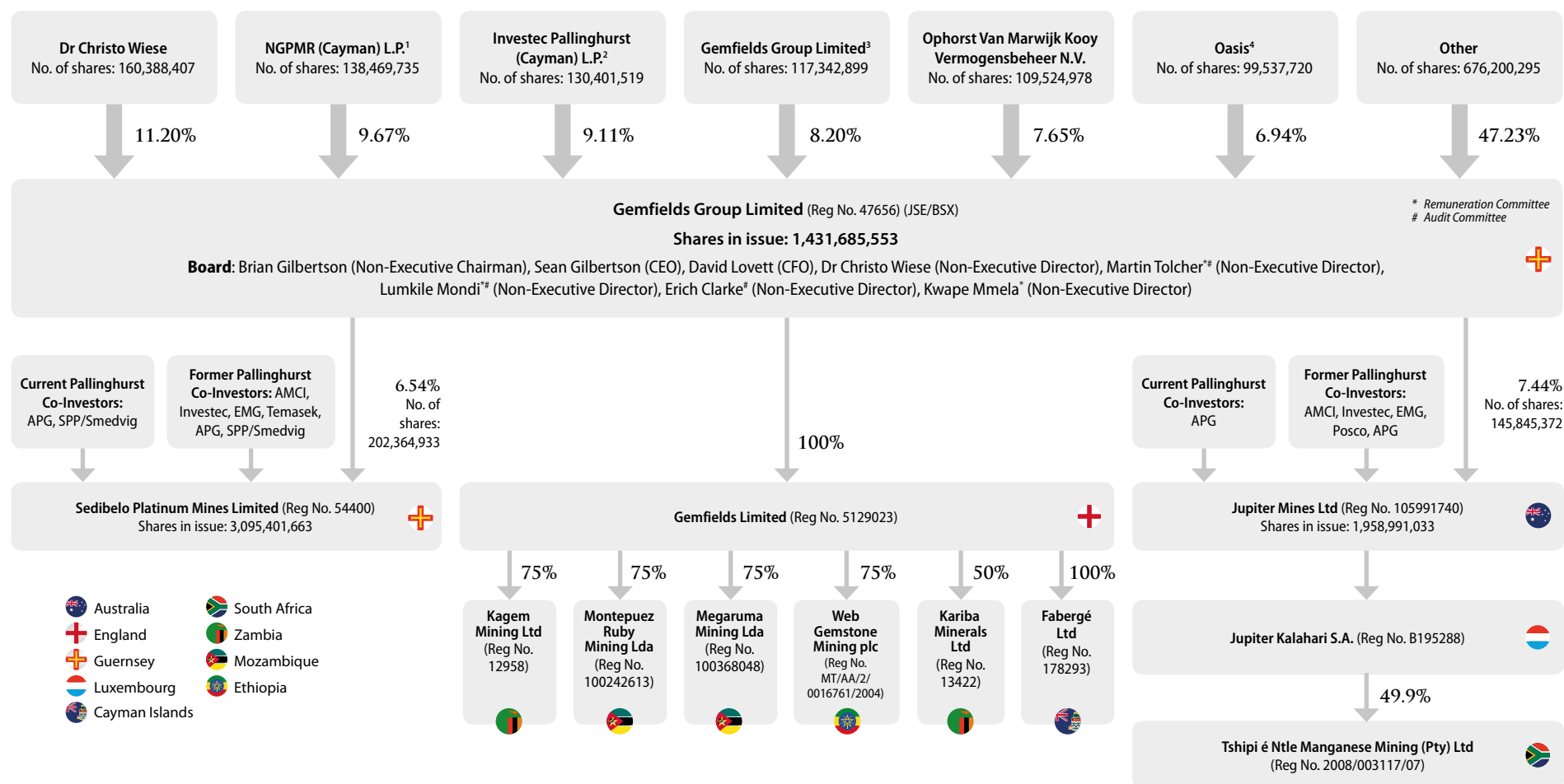
#### **Remuneration Committee**

Kwape Mmela (Chair),  
Martin Tolcher and Lumkile Mondli

#### **Nomination Committee**

Lumkile Mondli (Chair),  
Martin Tolcher and Kwape Mmela

# THE TRANSITION FROM PALLINGHURST RESOURCES LIMITED TO THE CURRENT GEMFIELDS GROUP



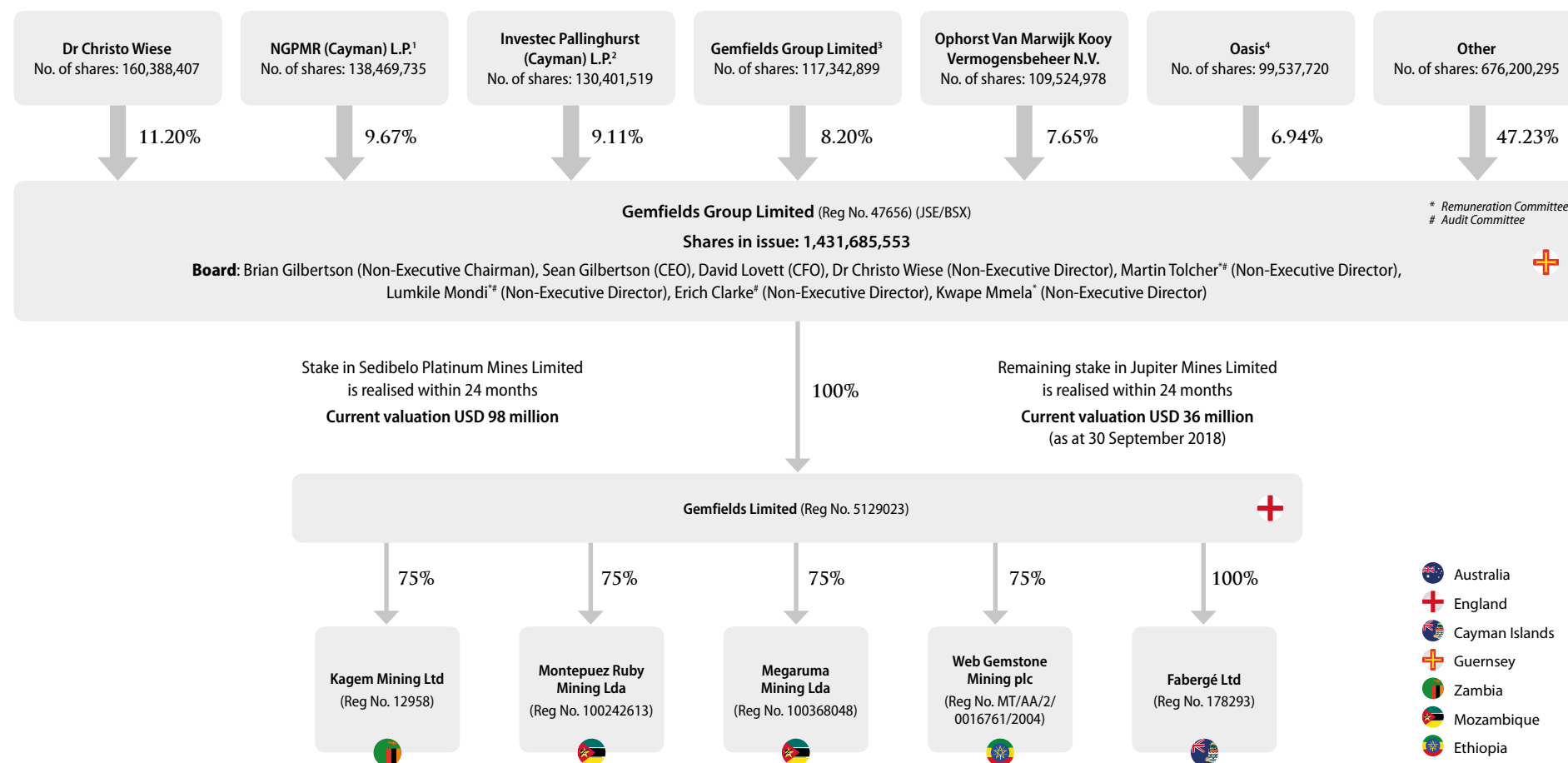
<sup>1</sup> NGPMR (Cayman) L.P.'s holding includes a see-through interest via Fabergé Conduit Limited (53,611,289 shares), a company that received 188,416,547 GGL shares in exchange for its Gemfields shares, as a result of GGL's acquisition of Gemfields.

<sup>2</sup> Investec Pallinghurst (Cayman) L.P.'s holding includes a see-through interest via Fabergé Conduit Limited (28,232,147 shares).

<sup>3</sup> Gemfields Group Limited's ("GGL") holding includes a see-through interest via Fabergé Conduit Limited (96,276,146 shares). In addition, the Company had repurchased 21,066,753 of its own shares at 10 August 2018. The Company's interest in its own shares is therefore 117,342,899 or 8.20%.

<sup>4</sup> The Oasis shareholding includes interests held by Oasis Asset Management and Oasis Crescent Capital.

# THE TRANSITION FROM THE CURRENT GEMFIELDS GROUP TO THE FUTURE GEMFIELDS GROUP



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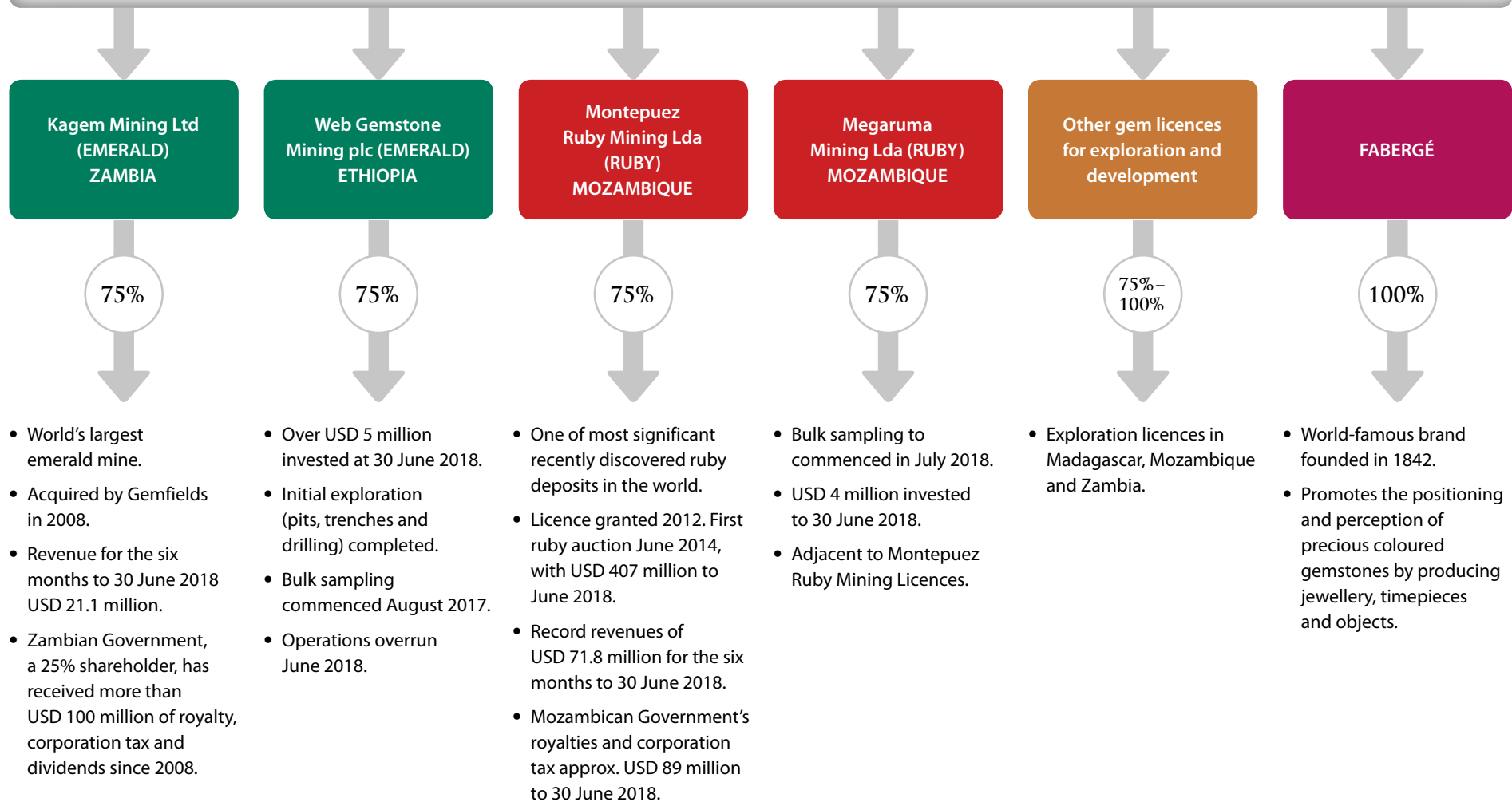







# GEMFIELDS LTD

The world's leading miner of responsibly sourced precious coloured gemstones. Africa-focussed, with three principal activities: mining, grading and marketing.  
100% owned by Gemfields Group Ltd (JSE:GML, BSX:GML.BH)



A close-up photograph of a person's hands, wearing a white lab coat, holding two rough, green, crystalline gemstones. The hands are positioned over a display of several other similar green gemstones, each resting on a small white card with text. The background shows a window with a metal frame and a view of a building exterior.

*Kagem prides itself on its ability to conduct mining in a responsible, transparent and safe manner with minimal impact on the natural environment.*



# KAGEM EMERALD MINE

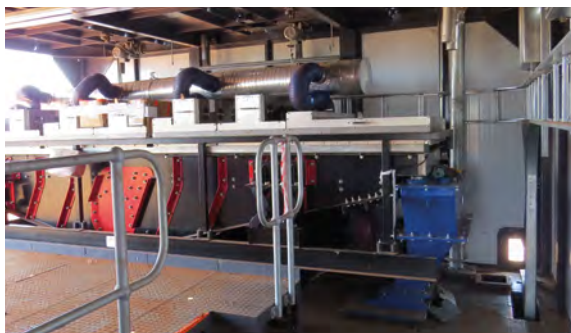
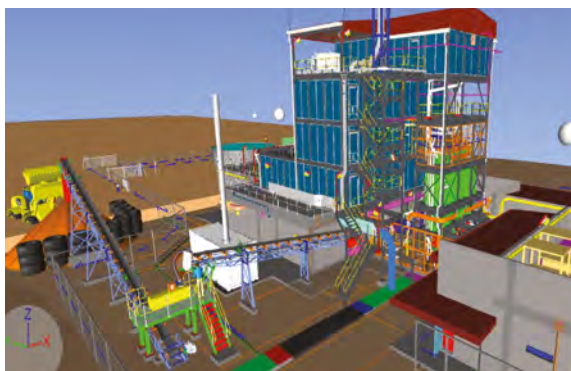


- The world's single largest producing emerald mine.
- Located in the Copperbelt Province, Zambia.
- It is 75% owned by Gemfields and 25% owned by the Government of the Republic of Zambia.
- Producer of emeralds and beryl.
- Produces around 25% of the world's emerald supply.
- Open-pit mine (Fwaya-Fwaya–Chama).
- Revenues of USD 21.1 million for the 6 months to 30 June 2018.
- Production for the 6 months to 30 June 2018 of 17.3 million carats of emerald and beryl.
- 130,705 carats of premium emerald production for the 6 months to 30 June 2018.
- Total auction revenues of USD 527 million since July 2009.
- Zambian Government, a 25% shareholder, has received more than USD 100 million in royalties, corporation tax and dividends since 2008.
- CPR valuation of Kagem (100% basis) of USD 528 million undertaken by SRK, an independent third party – as at 31 December 2017.
- Kagem prides itself on its ability to conduct mining in a responsible, transparent and safe manner with minimal impact on the natural environment.
- The CSR department has completed projects focussed on education, health, agriculture, and infrastructure development.
- Employs 955 staff (723 directly and 232 contractors), as at 30 June 2018.

MRM's CSR activities are aligned with the policies of the Government of the Republic of Mozambique and supplement the Government's efforts in improving the quality of life of the community.







# MONTEPUEZ RUBY MINE

- One of the most significant recently discovered ruby deposits in the world.
- Located in the Montepuez district, Cabo Delgado province, Mozambique.
- It is 75% owned by Gemfields and 25% owned by local Mozambican minority partner, Mwriti Limitada.
- Mining title covering 35,000 hectares.
- Produces an estimated 50% of the world's ruby supply.
- Open pit.
- Revenues of USD 71.8 million for the 6 months to 30 June 2018.
- Mixed quality auction in June 2018, Singapore, achieved record revenues of USD 71.8 million with an average price of USD 122 per carat.
- Production for the 6 months to 30 June 2018 of 1.68 million carats of ruby and corundum.
- 51,100 carats of premium ruby production for the 6 months to 30 June 2018.
- Total auction revenues of USD 407 million since June 2014.
- Mozambican Government's royalties and corporation tax approx. USD 89 million to 30 June 2018.
- CPR valuation of MRM (100% basis) of USD 996 million undertaken by SRK, an independent third party – as at July 2015. Updated CPR in the process of being finalised.
- New state-of-the-art sort house being built, due to be completed December 2018.
- MRM's CSR activities are aligned with the policies of the Government of Mozambique and supplement the government's efforts in improving the quality of life of the community.
- Only one lost-time injury, one medical treatment injury and two first-aid injuries occurred at the mine site during the 6 month period.
- The CSR department has completed projects focussed on education, health, agriculture, infrastructure development.
- Employs 1,161 staff (444 directly and 717 contractors), as at 30 June 2018.





*Fabergé aims to establish itself as the preferred jeweller for emeralds, rubies and sapphires.*



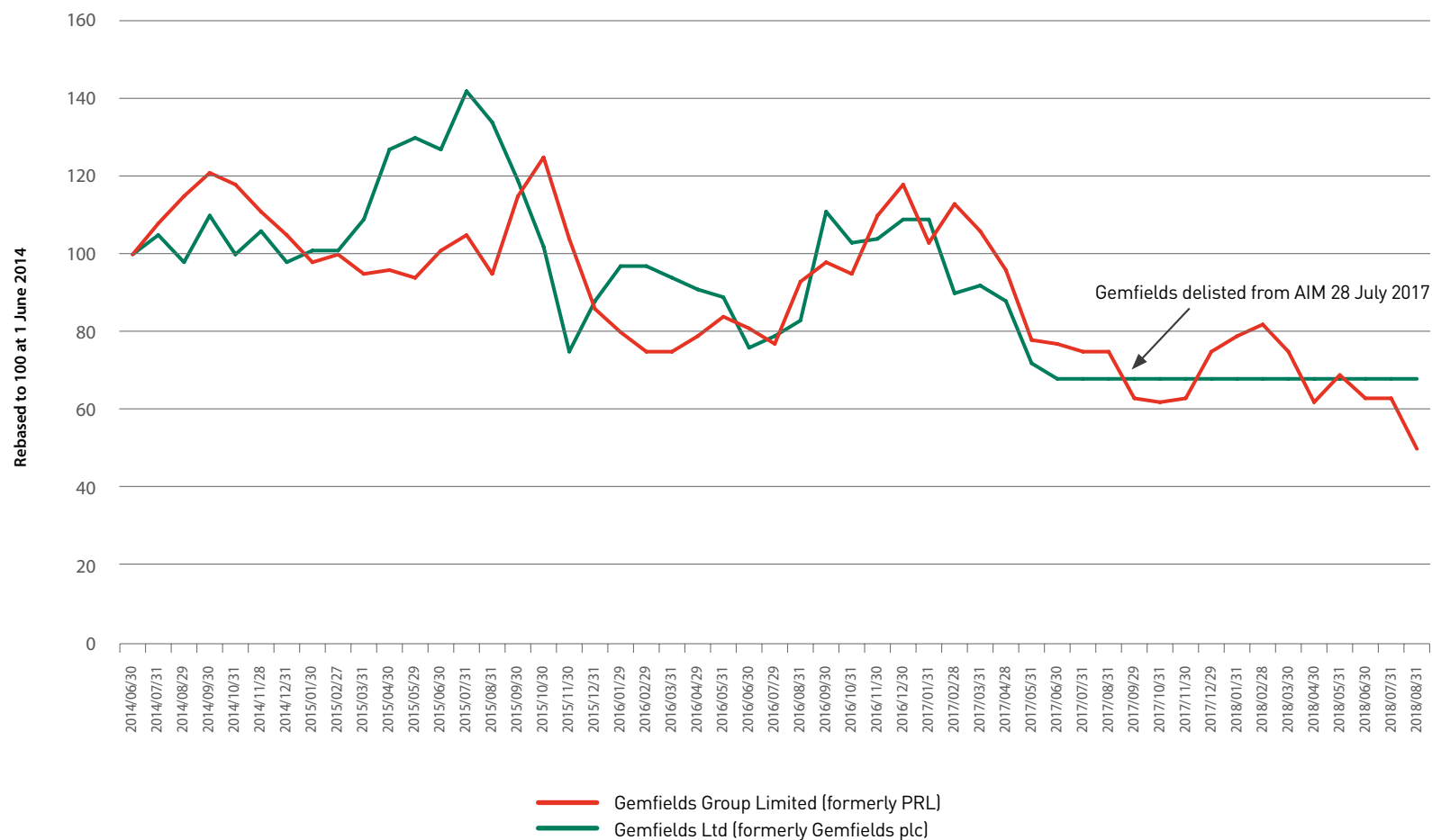
# FABERGÉ LIMITED



- Fabergé is one of the world's most recognised luxury brand names.
- Fabergé boosts the international presence and perception of coloured gemstones through its consumer-focussed marketing campaigns.
- Fabergé directly operates two mono-brand boutiques in Grafton Street, Mayfair, London and within the Galleria Mall, Houston, Texas.
- Further two partner-operated mono-brand boutiques in Kiev, Ukraine and the Dubai Mall, UAE.
- Fabergé operates a concession within the prestigious Harrods department store in London.
- Recorded revenues of USD 7.1 million for the period which is an all-time high against historic, like-for-like periods.
- Operating loss of USD 3.2 million for the 6 months to 30 June 2018 – represents a significant improvement over all comparative periods.
- Focussed on 'hard luxury', targeting sales of roughly 45% jewellery, 45% watches and 10% objets d'art.
- RRP's from circa USD 1k and upwards.
- Focus area lies in USD 1k – USD 25k range. Entry and fine jewellery and egg pendants to bring in the bread and butter.
- A Life in Colour (through coloured gemstones and enamel).
- Our Heritage Your Legacy (watches and non-colour products).
- Aims to establish itself as the preferred jeweller for emeralds, rubies and sapphires.
- Fervent focus on responsible sourcing and certification.

# GEMFIELDS GROUP LIMITED

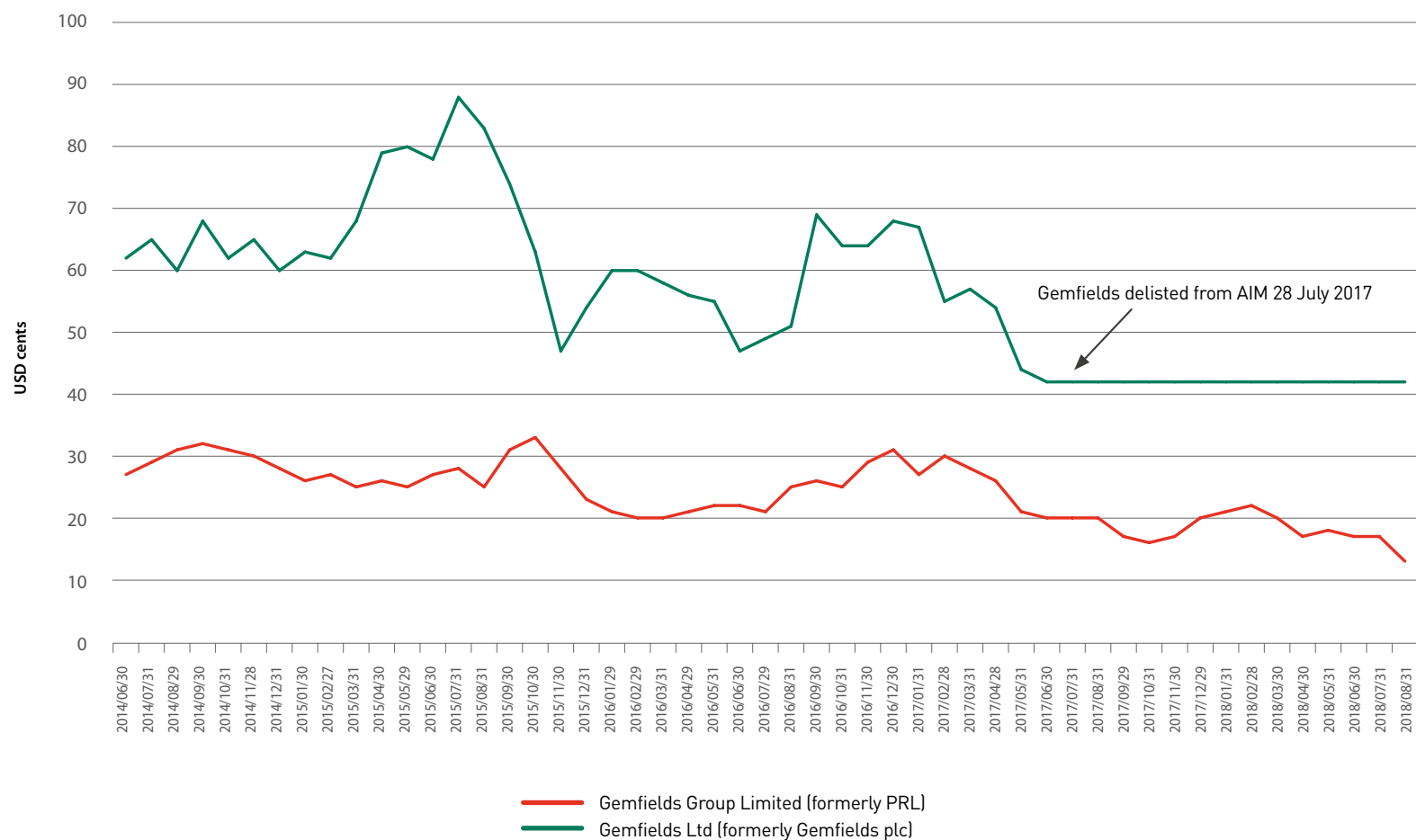
**GEMFIELDS GROUP LTD (FORMERLY PRL) SHARE PRICE VS GEMFIELDS LTD (FORMERLY GEMFIELDS PLC) SHARE PRICE**  
REBASED TO 100 AT 1 JUNE 2014, IN LISTING CURRENCY





# GEMFIELDS GROUP LIMITED

## GEMFIELDS GROUP LTD (FORMERLY PRL) SHARE PRICE VS GEMFIELDS LTD (FORMERLY GEMFIELDS PLC) SHARE PRICE (CONVERTED TO USD CENTS AT 18 SEPTEMBER 2018)







# WHAT IS WRONG WITH THE GEMFIELDS SHARE PRICE?



## NEGATIVE NEWS OVER THE PAST 6 MONTHS

- Leigh Day – legal case brought against Gemfields Ltd.
- Ethiopia – the over-running of the bulk sampling operations by a mob (estimated to be between 300–500 persons).
- Zambian Revenue Authority (ZRA) – two search warrants issued in respect of Kagem and Limpopo Polygraphs.

## THE TAKEOVER

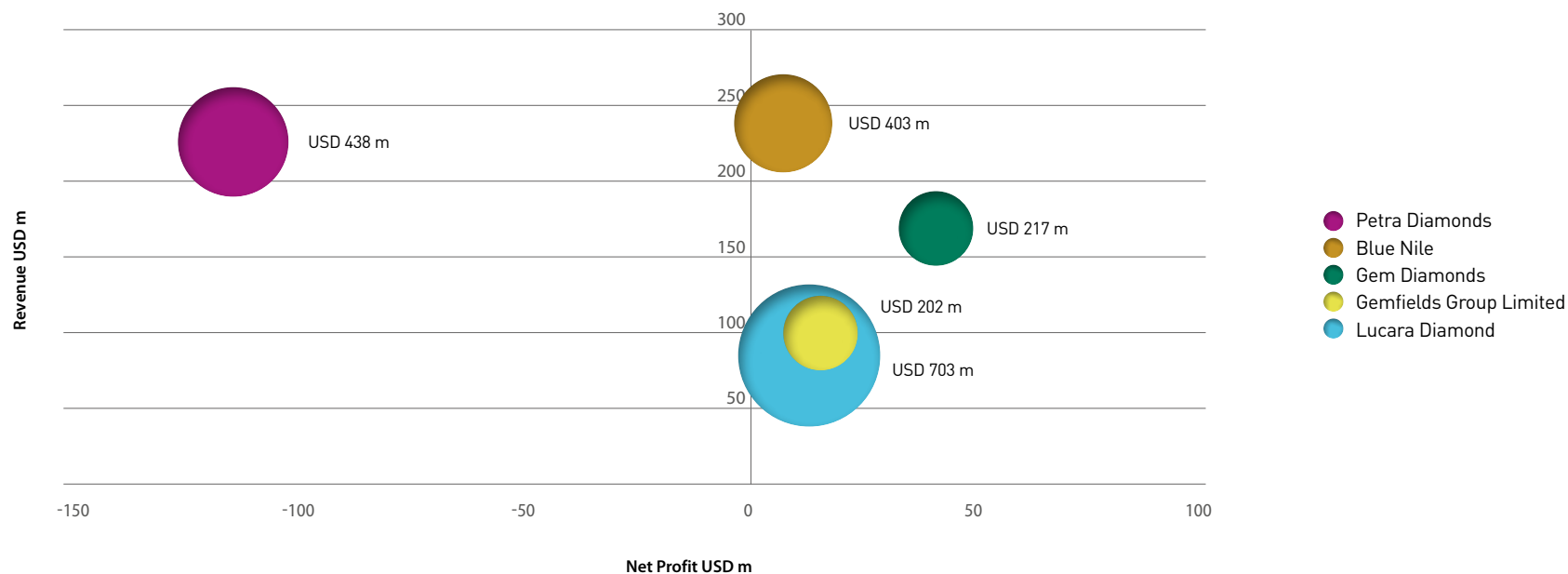
- Ex-Gemfields plc shareholders unhappy with the terms of the takeover.
- Ex-Gemfields plc shareholders given JSE Listed/South African stock – which in some cases is against their corporate mandate.
- UK-based shareholders finding it difficult to trade the stock (due to the JSE Listing).
- Too much change – e.g. change of management/directors, change of company from investment entity to operating mining company, and change of strategy from diversified to focussing on coloured gems.

## OTHER

- Misunderstanding of the business – shareholder confusion over the old Pallinghurst (known to be a PGM investor) and the new company (coloured gemstones producer).
- Lack of broker coverage on the stock.
- No dividends being paid to shareholders.

# MARKET CAP OF GEMFIELDS COMPARED TO ITS PEER GROUP OF COMPANIES

## GEMFIELDS' PEER GROUP: REVENUE VS NET PROFIT VS MARKET CAPITALISATION (HALF YEAR FIGURES)

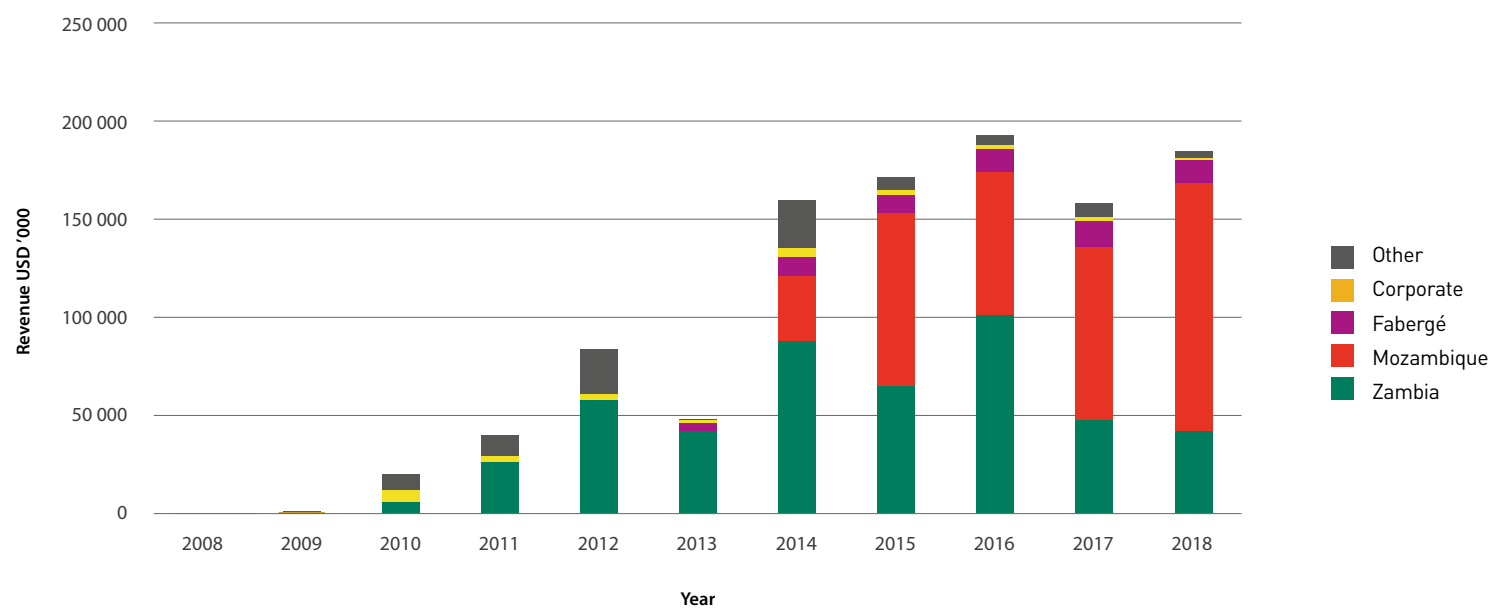


Market capitalisation figures accurate as at 17 September 2018.



# GEMFIELDS GROUP LIMITED

## GEMFIELDS' GROUP YEARLY REVENUE 2008-2018



*All revenues are for the period 1 July-30 June.*

# CONSOLIDATED INCOME STATEMENT

## FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Operating Company	Investment Entity up to 31 July 2017 Operating Company from 1 August 2017
	Actual 6 months to 30 June 2018 <sup>1</sup> USD '000	Actual 12 months to 31 December 2017 <sup>2</sup> USD '000
<b>Gross Revenue</b>	<b>102.1</b>	<b>81.7</b>
Change in inventory and purchases	(10.0)	7.0
Mining, production and operating costs	(28.0)	(22.3)
Selling, general and administrative costs	(25.1)	(31.7)
Mineral royalties and production taxes	(8.4)	(6.9)
<b>EBITA</b>	<b>30.6</b>	<b>27.8</b>
EBITDA margin	30%	34%
EBITDA excluding change in inventory	40.6	20.8
Depreciation	(13.8)	(22.2)
Fair value gains/(losses) on investments	15.6	(47.4)
Bargain purchase	–	96.4
Finance costs	(5.9)	(2.0)
<b>Profit/(loss) for period before tax</b>	<b>26.6</b>	<b>52.6</b>
Tax	(10.6)	(7.6)
<b>Profit/(loss) for period after tax</b>	<b>16.0</b>	<b>45.0</b>

<sup>1</sup> GGL Group

<sup>2</sup> GGL Group including 5 months of Gemfields subgroup



# CONSOLIDATED CASHFLOW STATEMENT

## FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Operating Company	Investment Entity up to 31 July 2017 Operating Company from 1 August 2017
	Actual 6 months to 30 June 2018 <sup>1</sup> USD '000	Actual 12 months to 31 December 2017 <sup>2</sup> USD '000
<b>Revenue</b>	<b>102.1</b>	<b>81.7</b>
VAT refunds	1.7	0.3
Operating costs	(53.1)	(54.0)
Capital expenditure – sustaining and expansionary	(10.8)	(12.7)
Mineral royalties and production taxes paid	(8.4)	(6.9)
Taxation (excluding royalties)	(9.2)	(11.0)
<b>Free cash flow</b>	<b>22.4</b>	<b>(2.7)</b>
Working capital movements	(24.1)	(0.4)
<b>Net cashflows recognised from operations</b>	<b>(1.7)</b>	<b>(3.1)</b>
Movements in debt facilities	(15.8)	(2.5)
Interest and finance costs paid	(3.3)	(2.4)
Loans repaid by investments	–	4.9
Proceeds from disposal of Jupiter shares	7.7	14.7
Cash paid for share buybacks	(4.7)	(0.7)
Proceeds from IPO	64.4	–
Dividends paid (including WHT)	(4.6)	(6.2)
Cash acquired with subsidiaries	–	33.4
Transaction costs	–	(1.6)
Other cashflow (e.g. restricted cash released, issue of share capital, etc.)	0.9	–
<b>Change in cash</b>	<b>43.0</b>	<b>36.6</b>
Opening cash balance	37.8	1.2
<b>Closing cash balance</b>	<b>80.8</b>	<b>37.8</b>
<b>Closing gross debt facilities</b>	<b>(49.2)</b>	<b>(63.5)</b>
<b>Net debt at the end of the period</b>	<b>31.6</b>	<b>(25.7)</b>

<sup>1</sup> GGL Group

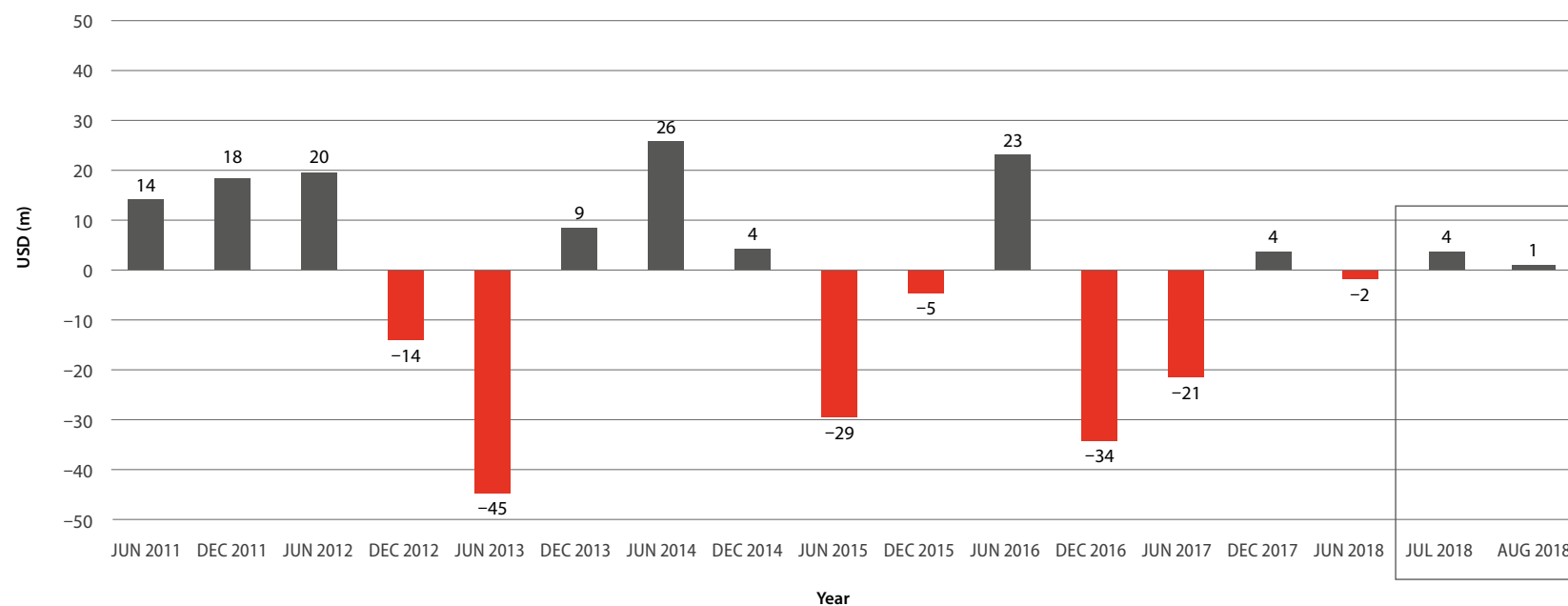
<sup>2</sup> GGL Group including 5 months of Gemfields subgroup





# GEMFIELDS GROUP LIMITED

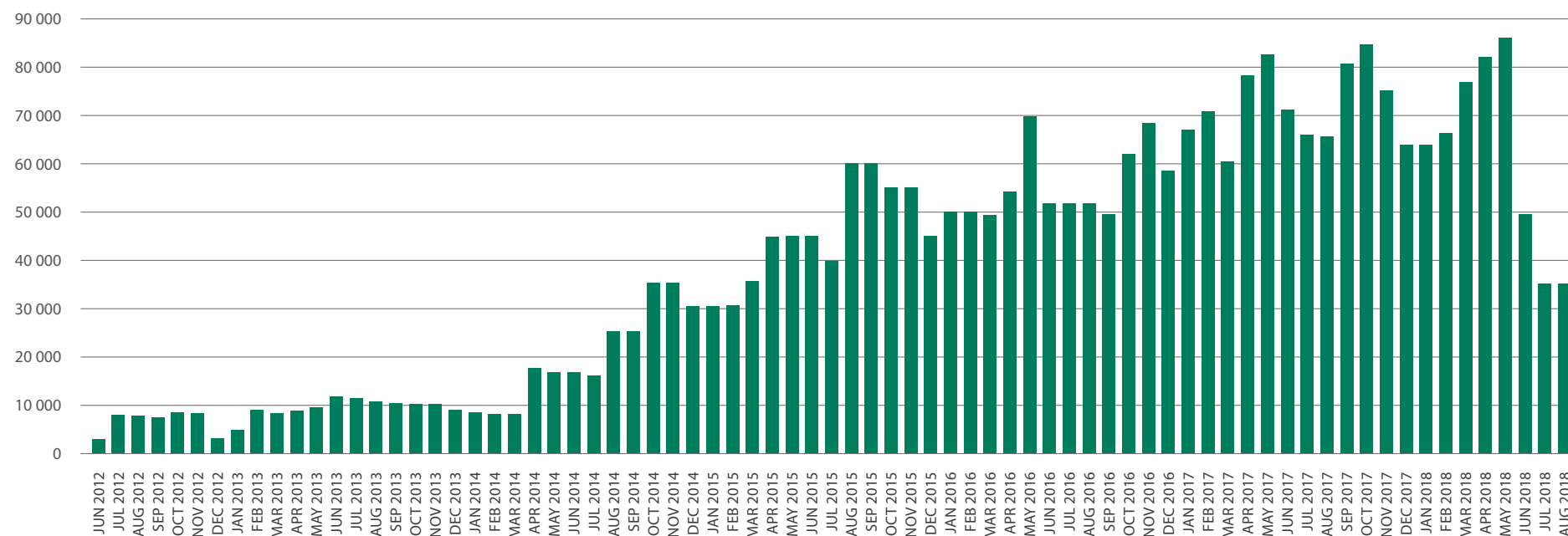
## FREE CASHFLOW PERFORMANCE



# GEMFIELDS GROUP LIMITED

## GROSS DEBT ANALYSIS

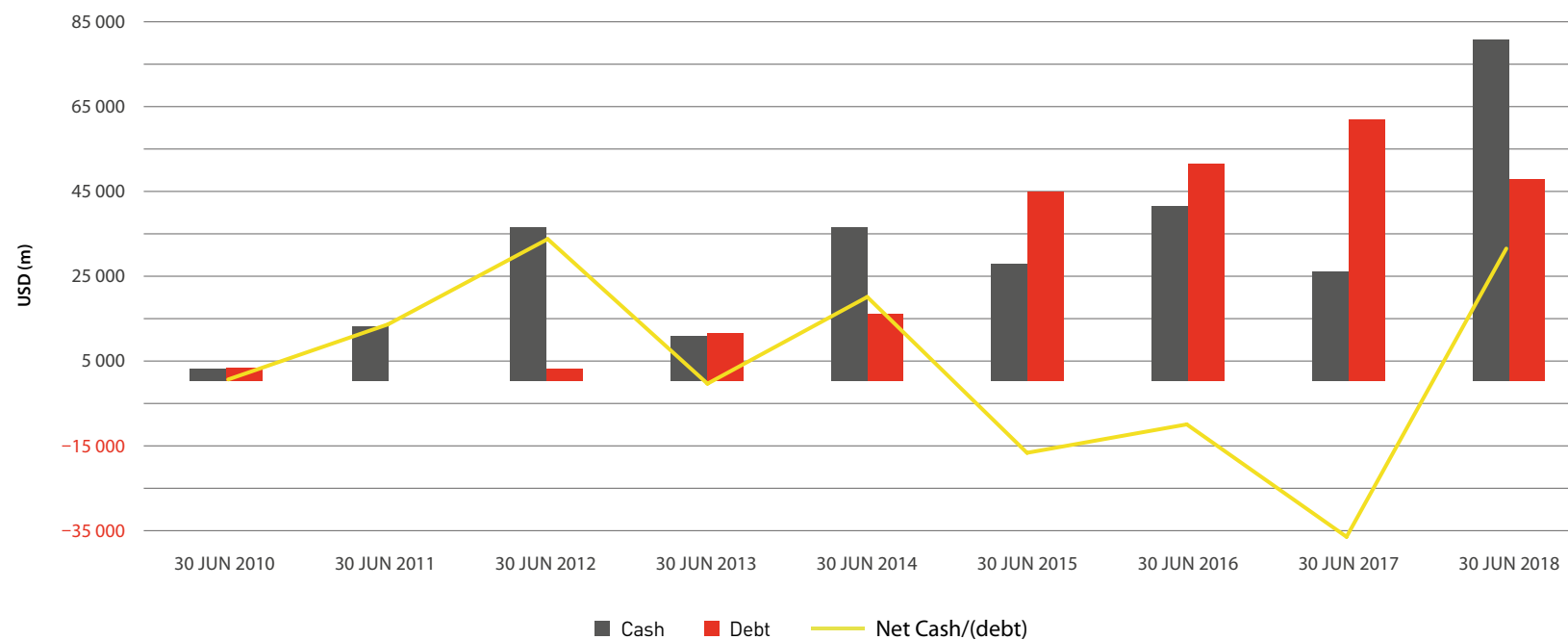
**GROSS DEBT USD '000 ANALYSIS TO 31 AUGUST 2018**





# GEMFIELDS GROUP LIMITED

## GEMFIELDS GROUP NET CASH/(DEBT) PROFILE

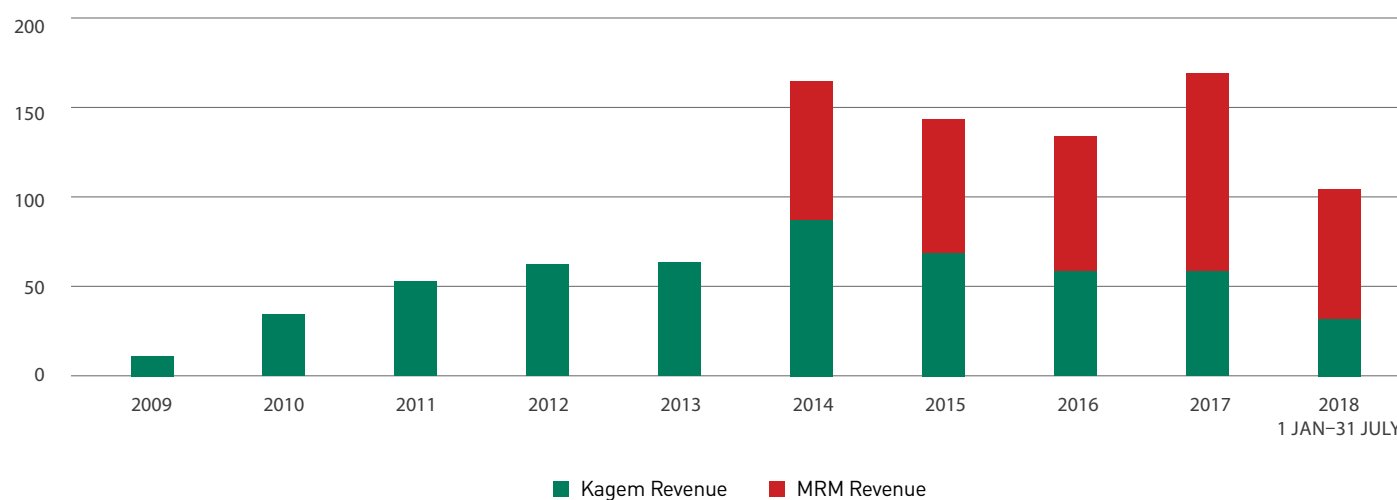






# GEMFIELDS GROUP LIMITED

## GEMFIELDS ANNUAL AUCTION REVENUE



# GEMFIELDS GROUP LIMITED

## KAGEM EMERALD MINE PERFORMANCE

**KAGEM ROUGH EMERALD AND BERYL AUCTIONS ACTUAL SALES PRICES**  
(USD/CARAT) CALCULATED AS: USD RECEIVED/TOTAL WEIGHT SOLD

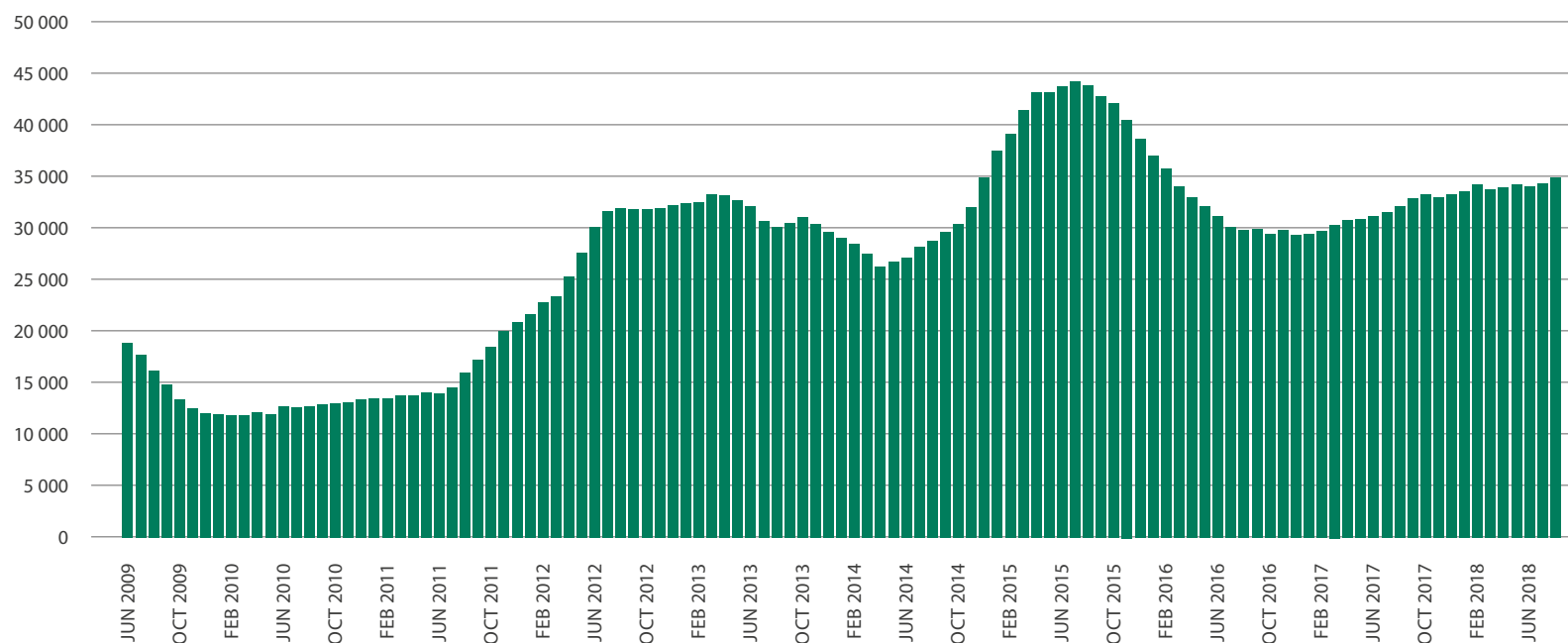




# GEMFIELDS GROUP LIMITED

## KAGEM EMERALD MINE PERFORMANCE

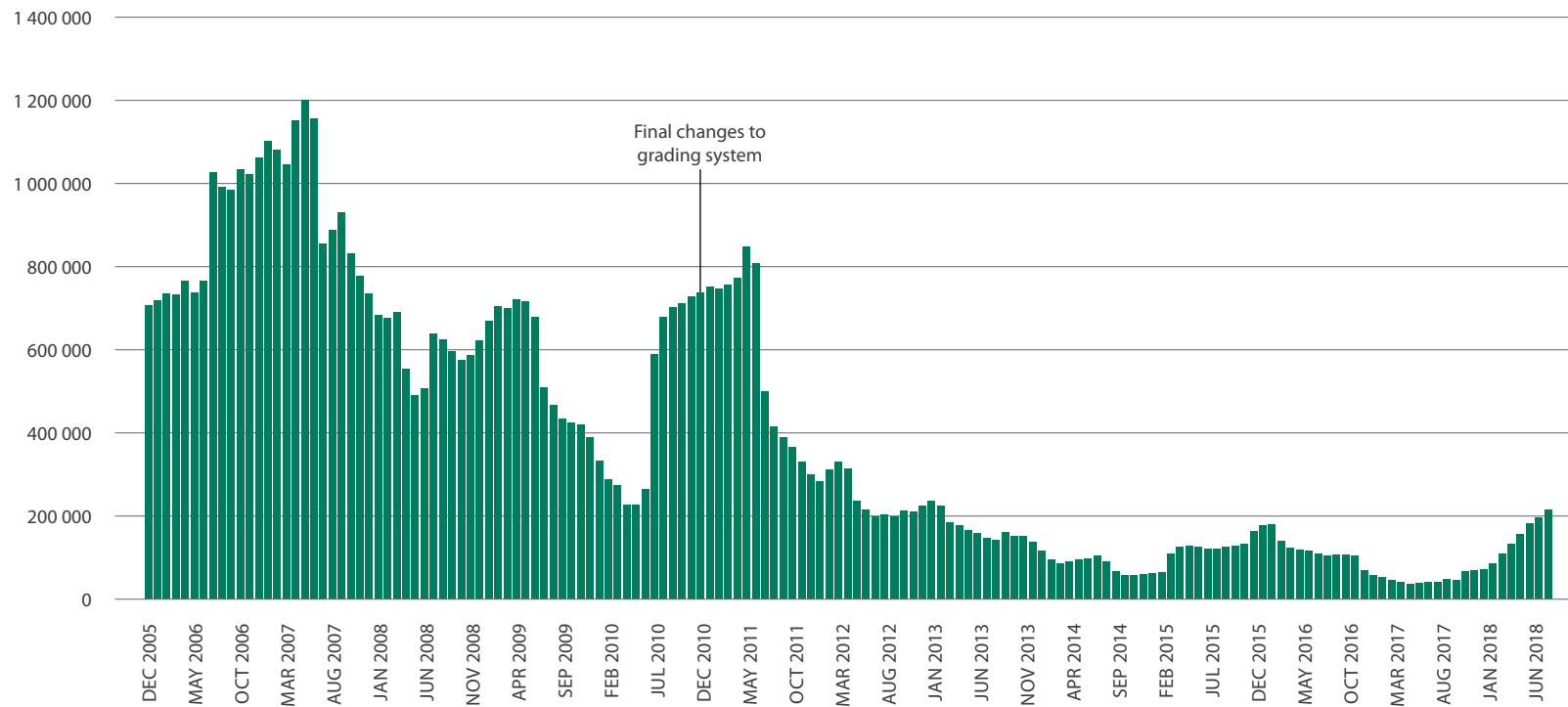
**KAGEM ROLLING 12 MONTH TOTAL OPERATING COSTS** (ACTUAL CASH COST BASIS) **USD '000** (UNAUDITED)



# GEMFIELDS GROUP LIMITED

## KAGEM EMERALD MINE PERFORMANCE

### KAGEM 12 MONTH ROLLING PREMIUM EMERALD PRODUCTION (CARATS)

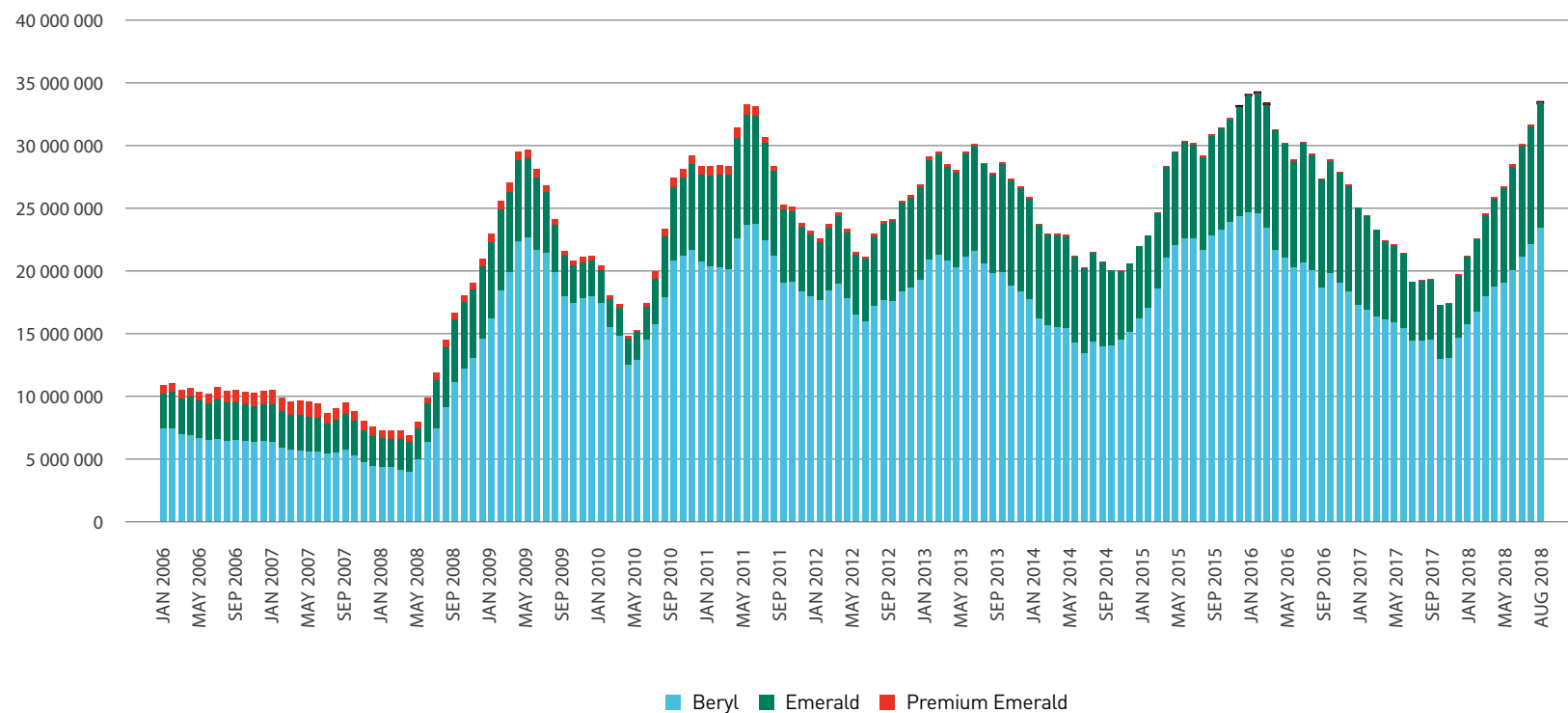




# GEMFIELDS GROUP LIMITED

## KAGEM EMERALD MINE PERFORMANCE

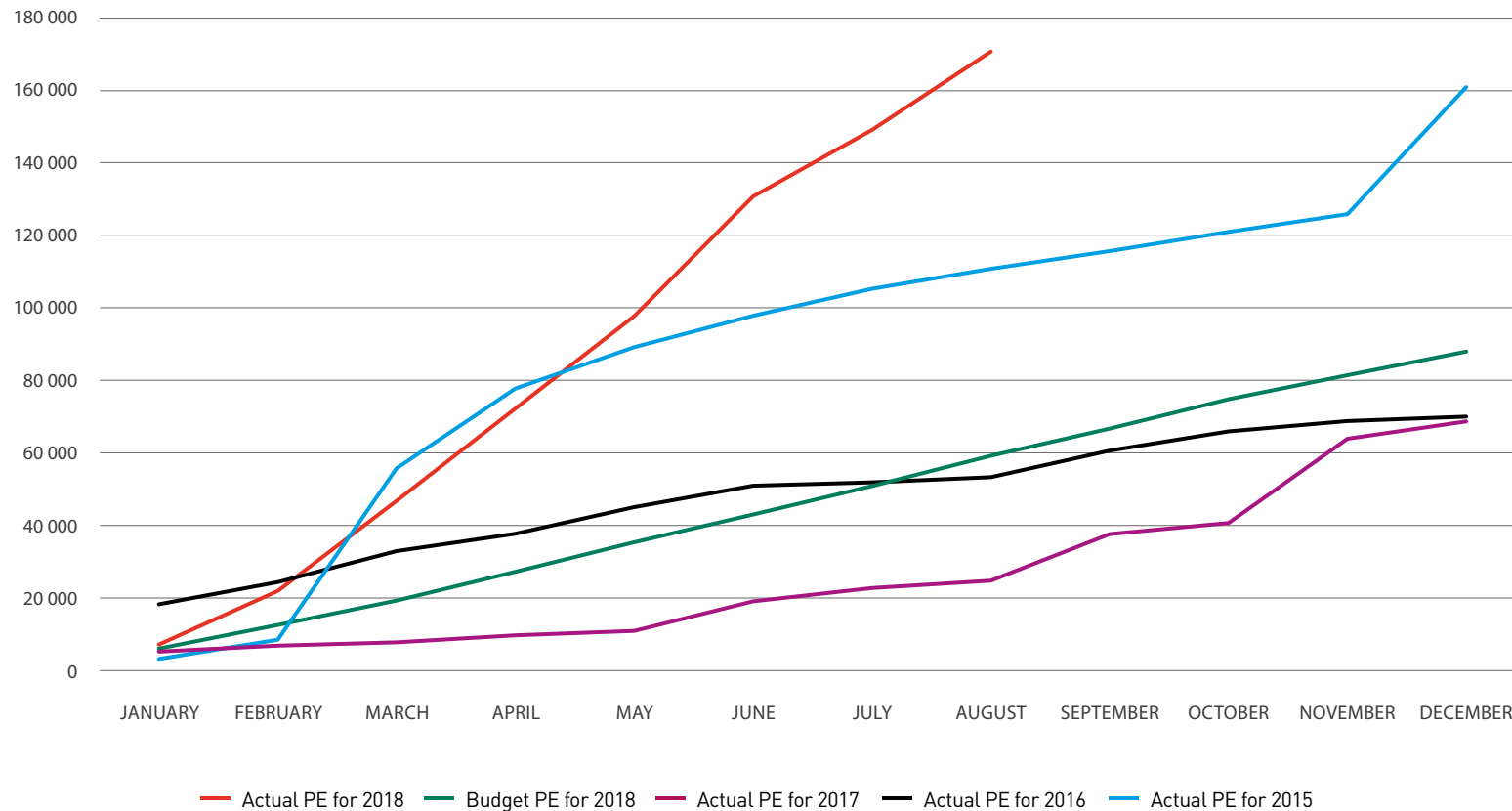
**KAGEM 12 MONTH ROLLING GEMSTONE PRODUCTION - EMERALD+BERYL (CARATS)**



# GEMFIELDS GROUP LIMITED

## KAGEM EMERALD MINE PERFORMANCE

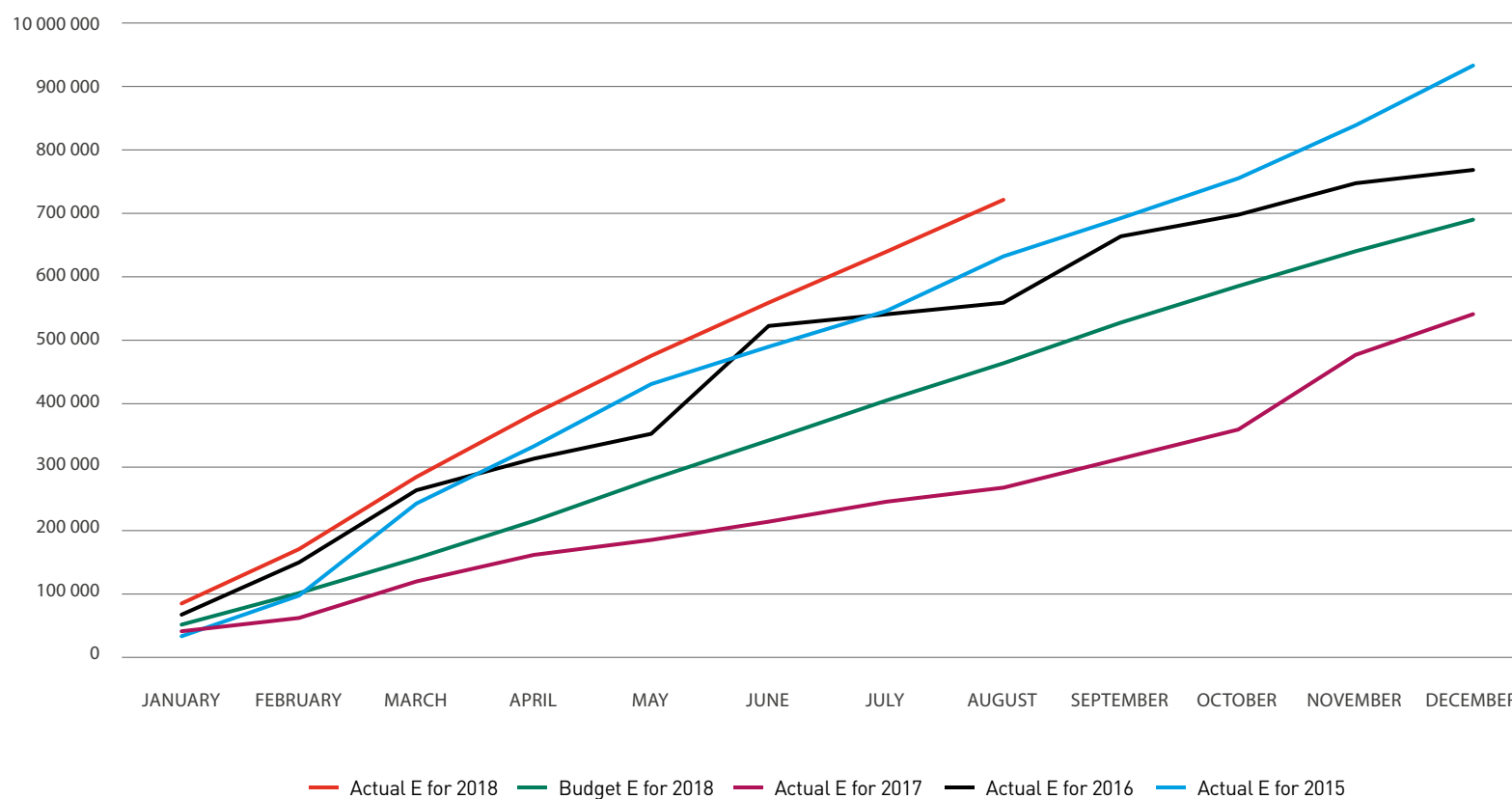
### KAGEM CUMULATIVE PREMIUM EMERALD (PE) PRODUCTION (IN CARATS) BY CALENDAR YEAR



# GEMFIELDS GROUP LIMITED

## KAGEM EMERALD MINE PERFORMANCE

### KAGEM CUMULATIVE EMERALD (E) PRODUCTION (IN CARATS) BY CALENDAR YEAR



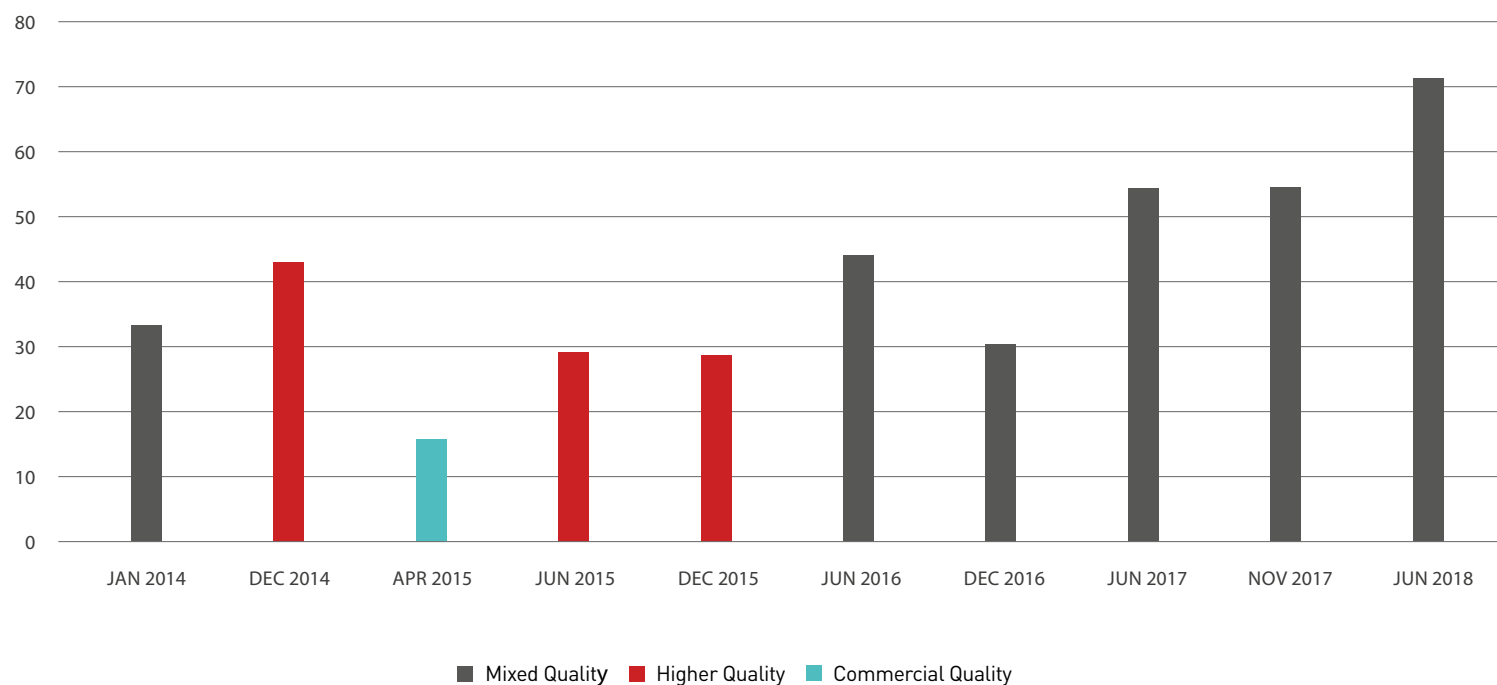




# GEMFIELDS GROUP LIMITED

## MONTEPUEZ RUBY MINE PERFORMANCE

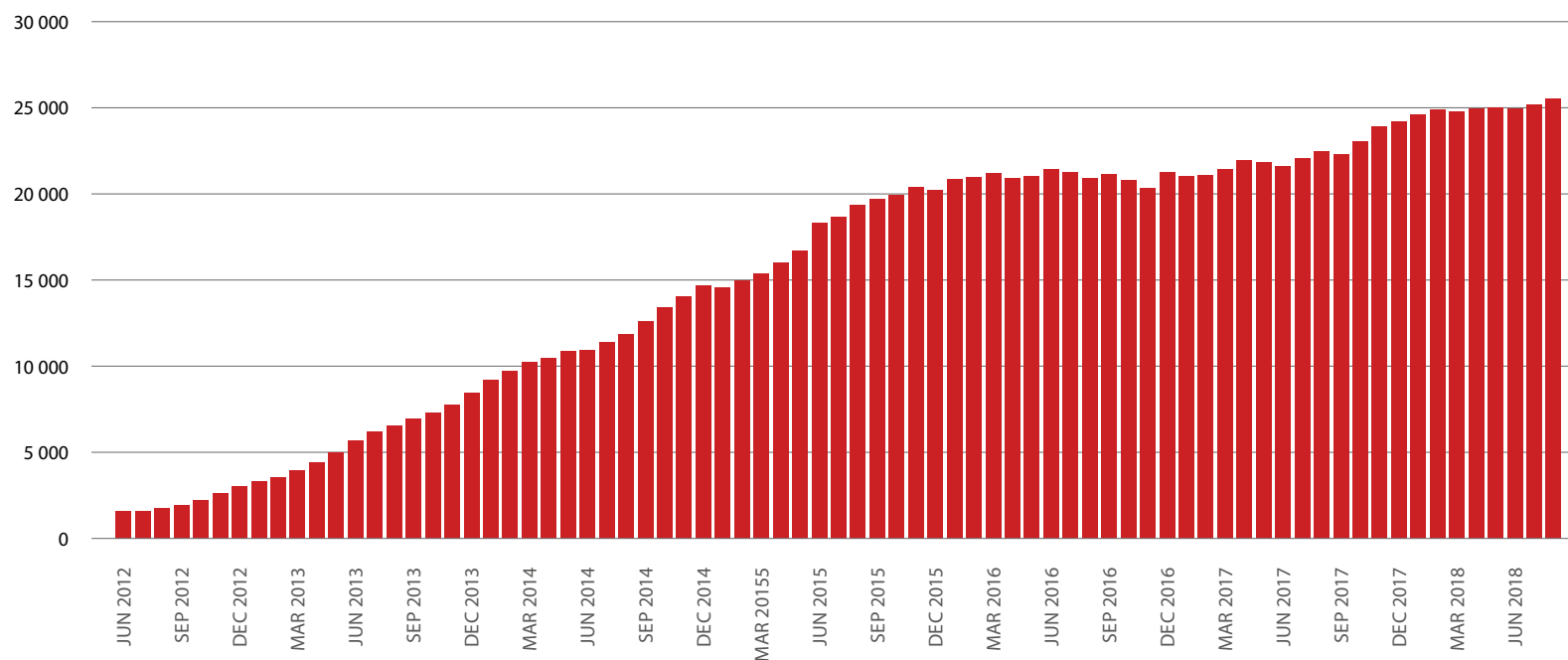
### MONTEPUEZ ROUGH RUBY TOTAL AUCTION SALES (USD MILLION)



# GEMFIELDS GROUP LIMITED

## MONTEPUEZ RUBY MINE PERFORMANCE

**MONTEPUEZ ROLLING 12 MONTH TOTAL OPERATING COSTS (ACTUAL CASH COST BASIS) USD '000 (UNAUDITED)**

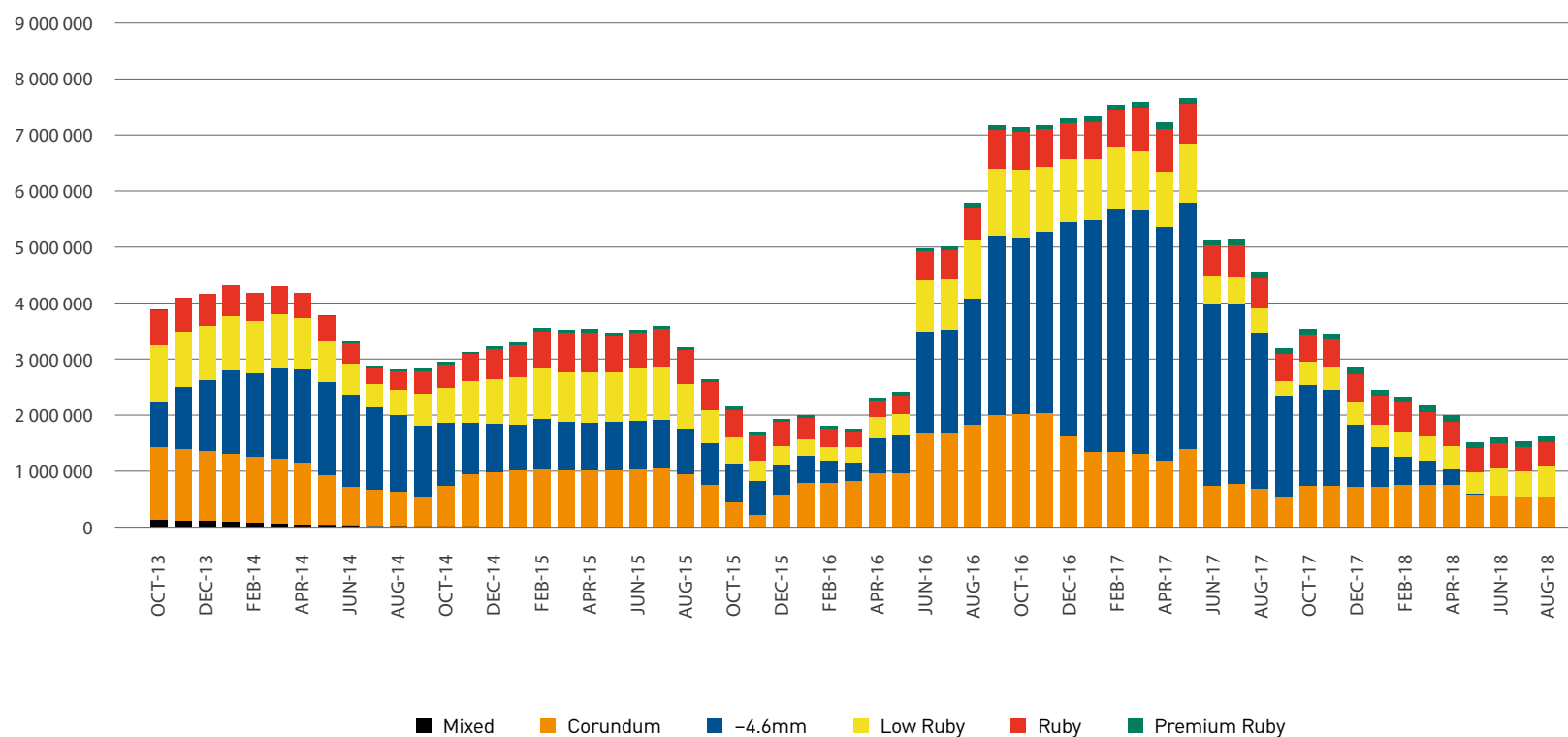




# GEMFIELDS GROUP LIMITED

## MONTEPUEZ RUBY MINE PERFORMANCE

**MONTEPUEZ ROLLING 12 MONTH OVERALL GEMSTONE PRODUCTION (CARATS)**  
 (PRODUCTION EXCLUDES SAPPHIRE AND LOW SAPPHIRE PRODUCTION)

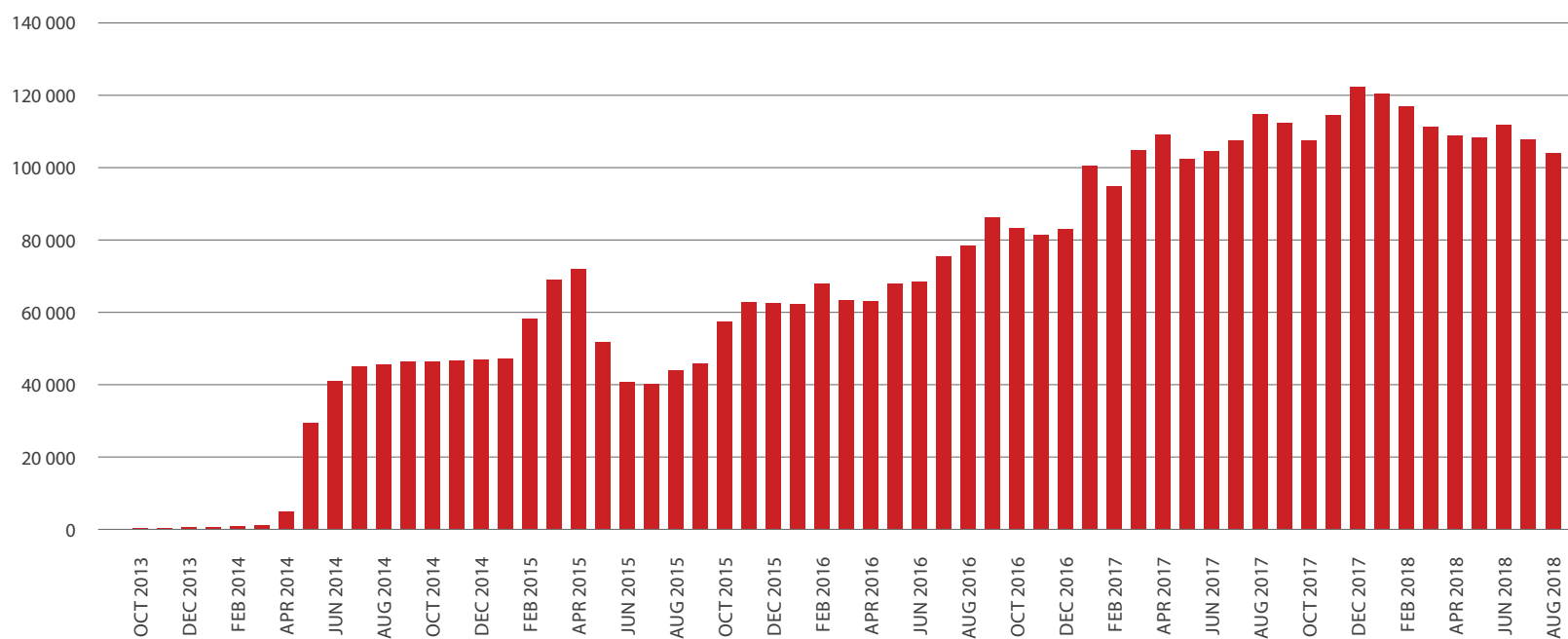




# GEMFIELDS GROUP LIMITED

## MONTEPUEZ RUBY MINE PERFORMANCE

### MONTEPUEZ ROLLING 12 MONTH PREMIUM RUBY PRODUCTION (CARATS)

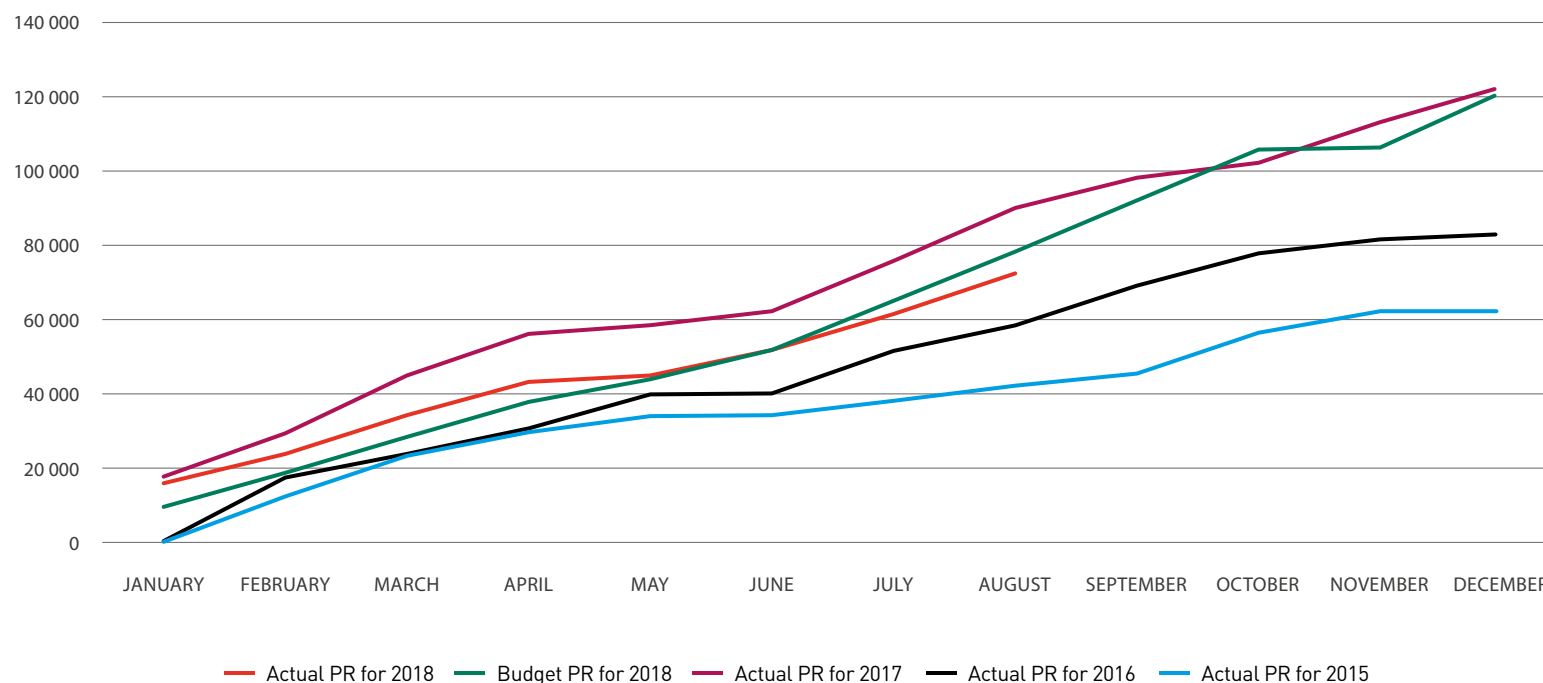




# GEMFIELDS GROUP LIMITED

## MONTEPUEZ RUBY MINE PERFORMANCE

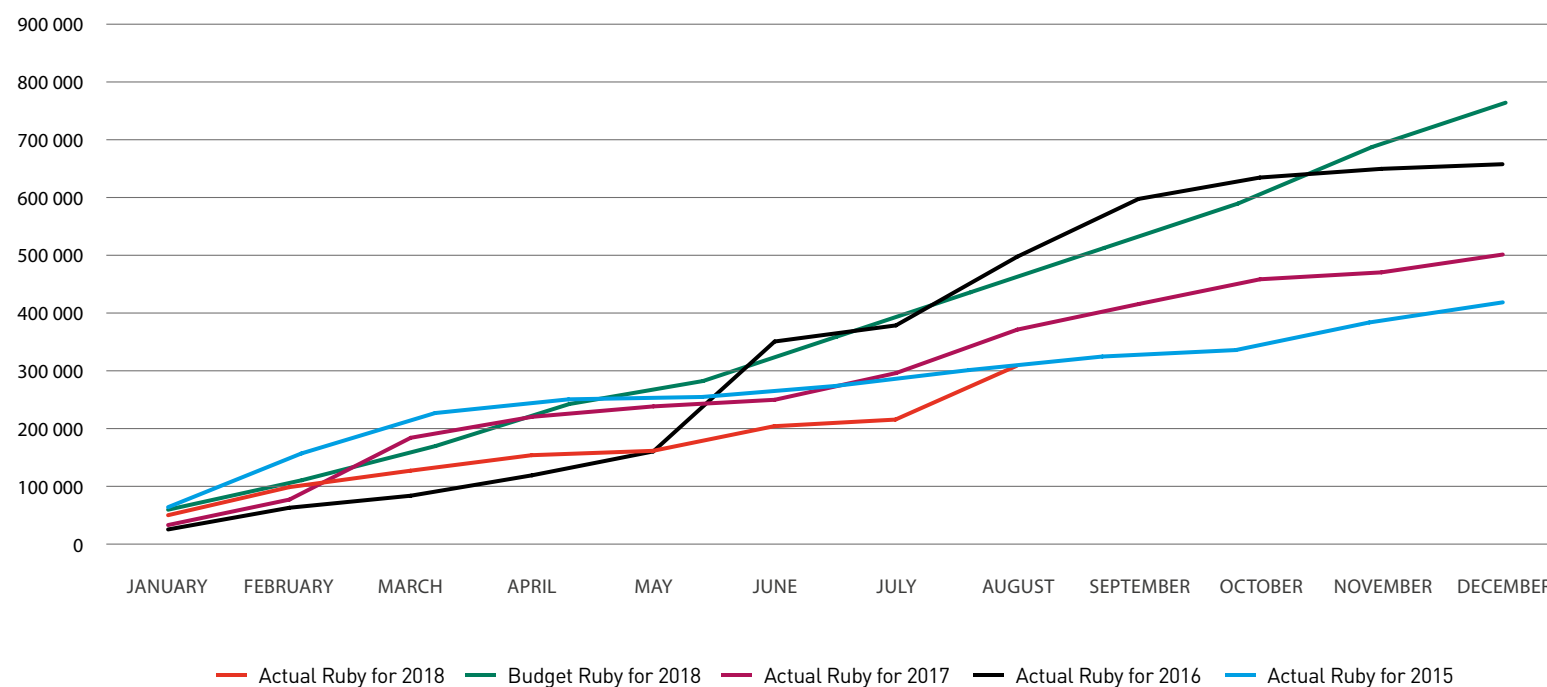
### MRM CUMULATIVE PREMIUM RUBY (PR) PRODUCTION (CARATS) BY CALENDAR YEAR



# GEMFIELDS GROUP LIMITED

## MONTEPUEZ RUBY MINE PERFORMANCE

### MRM CUMULATIVE RUBY (R) PRODUCTION (CARATS) BY CALENDAR YEAR



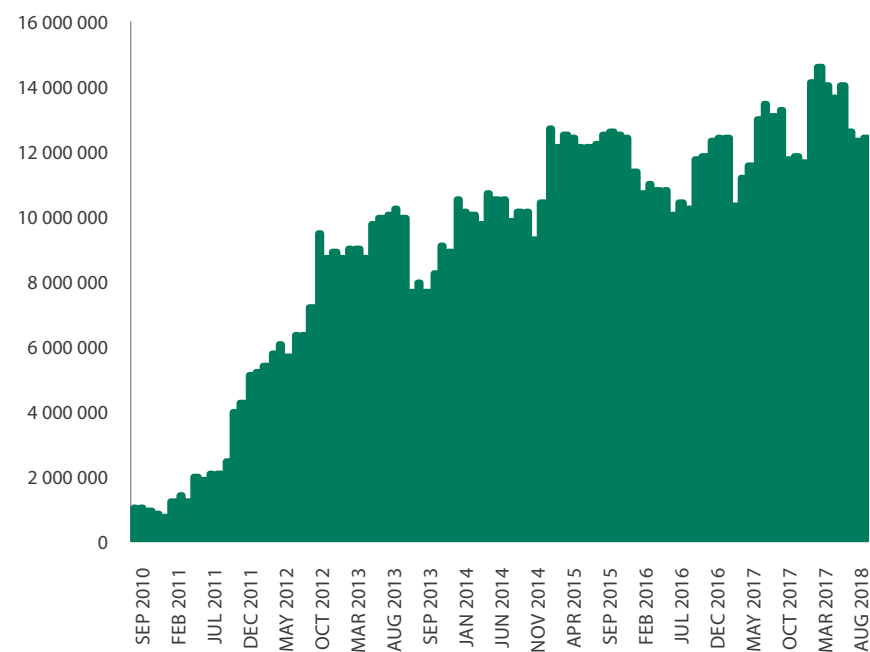




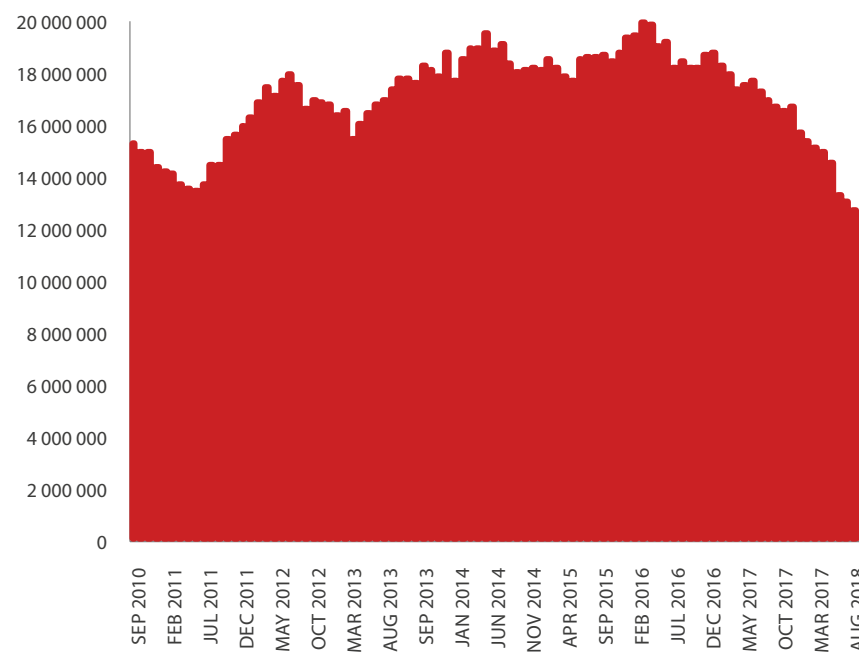
# GEMFIELDS GROUP LIMITED

## FABERGÉ PERFORMANCE

**12 MONTH ROLLING SALES ORDERS AGREED**  
(USD, POST ANY DISCOUNTS, ALL CHANNELS)



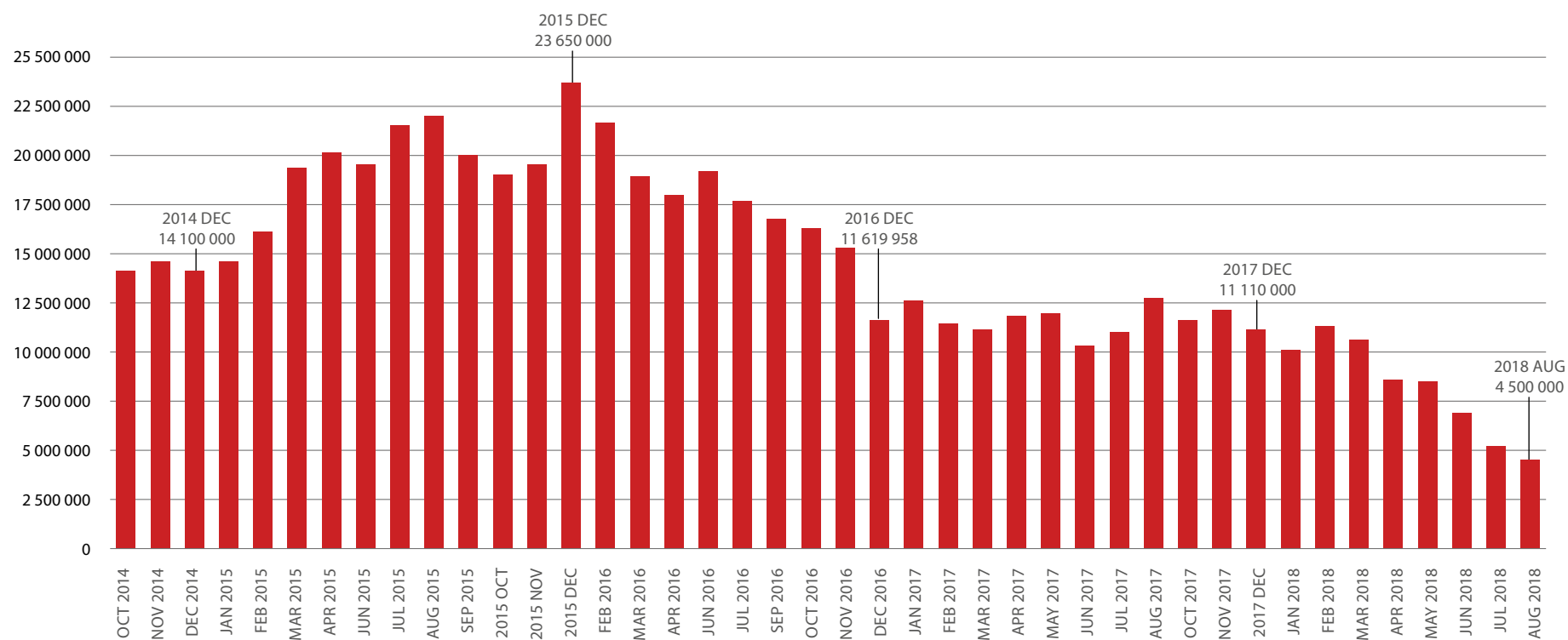
**12 MONTH ROLLING OPERATING COSTS**  
(USD)



# GEMFIELDS GROUP LIMITED

## FABERGÉ PERFORMANCE

### ROLLING 12 MONTH FUNDING REQUIRED BY FABERGÉ (USD)







[www.gemfieldsgroup.com](http://www.gemfieldsgroup.com)