GEMFIELDS

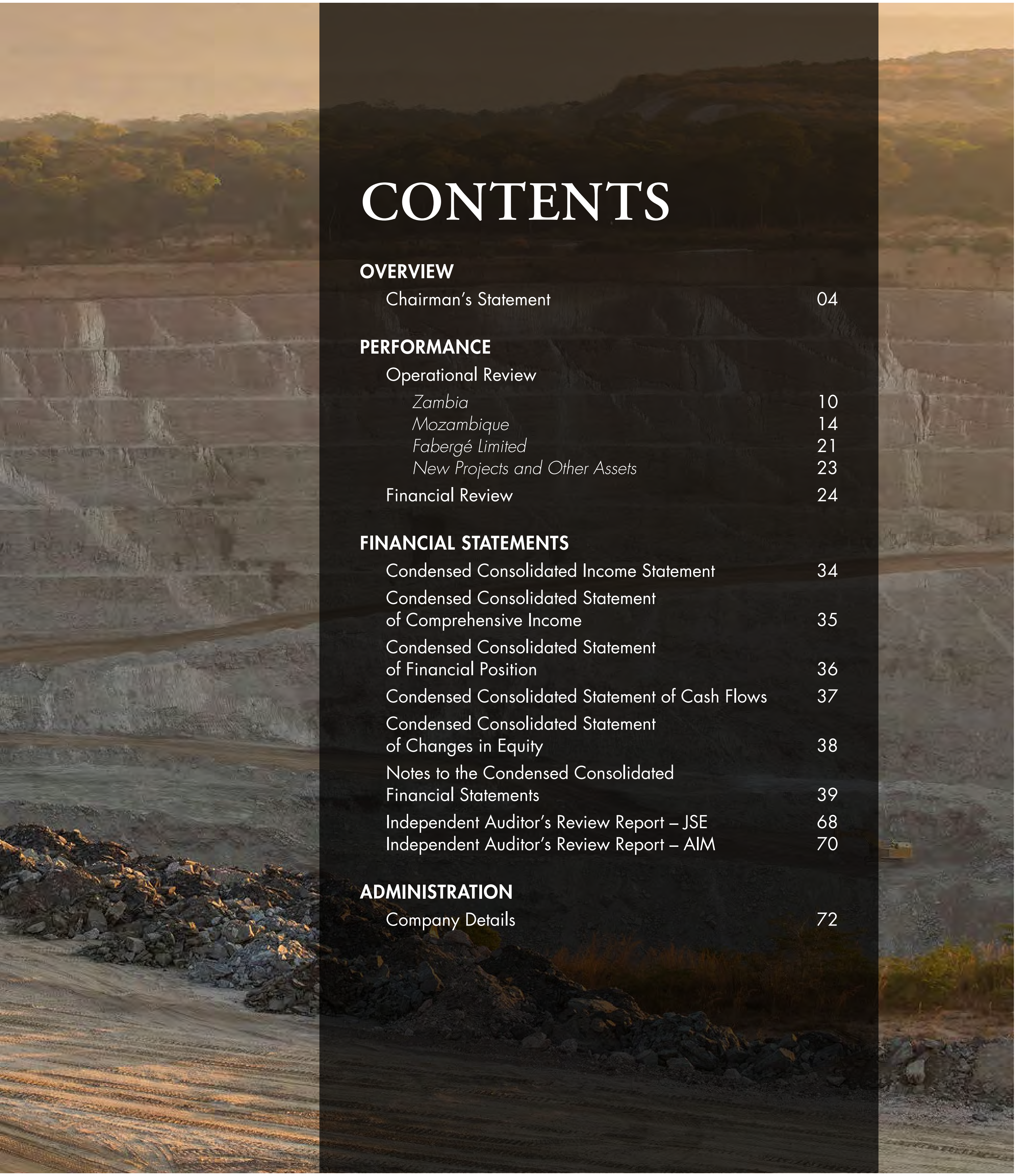
Interim Report 2021

for the six months ended 30 June 2021

COVER: *Mozambican rubies, Zambian emeralds and blue sapphires surround Fabergé featuring Gemfields Colours of Love White, Yellow and Rose Gold Fluted Gemsation Rings with Hidden Sapphires, Emeralds and Rubies*

BELOW: *Operations, Kagem Mining, Zambia*

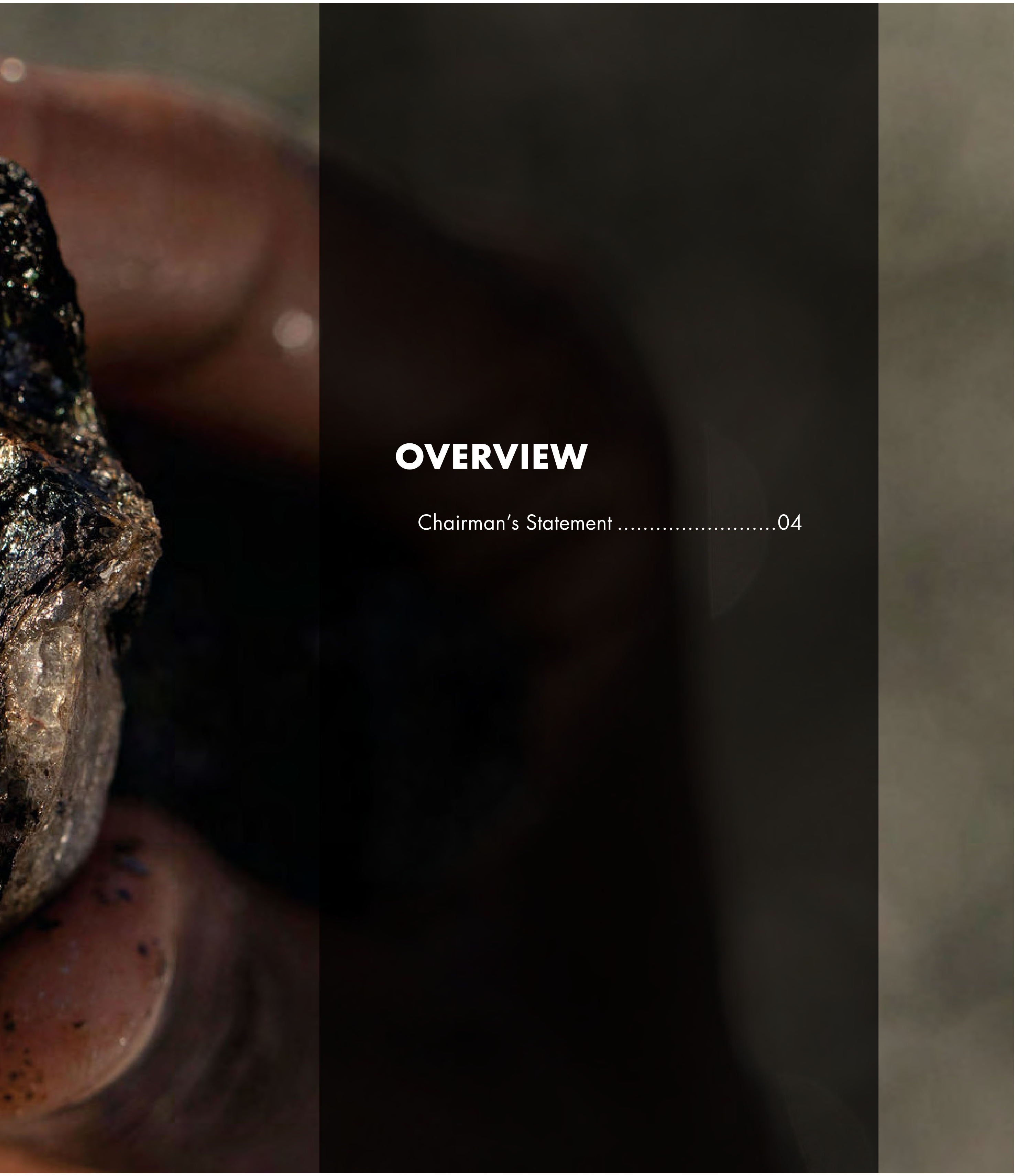
Gemfields' strategy remains focussed on consolidating its position as a world-leading supplier of responsibly sourced African emeralds, rubies and sapphires.



CONTENTS

Responsibly sourced rough emerald, Kagem Mining, Zambia

Stronger than anticipated auction results arose thanks to a marked increase in market demand and the consequential rise in the prices realised.



OVERVIEW

Chairman's Statement

Martin Tolcher
Chairman

After what has been a challenging 18 months for most businesses, the second quarter of 2021 has provided grounds for positivity for Gemfields Group Limited ("Gemfields", the "Company", "GGL" or the "Group"). Stronger than anticipated auction results arose thanks to a marked increase in market demand and the consequential rise in the prices realised. The step-change in market action was accompanied by the simultaneous reopening of Gemfields' mining operations.

Gemfields' teams worldwide have made notable sacrifices to safeguard the business through the difficult and unprecedented time preceding the April 2021 auctions, including salary sacrifices. Their flexibility and innovation in navigating ever-changing circumstances stand the Group in good stead should similar extraordinary events occur in the future.

Gemfields' strategy remains focussed on consolidating its position as a world-leading supplier of responsibly sourced African emeralds, rubies and sapphires, with the ownership of the iconic Fabergé brand enhancing the positioning and perception of coloured gemstones in the minds of consumers.

KAGEM MINING LIMITED, ZAMBIA

Having been suspended in March 2020, operations at Kagem Mining Limited ("Kagem") saw a phased resumption from March 2021, with operations reaching normal capacity by the end of May 2021. Kagem's remarkable production run of premium emeralds has continued where it left off before the pandemic struck. Production in the premium emerald category was 73,200 carats (six months to 30 June 2020: 133,900 carats), an average of more than 20,000 premium carats per month during the reduced months of operation in 2021. Overall production for the period amounted to 10.3 million carats (six months to 30 June 2020: 9.4 million carats). Total capital expenditure for the period was USD0.6 million, spent primarily on equipment and infrastructure improvements in order to attain Covid-19 compliance.

Kagem's management team, in conjunction with Zambia's Ministry of Health, initiated a vaccination programme whereby all Kagem staff would be offered a Covid-19 vaccine. By July 2021, approximately 80% of Kagem's employees and contractors had been fully vaccinated against Covid-19 thanks to the programme.

The Board and management team of Gemfields would also like to extend their congratulations to His Excellency Hakainde Hichilema, following his success in Zambia's Presidential Elections in August 2021. Gemfields looks forward to working with Mr Hichilema and his administration in furthering the mining industry and economic prosperity.

MONTEPUEZ RUBY MINING LIMITADA, MOZAMBIQUE

Having been suspended in April 2020, operations at Montepuez Ruby Mining Limitada ("MRM") resumed in March 2021, returning to normal operating capacity during May 2021. Production during the period in the premium ruby category was robust at 21,700 carats (six months to 30 June 2020: 28,700 carats) with some 13,250 of those carats coming from June's production, boding well for the second half of the year. Total ruby and corundum production was 2.1 million carats in the first six months of 2021 (six months to 30 June 2020: 1.3 million carats), notwithstanding the reduced number of operating months. Total capital expenditure for the period was limited to USD1.3 million, comprising USD0.5 million invested in the current ore treatment plant and a further USD0.6 million spent on ancillary aspects of the resettlement village constructed near Namanhumbir, thereby completing the first stage of successfully rehousing all 105 censused families.

The independent operational grievance mechanism ("OGM") officially launched in February 2021, following the conclusion of the pilot scheme which began at the end of 2020. The OGM has been set up by MRM to further its ongoing commitment to transparency and support for the local communities following the voluntary settlement agreement arising from the Leigh Day litigation. Since the scheme's launch, a significant number of cases have been filed; however, to date, only a small number of cases have been ruled on by the independent panel. The Group continues to monitor the scheme closely with a view to providing an update in the Annual Report once more data is available.

Healthcare projects, Mozambique

MRM continues to actively monitor the insurgency situation in the Cabo Delgado province and considers the risk to MRM's operational continuity to be low in the short term. MRM has observed an increase in displaced persons arriving in the district with a consequent rise in illegal mining activities within the licence area. The Group has appropriate strategies in place relating to site safety and the protection of MRM's workforce in the event that the insurgency risk heightens.

MRM has applied to join the 'United for the vaccine against Covid-19' ("Univax") project under which private companies can import Covid-19 vaccines through the Mozambique Ministry of Health, with 10% of the vaccines applied for donated to the Mozambique Government. Additionally, MRM has benefitted from government vaccination programmes that initially targeted high-risk groups and which has fully vaccinated 38 MRM employees to date. The programme has now been rolled out to low-risk groups with 518 employees receiving their first dose in August 2021.

FABERGÉ

Fabergé Ltd ("Fabergé") achieved revenues of USD4.9 million for the period (six months to 30 June 2020: USD2.5 million) at a sales margin of 46% (six months to 30 June 2020: 54%). The loss after tax was USD2.1 million (comparative period: loss after tax of USD12.7 million, which included an USD11.5 million impairment loss). The increase in revenue is largely due to improved direct-to-consumer and online sales, while the reduction in losses in the period has been aided by cost control measures. Fabergé's revenue figures for the first half of 2021 do not include the sale of its Game of Thrones-inspired, Imperial-class Egg Object, which was created and designed in collaboration with HBO and is expected to be realised during the second half of the year.

Fabergé continues to drive its digital presence and online sales given the prevailing and supportive market conditions.

OTHER PROJECTS

Operations recommenced at the Group's gold exploration project, Nairoto Resources Limitada, in April 2021. An independent consultant was engaged to identify and evaluate the asset's primary resource targets and the final report has since been received. The Company expects to provide a further update by year end. In Ethiopia, the operations at Web Gemstone Mining plc remain suspended given the ongoing in-country challenges. Activity at the Group's Madagascan emerald and sapphire prospects, held in Oriental Mining SARL, remains on hold until Covid-19 related conditions improve.

Operations, Montepuez Ruby Mining, Mozambique

AUCTIONS

During the first half of 2021, Gemfields continued with the series of multi-city, online-based auctions that proved successful when trialled for high-quality emeralds in November and December 2020.

Kagem generated auction revenues of USD31.2 million during the period from its series of five sequential higher-quality emerald mini-auctions held during March and April 2021 (six months to 30 June 2020: USD11.4 million).

MRM achieved total auction revenues of USD58.9 million from its series of seven sequential mixed-quality ruby mini-auctions held during March and April 2021. This was MRM's first ruby auction revenue since December 2019 and yielded the third highest revenue figure of the 14 ruby auctions held to date.

Kagem's strong auction performance continued after the end of the period, when its auction of commercial quality emerald in August 2021 achieved all-time revenue and price-per-carat records for commercial-quality auctions.

INVESTMENTS

The Group's platinum group metal ("PGM") investment, an indirect stake of 6.54% in Sedibelo Platinum Mines Ltd ("Sedibelo"), remains unlisted with no market price readily available to value the holding. Sedibelo dispatched 51,861 4E PGM ounces during the first six months of 2021, up 2% on the comparative period in 2020. A significant increase in the 4E PGM basket price has helped drive a 72% increase in revenues to USD163.8 million for the six months to 30 June 2021, with healthy profit margins. The Group's investment in Sedibelo remains a non-core asset and an orderly disposal continues to be a near-term strategy.

The same independent third party who assessed the Group's carrying value of Sedibelo at 31 December 2020 has been used to update the valuation at 30 June 2021. Based on the results of the independent valuation, the GGL Board has applied a USD7.7 million fair value uplift for the period, bringing the carrying value for the Group's 6.54% stake in Sedibelo to USD37.3 million. It is noted that 4E PGM basket prices have again declined since the period end.

RESULTS

Overall, Gemfields generated group-wide revenues of USD97.2 million with EBITDA of USD43.5 million (six months to 30 June 2020: revenues of USD15.0 million and an EBITDA loss of USD24.7 million). The Group's net profit after tax of USD23.8 million and Free Cash Flow (as defined in the Financial Review) of USD48.3 million were aided by the lower-than-average operating costs in the first quarter of the year due to the suspension of the Group's mining operations and the temporary cutbacks in corporate costs.

Normalised earnings for the year, after removing fair value movements in Sedibelo, but not adjusting for the assorted operating cost savings in the first quarter of 2021, yields a net profit after tax of USD16.1 million (six months to 30 June 2020: USD32.7 million loss, which also excluded the Fabergé impairment loss).

At 30 June 2021, the Group was in a net cash position of USD28.7 million (31 December 2020: net debt of USD12.6 million) and held a gross cash balance of USD67.3 million.

CORPORATE

At its Virtual Annual General Meeting on 24 June 2021, Gemfields fell just short of the 75% approval threshold required for the non-binding Remuneration Policy resolution – a significant improvement on the prior year's voting of 46%. Those shareholders who previously took the trouble to engage with the Committee were primarily focussed on the reform of the Company's Short-Term Incentive Plan and were ambivalent about the Company's Share Option Plan, recognising the difficulties associated with reducing the number of options in issue. In the spirit of good practice, and to continue the progress made to date, the Committee will continue its dialogue with shareholders in respect of the Company's Remuneration Policy. The Company's shareholders also voted against the proposed resolution to provide authority to Directors to issue new shares (up to 5% of the existing shares in issue) for cash, at a minimum price of ZAR3.00 per share. This outcome highlights shareholder views of the intrinsic value in GGL's current share price of ZAR2.66.

With the Gemfields brand returning to London via an AIM listing of GGL on 14 February 2020, it was important for Gemfields to increase its broker coverage in order to strengthen the Group's profile and reach a wider field of UK, European and other international investors. Although this process has been somewhat delayed due to Covid-19, Gemfields is now supported by regular independent reporting through its joint brokers finnCap and Liberum, with further coverage from Panmure Gordon and Edison. All recent research reports strongly point towards the gap between the Group's net asset value and the Company's current market capitalisation. This value gap has begun to narrow with Gemfields' share price yielding a 35% increase during the period. This positive run has continued with a further 48% increase since the end of the period and to 21 September 2021. Furthermore, 5% of GGL's shares in issue were traded between two shareholders at ZAR3.20 per share on 3 September 2021.

OUTLOOK

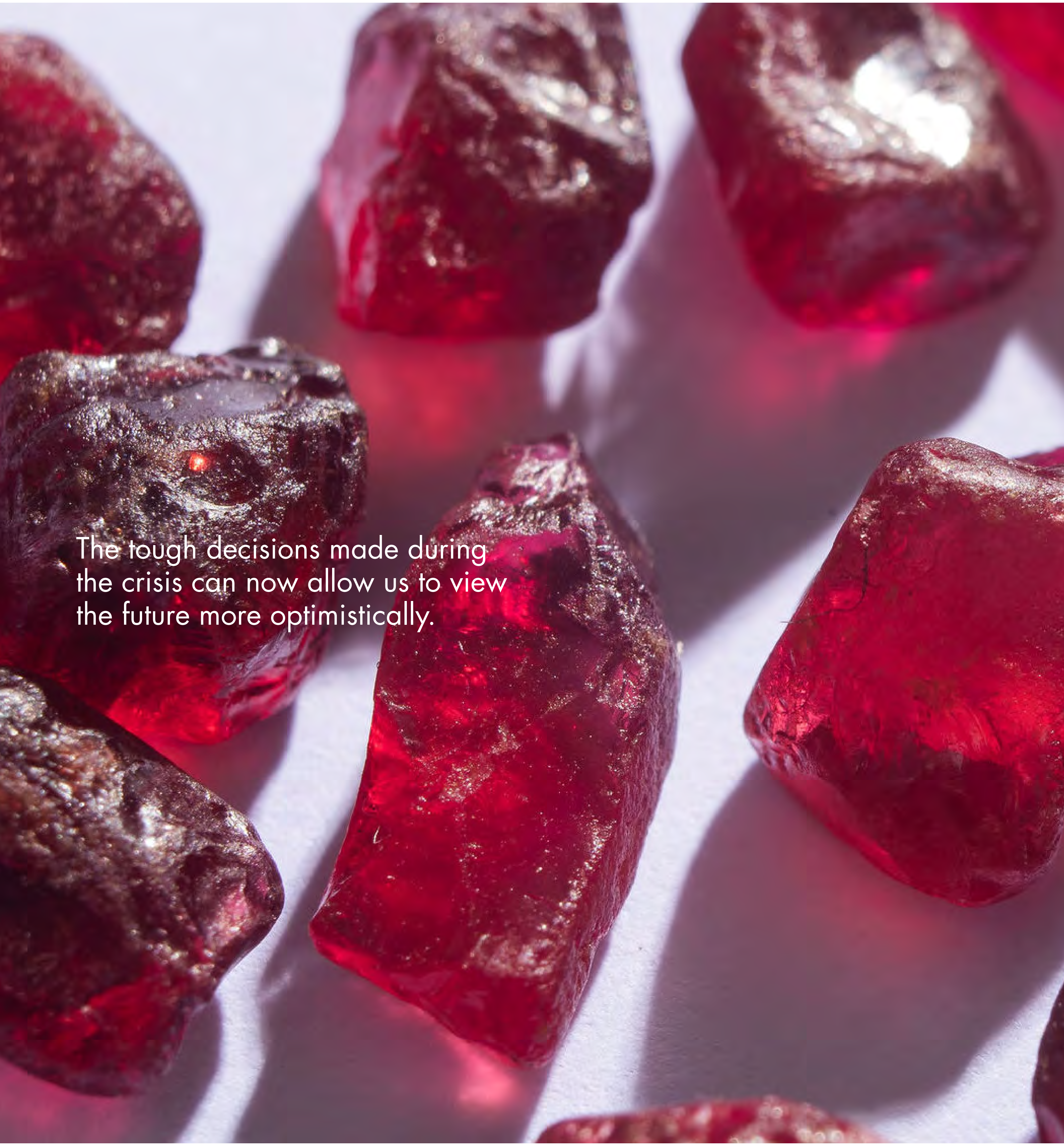
The current buoyant coloured gemstone market and the resumption of mining operations mean that the Board remains cautiously optimistic that it can deliver its long-held goal of distributing its maiden dividend to shareholders, hopefully during 2022. This would, in turn, reinforce the investment case for new and existing investors. Nevertheless, the Group's financial position remains sensitive to a number of material uncertainties surrounding the Group, including the ability of the Group's mining operations to continue uninterrupted, variability in geological and market conditions, and the continuation of the Group's debt facilities (as disclosed in the *Covid-19 and Going Concern* section of the Financial Review).

I would like to thank my fellow Board members and the management team for their continued commitment and constructive debate during the eye of the Covid-19 storm, and my colleagues across the Group and Gemfields' shareholders for the support and loyalty shown during arguably the most difficult time in the Group's history. I believe that the tough decisions made during the crisis can now allow us to view the future more optimistically as we continue to progress Gemfields' vision of being the global leader in African emeralds, rubies and sapphires, promoting transparency, trust and responsible mining practices.

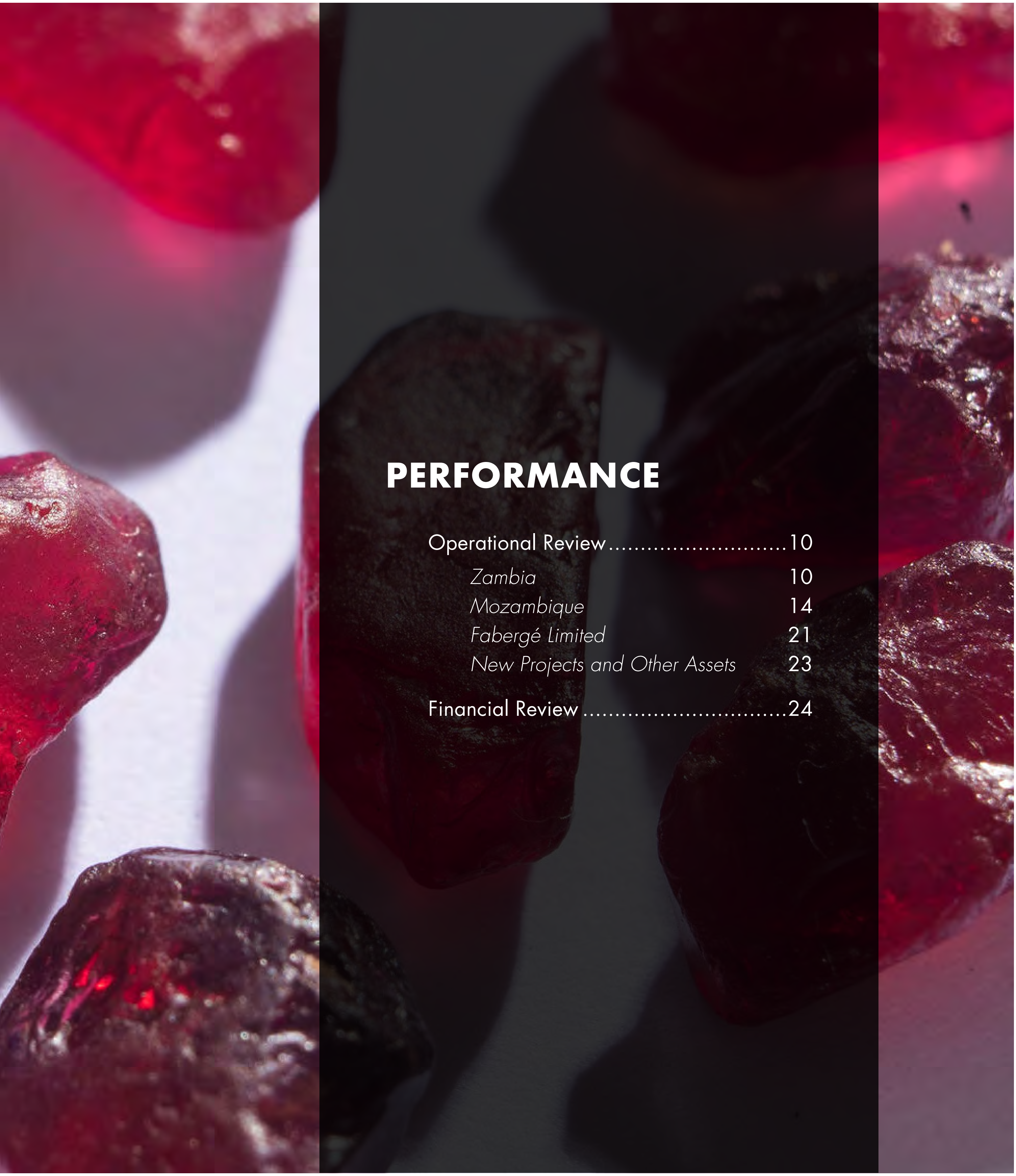
Martin Tolcher
Chairman
22 September 2021

Gemfields Ruby Mini-auctions (March–April 2021)

Responsibly sourced rough ruby, Montepuez Ruby Mining, Mozambique



The tough decisions made during the crisis can now allow us to view the future more optimistically.



PERFORMANCE

Operational Review

ZAMBIA

OPERATIONS IN ZAMBIA COMPRISE THE FOLLOWING:

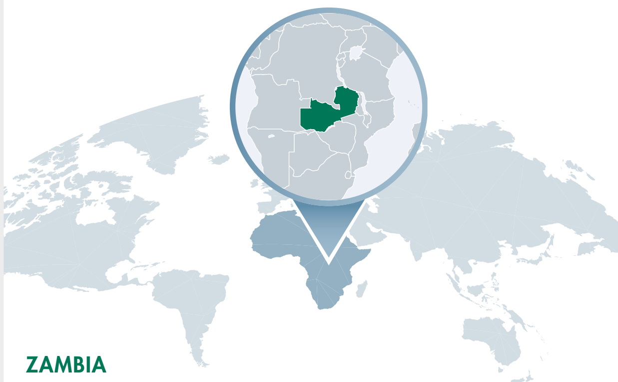
Kagem Mining Limited (“**Kagem**”), the world’s single-largest producing emerald mining company, accounts for approximately 25–30% of global emerald production. Kagem holds an asset portfolio of nine mining and three exploration licences in Zambia, with the primary operations being Chama, Fibolele and Chibolele. The principal operation is in the Ndola Rural Emerald Restricted Area (“NRERA”) and lies south of Kitwe and west of Ndola, in Zambia’s Copperbelt Province. Kagem is 75% owned by Gemfields and 25% owned by Government of Zambia through the Industrial Development Corporation (IDC). The operations comprise the following:

- Chama, an open-pit mine extending over 2.2 kilometres of strike length and supplying approximately 25% of global emerald production.
- Fibolele, an open-pit mine with a 600-metre-long strike length.
- Chibolele, an open-pit mine with a strike length of 450 metres.

Covid-19 and Kagem’s operations

Principal operations at Kagem were suspended from 30 March 2020, with a phased resumption from March 2021, reaching normal capacity by the end of May 2021.

Zambia experienced an exponential rise in the number of Covid-19 cases and deaths in the second quarter of 2021, with the Copperbelt province (Kitwe, Ndola, Luanshya, Lufwanyama, Kalulushi and Chingola) – where most of Kagem’s employees reside – remaining severely impacted. By June 2021, 47 Covid-19 cases had been reported at the mine site with mild symptoms, resulting in a temporary alteration in working patterns as isolation and other safety protocols were observed. At the completion of the required isolation and quarantine, normal shift cycles recommenced at the wash plant and sort house, which are the most confined working spaces at the mine. A vaccination drive is underway in conjunction with the Ministry of Health, where all Kagem and contractor employees are being offered the Covid-19 vaccination. By the end of July 2021, approximately 80% (897) of Kagem’s employees and contractors had been fully vaccinated.



ZAMBIA

Location	Copperbelt Province, Zambia
Acquisition by Gemfields	November 2007
Ownership structure	75% Gemfields 25% Government of Zambia
Gemstones	Emerald and beryl
Mining method	Open-pit
Potential mine life	22 years

Auction results

Kagem held a series of five sequential mini-auctions in the period 15 March to 17 April 2021. The auctioned lots contained a selection of grades that are typically offered at Kagem’s auctions of higher-quality emeralds. Selected lots were made available for in-person and private viewings by customers in Tel Aviv, Dubai and Jaipur. Following the viewings, the auctions took place via BidGemmer, the online auction platform specifically adapted for Gemfields, which permits customers from multiple jurisdictions to participate in a sealed-bid process. The auctions generated revenues of USD31.2 million, at an average of USD115.59 per carat.

The pioneering series of mini-auctions were held in November and December 2020. The prices achieved during this first series of mini-auctions were robust and, in a number of instances, comfortably exceeded bids previously received in pre-Covid-19 auctions. Some of the finer qualities of emerald however, were not offered at the

November and December 2020 mini-auctions, and this resulted in a lower average price per carat for that auction series of USD59.84. By contrast, the March and April 2021 mini-auctions did include the finer qualities of emerald, and this has contributed to the increased price per carat achieved in the most recent auction series.

Combining the results from the November and December 2020 mini-auctions with those from the March and April 2021 mini-auctions provides a more balanced view, with an average sales price of USD93.21 per carat, an all-time high. Including the March and April 2021 auction series, Kagem's total auction revenue since March 2009 rose to USD688.8 million.

Mining

The Chama open-pit mine is supported by a JORC-compliant Resources and Reserves Statement produced by SRK Consulting (UK) Limited ("SRK") as at 31 July 2019. The Competent Person's Report ("CPR") supports the reporting of Mineral Resource and Ore Reserve estimates in accordance with the 2012 edition of JORC and confirmed a 22-year open-pit Life of Mine Plan ("LoMP"). The resource and reserve statements are updated on annual basis by the company's internal competent person for disclosure to the JSE and AIM.

Mining operations resumed in the period for the first time since the suspension of principal operations in March 2020. A phased start-up of operations commenced in March 2021, with the sort house and wash plant starting first and mining ramping up to normal operating capacity by May 2021.

During the period, Kagem continued exposing the emerald formation and waste removal at three sectors of the Chama pit (F10, Chama and FF-Mboyonga) and the M1, M2 and M3 production areas at Chibolele. Fibolele remained suspended for the first half of the year with activities limited to de-watering.

Following the resumption of mining in April 2021, total rock handled for the period was 3.0 million tonnes compared to 2.3 million tonnes for first half of 2020 and 6.3 million tonnes during the first half of 2019, with Chibolele handling 0.30 million tonnes of rock (2020: 0.51 million tonnes; 2019: 0.59 million tonnes) and producing 0.90 million carats (2020: 1.38 million carats; 2019: 3.02 million carats).

Production

Kagem's achieved production in 2018 (35.5 million carats) and 2019 (36.3 million carats) was above expectation and unprecedented, especially with respect to premium emerald production. The premium emerald production in 2018 and 2019 was 224,415 carats and 204,630 carats, respectively. The fundamental impact of Covid-19 however meant that this trend did not continue through 2020.

Since mining operations recommenced in April 2021, production has been 10.3 million carats at grade of 190 carats per tonne, including 73,200 carats of premium emerald. This is a positive sign for the remainder of the year, with production exceeding the 9.4 million carats produced in the first half of 2020. Premium production of 73,200 carats is below the 133,900 carats produced in 2020 reflecting the dynamics of the ore body and the sections mined.

Operations in the first half of 2021 were geared towards expediting the more fruitful sections of the Chama pit, whilst opening other contacts for mining later in the year, mainly to replenish inventory levels. Activities focussed on controlled blasting in ore zone using small diameter drill holes, chiseling the in-situ ground and manual picking the run of mine at contact points, which has enabled the preservation of gemstone size, resulting in production of a significantly good quality.

Of the total production, Chama pit contributed 9.4 million carats, with contribution from Chibolele of 0.9 million carats.

Kagem's key operational parameters for the period ended 30 June 2021 are summarised in the table below.

Processing

Following the relaxation of Covid-19 restrictions, the wash plant operations recommenced on 17 March 2021, with work being done to improve the overall efficiency of the plant. These projects included the installation and commissioning of a magnetic

Kagem production summary

	30 June 2021	30 June 2020
Gemstone production (premium emerald) in thousand carats	73.2	133.9
Gemstone production (emerald and beryl) in million carats	10.3	9.4
Ore production (reaction zone) in thousand tonnes	54.6	46.4
Grade (emerald and beryl/reaction zone) in carats/tonnes	190	202
Waste mined in million tonnes	3.0	2.3
Total rock handling in million tonnes	3.0	2.3
Stripping ratio	54	49

separator that will improve the efficiency of the feeders and jaw crushers, and the construction of shelters to allow easier access for maintenance work.

Despite a Covid-19 induced two-week shut down and shift reduction at the wash plant in June 2021, 49,627 tonnes at 47 tonnes per hour ("tph") was processed during the period, compared to 40,794 in 2020 and 82,435 in 2019.

Operating costs

The total operating costs for the six months to 30 June 2021 were USD21.3 million compared to USD21.5 million for the comparative period, giving a unit operating cost of USD7.00 per tonne for the period. Cash rock handling unit costs (defined as total cash operating costs divided by total rock handled) were USD3.69 per tonne for the period compared to USD6.19 per tonne in the previous period, with total cash costs of USD11.2 million compared to USD14.5 million in the previous period.

Total operating costs include mining and production cost, mineral royalties, marketing, management and auction fees, selling, general and administrative expenses, and depreciation and amortisation, but exclude the change in inventory (see Note 3 to the condensed consolidated financial statements). Cash operating costs include mining and production costs and selling, general and administrative expenses, but exclude intercompany marketing, management and auction fees, depreciation and amortisation and mineral royalties.

Capital expenditure

During the period, Kagem spent USD0.6 million primarily on replacement mining and ancillary equipment and infrastructure improvements to staff accommodation to adhere to Covid-19 protocols. The planned capital investment has been curtailed considering the Covid-19 impact; however it is likely that, given the success of the recent auctions, the second half of the year will see an increase in capital spend at Kagem (albeit to moderate levels in comparison to previous years).

Geology and exploration

During the period, the emphasis was to establish geological continuity to support the expansion of the F10 section of the Chama pit, with drilling probes planned to gather subsurface geological information and cross check with the existing exploration data. No other significant exploration and evaluation activities have been undertaken during the period due to the suspension of Kagem's operations. Exploration activities are expected to ramp up over time as the impact of Covid-19 lessens.

Infrastructure

The year started with the completion of ongoing and new infrastructure development projects, which include the refurbishment of the senior staff mess and approximately 100 rooms of the existing junior and senior quarters, and upgrading the football pitch.

Protection services

The focus of the protection services team during the period was primarily on improving communication and surveillance within the licence area. As a result, observation towers were relocated, a FLIR thermal camera was set up at the wash plant area for improved surveillance of the expanded stock yard, and additional CCTV cameras were installed. These actions, combined with the continued use of drones, are expected to make the mine site safer.

Protection services have also increased their workforce in the period, with the addition of seven new protection services officers.

Health, safety and environment

Kagem continues to mine in a responsible, transparent and safe manner whilst sticking to the tenets of legitimacy, transparency, and integrity as an essential part of its commitment to mining safety and environmental conservation. The effort to aim at a zero-harm (injury-free) culture can never be over-emphasised as the health and safety of Kagem's employees, and environmental protection and conservation, are not only considered critical to the operation but are also ultimately the responsibility of everyone.

Kagem has achieved 100% compliance to all legal and statutory permitting and licensing associated with its mining operations.

General Site Inductions ("GSI") are provided to all employees, contractors and visitors. A proactive approach to hazard identification and risk assessments and a roll-out of 'Monthly Safety Themes' are being employed to enhance HSE awareness.

During the first half of 2021, Kagem recorded one lost-time injury ("LTI") compared to none in 2020.

Sustainability and corporate responsibility

The sustainability and corporate responsibility activities at Kagem aim to position the company in good standing with communities, and to ensure the company policies impact positively on people and complement the Government in reducing poverty levels and suffering amongst the people. Kagem's approach is community participation, in line with government policy.

In 2020, the Covid-19 pandemic debilitated Kagem's planned community activities, resulting in two projects (construction of three classroom blocks, two houses for teaching staff and two toilets at Masasa Primary School) being suspended for some time. In 2021, work was able to restart, and the projects are now almost complete.

Kagem has continued playing a big role in dealing with the Covid-19 pandemic in Zambia by donating clinical, health and hygiene items to the Lufwanyama District Hospital, Nkana Health Centre, and District Education in Lufwanyama. The named beneficiaries received materials worth USD5,000 each, giving a total expenditure of USD15,000. All items were received by the Lufwanyama District Commissioner.

The company also donated a 10,000 litre water tank to Chief Lumpuma for use by the community. It has also continued giving support to the four farming cooperatives of Kapila Green Farms, Blessings, Twasanta and Tweende by continuing to provide a market for their farm produce and engaging partners like Kickstart International, an organisation that trains small-scale farmers in quality crop management and production.

Human resources

As of 30 June 2021, 1,131 people (2020: 1,034) were employed by Kagem, of which 789 (2020: 783) were directly employed and 342 (2020: 251) were employed through contractors.

In the first half of 2021, employees were trained in various fields including health, safety, environment protection, quality management, team building, stress management and trade-related refresher training programmes. These training initiatives were conducted by both external and in-house trainers, with 100% of the workforce being trained at the mine site in Zambia.

Two students under the Memorandum of Understanding between Kagem and the Copperbelt University and between Kagem and the University of Zambia completed their degrees in mining engineering and geology during the period.

Staff welfare activities were focussed on improving social amenities around the workplace and camp. Management has continued to ensure strict adherence to the implemented Covid-19 preventive guidelines at the mine site. Following a vaccination drive with the Ministry of Health (provincial health team), 897 Kagem employees and contractors had been fully vaccinated by the end of July.

Routine Covid-19 screening is carried out on all employees arriving at the mine site, along with targeted testing on at-risk employees, with any cases being managed in accordance with the Ministry of Health treatment guidelines. To avoid further spread, contact tracing is also being conducted in accordance with the Covid-19 guidelines.

Operational Review

MOZAMBIQUE

OPERATIONS IN MOZAMBIQUE COMPRISE THE FOLLOWING:

- **Montepuez Ruby Mining Limitada** ("MRM"). The Montepuez ruby deposit, which is located in the northeast of Mozambique within the Cabo Delgado Province, is believed to be the most significant recently discovered ruby deposit in the world and covers an area of 349 square kilometres. MRM is 75% owned by Gemfields and 25% owned by local Mozambican partner, Mwiriti Limitada.
- **Megaruma Mining Limitada** ("MML"). MML holds a 75% interest in two ruby-mining titles located in the Montepuez District of Mozambique. Each shares a boundary with the existing MRM deposit and covers approximately 190 and 150 square kilometres of area, respectively.
- **Eastern Ruby Mining Limitada** ("ERM"). The company is registered in Mozambique, with Gemfields holding an 80% interest. The mining area covers 116 square kilometres and shares its western boundary with the southern licence of MML.
- **Campos de Joia Limitada** ("CDJ"). CDJ is a Gemfields holding company in Mozambique which has one mining title licence and three prospecting licences at present, totalling an area of 456 square kilometres. CDJ is 100% owned by Gemfields.
- **Nairoto Resources Limitada** ("NRL"). The company is registered in Mozambique, with Gemfields holding a 75% interest and local Mozambican partner, Mwiriti Limitada, owning the remaining 25%. NRL is the beneficial owner of six exploration and six mining concessions in northern Mozambique within Cabo Delgado Province. Spread over an area of 1,958 square kilometres, the concessions are located 30 kilometres north of the MRM concession and hold exploration potential for gold, ruby and allied minerals.

MOZAMBIQUE

Location	Cabo Delgado Province, Mozambique
Acquisition by Gemfields	November 2011
Ownership structure	75% Gemfields 25% Mwiriti
Gemstones	Ruby and corundum
Mining method	Open-pit
Potential mine life	14 years

MONTEPUEZ RUBY MINING LIMITADA ("MRM")

Covid-19 and MRM's operations

All but critical operations at MRM were suspended from 22 April 2020 due to the Covid-19 outbreak. Security, maintenance and other essential services were continued to ensure that MRM was properly secured and well placed to resume normal operations as soon as it was both safe and practicable to do so. Employees not required for the critical services were placed on suspended contracts under Mozambican law and received reduced remuneration (subject to minimum wage considerations). The same applied to MRM's Board of Directors.

Operations resumed in the period in a phased manner, starting with treatment plant operations on 22 February 2021. Mining operations then followed suit on 22 March 2021, after measures had been put in place to mitigate the risk of Covid-19 at the mine, including applying already established protocols for the handling of positive Covid-19 cases. The mine operation reached its near-normal capacity in May 2021.

Auction results

MRM held a series of seven sequential mini-auctions between 15 March and 8 April 2021. The lots were made available for in-person and private viewings by customers in Bangkok, Dubai and Jaipur and generated revenues of USD58.9 million. 89 of the 94 lots offered were sold, with an average price per carat of USD171.33. During the first half of 2020, MRM did not generate any revenue due to the Covid-19 pandemic.

Mining

The Montepuez ruby deposit is supported by a JORC-compliant Resources and Reserves Statement produced by SRK at 31 December 2019. The Competent Person's Report ("CPR") supports the reporting of Mineral Resource and Ore Reserve estimates in accordance with the 2012 edition of JORC and confirms a 14-year open-pit Life of Mine Plan ("LoMP") indicating that the mine is well positioned for growth in production.

The mining operations at MRM comprise a number of shallow, open-cast pits split between three main operating areas: the Mugloto Block, the Maninge Nice Block and the Glass Block. Mining is carried out as mechanised open-pit operations utilising excavators, loaders, tipper trucks and articulated dump trucks. Loaded trucks haul ore to stockpiles adjacent to the processing plant, while waste is backfilled into excavated areas, thereby returning the area to its natural aesthetic.

Total rock handling for the first half of the year was 1.8 million tonnes, at par with the 1.8 million tonnes in the prior year, as the principal mining operations were only resumed at the end of March 2021 after their suspension in April 2020. The 1.8 million tonnes of total rock handling consisted of 0.2 million tonnes of ore and 1.4 million tonnes of waste material at an overall stripping ratio of 7.0. In addition, 0.1 million tonnes of other material was handled, which included mostly slimes and minor waste amounts that were moved for road improvements.

As in the preceding years, production was primarily focused on the Mugloto Block (79%) in order to extract higher-quality ruby-bearing ore, with the remainder coming from the Maninge Nice Block (21%). Focus in the period was also to continue development of additional exploration pits in the Mugloto Block which have produced encouraging results. Furthermore, to improve the product mix output, the strategy designed to optimise mining operations will see the balancing of primary (low quality and high incidence) and secondary ores (high quality and low incidence) being continued.

Production

A total of 2.1 million carats of ruby and corundum were produced during the first half of 2021, with a focus on high-quality, low-occurrence deposits that provide premium rubies. During the same period in 2020, 1.3 million carats of ruby and corundum were produced, with the varying grade of the deposit the reason for variations in recovery.

Of the 2.1 million carats of production for the year, 2.0 million carats were recovered from Mugloto secondary ore, 0.05 million carats were recovered from Maninge Nice and the remainder from other sources.

MRM's key operational parameters for the six-month period to 30 June 2021 are summarised in the table below.

Processing

During the period, 204,800 tonnes of ore were mined, primarily from two blocks, Mugloto and Maninge Nice, with 329,400 tonnes processed compared to 346,400 tonnes for the same period in 2020. Of the total ore processed, 329,000 tonnes were washed by the main processing plant and 400 tonnes by the exploration processing plant.

The treatment plant has seen an increase in throughput from May 2021 following the commissioning of an apron feeder, which delivers a constant feed for the wash plant. The benefits achieved will continue, with a more pronounced improvement in throughput rate expected in the second half of the year.

The overall ore grade realised during the period was 6.2 carats per tonne, compared to 3.7 carats per tonne for the six-months to 30 June 2020. This was mainly due to higher grades achieved in the low ruby and low sapphire categories in 2021 compared to 2020.

Operating costs

Total cash operating costs for the six-months to 30 June 2021 were USD15.3 million, compared to USD13.3 million incurred in the first half of 2020, giving a unit cash rock handling cost of USD8.74 per tonne compared to USD7.48 per tonne in the prior period.

MRM production summary

	30 June 2021	30 June 2020
Gemstone production (premium ruby) in thousand carats	21.7	28.7
Gemstone production (ruby and corundum) in million carats	2.1	1.2
Ore mined (primary and secondary) in thousand tonnes	204.8	229.6
Ore processed (primary and secondary) in thousand tonnes	329.0	346.4
Grade (ruby and corundum/ore processed) in carats/tonnes	6.2	3.7
Waste mined in thousand tonnes	1,438.4	1,432.8
Miscellaneous rock handling	107.0	114.5
Total rock handling in thousand tonnes	1,750.2	1,776.9
Stripping ratio	7.0	6.3

The total operating costs for the current period were USD21.1 million compared to USD19.7 million in the prior period, with unit operating costs of USD12.00 per tonne.

Total operating cost includes mining and production costs, mineral royalties, marketing, management and auction fees, selling, general and administrative expenses, and depreciation and amortisation, but excludes the change in inventory. Cash operating costs include mining and production costs and selling, general and administrative expenses, but exclude intercompany marketing, management and auction fees, depreciation and amortisation, and mineral royalties.

Capital expenditure

All non-essential capital expenditure was put on hold when operations were suspended in April 2020. Total cash capital expenditure in the current period was USD1.3 million, comprising USD0.7 million spent on property, plant and equipment and primarily invested in the centrifuge installed at the treatment plant, and USD0.6 million spent on the Resettlement Action Plan ("RAP"). In respect of the RAP, the major construction work was completed on schedule in 2020, but additional improvement work is being carried out in 2021 at the request of government authorities.

Geology and exploration

The MRM concession is located within the wedge-shaped Montepuez Complex, a junction between the north-south trending Mozambique Belt and the east-west trending Zambezi Belt. Both belts are known to be "treasure-bearing" and date from the Neoproterozoic Pan-African tectonic event.

The exploration drilling programme was suspended from 31 March 2020 due to the Covid-19 outbreak and resumed in June 2021, completing 90 metres of inclined core drilling (six months to 30 June 2020: 1,128 metres). Exploration was focussed in the Mugloto Block and consisted of diamond-core drilling towards the north of northern shear, which is mainly focussed on exploring the source of Mugloto premium rubies. The block was identified based on previous inclined/vertical drilling, airborne geophysics and interpretation of secondary deposit.

The exploration plant resumed operations on 26 March 2021, treating ore samples from different geographical locations. The recovery results will be utilised for planning the extension of existing pits or opening new pits.

Infrastructure

Enhancement of the production facilities continued with the commissioning of the apron feeder in the wash plant circuit during May 2021, which has allowed for continuous feeding. The concrete foundation work of the slime treatment plant (centrifuge decanter) project is now complete; however with transportation impacted by Covid-19 restrictions in Europe, South Africa and India, commissioning of the centrifuge is now expected to take place in November 2021.

Whilst the Covid-19 pandemic is ongoing, all capital projects are being reviewed and, where possible, delayed, as cash preservation remains of paramount importance.

Protection services

The protection services team continued with the incorporation of supportive security-enhancement equipment, including better-quality body cameras, lighting towers and wireless cameras, which have improved surveillance across the site. Patrol teams use body cameras, which has resulted in improved monitoring of the MRM concession and adherence to the Voluntary Principles on Security and Human Rights ("VPSHR"). Training also continued regarding VPSHR, social media awareness, conflict resolution and juveniles in artisanal mining. The training was delivered by reputable third-party trainers to MRM employees. The team is continuing with various enhancement projects, such as, incorporation of drones with day and night-viewing capability to ensure the safety of people, products, equipment, reputation and information.

The protection services team remained focussed on maintaining a high standard of service, to keep MRM personnel and property safe, and to prepare for any possible external threats.

The ongoing insurgency in the north-coastal region of Cabo Delgado Province is concentrated in an area which is over 200 km to the northeast of MRM. It has, to date, resulted in the displacement of over 700,000 people from the region, who have been accommodated in various Internally Displaced People ("IDP") camps established by the government in the southern part of the province. Of these, about 70,000 have been housed in IDP camps in Montepuez district, and the local community households also host some of the IDPs. IDPs staying in areas near MRM pose an added threat to the operations, due to the risk that they could join the illegal miners. During the period, there has been an increase in illegal mining activity within the concession.

Although a direct threat from the insurgents is currently deemed unlikely, management is conscious of the possibility of opportunists mounting an attack on MRM's assets in the province and/or the spread of insurgency activity beyond its currently known areas towards the south or west. Management is working in close coordination with relevant government and third-party agencies to track the developments in the region, including in relation to intelligence assessments which are being kept continually updated. An evacuation plan has been prepared in case a worst-case scenario should arise.

Health, safety and environment

Health, safety and environmental activities have remained centred on Covid-19 management since the outbreak of the pandemic and declaration of the state of emergency in Mozambique on 30 March 2020, which was replaced by the State of Public Calamity on 7 September 2020. In the six months to 30 June 2021, MRM

Back-filling and post environmental rehabilitation, Montepuez Ruby Mining, Mozambique

had 77 positive cases, with the total cumulative PCR and Rapid Antigen tests since proactive testing began in July 2020 being 5,285, with 126 positive cases. The majority of the cases identified have been asymptomatic and none of the positive cases to date has required hospitalisation. All positive cases are quarantined in the camps or at home in line with government guidelines.

MRM continued with the good practice of backfilling and post-mining environmental rehabilitation, with the replanting of locally grown saplings. A project to instal a centrifuge decanter to deal with slime treatment was initiated in 2020, however put on hold due to Covid-19. This project was resumed during the period and is scheduled for completion in the fourth quarter of 2021. Once implemented, it will assist the washing plant in coping with the increased slimes, while improving environmental standards.

MRM successfully achieved one million Lost Time Injury (LTI) free shifts at the end of May 2021. MRM's efforts to prioritise the health and safety of its employees, the communities and the environment, were recognised by the Government when it was presented the runner-up award for "Best HSE Practices in the Mining Sector" by the Prime Minister of Mozambique at a national event held in Maputo in May 2021.

The implementation of the Integrated Management System ("IMS") incorporating ISO 9001 (Quality), ISO 14001 (Environmental) and ISO 45001 (Occupational Health and Safety), which had been put on hold due to the Covid-19 outbreak, was resumed in the period and the implementation consultant has been re-engaged.

Sustainability and corporate responsibility

In line with MRM's philosophy of creating a sustainable community development programme, several sustainability and corporate responsibility ("SCR") initiatives in the areas of education, agriculture, health and humanitarian support continued apace during the period.

Agricultural production is one of the main social projects implemented by MRM, directly benefiting 450 households and indirectly around 2,000 people from the communities neighbouring the mine. Inside the agricultural conservation project, MRM provides agricultural inputs and training to local farmers, in addition to technical assistance. MRM continues to support the health development of local communities, with the total number of patient visits by MRM's mobile clinics reaching over 8,000 people in the period.

MRM is providing humanitarian aid to the Internally Displaced People ("IDP") from the ongoing insurgency in the north coastal region of Cabo Delgado. During the period MRM provided 60 food kits to displaced families in the Montepuez district and 5,000 long lasting mosquito nets and 2,000 blankets are currently being prepared for distribution to the IDPs. MRM is also undertaking rehabilitation of 19 boreholes in neighbouring communities and is in the process of arranging for the drilling and equipping of five boreholes in IDP camps. Gemfields Foundation, the Group's associated charity, also delivered 4,004 solar lanterns to the Montepuez Government for distribution to displaced people.

MRM recognises that a good relationship with communities is vital to the success of its operations. To consolidate the community engagement process, 14 community "focal points" from seven villages around the mining area were incorporated and trained. The focal points are individuals in the community who serve as a means of linking the communities and the company on a more informal basis, alongside MRM's more regularised community engagement process. These individuals facilitate the timely sharing of useful information from the community to the company which can help the company address any issues raised.

The Vocational Training Centre ("VTC") classes for the year 2020 were completed in February 2021. 24 electricians, 27 plumbers and 19 building painters successfully completed the training. 17 of these 70 people are women. Ongoing training classes for the 2021 academic year have 47 students in the courses of electrical installation, plumbing, civil construction and painting.

The Resettlement Action Plan ("RAP") project, consisting of the construction of 105 houses, public infrastructure, water and power reticulation, was completed, and the relocation of government institutions and the resettlement of the new homeowners was concluded in December 2020. Outstanding issues of RAP beneficiaries' farmland and some claimants claiming RAP eligibility are being dealt with by the relevant government authorities.

Legal

To further its ongoing commitment to transparency and support for the local community, and under the voluntary settlement agreement which ended the Leigh Day litigation, MRM has established an independent operational grievance mechanism ("OGM") in keeping with the laws of Mozambique, the UN Guiding Principles on Business and Human Rights, and industry best practices. An Independent Panel is considering grievances submitted to the OGM and, in the event that a grievance meets the requisite evidential threshold, will determine an appropriate remedy for the grievant. A third-party human-rights specialist was engaged to assist MRM with the design and implementation of the OGM.

The OGM's pilot scheme was launched on 6 October 2020. The purpose of this pilot phase was to assess a small number of test cases and provide training to the Independent Panel. Following a public awareness campaign, the OGM was formally launched on 4 February 2021. An independent body has been appointed to report on the efficacy of the OGM at six-monthly intervals, with the first report due in October 2021. The number of cases being reported has increased since the scheme officially launched; however, only a very small number of cases have been ruled on to date. More data is expected to be available for the Group's 2021 Annual Report.

Human resources

As at 30 June 2021, 1,434 people were employed by MRM, of which 629 were directly employed and 805 were employed through contractors.

Under the 'United for the vaccine against Covid-19' ("Univax") project whereby private companies can import Covid-19 vaccines through the Mozambique Ministry of Health, MRM has commenced the vaccination of its employees and contractors. By mid-September, 538 MRM employees and contractors had received their first dose, with 68 people being fully vaccinated.

MEGARUMA MINING LIMITADA ("MML")

MML holds two ruby mining licences, 7057C and 7049C. Mining licence 7057C, located in the Montepuez District, in Cabo Delgado Province of Mozambique, covers an area of 150 square kilometres. Mining licence 7049C is located within the districts of Montepuez, Chiure and Ancuabe in Cabo Delgado Province of Mozambique, and covers an area of 190 square kilometres. These two licences share their boundaries with the western and southern boundary of the existing MRM licence.

Based on the findings of auger drilling done in 7057C, eight bulk sampling targets have been completed, with a total of 771,200 tonnes having been mined since commencement in July 2018, including 71,000 tonnes of ore since October 2018.

A total of 54,500 tonnes of ore has been treated in the wash plant since it commenced operations in October 2018 at a rate of 30 tph, with a total recovery of 660.75 carats of ruby ranging in quality from Tumble Ruby to Low Sapphire.

The land usage title ("DUAT") covering an area of 9,889 ha was issued for the 7057C licence by the National Director, Ministry of Land and Environment, Maputo, in February 2020 and is valid until November 2039.

The bulk sampling operations were placed on care and maintenance in April 2020 due to the Covid-19 pandemic, and only recently resumed operations, in July 2021.

During the period, MML complied with new regulations that require each licence to have a unique identification number by


Sampling

transferring 7049C to a separate legal entity, called Novo Megaruma Mining Limitada ("NMML").

The renewal of the Environmental Licence (Category B) for 7049C was applied for in December 2020, and the process is being pursued with the relevant government departments. The expiry of this licence in March 2021 has no impact on MML's operations as the renewal process was completed and submitted within the requisite timeframe. The delays are down to the impact of Covid-19 on the relevant government departments, and the existing force majeure situation. All necessary communications with the office of the National Mining Institute ("INAMI") continue over the ongoing situation on the ground.

EASTERN RUBY MINING LIMITADA ("ERM")

The exploration licence 5061L held by ERM, a joint venture company in which Gemfields holds an 80% interest, was converted into mining licence 8277C in November 2016 by the Ministry of Mines and is valid for 25 years. The licence covers an area of 116 square kilometres and shares its western boundary with the southern licence of MML (7049C).

The Environmental Licence (Category B) was awarded by Provincial Directorate of Land, Environment and Rural Development ("DPTADER") in favour of ERM in December 2019 and is valid for five years until December 2024.

In December 2019, in order to control the prevalence of illegal mining on the concession, the Natural Resources Protection Force was deployed at ERM to remove a large number of artisanal miners so that operations could commence.

The Covid-19 pandemic has resulted in a delay of planned exploration activities at ERM, with bulk sampling not expected to commence until 2022. In compliance with the applicable mining legislation, all regulatory authorities have been informed of the Covid-19 enforced delay that has impacted the Environmental Management Plan.

The land use rights ("DUAT") application was successfully signed by the Secretary of State, National Directorate of Land, Maputo and the application is pending in Maputo for approval by the Minister. The delay in formally getting this signed is down to Covid-19 and the Group is confident that this will be issued in due course.

CAMPOS DE JOIA LIMITADA ("CDJ")

CDJ is a Gemfields holding company in Mozambique and has four licences at present (7427C, 6114L, 9059L and 9060L), totalling an area of 456 square kilometres.

The Environmental Licence (Category B) was awarded on 9 July 2019 in favour of 7427C, allowing the commencement of exploration activities and in due course, bulk sampling. The licence is valid for five years to 9 July 2024. The exploration camp with minimum necessary facilities and infrastructure was commissioned in August 2019.

The land use rights ("DUAT") application, which was filed in June 2019, has been approved at both the district and provincial level, and the application is currently under process for final approval.

During the period CDJ complied with new regulations that require each licence to have a unique identification number by transferring the three prospecting licences to separate legal entities.

The Covid-19 pandemic has resulted in a delay of planned exploration activities at CDJ, with any further exploration activities not expected to restart until at least 2022. In compliance with the applicable mining legislation, all regulatory authorities have been informed of the Covid-19 enforced delay that has impacted the Environmental Management Plan.

NAIROTO RESOURCES LIMITADA ("NRL")

A joint venture agreement was signed between Gemfields Ltd (75%) and Mwiriti Lda (25%), the Group's existing partner in MRM, in June 2019 to manage a cluster of twelve exploration and mining licences located at about 30 kilometres to the north of the MRM concession. The JV company Nairoto Resources Limitada ("NRL") became fully functional in January 2020. NRL is the beneficial owner of all twelve licences, covering an area of

Ruby mining exploration, Mozambique

1,958 square kilometres. The licences hold exploration potential for gold (both primary and secondary), ruby and allied minerals.

Operations recommenced at NRL in April 2021 after being under suspension for nearly a year due to the Covid-19 pandemic.

SRK was engaged to provide advisory and technical support with an initial focus on secondary gold resources, leading to the identification and evaluation of the primary source. SRK has completed this exercise for all 12 licences and the outcome is encouraging. It has led to the identification of 88 catchment areas and 38 potential targets for secondary gold and primary gold, respectively. SRK designed a stream sediment programme to evaluate the secondary gold potential of these catchment areas, which began in June 2021. The programme has a target to collect 3,732 samples in ten months. A total of 490 samples had been collected by 30 June.

Two thousand two hundred and ninety-six stream, pit and soil concentrates derived from samples collected prior to 2020 have been analysed with the onsite XRF tool. The analytical results are utilised in planning for further exploration.

NRL has two 3tph capacity pilot treatment plants. The pilot plants incorporate gravity-based operations, most suited for alluvial mineral processing. Pilot treatment plants are operated with a view to supporting exploration activity by assessing the gold content in ore from different target locations ("TL"). Pilot plants resumed operations in the last week of May 2021. So far, potential ore from TL1 and TL8 has been processed in the pilot plants with both demonstrating encouraging results.

A detailed exploratory trenching programme will commence in July to establish the potential tonnage and grade for eight identified TLs. This exercise will be carried out with one excavator, four tippers and necessary ancillaries. Phase 1 will cover a total of 15 trenches which will cover 2,949 metres of total length. This exercise will continue for rest of the year. The potential ore from these trenches will be processed in the pilot treatment plants to recover the contained gold and evaluate the ore grade. Samples collected from trenches will also be sent for elemental analysis, including gold, to an international accredited laboratory.

NRL is planning to run the pilot plants on double shift operation, starting from July 2021, to support the upcoming geological trenching activity.

Operational Review

FABERGÉ LIMITED

Fabergé is one of the world's most-recognised luxury-brand names, underscored by a well-documented, rich, illustrious heritage. As a wholly owned subsidiary of Gemfields, Fabergé provides direct access to the end consumer of coloured gemstones through directly operated boutiques and international wholesale partners, as well as boosting the international presence and perception of coloured gemstones through its consumer-focussed marketing campaigns.

POINTS OF SALE

For the six months to 30 June 2021, Fabergé directly operated three points of sale: a concession in the Harrods Fine Jewellery Room, London, UK, a mono-brand boutique located in The Galleria Mall, Houston, Texas, USA, the state's premier retail destination, and a mono-brand boutique located in the world-famous Dubai Mall, Dubai, UAE.

At 30 June 2021, Fabergé products were available in Australia, Andorra, Azerbaijan, Bahrain, Belgium, Canada, China, Czech Republic, Finland, France, Germany, Greece, India, Italy, Jordan, Japan, Kuwait, Malta, Moldova, Norway, Holland, Qatar, Romania, Saudi Arabia, South Africa, Spain, Switzerland, Thailand, UAE, UK, Ukraine and the USA. The total number of Fabergé outlets increased from 81 to 86 during the period.

In addition, Fabergé products are also available for purchase online via Fabergé.com, Net-A-Porter and a host of other third-party online marketplaces.

FINANCIAL PERFORMANCE

Fabergé achieved revenue of USD4.9 million in the six months to 30 June 2021, compared to USD2.5 million during the same period in 2020. The increase in revenue is primarily the result of increased consumer confidence, as key customer locations for Fabergé have opened up following the easing of Covid-19 restrictions around the world. The coronavirus restrictions in 2020 hampered Fabergé's ability to deliver sales during various national lockdowns and adversely affected operations at all of the company's outlets.

During the same period, Fabergé recorded an EBITDA loss of USD1.5 million, compared to an EBITDA loss of USD2.5 million in 2020, with average monthly operating expenses of USD0.6 million and a sales margin of 46% (six months to 30 June 2020: 53%).

The loss for the period after tax amounted to USD2.1 million, compared to a loss of USD12.7 million in 2020, which included the USD11.5 million impairment loss recognised in 2020. No further impairments have been recognised since June 2020.

PRODUCT DEVELOPMENT

To commemorate 100 years since Peter Carl Fabergé passed away, Fabergé crafted an extraordinary, one-of-a-kind egg objet. Hand-crafted in 18k yellow gold, and weighing an astonishing 10kg, this

The Fabergé Centenary Egg, featuring Gemfields emeralds and rubies

Fabergé Visionnaire DTZ Dynamist

The Fabergé x Game of Thrones Egg, featuring Gemfields rubies

unique objet took inspiration from the first-ever Imperial Egg, the 1885 Hen Egg, as well as the 1887 Third Imperial Egg. The Centenary Egg, set to be a future heirloom, features gold fluting, a technique for which Peter Carl Fabergé was renowned, and which featured heavily in his early works of art. The Egg is also set with spectacular Gemfields Mozambican rubies and Zambian emeralds, giving it a contemporary and colourful twist and complementing the white diamonds which line its circumference.

Fabergé also introduced the latest addition to its Visionnaire timepiece collection, the DTZ Dynamist, a new creation fusing the energy of movement with surprise and featuring an award-winning movement developed exclusively for Fabergé. This timepiece elegantly merges modern technology with Fabergé's culture and heritage. The design boasts a case comprised of ceramic and titanium, complemented by a classic black fascia which, when coupled with the yellow gold elements, makes for a strong, contemporary, bold colour combination.

During the period, Fabergé also expanded upon its chic, contemporary Colours of Love collection to include new multi-coloured, fluted rings containing an array of vibrant coloured gemstone combinations.

MARKETING AND COMMUNICATIONS

In April 2021, and in keeping with Fabergé's iconic legacy of creating exquisite objets d'art, Fabergé announced to the world's press the commissioning of its next Imperial Class Objet Egg, through a unique collaboration with Warner Bros. to commemorate the extraordinary story of HBO®'s award-winning television series, Game of Thrones.

This surprise collaboration will fuse Fabergé's superior craftsmanship and artistic ingenuity with one of the 21st century's most popular shows.

Throughout the same period, Fabergé maintained a blend of digitally focused marketing to support online sales.

THE YEAR AHEAD

Fabergé will continue to mitigate the market downturn, driven by the national lockdowns and ongoing global travel restrictions caused by Covid-19, by continuing to apply greater focus than ever before to digital marketing and online sales. A number of selling events and exhibitions are planned for the second half of the year and it is anticipated that the wholesale division will once again be able to travel and that the directly operated retail boutiques will be able to remain open during this period. The combination of these factors should drive sales to pre-covid levels and beyond.

Operational Review

NEW PROJECTS AND OTHER ASSETS

ETHIOPIA

Gemfields owns 75% of Web Gemstone Mining plc ("WGM"), a company that holds a 148.6 square kilometre emerald exploration licence in southern Ethiopia. Exploration activity began in June 2015 in an area in the northern part of the licence called the Dogogo Block. The area was selected based on favourable geological settings and evidence of past artisanal activity. Operations in Ethiopia remain suspended due to a combination of the 2018 licence invasion, ongoing political unrest and the Covid-19 pandemic.

The political and security situation in Ethiopia remain unsettled, although the delayed national elections, originally scheduled for May 2020, were finally held in June 2021. It is hoped that the elections will help to settle the recent unrest that has afflicted large parts of the country. Given the prevailing security conditions in the region and the pandemic situation, it is likely that there will be an adverse knock-on effect on the Return-to-Work ("RTW") plan of WGM.

At the time of writing, Ethiopia has recorded 277,000 confirmed cases of coronavirus (262,000 since recovered) and a seven-day average of 78 new daily cases, with 4,341 confirmed deaths. Ethiopia's second wave peaked in early April 2021, and new daily cases appear to be tailing off. The state of emergency implemented in April 2020 has been relaxed, and normal life has more or less resumed (unofficially at least), although the country has strengthened its entry requirements to include digital negative tests from trusted laboratories to protect against new variants from foreign countries.

Given the impact of Covid-19 on Gemfields' business across the group, significant efforts were made to reduce spending as much as possible on non-core and developmental projects, including WGM. All operations (including RTW) have been postponed until at least 2022, therefore all non-essential activities have ceased, with the current focus being on sustaining good relations with the various stakeholders and maintaining the corporate, regulatory and licencing obligations.

WGM's exploration licence was renewed for a further year in March 2021 without the requirement to relinquish any area due to the ongoing force majeure conditions. As the licence is an exploration licence, it can only be renewed on an annual basis.

Mixed rough sapphires

Gemfields has applied for two exploration licences for sapphire in Chila, Tigray region (to the north of the country), and emerald at Shakiso, Oromia region (in the south of the country). After a period of inactivity, the Ministry of Mines have ramped up licence application approvals and have advised that Gemfields' two applications are close to being approved and the licences issued, following submission of final technical reports. There are no immediate plans to develop either licence until both the ground conditions and the prevailing pandemic disruption have normalised.

MADAGASCAR

Oriental Mining SARL, a 100% subsidiary of Gemfields, holds a number of concessions for a range of minerals, including emerald and sapphire, which comply with all statutory and regulatory obligations in-country. Gemfields was planning to commence preliminary investigations with regard to several permits in 2020; however, the global travel restrictions and the cost-saving measures implemented across the Group in response to Covid-19 mean that developmental activities in Madagascar have been postponed until further notice.

Financial Review

David Lovett
Chief Financial Officer

A summary of the key financial indicators of the Group for the six months ended 30 June 2021 are shown below:

in thousands of USD	2021	2020
Revenue	97,236	15,000
EBITDA[1]	43,471	(24,702)
Profit/(loss) after tax	23,758	(56,737)
Cash generated from/(utilised in) operating activities	50,627	(4,555)
Free cash flow[2] before working capital movements	41,814	(42,168)
Free cash flow[2]	48,258	(11,996)
Net cash	28,705	9,281

1 *Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude one-off impairments on the Group's fixed assets, fair value gains or losses on the Group's non-core equity investments and share based payments.*

2 *Free cash flow is calculated as cash flow from operating activities less sustaining and expansionary capital expenditure. A full breakdown can be seen in Note 3: Segmental Reporting to the condensed consolidated financial statements.*

The Group's primary financial key performance indictors ("KPIs") are revenue, free cash flow before working capital movements and net cash/(debt). For a reconciliation of the above KPIs, see Note 3 to the condensed consolidated financial statements.

During 2020, the Group's results and financial performance were severely impacted by the Covid-19 pandemic. The principal operations were suspended at Kagem on 30 March 2020 and at MRM on 22 April 2020. In addition, the various jurisdictional restrictions on the movements of goods and people have prevented the Group from holding any traditional-style auctions since the commercial quality ("CQ") emerald auction held in February 2020.

In response to the continued restrictions brought about by the Covid-19 pandemic, during 2020 the Group re-thought its auction strategy and introduced an online bidding platform that permitted customers from multiple jurisdictions to participate in a sealed-bid process. In November and December 2020, a series of five sequential emerald mini-auctions were held using this auction model. Selected lots were made available for in-person and private viewings by customers in Jaipur, Singapore and Tel Aviv. Each mini-auction consisted of several schedules and took place over a five-day period. This new auction format achieved robust pricing and saw strong demand for the Group's emeralds.

Following the success of these emerald mini-auctions, the Group held a series of high-quality ("HQ") emerald and mixed-quality ("MQ") ruby mini-auctions between March and April 2021 using this new format. The auctions generated revenues of USD31.2 million and USD58.9 million respectively, with strong demand for both gemstones reflected in the robust prices achieved. Although the Group will endeavour to hold auctions in the traditional format once the pandemic-related travel restrictions allow, the success of the mini-auction format provides confidence that an alternative route to market is available.

The Group also recommenced its mining operations at MRM and Kagem during the period, with both mines ramped up to normal capacity in May 2021. The recommencement of mining operations in the current period is also affirmative of the Group's good performance during the first half of 2021, and the positive outlook for the remainder of the year.

Continuing the success of the Group from the first half of the year, between 28 July and 11 August 2021 the Group held a series of CQ emerald mini-auctions, generating total revenues of USD23.1 million, a new all-time record for CQ emerald auctions. This was the first CQ auction the Group has held since February 2020. The auction saw 49 companies placing bids, with an overall average value of

USD6.61 per carat achieved, a new record for CQ emeralds. The auction saw 97% of the offered carats, and 97% of the lots offered, being sold, further testament to the strong market demand for Kagem's emeralds, despite the ongoing pandemic.

Revenue

in thousands of USD	**30 June 2021**	30 June 2020
Kagem	**31,237**	11,446
MRM	**58,930**	–
Fabergé	**4,907**	2,471
Other	**2,162**	1,083
Total	**97,236**	15,000

In the first half of 2020, the Group achieved revenues of USD15.0 million, primarily from a CQ emerald auction held in Lusaka, Zambia, in February 2020. The auction generated revenues of USD11.4 million at an average of USD4.01 per carat. The Covid-19 pandemic meant that the scheduled May HQ emerald auction and June ruby auction were cancelled, with no further traditional auctions held in 2020.

In the first half of 2021, the Group held its second series of mini-auctions using the online bidding platform for both HQ emeralds and MQ rubies. The series of auctions ran from 15 March 2021 to 17 April 2021, with selected lots made available for in-person and private viewings by customers in Jaipur, Singapore and Tel Aviv for emeralds, and Bangkok, Dubai and Jaipur for rubies. Following the viewings, the auctions took place via the online auction platform specifically adapted for Gemfields. With Gemfields' core values being transparency, integrity and legitimacy, the auctions were fully monitored by the Ministry of Mines and Minerals Development of Zambia and the Zambia Revenue Authority for the emerald mini-auctions, and by the Ministry of Mineral Resources and Energy and the Mozambique Tax Authority for the ruby mini-auctions, both via video conference.

Total revenues generated from the emerald and ruby auctions were USD90.2 million, indicative of strong market demand and robust pricing. All gemstones sold at the auctions were mined prior to April 2020.

The series of HQ emerald mini-auctions generated total revenues of USD31.2 million. The auctions saw 59 companies placing bids, with an overall average value of USD115.59 per carat. The auctions saw a good turnout with only one of the 37 schedules being held back, and 99% of the carats offered being sold. This indicates that rough emerald prices and demand have remained strong despite the impacts of the Covid-19 pandemic. It should be noted however, that the product mix with these auctions was considerably different to a typical high-quality auction, with only the top premium grades being offered. The price per carat achieved therefore does not reflect that of a typical HQ auction which has larger range of premium grades on offer; however, when combined with the results from the November-December 2020 auctions it provides a more balanced view, with an average sales price of USD93.21 per carat, an all-time high.

The Group's 37 auctions of emeralds and beryl mined at Kagem since July 2009 have generated total revenues of USD688.8 million for the Group.

The series of MQ ruby mini-auctions generated total revenues of USD58.9 million. The auction saw 52 companies placing bids, with an overall average value of USD171.33 per carat. The auctions saw 89 of the 94 lots offered, and 47% of the offered carats, being sold. Similar to emeralds, this indicates that rough ruby prices and demand remain robust despite the impacts of the Covid-19 pandemic. However, as this is the first series of ruby auctions that have been held since December 2019, built-up demand over this period could have contributed to these results. Further, it should also be noted that the product mix sold at these auctions was considerably different to a typical MQ auction, with the five unsold lots representing 53% of the total unsold weight; had these all been sold, the average USD per carat realised would have been lower.

Fabergé generated revenues of USD4.9 million in the period, above the USD2.5 million achieved in the first half of 2020. This was primarily due to increased consumer confidence as Covid-19 restrictions were eased during the period, translating into increased sales. Direct-to-customer and web sales both saw strong performance in the period as Fabergé continued to focus on diversifying its revenue streams.

Other revenue represents the direct sales of low-quality emeralds and beryl in India and the sale of historically purchased cut and polished inventory in the UK and South Africa.

COSTS

In response to the Covid-19 pandemic, all but critical operations at Kagem and MRM were suspended in March and April 2020, respectively. Operations recommenced in early 2021, with MRM's wash plant and sort house starting in mid-February and those at Kagem from mid-March 2021. Mining operations recommenced from April 2021, with both mines operating back at normal capacity by the end of the period. At the corporate level, all UK staff members, including the GGL Board of Directors, received a 20% salary reduction from 1 May 2020, with all significant marketing, travel and other discretionary spend suspended or significantly curtailed. Following the success of the mini-auctions held in March and April 2021, salaries were increased back to 100% from April; however marketing, travel and other discretionary spend remains curtailed.

In 2020, these measures had the impact of reducing the total operating costs (including depreciation and the change in inventory) for the Group from USD74.4 million in the six months to 30 June 2019


Emerald wash plant, Kagem Mining, Zambia

to USD53.2 million in the six months to 30 June 2020. In the six months to 30 June 2021, total operating costs have increased to USD65.4 million, but remain below their business-as-usual levels. The increase in the current period, when compared to the prior period is predominantly due to the mini-auctions held in March and April 2021, which have led to higher mineral royalties and production taxes, and cost of goods sold in the current period.

Total mining and production costs (excluding mineral royalties and production taxes) were USD21.3 million for the six months to 30 June 2021, a slight decline of USD2.4 million on the prior period, reflecting the continued suspension of all but critical operations at Kagem and MRM until April 2021.

Mineral royalties and production taxes, which are calculated as 10% on all ruby revenues in Mozambique and 6% on all emerald sales in Zambia (including intercompany transfers), were USD1.9 million for the Kagem emerald auctions (2020: USD0.7 million) and USD5.8 million for the MRM ruby auctions (2020: Nil).

The change in inventory in the period has moved from a USD3.2 million add-back in the first half of 2020, to a USD7.9 million expense in the current period. The Group values its rough emerald and ruby inventories based on their weighted average cost of production. This means that direct costs of production are capitalised to the balance sheet when incurred, with the average cost accumulated per carat then released back to the income statement when the gemstones are sold. The USD3.2 million add-back in the prior period reflects excess of production levels (before the mines were suspended) over sales in the period, primarily because the Group was only able to hold one CQ emerald auction before the Covid-19 pandemic prevented additional auctions being held in 2020.

In the first half of 2021, the large quantities sold at the mini-auctions held in March and April have caused the cost of goods sold to increase by USD14.0 million in comparison to 2020, whilst mining and production costs have remained at a consistent level, causing a net expense to result for the period. Cost of goods sold are higher than inventory produced and capitalised in the period due to the mines only recommencing operations in March 2021, ramping up to normal capacity production from May.

In the period from when the mines were placed on temporary suspension in 2020 until 31 March 2021, all unavoidable mining and production costs were expensed directly and not capitalised to inventory.

Depreciation and amortisation reduced in the period by USD1.7 million due to operations being suspended over a longer period in the first half of 2021 and from the Group minimising its capital expenditure since the Covid-19 pandemic began. In 2021, of the USD11.2 million total depreciation and amortisation, USD3.8 million (compared to USD3.6 million in 2020) is the amortisation of the purchase price allocation fair-value uplift to the mining assets at Kagem and MRM, representing the excess purchase consideration on acquisition by Gemfields.

Selling, general and administrative expenses ("SG&A") of USD17.4 million were USD1.7 million below the USD19.1 million spend in the prior period. As discussed above, suspension of all but critical operations resulted in significant reductions in labour, marketing and advertising, professional fees and travel costs across the Group, which have continued into 2021 as the Covid-19 pandemic continues to impact operations.

The cost base of the Group is also impacted by fluctuations in foreign currency exchange rates in key operating locations. Net foreign exchange gains of USD0.9 million were realised in the first half of 2021, predominantly the result of the Mozambican Metical ("MZN") average rate strengthening by 3% against the US Dollar ("USD"), versus a devaluation of 12% in the first half of 2020. This resulted in a foreign exchange gain being realised in Mozambique, mostly arising on the deferred tax and VAT assets held that are denominated in local currency. During the period to date, the USD average rate has also devalued by 7% against Pound Sterling ("GBP"); however it has strengthened by 19% against the Zambian Kwacha ("ZMW"). The strengthening of the GBP led to a foreign exchange loss in Fabergé due to the high volume of operating costs denominated in local currency.

In the prior period, net foreign exchange losses of USD2.2 million arose as the USD average rate strengthened significantly by 37% against the ZMW; 7% against the MZN and 3% against the GBP, leading to losses on the net foreign currency assets at Kagem, MRM and Fabergé.

IMPAIRMENT REVIEW

During the first half of 2020, the Covid-19 pandemic caused a significant reduction in revenues at Fabergé, as well as a less positive outlook on the global luxury goods and retail sectors. The Group determined these events to be indicators of impairment, as prescribed under IAS 36 *Impairment of assets*, resulting in an impairment review being performed on the Fabergé cash-generating unit ("CGU") at 30 June 2020. The impairment review was based on a market approach using comparable company revenue multiples. The result of the review completed was the recognition of a USD11.5 million impairment loss against the Fabergé CGU at 30 June 2020.

The Group reassessed the fair value of the Fabergé CGU at 30 June 2021, due to the continued impacts of Covid-19 on its performance. This review was based on the same methodology as that used for the 30 June 2020 assessment. The results of the review showed headroom against the carrying value of the Fabergé CGU at 30 June 2021.

The Group has assessed whether this headroom indicates that the prior year impairment should be reversed; however, it was concluded that the facts and circumstances, as they relate to Fabergé and the impact of Covid-19 on its operations, have not changed materially since 30 June 2020 when the impairment was initially recoded. The headroom indicated at 30 June 2021 results from the improvement in the multiples applied to the valuation, which are the result of market factors rather than Fabergé-specific factors. Although Fabergé has diversified its distribution channels since the pandemic started, with increased revenues from web and direct-to-customer sales, the mainstay of revenue generation for the business, including wholesale and retail, has not yet reached near normal levels. Accordingly, it was concluded that the criteria for the reversal of an impairment are not met at the reporting date.

FAIR VALUE GAINS AND LOSSES

Fair value gains and losses arise on the Group's equity investment in Sedibelo Platinum Mines Limited ("Sedibelo"), a producer of platinum group metals ("PGMs") with interests in the Bushveld Complex in South Africa.

The Directors consider the most appropriate valuation methodology for Sedibelo to be a market comparable analysis based on the enterprise values of Sedibelo's peer group. This method values Sedibelo based on various financial and non-financial multiples, including mineral resources (per 4E ounce), mineral reserves (per 4E ounce), production (per ounce), revenue and EBITDA. A discount for the lack of marketability, which takes into account that Sedibelo is an unlisted company, is also applied to the valuation.

In the period to 30 June 2020, a USD12.5 million fair value loss arose from the revaluation this investment, predominantly resulting from the uncertainty in the market caused by the Covid-19 pandemic that was putting downward pressure on the enterprise values of Sedibelo and its peer group. At 31 December 2020, an additional USD15.4 million fair value loss was recorded.

At 30 June 2021, the estimated value of the investment was determined at USD37.3 million, an increase of USD7.7 million over the value determined at 31 December 2020 of USD29.6 million. This increase in fair value has most notably arisen from an increase in the enterprise values of Sedibelo's peer group and from the increase in the net cash held on Sedibelo's balance sheet. These improvements have been driven by the robust PGM spot price environment, which has continued to strengthen as the impacts of Covid-19 on the PGM sector have reduced. Accordingly, a USD7.7 million fair value gain has been recorded in the current period.

FINANCE INCOME AND EXPENSES

Net finance expense during the period were USD1.6 million compared to USD1.3 million in the prior period, and mainly comprised USD1.3 million (2020: USD1.2 million) of interest on the USD28.0 million Kagem ABSA facilities and the overdraft facilities at MRM.

TAXATION

The tax charge for the period was USD14.3 million (2020: USD9.3 million tax credit), calculated on a profit before tax of USD38.0 million (2019: loss of USD66.1 million) resulting in an effective tax rate of 38% (2020: 14%). The charge consisted of a current tax charge of USD2.3 million, a deferred tax charge of USD10.8 million and withholding tax of USD1.2 million on a dividend declared by MRM (2020: USD2.4 million charge, USD11.7 million deferred tax credit and USD1.5 million withholding tax).

in thousands of USD, unless otherwise stated	30 June 2021	30 June 2020
Profit/(loss) before taxation	38,049	(66,064)
Income tax (charge)/credit	(14,291)	9,327
Effective tax rate %	38%	14%
Cash tax paid	6,228	9,085

The effective tax rate of 38% principally arises from non-deductible costs at Kagem (mineral royalty taxes and CSR costs) and MRM (foreign currency movements and CSR costs), and the higher local tax rates in Mozambique (32%) and Zambia (30%).

In the prior period, the effective tax rate of 14% principally arose from non-deductible costs at Kagem and various losses incurred during the period but for which no benefit had been recognised.

The deferred tax charge of USD10.8 million, principally arose due to the reduction of tax losses capitalised to the deferred tax asset during the period as the operations at Kagem and MRM have returned to profitability. The other contributors to the deferred tax balance being the mining assets and inventory recognised on the acquisition of Gemfields have not changed substantially.

NET PROFIT AFTER TAXATION

The Group made a profit after tax of USD23.8 million in the current period, compared to a loss after tax of USD56.7 million in period to 30 June 2020. The profit in the current period reflects the strong auction results from the first series of mini-auctions held in 2021 and the cost-saving initiatives introduced at the start of the second quarter of 2020 aimed at mitigating the impacts of Covid-19 on the Group. These initiatives remained in place throughout the first quarter of 2021. Although the Group has now begun to ease the cost-saving initiatives in place, with the mines at Kagem and MRM both operating back at normal capacity, the Group remains focussed on cost management and aims to keep discretionary spend to a minimum while the Covid-19 pandemic continues to impact the global economy.

The initiatives and auction innovation implemented by the Group have enabled strong results to be achieved in the period.

Earnings per share for the six months ended 30 June 2021 were USD0.02, compared to a loss of USD0.04 in the prior period, reflecting the profit for the period on a stable weighted average number of shares in issue.

CAPITAL EXPENDITURE

The Group's reduced operations in the first quarter of 2021, combined with the continued cash-saving measures, saw capital expenditure, including intangibles, for the period remain low at USD3.3 million (2020: USD5.2 million). The majority of the expenditure was in Mozambique; USD1.3 million was spent at MRM (2020: USD3.4 million) on replacement mining and ancillary equipment (USD0.7 million) and on ancillary aspects of the Resettlement Action Plan (USD0.6 million), and USD0.6 million and USD0.7 million was spent on exploration and evaluation works at MML and Nairoto. At Kagem, USD0.6 million (2020: USD0.4 million) was invested in replacement mining and ancillary equipment.

CASH FLOWS

Cash and cash equivalents increased by USD23.4 million to USD67.3 million during the period.

The Group generated USD50.6 million from operations during the current period, primarily due to the strong results of the mini-auctions held in March and April, from which only USD6.6 million of receivables remained outstanding at 30 June 2021. The period also benefitted from collection of the final USD8.9 million receivables from the emerald HQ mini-auctions held in November and December 2020. These inflows were offset by the payment of USD6.2 million in taxes during the period, primarily at MRM (USD2.9 million) and Kagem (USD3.2 million).

Capital expenditure was USD3.3 million, as discussed above.

Free cash flow before working capital movements was USD41.8 million, compared to an outflow of USD42.2 million in 2020. Working capital movements in the current period of USD6.4 million relate to an increase in trade payables offset by an increase in inventory spend, both increases predominantly a result of the recommencement of mining activities during the period.

in thousands of USD	30 June 2021	30 June 2020
EBITDA	43,471	(24,702)
Change in inventory and purchases[1]	7,853	(3,176)
Tax paid (excluding royalties)	(6,228)	(9,085)
Capital expenditure	(3,282)	(5,205)
Free cash flow before working capital movements	41,814	(42,168)
Working capital movements	6,444	30,172
Free cash flow	48,258	(11,996)

1 *Change in inventory and purchases is added back to EBITDA to calculate free cash flow before working capital movements, and subsequently included within working capital movements in the calculation of free cash flow.*

OTHER CASH FLOWS

Total cash utilised in investing activities was USD6.7 million in the period (2020: USD9.1 million), split between USD3.3 million

(2020: USD5.2 million) spent on capital goods and USD3.4 million (2020: USD4.1 million) of cash advances made to Mwiriti, the Group's partner in Mozambique, in lieu of future dividends from MRM. A dividend was declared by MRM in the period, of which USD5.0 million is payable to Mwiriti. This dividend was settled against the receivable outstanding with Mwiriti in respect of prior cash advances and therefore no cash outflow will arise upon its settlement.

The Group's financing activities saw an outflow of USD19.9 million (2020: USD10.9 million), driven by the net repayment of the Group's overdraft facilities at MRM of USD17.9 million (2020: USD8.4 million) and interest paid on the Kagem loan and MRM facilities of USD1.5 million (2020: USD1.6 million).

FINANCIAL POSITION

The Group's balance sheet is summarised below:

in thousands of USD	30 June 2021	31 December 2020
Non-current assets	459,269	457,927
Current assets	214,225	198,783
Total assets	**673,494**	**656,710**
Non-current liabilities	(127,461)	(114,185)
Current liabilities	(43,254)	(59,509)
Total liabilities	**(170,715)**	**(173,694)**
Net assets	**502,779**	**483,016**

Assets

in thousands of USD	30 June 2021	31 December 2020
Property, plant and equipment	353,699	362,734
Intangible assets	52,816	51,461
Unlisted investments	37,300	29,600
Inventory	112,485	117,839
Auction receivables	6,598	8,910
Cash and cash equivalents	67,305	43,862
Other assets, including deferred taxation	43,291	42,304
Total assets	673,494	656,710

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment primarily relates to the mining assets (evaluated mining properties and deferred stripping costs) of USD309.7 million (2020: USD313.4 million), with the remainder being land, buildings, plant and machinery. Of the total mining assets, USD300.1 million (2020: USD303.9 million) relates to the recognition of the fair values of Kagem and MRM at the date that Gemfields Group Limited ("GGL") acquired Gemfields Limited in July 2017. These assets are amortised on the unit-of-production basis over the life of the mine. Amortisation of the assets ceased when production was temporarily suspended in early 2020, and has resumed in the period in line with the recommencement of mining operations at both mine sites.

Gemfields' propriety grading system, Montepuez Ruby Mining, Mozambique

The USD9.0 million reduction in the balance in the current period resulted from the depreciation charge for the period of USD11.2 million that has been offset by USD2.2 million of additions. The additions in the period consisted of USD1.1 million replacement plant and machinery at Kagem and MRM, and USD0.9 million for a new lease entered by the Fabergé CGU.

INTANGIBLE ASSETS

Intangible assets of USD52.8 million consist of USD28.5 million (2020: USD28.5 million) representing the Fabergé brand, USD24.3 million (2020: USD22.9 million) related to unevaluated mining assets across the Group, and USD0.1 million (2020: USD0.1 million) of software. The USD1.3 million increase in the asset arises from the Group's exploration and evaluation spend at MML (USD0.6 million) and Nairoto (USD0.7 million) during the period.

UNLISTED INVESTMENTS

The unlisted equity investment relates to the Group's equity holding in Sedibelo. The valuation of this investment is discussed earlier in this report.

INVENTORY

in thousands of USD	**30 June 2021**	31 December 2020
Rough emeralds and beryl	**39,475**	39,290
Rough rubies and corundum	**25,133**	31,639
Fabergé jewellery and watches	**34,410**	33,413
Cut and polished product	**5,500**	5,616
Spares and consumables	**7,967**	7,881
Total	**112,485**	**117,839**

Inventory decreased by USD5.4 million in the period to USD112.5 million at 30 June 2021. The decline was mostly due to the USD6.5 million reduction in ruby inventory held at MRM, which resulted from the decline in inventory following the mini-auctions held in the period that has not been replaced by production since the mine restarted in April. At Kagem, strong production levels since the mining operations recommenced have meant that production has almost exactly replaced the inventory which was sold in the March and April mini-auctions. The decline at MRM has been offset by a USD1.0 million increase in jewellery stock held by Fabergé.

AUCTION RECEIVABLES

The auction receivables outstanding of USD6.6 million at 30 June 2021, principally relate to USD6.3 million outstanding from the HQ emerald mini-auctions held in March and April 2021, with a smaller amount of USD0.3 million outstanding from the MQ ruby auctions held over the same period. At 22 September 2021, only USD0.2 million of the receivable from the HQ emerald mini-auctions remained outstanding. The full outstanding amount from the ruby auctions has been collected.

At 31 December 2020, the auction receivable outstanding was USD8.9 million and principally related to the emerald mini-auctions held in November and December 2020. The full amounts outstanding were received by 22 March 2021.

LIABILITIES

in thousands of USD	**30 June 2021**	31 December 2020
Borrowings	**38,600**	56,505
Deferred tax liability	**90,724**	79,236
Trade and other payables	**21,950**	17,303
Provisions	**9,717**	7,631
Lease liabilities	**4,034**	3,745
Other liabilities	**5,690**	9,274
Total liabilities	**170,715**	**173,694**

DEFERRED TAX LIABILITIES

The deferred tax liabilities arise from the evaluated mining property and inventory at Kagem and MRM recognised on the IFRS 3 *Business combinations* fair value uplift on acquisition of Gemfields Limited by the former Pallinghurst Resources Limited (now Gemfields Group Limited) in 2017.

The net deferred tax liability increased in the period by USD11.5 million, primarily due to a USD6.4 million reduction in tax losses that resulted as Kagem and MRM were able to utilise their accumulated losses against their taxable profits made during the period. Additionally, the appreciation of the MZN against the USD in the current period resulted in a USD3.8 million foreign currency impact on the Mozambique deferred tax balances.

TRADE AND OTHER PAYABLES

Trade and other payables have increased by USD4.6 million to USD22.0 million at 30 June 2021, reflecting the recommencement of principal operations at the mines during 2021.

PROVISIONS

Provisions include USD2.0 million (2020: USD2.0 million) of environmental provisions for the rehabilitation and restoration of mined areas at Kagem and MRM; USD0.5 million (2020: USD1.1 million) for the Resettlement Action Plan ("RAP") provision at MRM and USD7.2 million (2020: USD4.5 million) other provisions for future legal claims, including the operational grievance mechanism ("OGM") and employee end-of-contract benefits. The RAP provision relates to MRM's obligation to compensate the households and other land users who are physically or economically displaced by the proposed mining in its concession area, in accordance with local legislative requirements. The RAP is due to be completed by the end of 2021.

The independent OGM officially launched in February 2021. The OGM has been set up by MRM to further its ongoing commitment to transparency and support for the local communities following the voluntary settlement agreement arising from the Leigh Day litigation. Since the schemes launch, a significant number of cases have been filed, which has consequently led to an increase in the Group's initial estimate of the total potential pay-out under the scheme. To date, only a small number of cases have been ruled on by the independent panel, which, combined with the fact that the OGM is unprecedented in-country, makes the estimate inherently difficult to value. The provision recorded at 30 June 2021 reflects management's best estimate of the potential liability at the balance sheet date. In valuing the provision at 30 June 2021, management has calculated a range of outcomes, and it is noted that the high end of the range is not materially different from the best estimate which has been included within these financial statements. The Group continues to monitor the scheme closely with a view to providing an update in the Annual Report once more data is available.

BORROWINGS AND NET DEBT

in thousands of USD	30 June 2021	31 December 2020
Cash and cash equivalents	**67,305**	43,862
Current borrowings	**(15,100)**	(33,005)
Non-current borrowings	**(23,500)**	(23,500)
Net cash/(debt)	**28,705**	**(12,643)**

The increase in net cash in the period reflects the strong results from the mini-auctions held in March and April 2021, combined with the cost-saving initiatives in place across the Group that have continued to keep cash spend low.

At 30 June 2021, the Group held USD38.6 million in borrowings, a decline of USD17.9 million from 2020. These financing facilities are used to support the working capital and other funding requirements of the Group, and to sustain its operations, as well as any planned growth and expansion.

The facility in place at Kagem is held with ABSA Zambia and consists of a USD20.0 million five-year term loan and a USD10.0 million revolving credit facility that has an initial three-year term, but is extendable for an additional two years upon agreement by both parties. Both facilities bear interest at three-month USD LIBOR plus 5.5% per annum. The total facility drawn is currently USD28.0 million, with USD4.5 million being payable in December 2021.

MRM has the following facilities:

- A USD15.0 million unsecured overdraft facility entered into with ABSA Mozambique in April 2016. The facility has an interest rate of three-month USD LIBOR plus 4.0% per annum. At 30 June 2021, USD6.4 million was drawn (31 December 2020: USD14.2 million). The facility is renewed annually with the next renewal expected in December 2021.
- A USD15.0 million overdraft facility entered into with Banco Commercial E De Investimentos, S.A. ("BCI") in June 2016. This facility is valid for 18 months and is renewable. The facility has an interest rate of three-month USD LIBOR plus 3.75% per annum. At 30 June 2021, USD4.2 million (31 December 2020: USD14.3 million) was drawn. The facility is renewed annually with the next renewal expected in September 2021.
- In March 2021, BCI granted a new USD8.9 million facility to MRM on similar interest rates to the USD15.0 million overdraft facility discussed above. Under the new facility USD8.9 million can be drawn immediately but must be paid back by the next auction or within six months of drawdown, whichever is the earliest. Upon repayment, MRM, with agreement from the bank, will then have access to a four-year facility of USD15.0 million to use for working capital purposes.

COVID-19 AND GOING CONCERN

Like many businesses, the potential financial impact of Covid-19 on the Group has been given significant consideration when assessing the going concern assumption. Although the restrictions brought about by the pandemic and its impacts on daily life are beginning to be eased, there remains high uncertainty surrounding the future impacts the pandemic could have on Gemfields and the global economy. A Covid-19 outbreak at either the Kagem or MRM mine, for instance, would result in a shut-down of operations, which could lead to the Group having lower quantities of gemstones for the planned auctions for the second half of 2021, translating into reduced revenues and cash.

The critical assumptions for the Group in assessing going concern are the timing of cash inflows from its emerald and ruby auctions and continued support from the Group's lenders. If the Group can meet its planned auction schedule for the remainder of 2021, host four to six auctions in 2022 and maintain continued support from its lenders, the Group will be able to continue as a going concern. The Group's expectation is that, if needed, it will draw down on all existing facilities and that all of its existing debt facilities will remain in place throughout the forecast period.

However, as disclosed in Note 2 of the condensed consolidated financial statements, there is a risk that the auctions planned fetch lower than expected revenues or lenders withdraw their support. If these scenarios arose, the Group would require additional funding and would seek to secure additional bank lending, pursue an asset sale programme of non-core assets and consider, should it become necessary, equity fund raising. The timing and quantum of the auctions along with the ongoing support from lenders therefore creates a material uncertainty. Despite this, it remains appropriate to present the financial statements on a going concern basis.

SUMMARY

The second quarter of 2021 has provided grounds for optimism for Gemfields. Excellent auction results alongside the reduced cost base have yielded excellent financial KPIs. Strong production since restarting the mining operations should also give confidence that the planned auctions at the end of 2021 have a good chance of being successful. It should however be noted that following the mines reopening and the associated cost increases, the current multiples for EBITDA and free cash flow are unlikely to be repeated in the second half of the year.

David Lovett
Chief Financial Officer
22 September 2021

Gemfields' responsibly sourced cut and polished Zambian emeralds

FINANCIAL STATEMENTS
AND ADMINISTRATION

Administration

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2021

	Notes	**2021 (reviewed) USD'000**	2020 (reviewed) USD'000
Revenue	3	97,236	15,000
Cost of sales	4	(48,032)	(34,107)
Gross profit/(loss)		**49,204**	**(19,107)**
Unrealised fair value gains/(losses) on unlisted equity investments	10	7,700	(12,500)
Other income		114	82
Selling, general and administrative expenses	5	(17,377)	(19,121)
Impairment charges on assets	3, 8	–	(14,081)
Profit/(loss) from operations		**39,641**	**(64,727)**
Net finance costs	6	(1,592)	(1,337)
Profit/(loss) before taxation		**38,049**	**(66,064)**
Taxation (charge)/credit	7	(14,291)	9,327
NET PROFIT/(LOSS) AFTER TAXATION		**23,758**	**(56,737)**
Profit/(loss) for the year attributable to:			
Owners of the parent		19,104	(51,173)
Non-controlling interest		4,654	(5,564)
		23,758	**(56,737)**
Earnings/(loss) per share attributable to the parent:	14		
Basic – USD		**0.02**	**(0.04)**
Diluted – USD		**0.02**	**(0.04)**

The accompanying notes form part of these Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021

	2021 (reviewed) USD'000	2020 (reviewed) USD'000
Profit/(loss) after taxation	23,758	(56,737)
Other comprehensive income/(loss):		
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange gain/(loss) arising on translation of foreign operations	708	(703)
Total other comprehensive income/(loss)	**708**	**(703)**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**24,466**	**(57,440)**
Total comprehensive income/(loss) attributable to:		
Owners of the parent	19,851	(51,876)
Non-controlling interest	4,615	(5,564)
	24,466	**(57,440)**

The accompanying notes form part of these Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021

	Notes	30 June 2021 (reviewed) USD'000	31 December 2020 (audited) USD'000	30 June 2020 (reviewed) USD'000
ASSETS				
Non-current assets				
Property, plant and equipment	9	353,699	362,734	366,881
Intangible assets	8	52,816	51,461	44,277
Unlisted equity investments	10	37,300	29,600	45,000
Deferred tax assets	7	3,732	3,029	12,776
Other non-current assets		11,722	11,103	9,904
Total non-current assets		**459,269**	**457,927**	**478,838**
Current assets				
Inventory	11	112,485	117,839	116,474
Current tax receivable		4,557	4,175	–
Trade and other receivables	12	29,878	32,907	33,739
Cash and cash equivalents		67,305	43,862	53,643
Total current assets		**214,225**	**198,783**	**203,856**
Total assets		**673,494**	**656,710**	**682,694**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	7	90,724	79,236	86,170
Borrowings	13	23,500	23,500	28,000
Lease liabilities		2,969	2,836	3,013
Provisions		5,268	3,613	6,550
Other non-current liabilities		5,000	5,000	–
Total non-current liabilities		**127,461**	**114,185**	**123,733**
Current liabilities				
Trade and other payables		21,950	17,303	18,360
Current tax payable		690	4,274	5,904
Borrowings	13	15,100	33,005	16,362
Lease liabilities		1,065	909	864
Provisions		4,449	4,018	1,875
Total current liabilities		**43,254**	**59,509**	**43,365**
Total liabilities		**170,715**	**173,694**	**167,098**
Net assets		**502,779**	**483,016**	**515,596**
EQUITY				
Share capital		11	11	11
Share premium		488,294	488,294	488,294
Cumulative translation reserve		5,171	4,424	782
Option reserve		8,226	7,929	7,526
Retained (deficit)/earnings		(68,981)	(88,085)	(53,885)
Attributable to equity holders of the parent		**432,721**	**412,573**	**442,728**
Non-controlling interest		70,058	70,443	72,868
Total equity		**502,779**	**483,016**	**515,596**

The Financial Statements were approved and authorised for issue by the Directors on 22 September 2021 and were signed on their behalf by:

David Lovett (Director)
22 September 2021

Sean Gilbertson (Director)
22 September 2021

The accompanying notes form part of these Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021

	Notes	2021 (reviewed) USD'000	2020 (reviewed) USD'000
Cash flow from operating activities			
Profit/(loss) before taxation		**38,049**	**(66,064)**
Adjustments for			
Unrealised fair value (gains)/losses	10	(7,700)	12,500
Depreciation and amortisation	4	11,233	12,891
Impairment charges		–	14,081
Share-based payments	5	297	553
Net finance expenses	6	1,592	1,337
Unrealised foreign exchange (gains)/losses	5	(913)	2,236
Decrease in trade and other receivable		349	47,449
Increase/(decrease) in trade and other payables		5,058	(14,904)
Decrease/(increase) in inventory		6,201	(5,780)
Increase in provisions		2,689	231
Cash generated from operations		**56,855**	**4,530**
Tax paid		(6,228)	(9,085)
Net cash generated from/(utilised in) operating activities		**50,627**	**(4,555)**
Cash flows from investing activities			
Purchase of intangible assets		(1,293)	(927)
Purchases of property, plant and equipment		(1,989)	(4,278)
Interest received		66	223
Cash advances and loans made to related parties		(3,450)	(4,136)
Net cash utilised in investing activities		**(6,666)**	**(9,118)**
Cash flows from financing activities			
Cash paid for treasury shares		–	(213)
Proceeds from borrowings		21,014	14,365
Repayment of borrowings		(38,919)	(22,827)
Principal elements of lease payments		(493)	(663)
Interest paid		(1,469)	(1,560)
Net cash utilised in financing activities		**(19,867)**	**(10,898)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**24,094**	**(24,571)**
Cash and cash equivalents at the beginning of the period		43,862	78,218
Net foreign exchange loss on cash		(651)	(4)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**67,305**	**53,643**

The accompanying notes form part of these Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021

	Share capital USD'000	Share premium USD'000	Cumulative translation reserve USD'000	Option reserve USD'000	Retained (deficit)/ earnings USD'000	Total equity attributable to equity holders of the parent USD'000	Non-controlling interest USD'000	Total equity USD'000
Balance at 1 January 2021	**11**	**488,294**	**4,424**	**7,929**	**(88,085)**	**412,573**	**70,443**	**483,016**
Profit for the period	–	–	–	–	19,104	**19,104**	4,654	**23,758**
Other comprehensive income/(loss)	–	–	747	–	–	**747**	(39)	**708**
Total comprehensive income	–	–	747		19,104	**19,851**	4,615	**24,466**
Share options recognised during the year	–	–	–	297	–	**297**	–	**297**
Dividends declared to non-controlling interest of Montepuez Ruby Mining	–	–	–	–	–	**–**	(5,000)	**(5,000)**
Total contributions by and distributions to owners	–	–	–	297	–	**297**	(5,000)	**(4,703)**
Balance at 30 June 2021	**11**	**488,294**	**5,171**	**8,226**	**(68,981)**	**432,721**	**70,058**	**502,779**

	Share capital USD'000	Share premium USD'000	Treasury shares USD'000	Reserve for own shares USD'000	Cumulative translation reserve USD'000	Option reserve USD'000	Retained (deficit)/ earnings USD'000	Total attributable to equity holders of the parent USD'000	Non-controlling interest USD'000	Total equity USD'000
Balance at 1 January 2020	**12**	**511,833**	**(10)**	**(23,319)**	**1,485**	**6,985**	**(2,725)**	**494,261**	**84,682**	**578,943**
Loss for the period	–	–	–	–	–	–	(51,173)	**(51,173)**	(5,564)	**(56,737)**
Other comprehensive loss	–	–	–	–	(703)	–	–	**(703)**	–	**(703)**
Total comprehensive loss					(703)		(51,173)	**(51,876)**	(5,564)	**(57,440)**
Shares bought back during the period, net of transaction costs	–	–	(213)	–	–	–	–	**(213)**	–	**(213)**
Shares cancelled during the period	(1)	(23,539)	223	23,319	–	–	–	**2**	–	**2**
Share options recognised during the period	–	–	–	–	–	554	–	**554**	–	**554**
Share options lapsed/ forfeited during the period	–	–	–	–	–	(13)	13	**–**	–	**–**
Dividends declared to non-controlling interest of Montepuez Ruby Mining	–	–	–	–	–	–	–	**–**	(6,250)	**(6,250)**
Total contributions by and distributions to owners	–	–	10	23,319	–	541	13	**343**	(6,250)	**(5,907)**
Balance at 30 June 2020	**11**	**488,294**	**–**	**–**	**782**	**7,526**	**(53,885)**	**442,728**	**72,868**	**515,596**

The accompanying notes form part of these Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2021

1. BASIS OF PREPARATION

General information

The Company is incorporated in Guernsey under the Companies (Guernsey) Law, 2008. The Company's registered office address is stated on the final page of the Interim Report, entitled "Company Details". The company is listed on the Johannesburg Stock Exchange ("JSE") and the Alternative Investment Market ("AIM") of the London Stock Exchange.

The principal activities of the Company and its subsidiaries (together "the Group") are set out in the Operations Review.

The Company's accounting policies are the same as those of the Group. Company-only financial information has been omitted from these Interim Financial Statements, as permitted by the Companies (Guernsey) Law, 2008, Section 244, and sections 8.62(a) and 8.62(d) of the JSE Listings Requirements.

Basis of preparation

The condensed consolidated financial statements within the Interim Report are for the six-month period ended 30 June 2021 (the "Interim Financial Statements") and have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"), as adopted by the United Kingdom, and applicable legal requirements of the Companies (Guernsey) Law, 2008. The condensed consolidated financial statements should be read in conjunction with the Group's Annual Report and Financial Statements for the year ended 31 December 2020 (the "Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the United Kingdom ("UK") and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the "FRSC Pronouncements"). The Annual Financial Statements also comply with the JSE Listings Requirements and the AIM Rules for Companies.

The financial information for the year ended 31 December 2020 that has been included in these Interim Financial Statements does not constitute full statutory financial statements as defined in the Companies (Guernsey) Law, 2008. The information included in this document for the comparative year was derived from the 2020 Annual Financial Statements, a copy of which has been delivered to the Registrar of Companies and is held at the registered office of the Company, the JSE and the AIM. The auditor's report on the Annual Financial Statements was not qualified but included a material uncertainty over the going concern assumption and a reference to the Directors' disclosures on going concern. The auditor's report stated that the Annual Financial Statements gave a true and fair view, were in accordance with IFRS and complied with the Companies (Guernsey) Law, 2008.

The condensed consolidated financial statements are presented in United States Dollars ("USD"), the Group's functional currency. Amounts have been rounded to the nearest thousand (or million), as appropriate, for ease of presentation.

Basis of accounting

The principal accounting policies applied are consistent with those adopted and disclosed in the Annual Financial Statements. The Interim Financial Statements have been prepared on the historical cost basis, except for the valuation of certain investments which have been measured at fair value.

New and amended standards which are effective for these Interim Financial Statements

There are no new standards for accounting periods beginning on or after 1 January 2021.

There are however certain amended accounting standards and interpretations that have been applied by the Group for the first time for the annual reporting period commencing on 1 January 2021, which have not had any material impact on the disclosures or on the amounts reported in these condensed consolidated financial statements, nor are they expected to significantly affect future periods.

There are no standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods, or on foreseeable future transactions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **CONTINUED**

for the six months ended 30 June 2021

1. BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group as at, and for the six months ended, 30 June 2021.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other Group entities.

All significant inter-company transactions and balances between Group entities are eliminated on consolidation.

Principal risks and uncertainties

In preparing the condensed consolidated financial statements management is required to consider the principal risks and uncertainties facing the group. In management's opinion the principal risks and uncertainties facing the group are unchanged since the preparation of the 2020 Annual Financial Statements. Those risks and uncertainties, together with management's response to them, are described in the Risk Review section of the Annual Report 2020.

Critical accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and those applied are reviewed on an ongoing basis. In the future, actual experience may differ from these estimates and assumptions.

In preparing these condensed consolidated interim financial statements, all significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty used were consistent, in all material respects, as those applied to the Group's Annual Financial Statements for the year ended 31 December 2020, except for judgment made in respect of possible claims in relation to the operational grievance mechanism ("OGM") where updated information has led to a reassessment.

2. GOING CONCERN

The Group's business activities, together with the factors likely to impact its future growth and operating performance, are set out in the Operational Review on pages 10 to 23. The financial performance and position of the Group, its cash flows and available debt facilities are described in the Financial Review on pages 24 to 31.

The Group manages liquidity risk by maintaining adequate committed borrowing facilities and working capital funds. The Board monitors the net debt level of the Group taking into consideration the expected outlook of the Group's financial position, cash flows and future capital commitments. The Group adopts a prudent approach in managing its liquidity risk, reflecting the volatility in gemstone mining and prices.

In 2020, the Group was particularly hard hit by the Covid-19 pandemic, with mine operations and auctions halted for most of the year. Kagem held a commercial-quality ("CQ") emerald auction in Zambia in February 2020 before lockdowns started, generating revenue of USD11.4 million. No further auctions were held until November 2020, at which point the Group held a series of emerald mini-auctions that yielded another USD10.9 million.

To counterbalance the Group's inability to generate adequate cash to sustain business-as-usual operations, the Board and management acted quickly to suspend principal operations in the early stages of the pandemic last year. This, along with reduced wages, a lower marketing spend and the suspension of non-committed capital expenditure, enabled the Group to navigate these unprecedented conditions. The Group ended 2020 with a gross cash balance of USD43.9 million, auction receivables of USD7.9 million that were fully collected by March 2021, and an available overdraft of USD1.5 million. The debt balance outstanding was USD56.5 million.

2. GOING CONCERN (CONTINUED)

2021 has seen the easing of various Covid-19 related lockdowns across the globe. This has allowed the Group to recommence operations at both mines and hold auctions using an online bidding format similar to that used at the end of 2020. The auctions of emeralds and rubies held in March and April 2021 generated record revenue of USD90.2 million, significantly improving the Group's gross cash position to USD67.3 million at 30 June 2021, with USD6.6 million in auctions receivables that were largely collected by August 2021. The debt balance outstanding is USD38.6 million, putting the Group firmly in a net cash position of USD28.7 million.

Gemstone market

Conditions remain challenging for Gemfields and for the wider gemstone sector; however, there are clear signs of recovery with the success of the series of emerald and ruby mini-auctions and the resumption of mining operations across the Group. Notwithstanding this, the effect of travel restrictions, quarantine periods and prohibitions on large gatherings, combined with high Covid-19 infection rates in the key markets for rough gemstones, continue to mean that the situation will remain fluid during the second half of 2021.

Despite these factors, and following wide-ranging consultation with the Group's customers from India, Thailand, China, Hong Kong and the USA, the Board believe that the planned auction schedule is reasonable. In July and August 2021, the Group held a series of CQ emerald mini-auctions in which the highest ever average price per carat was achieved, along with the largest participation rate in the bidding, demonstrating the strength of the current market. The planned auction schedule will see a series of high-quality ("HQ") emerald and mixed-quality ("MQ") ruby mini-auctions in November and December 2021, with the six-auction annual schedule expected to recommence in 2022.

Mining operations

With a view to generating sufficient production for the planned auction schedule in 2021, Kagem and MRM restarted operations in March 2021, both reaching near-normal capacity by the end of May 2021. The restart did not require any formal approvals or up-front costs. Production of both emeralds and rubies has been encouraging so far.

With the mines now back to normal capacity, the cash operating costs are expected to increase back to pre-Covid-19 levels. Capital expenditure programmes also partly resumed in April 2021; however, most are planned for the second half of 2021, providing flexibility for the Group to respond in case of lower auctions results.

To date, operations at both mines have remained largely uninterrupted, with a low number of Covid-19 cases reported. Should a Level 5-type shutdown occur at the mines (i.e. a two-month shutdown) in the second half of the year, then production would be disrupted and may lead to a delayed auction preparation timeframe, meaning smaller auctions would likely be held in the second half of the year.

Debt facilities

At 30 June 2021, Kagem has USD28.0 million debt outstanding with ABSA Zambia plc, with security comprising a fixed and floating charge over all Kagem's net assets, equivalent to the total amount outstanding under the facility and a corporate guarantee from Gemfields Group Ltd.

The facilities are subject to the following financial covenants, for which the next measurement period is 31 December 2021:

- Senior Debt Service Cover Ratio ("DSCR") shall not fall below 1.2 times.
- Interest Service Cover Ratio shall not fall below 2.5 times.
- Senior Net Debt/EBITDA shall not exceed 2.5 times.

Based on the 2021 base case model, there are no covenants breached at the next measurement date of 31 December 2021. The Group's base case model includes the mandatory repayment of USD4.5 million in December 2021 and USD3.5 million in December 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

2. GOING CONCERN (CONTINUED)

In April 2016, MRM entered a USD15.0 million unsecured overdraft facility with ABSA Mozambique. The facility attracts an interest rate of three-month USD LIBOR plus 4% per annum. Gemfields Ltd issued a corporate guarantee for the facility. The facility is renewed annually with the next renewal expected in December 2021. There are no covenants except that the overdraft should be cleared to nil at least once during the renewal period.

In June 2016, MRM entered a USD15.0 million unsecured overdraft facility with BCI. This is a rolling facility which renews annually, provided that terms and conditions are met, and attracts interest of three-month USD LIBOR plus 3.75% per annum. The facility is secured by a blank promissory note undertaken by MRM and a corporate guarantee by Gemfields Mauritius Limited, a 100% subsidiary of the Group. The facility will be renewed in September 2021.

In addition to this, in February 2021 MRM secured an incremental facility with BCI of USD8.9 million for a period of six months. When this facility has been fully repaid, a USD15.0 million lease facility will become available from BCI, thereby increasing MRM's liquidity. Approval for the release of the new lease facility is expected in October 2021, following which MRM will consider drawing this down.

A material assumption in the going concern assessment is that all financing facilities remain in place throughout the measurement period to 31 December 2022. This requires that existing MRM facilities are renewed by lenders in September 2021 and December 2021, and any potential covenant breaches that may arise (which would only exist in downside scenarios) are waived or mitigated. Whilst the Group has an expectation that such facilities remain in place, the availability of such facilities and the ability to waive covenant requirements are outside management control and hence form part of the material uncertainty in respect of going concern.

Scenario analysis – risk assessment

The base case forecast indicates that, subject to continued access to the Group's current financing facilities, the Group has sufficient cash to meet its liabilities as they fall due throughout the going concern assessment period.

As outlined above, uncertainty exists over the Group's ability to hold emerald and ruby auctions and to generate sufficient revenue as a result of Covid-19 related shutdowns.

Revenue may be negatively impacted by any of the following:

- Changing levels of demand resulting in deferrals in the planned auction schedule; and/or
- Unanticipated closures of the Group's mining facilities arising from localised Covid-19 outbreaks or other unforeseen circumstances, resulting in reduced inventory to take to auctions. Although the Group has confidence in the base case given the strong production to date, any suspension of operations will have a timing impact on the quantum of revenues achieved.

A downside scenario has been modelled factoring in a reduction in revenues to reflect these uncertainties. In this scenario, additional cash maintenance measures (which are in the control of management) would need to be implemented; otherwise the Group would face a cash deficit in March 2022. In the first instance, the below measures would represent sufficient cash savings from the base case and could reasonably be implemented without jeopardising production at the mines. The list is not exhaustive and remains dynamic:

- Suspension of budgeted investment in development assets (MML, ERM, CDJ and Nairoto).
- Delay in the development of the second wash plant and an operating costs reduction at MRM.
- Further reduction in budgeted advertising and marketing expenditure across the Group.
- Reduction in consulting fees, travel costs and office expenses at the corporate level.
- Fabergé cost reductions, including reduced inventory purchases.

2. GOING CONCERN (CONTINUED)

As discussed above, a key assumption under the downside scenario is that external funding would not be suspended or called. The peak debt exposure of USD68.0 million is expected in September 2021 when MRM utilise USD25.0 million from the USD30.0 million available overdraft facilities, the new BCI lease facility of USD15.0 million is drawn down and Kagem holds USD28.0 million debt outstanding.

Under the scenario modelled, which the Directors consider to be a reverse stress test in respect of revenue, in the event that revenue were to fall to below USD145 million in the period to 31 December 2022, then certain covenants could be breached, and additional measures may be required, including waivers of covenants, further financing, equity fundraising or more fundamental operational curtailments.

In the event that Kagem would generate 40% lower revenue compared to the base case in 2022, the debt service cover ratio covenant will be breached. Under this case, mediation is afforded to Kagem to the extent that sufficient cash can be placed in a reserve account to ensure that the USD3.5 million December 2022 principal payment can be honoured. In addition to this, Kagem could realistically suspend its planned expansionary capital expenditure in 2022, as well as further reduce its operating costs, without curtailing production capability.

In the event that the MRM facilities are no longer available, the Group would look to remedy any potential deficit through either obtaining additional loan funding, raising equity or through even more fundamental operational curtailments and would seek to resolve any challenges in overdraft renewals through negotiation with the lenders. The impact of Covid-19 on the global economy however is such that there is uncertainty over the ability to arrange such additional financing and around the Group's ability to renegotiate any future potential covenant breaches.

Summary

The conditions and events discussed above indicate that a material uncertainty exists that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business.

These interim financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern. The situation is at varying stages of fluidity in each key jurisdiction such that the scenarios disclosed represent what the Board believe to be the most likely outcomes given the facts and circumstances at this time. Should changes arise, the Group will react and respond accordingly.

3. SEGMENTAL REPORTING

The Chief Operating Decision Maker ("CODM") for the Group has been determined to be the Executive Management team, which measures the performance of each operating segment on a regular basis in order to allocate resources efficiently. The Group's segmental reporting reflects the business focus of the Group. The Group has been organised into geographic and business units based on its products and services and has five operating and reportable segments:

- Zambia (emerald and beryl mining activities);
- Mozambique (ruby and corundum, and gold mining activities);
- Corporate (sales of cut and polished gemstones, marketing, and technical and administrative services);
- Fabergé (wholesale and retail sales of jewellery and watches); and
- Other (equity investments, new projects, traded auctions, and sales and marketing offices).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

3. SEGMENTAL REPORTING/CONTINUED

The reporting on these segments to management focusses on revenue, operating costs, EBITDA, key balance sheet lines and free cash flow (as defined further below).

Reviewed condensed consolidated income statement

1 January 2021 to 30 June 2021	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs[6] USD'000	Total USD'000
Rough gemstones[1]	31,237	58,930	–	–	1,873	–	**92,040**
Jewellery	–	–	–	4,907	–	–	**4,907**
Cut and polished	–	–	177	–	112	–	**289**
Revenue[2]	**31,237**	**58,930**	**177**	**4,907**	**1,985**	**–**	**97,236**
Mining and production costs[3]	(10,203)	(11,111)	–	–	–	–	**(21,314)**
Mineral royalties and production taxes	(1,879)	(5,753)	–	–	–	–	**(7,632)**
Marketing, management and auction costs	(3,905)	(7,366)	11,271	–	–	–	**–**
Change in inventory and purchases	2,005	(5,220)	(103)	(2,638)	(1,897)	–	**(7,853)**
Selling, general and administrative costs[4]	(1,042)	(5,594)	(6,202)	(3,831)	(411)	–	**(17,080)**
Other income	18	–	–	27	69	–	**114**
EBITDA[5]	**16,231**	**23,886**	**5,143**	**(1,535)**	**(254)**	**–**	**43,471**
Unrealised fair value losses	–	–	–	–	–	7,700	**7,700**
Depreciation and amortisation	(4,303)	(6,181)	(353)	(374)	(22)	–	**(11,233)**
Share-based payments	–	–	(297)	–	–	–	**(297)**
Profit/(loss) from operations	**11,928**	**17,705**	**4,493**	**(1,909)**	**(276)**	**7,700**	**39,641**
Net finance expenses	(850)	(510)	(57)	(169)	(6)	–	**(1,592)**
Taxation (charge)/credit	(4,006)	(9,262)	230	–	(1,253)	–	**(14,291)**
Profit/(loss) after taxation	**7,072**	**7,933**	**4,666**	**(2,078)**	**(1,535)**	**7,700**	**23,758**

1 In March and April 2021, a series of HQ emerald and MQ ruby mini-auctions were held, realising revenues of USD31.2 million and USD58.9 million respectively.

2 Revenues have been recognised at one point in time, as control passes to the customer. No third-party customer accounted for more than 10% of sales during 2021.

3 Excluding mineral royalties and production taxes, which have been presented separately.

4 Excluding share-based payments of USD0.3 million, which are not included in Group's EBITDA.

5 Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude one-off impairments made to the Group's fixed assets, fair value gains or losses on the Group's non-core equity investments and share based payments.

6 Other – PGMs includes the Group's investment in Sedibelo. The investment does not meet the definition of a reportable segment in accordance with IFRS 8 Operating Segments as the Group does not earn revenues from this equity holding. However, the chief operating decision makers review the Sedibelo investment on a stand-alone basis, therefore it has been disclosed separately in the table above.

3. SEGMENTAL REPORTING/CONTINUED

Reviewed condensed consolidated income statement

1 January 2020 to 30 June 2020	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs[7] USD'000	Total USD'000
Rough gemstones[1]	11,446	–	–		943	–	**12,389**
Jewellery	–	–	–	2,471	–	–	**2,471**
Cut and polished	–	–	65	–	75	–	**140**
Revenue[2]	11,446	–	65	2,471	1,018	–	**15,000**
Mining and production costs[3]	(11,667)	(11,516)	–	–	(522)	–	**(23,705)**
Mineral royalties and production taxes	(687)	–	–	–	–	–	**(687)**
Marketing, management and auction costs	(1,431)	–	1,431	–	–	–	**–**
Change in inventory and purchases	(2,926)	8,273	(65)	(1,152)	(954)	–	**3,176**
Selling, general and administrative costs[4]	(2,858)	(3,023)	(8,515)	(3,781)	(391)	–	**(18,568)**
Other income	70	6	2	–	4	–	**82**
EBITDA[5]	**(8,053)**	**(6,260)**	**(7,082)**	**(2,462)**	**(845)**	**–**	**(24,702)**
Unrealised fair value losses	–	–	–	–	–	(12,500)	**(12,500)**
Depreciation and amortisation	(4,857)	(7,100)	(368)	(535)	(31)	–	**(12,891)**
Share-based payments	–	–	(553)	–	–	–	**(553)**
Impairment charges and write-offs[6]	–	(2,581)	–	(11,500)	–	–	**(14,081)**
Operating (loss)	**(12,910)**	**(15,941)**	**(8,003)**	**(14,497)**	**(876)**	**(12,500)**	**(64,727)**
Net finance cost	(1,400)	(75)	259	(121)	–	–	**(1,337)**
Taxation	2,913	4,813	1,184	1,922	(1,505)	–	**9,327**
Loss after taxation	**(11,397)**	**(11,203)**	**(6,560)**	**(12,696)**	**(2,381)**	**(12,500)**	**(56,737)**

1 *Kagem held one commercial-quality emerald auction in Lusaka, Zambia, in February 2020, generating revenues of USD11.4 million.*

2 *Revenues have been recognised at one point in time, as control passes to the customer.*

3 *Excluding mineral royalties and production taxes, which have been presented separately.*

4 *Excluding share-based payments of USD0.6 million, which are not included in Group's EBITDA.*

5 *Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude one-off impairments made to the Group's fixed assets, fair value gains or losses on the Group's non-core equity investments and share based payments.*

6 *Impairment charges and write-offs include the USD11.5 million write-down of the carrying value of the Faberge CGU (see Note 8) and a USD2.6 million write-off in respect of a receivable due from a customer from the December 2019 ruby auction. This receivable had been fully recovered at 31 December 2020.*

7 *Other – PGMs includes the Group's investment in Sedibelo. The investment does not meet the definition of a reportable segment in accordance with IFRS 8 Operating Segments as the Group does not earn revenues from this equity holding. However, the chief operating decision makers review the Sedibelo investment on a stand-alone basis, therefore it has been disclosed separately in the table above.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **CONTINUED**

for the six months ended 30 June 2021

3. SEGMENTAL REPORTING/CONTINUED

Change in inventory and purchases

1 January 2021 to 30 June 2021	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs USD'000	Total USD'000
Change in inventory and purchases	**2,005**	**(5,220)**	**(103)**	**(2,638)**	**(1,897)**	**–**	**(7,853)**
Split between:							
Mining and production costs capitalised[1]	5,964	5,455	–	–	–	–	**11,419**
Depreciation capitalised	3,266	3,909	–	–	–	–	**7,175**
Cost of goods sold in the period	(7,225)	(14,584)	(103)	(2,638)	(1,897)	–	**(26,447)**
	2,005	**(5,220)**	**(103)**	**(2,638)**	**(1,897)**	**–**	**(7,853)**

1 *Mining and production costs capitalised to inventory exclude security costs, which are not determined to be direct costs of production.*

1 January 2020 to 30 June 2020	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs USD'000	Total USD'000
Change in inventory and purchases	**(2,926)**	**8,273**	**(65)**	**(1,152)**	**(954)**	**–**	**3,176**
Split between:							
Mining and production costs capitalised[1]	6,973	6,991	–	–	–	–	**13,964**
Depreciation capitalised	363	1,282	–	–	–	–	**1,645**
Cost of goods sold in the period	(10,262)	–	(65)	(1,152)	(954)	–	**(12,433)**
	(2,926)	**8,273**	**(65)**	**(1,152)**	**(954)**	**–**	**3,176**

1 *Mining and production costs capitalised to inventory exclude security costs, which are not determined to be direct costs of production.*

3. SEGMENTAL REPORTING/CONTINUED

Reviewed condensed consolidated statement of financial position

30 June 2021	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs[4] USD'000	Total USD'000
Mining asset	138,102	161,548	–	–	–	–	**299,650**
Property, plant and equipment, and intangibles	16,290	44,629	4,646	30,663	10,637	–	**106,865**
Listed and unlisted investments[1]	–	–	1,146	–	–	37,300	**38,446**
Operating assets[2]	48,981	54,098	12,183	39,475	2,759	–	**157,496**
Cash and cash equivalents	13,628	11,216	40,420	556	1,485	–	**67,305**
Segment assets	**217,001**	**271,491**	**58,395**	**70,694**	**14,881**	**37,300**	**669,762**
Deferred tax asset	–	–	–	–	–	–	**3,732**
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**673,494**
Borrowings	28,000	10,600	–	–	–	–	**38,600**
Operating liabilities[3]	9,066	22,003	4,439	4,755	1,128	–	**41,391**
Segment liabilities	**37,066**	**32,603**	**4,439**	**4,755**	**1,128**	**–**	**79,991**
Deferred tax liability	–	–	–	–	–	–	**90,724**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**170,715**
Net (debt)/cash	**(14,372)**	**616**	**40,420**	**556**	**1,485**	**–**	**28,705**

1 *The listed and unlisted equity investments held in the Corporate segment are included in other non-current assets in the statement of financial position.*

2 *Operating assets include inventory, current and non-current trade and other receivables and current tax assets.*

3 *Operating liabilities include trade and other payables, lease liabilities, provisions and current tax liabilities.*

4 *Other – PGMs includes the Group's investment in Sedibelo. The investment does not meet the definition of a reportable segment in accordance with IFRS 8 Operating Segments as the Group does not earn revenues from this equity holding. However, the chief operating decision makers review the Sedibelo investment on a stand-alone basis, therefore it has been disclosed separately in the table above.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

3. SEGMENTAL REPORTING/CONTINUED

Audited condensed consolidated statement of financial position

31 December 2020	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs[4] USD'000	Total USD'000
Mining asset	140,695	163,178	–	–	–	–	**303,873**
Property, plant and equipment, and intangibles	17,400	47,099	4,998	30,167	10,658	–	**110,322**
Listed and unlisted investments[1]	–	–	1,309	–	–	29,600	**30,909**
Operating assets[2]	48,177	61,371	12,420	38,059	4,688	–	**164,715**
Cash and cash equivalents	6,025	745	34,452	1,183	1,457	–	**43,862**
Segment assets	**212,297**	**272,393**	**53,179**	**69,409**	**16,803**	**29,600**	**653,681**
Deferred tax asset	–	–	–	–	–	–	**3,029**
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**656,710**
Borrowings	28,000	28,505	–	–	–	–	**56,505**
Operating liabilities[3]	8,452	19,435	4,515	4,360	1,191	–	**37,953**
Segment liabilities	**36,452**	**47,940**	**4,515**	**4,360**	**1,191**	**–**	**94,458**
Deferred tax liability	–	–	–	–	–	–	**79,236**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**173,694**
Net (debt)/cash	**(21,975)**	**(27,760)**	**34,452**	**1,183**	**1,457**	**–**	**(12,643)**

1 *The listed and unlisted equity investments held in the Corporate segment are included in other non-current assets in the statement of financial position.*

2 *Operating assets include inventory, current and non-current trade and other receivables and current tax assets.*

3 *Operating liabilities include trade and other payables, lease liabilities, provisions and current tax liabilities.*

4 *Other – PGMs includes the Group's investment in Sedibelo. The investment does not meet the definition of a reportable segment in accordance with IFRS 8 Operating Segments as the Group does not earn revenues from this equity holding. However, the chief operating decision makers review the Sedibelo investment on a stand-alone basis, therefore it has been disclosed separately in the table above.*

3. SEGMENTAL REPORTING/CONTINUED

Reviewed condensed consolidated statement of financial position

30 June 2020	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs[4] USD'000	Total USD'000
Mining asset	139,570	163,178	–	–	–	–	302,748
Property, plant and equipment, and intangibles	20,172	49,860	2,427	30,114	5,837	–	108,410
Listed and unlisted investments[1]	–	–	1,454	–	–	45,000	46,454
Operating assets[2]	53,937	53,421	9,683	36,001	2,621	–	158,663
Cash and cash equivalents	1,801	2,755	46,952	646	1,489	–	53,643
Segment assets	**215,480**	**264,214**	**60,516**	**66,761**	**9,947**	**45,000**	**669,918**
Deferred tax asset	–	–	–	–	–	–	12,776
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**682,694**
Borrowings	30,000	14,362	–	–	–	–	44,362
Operating liabilities[3]	9,427	16,936	5,673	4,468	62	–	36,566
Segment liabilities	**39,427**	**31,298**	**5,673**	**4,468**	**62**	**–**	**80,928**
Deferred tax liability	–	–	–	–	–	–	86,170
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**167,098**
Net (debt)/cash	**(28,199)**	**(11,607)**	**46,952**	**646**	**1,489**	**–**	**9,281**

1 *The listed and unlisted equity investments held in the Corporate segment are included in other non-current assets in the statement of financial position.*

2 *Operating assets include inventory, current and non-current trade and other receivables and current tax assets.*

3 *Operating liabilities include trade and other payables, lease liabilities, provisions and current tax liabilities.*

4 *Other – PGMs includes the Group's investment in Sedibelo. The investment does not meet the definition of a reportable segment in accordance with IFRS 8 Operating Segments as the Group does not earn revenues from this equity holding. However, the chief operating decision makers review the Sedibelo investment on a stand-alone basis, therefore it has been disclosed separately in the table above.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **CONTINUED**

for the six months ended 30 June 2021

3. SEGMENTAL REPORTING/CONTINUED

Reviewed condensed consolidated statement of cash flows

1 January 2021 to 30 June 2021	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs USD'000	Total USD'000
Revenue	31,237	58,930	177	4,907	1,985	–	**97,236**
Operating costs and cost of sales[1]	(11,101)	(27,678)	(6,305)	(6,442)	(2,239)	–	**(53,765)**
Marketing, management and auction costs	(3,905)	(7,366)	11,271	–	–	–	**–**
EBITDA	**16,231**	**23,886**	**5,143**	**(1,535)**	**(254)**	**–**	**43,471**
Add back: Change in inventory and purchases	(2,005)	5,220	103	2,638	1,897	–	**7,853**
Tax paid	(3,178)	(2,937)	(56)	–	(57)	–	**(6,228)**
Capital expenditure	(568)	(2,625)	–	(87)	(2)	–	**(3,282)**
Free cash flow before working capital movements	**10,480**	**23,544**	**5,190**	**1,016**	**1,584**	**–**	**41,814**
Working capital movements[2]	1,322	9,342	(1,427)	(1,762)	(1,031)	–	**6,444**
Free cash flow	**11,802**	**32,886**	**3,763**	**(746)**	**553**	**–**	**48,258**
Cash generated from operations	14,959	37,929	3,632	(260)	595	–	**56,855**
Tax paid	(3,178)	(2,937)	(56)	–	(57)	–	**(6,228)**
Capital expenditure	(568)	(2,625)	–	(87)	(2)	–	**(3,282)**
Foreign exchange	589	519	187	(399)	17	–	**913**
Free cash flow	**11,802**	**32,886**	**3,763**	**(746)**	**553**	**–**	**48,258**

1 *Excluding share–based payments.*
2 *Includes movements relating to inventory purchases and excludes VAT refunds.*

3. SEGMENTAL REPORTING/CONTINUED

Reviewed condensed consolidated statement of cash flows

1 January 2020 to 30 June 2020	Zambia USD'000	Mozambique USD'000	Corporate USD'000	Fabergé USD'000	Other USD'000	Other – PGMs USD'000	Total USD'000
Revenue	11,446	–	65	2,471	1,018	–	**15,000**
Operating costs and cost of sales[1]	(18,068)	(6,260)	(8,578)	(4,933)	(1,863)	–	**(39,702)**
Marketing, management and auction costs	(1,431)	–	1,431	–	–	–	**–**
EBITDA	**(8,053)**	**(6,260)**	**(7,082)**	**(2,462)**	**(845)**	**–**	**(24,702)**
Add back: Change in inventory and purchases	2,926	(8,273)	65	1,152	954	–	**(3,176)**
Tax (paid)/received	(1,331)	(7,762)	11	(3)	–	–	**(9,085)**
Capital expenditure	(387)	(4,692)	(15)	(111)	–	–	**(5,205)**
Free cash flow before working capital movements	**(6,845)**	**(26,986)**	**(7,021)**	**(1,425)**	**109**	**–**	**(42,168)**
Working capital movements[2]	(73)	21,593	4,854	(2,858)	6,656	–	**30,172**
Free cash flow	**(6,918)**	**(5,393)**	**(2,167)**	**(4,283)**	**6,765**	**–**	**(11,996)**
Cash generated from operations	(4,317)	7,557	(1,252)	(4,375)	6,971	–	**4,530**
Tax (paid)/received (excluding WHT)	(1,331)	(7,762)	11	(3)	–	–	**(9,085)**
Capital expenditure	(387)	(4,692)	(15)	(111)	–	–	**(5,205)**
Foreign exchange	(883)	(496)	(911)	207	(153)	–	**(2,236)**
Free cash flow	**(6,918)**	**(5,393)**	**(2,167)**	**(4,282)**	**6,764**	**–**	**(11,996)**

1 *Excluding share–based payments and inventory impairments.*
2 *Includes movements relating to inventory purchases and excludes VAT refunds.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **CONTINUED**

for the six months ended 30 June 2021

4. COST OF SALES

	2021 (reviewed) USD'000	2020 (reviewed) USD'000
Mining and production costs		
Labour and related costs	9,324	11,155
Mineral royalties and production taxes	7,632	687
Fuel costs	2,974	3,500
Repairs and maintenance costs	2,903	3,588
Security costs	2,891	2,656
Camp costs	1,635	1,553
Blasting costs	427	367
Other mining and production costs	1,160	886
Total mining and production costs[1]	**28,946**	**24,392**
Change in inventory and purchases	7,853	(3,176)
Depreciation and amortisation	11,233	12,891
	48,032	**34,107**

1 *Includes unavoidable mining and production costs incurred during the temporary suspension of operations during 2020 and 2021 that have not been capitalised to inventory.*

5. SELLING, GENERAL AND ADMINISTRATIVE COSTS

	2021 (reviewed) USD'000	2020 (reviewed) USD'000
Labour and related costs	6,070	7,654
Selling, marketing and advertising	2,330	2,873
Professional, legal and other expenses	1,628	1,906
Rent and rates	687	420
Share-based payments	297	553
Travel and accommodation	343	420
Net foreign exchange (gains)/losses	(913)	2,236
Other selling, general and administrative expenses	6,935	3,059
	17,377	**19,121**
Exceptional items shown separately on the face of the condensed consolidated income statement:		
Impairment charges on assets[1]	–	14,081
Total selling, general and administrative expenses	**17,377**	**33,202**

1 *Impairment charges in the six months to 30 June 2020 included the USD11.5 million write-down of the carrying value of the Fabergé CGU (see Note 8) and a USD2.6 million provision in respect of a receivable due from a customer from the December 2019 ruby auction. This receivable had been fully recovered at 31 December 2020.*

6. FINANCE INCOME AND COSTS

	2021 (reviewed) USD'000	2020 (reviewed) USD'000
Interest received	66	223
Finance income	**66**	**223**
Interest on bank loans and borrowings	(1,253)	(1,209)
Interest charge on lease liabilities	(189)	(173)
Other finance costs	(216)	(178)
Finance costs	**(1,658)**	**(1,560)**
Net finance costs	**(1,592)**	**(1,337)**

7. TAXATION

The Group's tax expense is as follows:

	2021 (reviewed) USD'000	2020 (reviewed) USD'000
Current tax		
Taxation charge for the year	3,506	2,400
Deferred tax		
Origination and reversal of temporary differences	10,785	(12,628)
Under-provision in prior year	–	901
Total taxation charge/(credit)	**14,291**	**(9,327)**

The reasons for the difference between the actual taxation charge for the year and the standard rates of corporation tax in Guernsey and the United Kingdom applied to profits for the year are as follows:

	2021 (reviewed) USD'000	2020 (reviewed) USD'000
Profit/(loss) on ordinary activities before taxation	38,049	(66,064)
Taxation on ordinary activities at the standard rate of corporation tax in Guernsey of 0% (2020: 0%)	–	–
Taxation on ordinary activities at the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	7,229	(12,552)
Effects of:		
Expenses not deductible for tax purposes	3,725	5,351
Different tax rates applied in overseas jurisdictions	4,591	(4,217)
Under-provision from previous period	–	901
Other – including tax losses not recognised as deferred tax assets	(1,254)	1,190
Total taxation charge/(credit)	**14,291**	**(9,327)**

In Guernsey, the main rate of corporation tax for the year was 0%. The main rate of corporation tax in the United Kingdom was 19%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

7. TAXATION/CONTINUED

Different tax rates applied in overseas jurisdictions reflect the different tax rates applicable in the various jurisdictions in which the Group operates. The main rates of corporation tax in Zambia and Mozambique for the year were 30% and 32%, respectively.

The Group's effective tax rate of 37.6% (2020: 14.1%) predominately arises as a result of the different tax rates applied in overseas jurisdictions, non-deductible expenses, and tax losses not recognised.

Deferred tax assets and liabilities must be measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Details of the deferred tax liabilities and assets and amounts recognised in the condensed consolidated income statement are as follows:

	June 2021 (reviewed) USD'000	December 2020 (audited) USD'000	June 2020 (reviewed) USD'000
Recognised deferred tax assets			
Tax losses	4,780	11,144	15,211
Property, plant and equipment	2,929	2,773	2,418
Other temporary differences	1,953	3,224	2,421
Foreign exchange movements	(3,220)	–	–
Total deferred tax assets	**6,442**	**17,141**	**20,050**
Deferred tax assets netted against deferred tax liabilities	(2,710)	(14,112)	(7,274)
Total deferred tax assets	**3,732**	**3,029**	**12,776**

	June 2021 (reviewed) USD'000	December 2020 (audited) USD'000	June 2020 (reviewed) USD'000
Recognised deferred tax liabilities			
Evaluated mining property – Kagem and MRM	(88,802)	(89,979)	(85,684)
Inventory valuation – Kagem and MRM	(4,632)	(4,902)	(8,050)
Intangibles – Fabergé	–	–	(266)
Foreign exchange movements	–	1,533	556
Total deferred tax liabilities	**(93,434)**	**(93,348)**	**(93,444)**
Deferred tax assets netted against deferred tax liabilities	2,710	14,112	7,274
Total deferred tax liabilities	**(90,724)**	**(79,236)**	**(86,170)**

Deferred tax assets and deferred tax liabilities relating to the same tax authorities have been disclosed as a net asset or liability.

7. TAXATION/CONTINUED

The movement on the deferred tax account is provided below.

	2021 (reviewed) USD'000	2020 (reviewed) USD'000
At 1 January	**(76,207)**	**(84,950)**
Adjusted for:		
Property, plant and equipment	156	532
Other temporary differences	(1,271)	(869)
Evaluated mining property – Kagem and MRM	1,178	5,426
Inventory valuation – Kagem and MRM	269	(3,093)
Tax losses	(6,364)	9,159
Foreign exchange movements	(4,753)	401
Recognised in the condensed consolidated income statement	(10,785)	11,556
At 30 June	**(86,992)**	**(73,394)**

Deferred tax assets are only recognised in relation to tax losses and other temporary differences that would give rise to deferred tax assets where it is considered probable that the losses will be utilised in the foreseeable future, and therefore that the asset is recoverable.

The net deferred tax liability increased in the period by USD10.8 million, primarily due to a USD6.4 million reduction in tax losses resulting from Kagem and MRM utilising their accumulated losses against their taxable profits for the period. Additionally, foreign exchange movements have had a USD4.8 million impact on deferred tax, mostly due to the appreciation of the MZN against the USD in the current period, which resulted in a USD3.8 million foreign currency impact on the Mozambique deferred tax balances.

Management has reviewed the financial projections of the Group's operating entities and determined that there is evidence to support the recognition of the deferred tax asset at 30 June 2021. The asset recognised is based on the value of the taxable profit which is reasonably expected to be generated over the next three years.

Due to uncertainty over the timing of the future utilisation of certain of the taxation losses, no deferred tax has been recognised in relation to unused tax losses in the amount of USD158.4 million (2020: USD92.7 million).

8. IMPAIRMENT REVIEW OF THE FABERGÉ CASH-GENERATING UNIT ("CGU")

The Fabergé CGU is the Group's luxury downstream retail business, whose principal activity is the retail of premium personal luxury goods ("PLGs"). The carrying value of the CGU at 30 June 2021 was USD65.4 million (31 December 2020: USD60.1 million; 30 June 2020: USD75.3 million).

The Group applies a Market Approach – Revenue Multiple method to the valuation of the CGU's recoverable amount and engages an independent expert to complete an independent valuation report, using this methodology, at each reporting date. The independent report forms the primary source in determining the fair value (based on a fair value less cost of disposal ("FVLCTD") of Fabergé at each reporting date.

In the first half of 2020, the impact of the Covid-19 pandemic across the global economy, and specifically on the PLG market, indicated that the Fabergé CGU could be impaired in line with IAS 36 *Impairment* guidance. Accordingly, at 30 June 2020, management engaged the independent experts to update their valuation of the CGU. The result of this assessment indicated that the carrying value of the CGU was above its determined fair value at 30 June 2020, and consequently an impairment charge of USD11.5 million was recorded in the prior period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

8. IMPAIRMENT REVIEW OF THE FABERGÉ CASH-GENERATING UNIT ("CGU")/CONTINUED

At 30 June 2021, although the global restrictions on the movement of people and goods are lifting, with a more positive outlook for the next 12-months, the impacts of the pandemic on the PLG market are still being felt and uncertainty remains over the future impacts the virus will have on the global economy, particularly over the next six months as the northern hemisphere heads back into winter. Accordingly, management engaged the independent experts to update their valuation of the CGU at 30 June 2021.

The report was prepared on the same basis as that prepared at 30 June 2020 and 31 December 2020, using a market-based approach based on enterprise value to revenue multiples ("EV/Revenue") exhibited by comparable companies ("CoCos"). The comparable transactions ("CoTrans") multiple approach was not considered as only one CoTrans has occurred since the start of the Covid-19 pandemic that would reflect current market conditions and investor expectations.

The Group believes that a revenue multiple based on comparable companies remains the most appropriate method of valuing the Fabergé CGU. This approach is determined to be Level 3 in the fair value hierarchy.

The key judgements, assumptions and inputs used in the June 2021 valuation were consistent with those used at 31 December 2020. These factors are described in detail in the 2020 Annual Financial Statements and have been summarised below.

Basis of revenue

For the 30 June 2021 report, the following metrics were used:

1. Agreed sales over the last 12 months to June 2021 of USD12.7 million, which is determined to represent mostly post-Covid-19 impacted revenues; and
2. A forward-looking approach using management's latest Board-approved budgeted sales for 2021 of USD12.1 million.

Peer group

The characteristics of Fabergé when compared to its peer group of globally recognised PLG companies are considered in selection of the comparable EV/Revenue multiple range. These factors include Fabergé's heritage, its comparatively small size and product portfolio and Fabergé's EBITDA margin growth, which is negative.

Taking these factors into account, the report considered it reasonable to apply a discount to the peer group average multiples of 10%–20%. After deducting this, the selected EV/Revenue multiple range was 4.00x–4.75x (mid-point: 4.38x).

Control premium and Discount for Lack of Marketability ("DLOM")

Consistent with the December 2020 valuation, a control premium range of 25%–35% was applied to arrive at an adjusted enterprise value for the Fabergé CGU.

Similarly, the DLOM applied to the June 2021 valuation, which makes consideration for the fact that the Fabergé CGU is a private entity, was a range of 5%–10%, consistent with the December 2020 valuation.

Illustrative costs of disposal

Consistent with December 2020, the report considered an appropriate illustrative cost of disposal of 1% of enterprise value, which is the mid-point of disposal costs of between 0.5% and 1.5% of similar transactions observed.

8. IMPAIRMENT REVIEW OF THE FABERGÉ CASH-GENERATING UNIT ("CGU")/CONTINUED

Surplus inventory

Surplus inventory was assessed to be USD24.4 million at 30 June 2021 (31 December 2020: USD23.4 million; 30 June 2020: USD23.7 million) with the remainder regarded as operational inventory, required to support annual sales.

Valuation results

At 30 June 2020, the Directors concluded the FVLCTD of the Fabergé CGU to be USD63.8 million. This was lower that the carrying value of the CGU by USD11.5 million and therefore an impairment charge was recognised at 30 June 2020. As the inventory at Fabergé is supported by its NRV, the full impairment charge was recognised against the related intangible assets.

At 30 June 2021, based on the valuation approach outlined above, the average recoverable amount for the Fabergé CGU was determined to be USD88.7 million. The updated valuation implies a headroom above the current carrying value of the asset of USD23.3 million. A summary of the results at 30 June 2021 are shown in the table below.

The Directors considered whether, on the basis of the results of the assessment completed at 30 June 2021, the impairment made at 30 June 2020 should be reversed. It was concluded, however, that the facts and circumstances as they relate to Fabergé and the impact of Covid-19 on its operations, have not changed materially since 30 June 2020 when the impairment was initially recoded. The headroom indicated at 30 June 2021 results from the improvement in the multiples applied to the valuation, which are the result of market factors that are more relevant to more established businesses with a wider range of distribution channels. Although Fabergé has diversified its distribution channels since the pandemic started, with increased revenues realised from web and private sales, the mainstay of revenue generation for the business, including wholesale and retail, has not yet reached near normal levels. For instance, the average basis of revenue at 30 June 2021 was USD12.4 million, versus USD12.3 million at 30 June 2020. Additionally, given the anticipated increase in Covid-19 cases in the winter season in Europe and North America, the risk of continued strain on Fabergé's performance remains ever present.

Accordingly, it was concluded that the criteria for the reversal of an impairment are not met at the reporting date.

Looking forward, revenues from Fabergé should continue to improve as Covid-19 restrictions continue to ease and become more predictable, and as the Group continues to adapt to these new market conditions. The change in the facts and circumstances required for the impairment to be reversed would likely translate as a sustained increase in revenues from Fabergé's more traditional wholesale and retail revenue streams. The Directors will continue to monitor these factors closely and provide an updated assessment in the 31 December 2021 Annual Report.

Summary of results – mid-point values	**30 June 2021 USD million**
FVLCD (at an EV level, including surplus inventory)	
CoCos EV/Rev – LTM June 2021 (sales agreed)	92.4
CoCos EV/Rev – FY21 latest revenue budget	85.1
Average	**88.7**
Headroom	
CoCos EV/Rev – LTM June 2021 (sales agreed)	**26.9**
CoCos EV/Rev – FY21 latest revenue budget	**19.7**
Average	**23.3**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

9. IMPAIRMENT INDICATOR REVIEW OF MINING CASH-GENERATING UNITS ("CGUs")

The Directors review the carrying value of the Group's assets to determine whether there are any indicators of impairment such that the carrying values of the assets may not be recoverable. The assessment of whether an indicator of impairment has arisen can require considerable judgement taking account of future operational and financial plans, commodity prices, sales demand and the competitive environment. Where such indicators exist, the carrying value of the assets of a cash-generating unit is compared with the recoverable amount of those assets, that is, the higher of net realisable value and value in use, which is determined on the basis of discounted future cash flows. This involves management estimates of rough emerald and beryl, and ruby and corundum prices, market demand and supply, the development of operating costs, economic and regulatory climates, capital expenditure requirements, long-term mine plans and other factors. Any subsequent changes to cash flows due to changes in the above-mentioned factors could impact the carrying value of the assets.

At 30 June 2021, the Group's share price was ZAR1.80 (or GBP0.088), leading to a market capitalisation of USD147 million, USD390 million below the Group's net asset value (consistent with the previous years), which under IAS 36 represents an impairment indicator. Whilst the Gemfields Group is not considered a cash-generating unit, the existence of this impairment indicator implies that an impairment indicator may also exist at one of the Group's cash-generating units. As a result, an impairment review has been performed on the mining CGUs at 30 June 2021.

A primary factor in considering the impairment review was the impact of Covid-19 on both assets.

KAGEM:

- Kagem's principal operations recommenced in March 2021, reaching full capacity by April 2021. Production is at levels on par with pre-Covid-19, especially in the higher-quality emeralds.
- A series of mini-auctions in March and April 2021 realised revenues of USD31.4 million at an average of USD115.59 per carat. Unlike rubies, emeralds were sold in 2020 and 2021 by parties other than Kagem, the results of which were also strong, indicating this is not pent-up demand.
- Despite a two-week suspension of the wash plant and sort house due to a Covid-19 outbreak, there is still sufficient inventory to hold the auctions planned for later this year.
- All significant capital expenditure projects, however, remain postponed with only critical spend being incurred.

MRM:

- Operations resumed in March 2021, reaching 100% capacity in June 2021 following the suspension of critical operations since 22 April 2020. Production has continued uninterrupted since and is set to achieve pre-Covid-19 levels.
- A successful series of mini-auctions held in March and April 2021 generated revenues of USD58.9 million, with an average price per carat of USD171.33
- A second auction is scheduled for the fourth quarter of the year and given the current production levels there are no concerns over the availability of material for this auction.
- Significant capital expenditure projects, including the second ore treatment plant, however, remain postponed for the foreseeable future.
- Mozambique as a country remains high risk due to financial instability, the impact of Covid-19 and also the terrorist risk in the north of the country.

In determining the recoverable amount, the Group has used a discounted cash flow analysis. The calculation of the recoverable amount of the Group's CGUs at 30 June 2021 using a discounted cash flow model provided a range of outcomes as the calculation is particularly sensitive to changes in auction prices, composition of the high-quality emerald auctions, processing capacity of rubies and the discount rate used, amongst other factors. Any changes to the assumptions adopted in the calculation of the value-in-use, individually or in aggregate, would result in a different valuation being determined.

9. IMPAIRMENT INDICATOR REVIEW OF MINING CASH-GENERATING UNITS ("CGUs")/CONTINUED

The key assumptions used in the recoverable amount calculations are:

- Economically recoverable reserves and resources, which are based on management's expectations and the technical studies undertaken by in-house and third-party specialists.
- Commodity prices, which are determined based on the Group's historic achieved prices and pricing trends, as rough emerald and beryl and ruby and corundum prices are not traded on a public exchange.
- Composition of auctions, which are based on management's expectations of future production, historic trends and product mix.
- Discount rates, which reflect the Group's current market assessments of the time value of money and the risks specific to the cash-generating unit. For Kagem, a real discount rate of 13.7% (nominal 16.3%) was used at 30 June 2021. For MRM, a real discount rate of 11.5% (nominal 14.0%) was used at 30 June 2021. For the sensitised scenarios, a real discount rate of 15.2% (nominal 17.8%) was used for Kagem, and a real discount rate of 12.9% (nominal 15.5%) was used for MRM.
- Variable operating costs, which have been included in the impairment test as a function of the related production volumes.
- The timing of capital expenditure on the development projects, which is based on the Group's current and future financing plans and the results of technical studies completed to date.

Overall, the impact of the Covid-19 pandemic on the Group is not expected to be long term. The Directors believe that the longest period over which prices could be depressed, based on history, is less than a year and with the recent price trends from the current auctions, prices are expected to be stable if not increase over the coming period.

In conclusion:

- Kagem's base case recoverable amount is calculated at USD244.4 million which exceeds its carrying value of USD194.2 million. However, when the discount rate is sensitised, the headroom is reduced.
- MRM's base case recoverable amount is calculated at USD509.0 million, which significantly exceeds its carrying value of USD219.9 million at 30 June 2021.

As required by IAS 36, the amount by which the value assigned to a key assumption must change for the headroom to be reduced to nil must also be identified:

- Kagem's recoverable amount would be USD194.2 million with no headroom to carrying value when a price reduction of 24.1% is applied for a period of five years; or when a discount rate of 17.3% is applied to the base case cashflows.
- MRM's headroom is reduced to nil, when a price reduction of 65.4% is applied for a period of five years (at a 11.5% base case discount rate); or when a discount rate of 29.0% is applied to the base case cashflows.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

10. UNLISTED EQUITY INVESTMENT

The Group's unlisted equity investment relates to its 6.54% holding in Sedibelo Platinum Mines Limited ("Sedibelo", or "SPM"), a producer of platinum group metals ("PGMs") with interests in the Bushveld Complex in South Africa. The reconciliation of the valuation of the investment held in the current and prior period is shown in the table below. The valuation is denominated in USD.

	30 June 2021 (reviewed) USD'000	31 December 2020 (audited) USD'000	30 June 2020 (reviewed) USD'000
Balance at 1 January	29,600	57,500	57,500
Unrealised fair value gains/(losses)	7,700	(27,900)	(12,500)
Balance at period end	**37,300**	**29,600**	**45,000**

The Group applies a market approach to the valuation of Sedibelo. Based on this approach, the value of SPM at 30 June 2021 was estimated at USD570 million; the Group's indirect 6.54% interest has therefore been valued at USD37.3 million.

The increase in fair value in the current period has most notably arisen from an increase in the Enterprise Values of SPM's peer group and from the increase in the net cash held on SPM's balance sheet. These improvements have been driven by the robust PGM spot price environment, which has continued to strengthen as the impacts of Covid-19 on the PGM sector have reduced.

The primary source in determining the valuation of SPM at 30 June 2021 is a valuation report, prepared by an independent third party. The independent valuation report includes a range of valuations from which the Directors have applied judgement to assess the value of the Group's investment. The methodology applied at 30 June 2021 is consistent with that applied at 31 December 2020. For the 31 December 2020 valuation, the methodology applied was modified to include financial related metrics and a discount for lack of marketability. The fair value assessment completed is determined to be Level 3 in the fair value hierarchy.

The key judgements, assumptions and inputs used in the June 2021 valuation were consistent with those used at 31 December 2020. These factors are described in detail in the 2020 Annual Financial Statements and have been summarised below.

Market approach – comparable companies analysis

Consistent with the December 2020 valuation, the report concluded that the only practical market-based approach is to value the Group's investment in SPM by reference to the key market multiples exhibited by reference to the pricing of publicly listed PGM companies. The report considered the same peer group as for December 2020, concluding Tharisa, Northam Platinum ("Northam") and Royal Bafokeng Platinum ("RBP") to be the closest comparable to SPM with respect to their resource size and financial performance, although production and revenue at both Northam and RBP are still materially larger than SPM.

As in December 2020, the report considered the most suitable measures to be Enterprise Value per (i) mineral resource ounce, (ii) mineral reserve ounce, (iii) production ounce, (iv) Last Twelve Months ("LTM") revenue, (v) Next Twelve Months ("NTM") revenue, (vi) LTM EBITDA and (vii) NTM EBITDA.

The December 2020 report considered, for the first time, financial multiples. These had previously been disregarded by the Group's valuer as the financial numbers published by SPM were not considered suitable for various reasons including, for example, that SPM's operating and net incomes were negative at the time. The recovery of PGM prices, coupled with the strengthening of SPM's balance sheet, has allowed SPM's approach to shift to optimising revenue whilst keeping a control over costs. As such, SPM's disclosed financial performance now lies within an appropriate range to SPM's peer group for financial multiples to be included as part of the valuation. This continues to be the case for the 30 June 2021 valuation.

The valuer based its assessment on the available information reported by SPM in its March 2021 MD&A reporting and from SPM's most recent mineral resources and reserves report (December 2019).

10. UNLISTED EQUITY INVESTMENT/CONTINUED

Financial and non-financial multiples

The following trading multiples were selected for application to Sedibelo:

	30 June 2021	31 December 2020
EV/mineral resource ounces	USD11/oz	USD10/oz
EV/mineral reserve ounces	USD125/oz	USD75/oz
EV/LTM production ounce	4,000/oz	4,500/oz
EV/LTM revenue	2.0x	2.5x
EV/NTM revenue	1.3x	1.5x
EV/LTM EBITDA	4.0x	8.5x
EV/NTM EBITDA	2.5x	3.5x

The report has applied weightings to each multiple which give consideration to an array of factors, including (a) the increase in spot platinum and rhodium prices and attendant impact on SPM relative to its peer group, (b) historical EBITDA margins, which in turn are influenced by the type of mine (underground or surface), degree of mechanisation or mineralisation, (c) production levels, and (d) the degree of Covid-19-related disruption on LTM production, revenue and EBITDA.

Discount for the lack of marketability ("DLOM")

Consistent with the December 2020 report, the valuer has applied a DLOM to the valuation of Sedibelo of 20%. The DLOM is calculated using the Finnerty model, a widely used valuation discount method.

The DLOM applied gives acknowledgement to the fact that SPM is a public, unlisted company, making the Group's investment more difficult to sell than if it was listed in an openly traded market. Furthermore, the Group's interest in SPM is held via a Luxembourg holding entity, Pallinghurst Ivy Lane Capital S.àr.l., which creates further complications in realising the asset.

Valuation results

After allowance of SPM's net cash of USD65.5 million, the multiples lead to a value of SPM (100% basis), on an Enterprise Value basis, of USD714 million, with the Group's 6.54% interest valued at US46.7 million. Applying the 20% DLOM decreases SPM's fair value to USD571 million, with the Group's 6.54% interest valued at USD37.3 million. Accordingly, a USD7.7 million fair value gain has been recorded for the period, which has been recorded in other income and expenses and shown separately on the face of the financial statements.

Sensitivity analysis

For the purposes of the disclosures required by IFRS13, the Directors have performed a test of the reasonableness to the selected weightings of each multiple applied. The following sensitivity analysis on varying alternative weightings is disclosed:

(i) If equal weightings were applied to all seven metrics (i.e. a 14.3% weighting per multiple), with all other indicators and evidence unchanged, the valuation would change to USD42.9 million or an additional fair value increase of USD5.6 million.
(ii) If no weighting was applied to the mineral resource and mineral reserve multiples, with the remaining multiples re-weighted equally, the valuation would change to USD31.2 million or a fair value decrease of USD6.1 million from the position at 30 June 2021.
(iii) If no weighting was applied to the mineral resource, mineral reserve, NTM revenue and NTM EBITDA multiples, with the remaining multiples re-weighted equally, the valuation would change to USD33.0 million or a fair value decrease of USD4.3 million from the position at 30 June 2021.

In all scenarios a fair value gain would be recorded at 30 June 2021, based on the 31 December 2020 valuation of USD29.6 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS **CONTINUED**

for the six months ended 30 June 2021

10. UNLISTED EQUITY INVESTMENT/CONTINUED

Consideration of non-current assets held for sale

In November 2020, the Group engaged a third-party broker to commence the marketing and sale of its 23.65% equity holding in Pallinghurst Ivy Lane Capital S.à r.l., the Luxembourg holding company through which Gemfields holds its stake in Sedibelo. The holding structure, via the Luxembourg holding entity, adds further complications to the sales process. Initial discussions with prospective buyers have commenced; however, as the timing of the sales process is uncertain and the investment is not being actively marketed at a specific price, the Group's investment in Sedibelo does not meet all the requirements of IFRS 5 *Non-current assets held for sale and discontinued operations*, in order for the investment to be presented as an asset held for sale on the Group's balance sheet at 30 June 2021.

11. INVENTORY

	30 June 2021 (reviewed) USD'000	31 December 2020 (audited) USD'000	30 June 2020 (reviewed) USD'000
Rough inventory – emeralds and beryl	39,475	39,290	41,686
Rough inventory – rubies and corundum	25,133	31,639	29,568
Cut and polished gemstones	5,500	5,616	5,616
Fabergé inventory	34,410	33,413	30,937
Spares and consumables	7,967	7,881	8,667
	112,485	117,839	116,474

The total provision made against inventory at 30 June 2021 is USD8.6 million (31 December 2020: USD8.6 million, 30 June 2020: USD4.8 million).

At 30 June 2021, USD4.1 million of the rough inventory was carried at net realisable value (31 December 2020: USD0.8 million), and principally relates to beryl, corundum and some specific low-quality gemstones which are typically sold outside of the normal auction programme.

12. TRADE AND OTHER RECEIVABLES

	30 June 2021 (reviewed) USD'000	31 December 2020 (audited) USD'000	30 June 2020 (reviewed) USD'000
Trade and other receivables	12,329	13,549	13,719
Related-party receivables	2,127	3,674	3,965
Loan receivable	700	700	–
Other receivables	620	742	936
Financial assets held at amortised cost	**15,776**	**18,665**	**18,620**
VAT receivable	9,118	7,391	10,068
Prepayments	4,964	6,445	4,658
Other receivables	20	406	393
Total trade and other receivables	**29,878**	**32,907**	**33,739**

12. TRADE AND OTHER RECEIVABLES/CONTINUED

Financial assets held at amortised cost

Trade receivables of USD12.3 million at 30 June 2021 (31 December 2020: USD13.5 million, 30 June 2020: USD13.7 million) primarily relate to Kagem auction receivables of USD6.3 million (31 December 2020: USD7.9 million) from the mini-auctions held in March and April 2021 and amounts due to Fabergé of USD5.1 million (31 December 2020: USD4.1 million). At the date of these interim condensed consolidated financial statements, USD0.2 million of the Kagem auction receivable remained outstanding. At 30 June 2021, only USD0.3 million of auction receivables from the MRM ruby mini-auctions held in March and April 2021 remained outstanding. The full balance had been collected by 31 July 2021.

The Group assesses the recoverability of its auction receivables based on the simplified approach within IFRS 9, which uses a provision matrix to determine the lifetime expected credit losses. Auction receivables are written off where there is no reasonable expectation of recovery, which includes, amongst other specified criteria, a failure to make contractual payments for a period of greater than 120 days past due. No impairment provision was recorded against auction receivables at 30 June 2021.

Related-party receivable

At 30 June 2021 the Group had a USD5.1 million related-party receivable due from Mwiriti Ltda ("Mwiriti"), the Group's partner in MRM and in Nairoto Resources Limitada ("Nairoto"), which includes a USD3.0 million non-current element that is presented within other non-current assets in the condensed consolidated statement of financial position (31 December 2020: USD6.7 million, including a USD3.0 million non-current element). Of the total amount, USD2.1 million (31 December 2020: USD3.7 million) of the current receivable relates to MRM and will be recovered from future dividends paid out by MRM.

The remaining balance of USD3.0 million (31 December 2020: USD3.0 million) relates to Nairoto. Nairoto has been set up with the objective of developing 12 gold-mining licences in Northern Mozambique. The balance represents an advance made to Mwiriti, which has no fixed terms of repayment. It is expected that this receivable will be recovered through future dividends paid out once the viability of the project has been confirmed. The Group also held an outstanding non-current payable of USD5.0 million (31 December 2020: USD5.0 million) to Mwiriti in respect of the Nairoto project at 30 June 2021. As such, the Group's credit exposure to Mwiriti at 30 June 2021 in relation to Nairoto was determined to be immaterial.

Other receivables

VAT receivables, prepayments and other receivables are not financial assets. If collection of amounts is expected in one year or less, they are classified as current assets. All carrying amounts of other receivables approximate their fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

13. BORROWINGS

		Interest rate	Maturity	30 June 2021 (reviewed) USD'000	30 Dec 2020 (audited) USD'000	30 June 2020 (reviewed) USD'000
Non-current interest-bearing loans and borrowings						
ABSA Zambia	USD20 million term loan	USD LIBOR + 5.50%	2024	13,500	13,500	18,000
ABSA Zambia	USD10 million revolving credit facility	USD LIBOR + 5.50%	2022	10,000	10,000	10,000
				23,500	23,500	28,000

		Interest rate	Maturity	30 June 2021 (reviewed) USD'000	30 Dec 2020 (audited) USD'000	30 June 2020 (reviewed) USD'000
Current interest-bearing loans and borrowings						
ABSA Zambia	USD20 million term loan	USD LIBOR + 5.50%	2021	4,500	4,500	2,000
ABSA Mozambique	USD15 million overdraft facility	USD LIBOR + 4.00%	2021	6,433	14,184	4,489
BCI[1]	USD15 million overdraft facility	USD LIBOR + 3.75%	2021	4,167	14,321	9,873
				15,100	33,005	16,362
				38,600	**56,505**	**44,362**

1 BCI – Banco Comercial E De Investimentos, S.A.

ABSA Zambia

In August 2019, Kagem entered into a USD20.0 million term loan facility with ABSA Zambia. The facility bears interest at a rate of three-month USD LIBOR plus 5.5%. The facility is repayable over 60 months after the date of the first drawdown of the facility, with the first repayment of USD2.0 million being made during 2020. At 30 June 2021, USD18.0 million was fully drawn, with USD4.5 million being repayable in December 2021.

In 2019, Kagem also entered into a USD10.0 million revolving credit facility with ABSA Zambia which bears interest at a rate of three-month USD LIBOR plus 5.5% and is repayable after 36 months from the date of the first drawdown of the facility (there is an option to extend the facility for a further 24 months upon agreement by both parties). At 30 June 2021, USD10.0 million was fully drawn.

At 30 June 2021, Kagem had USD28.0 million outstanding with ABSA Zambia, with security comprising a fixed and floating charge over all of Kagem's net assets, equivalent to the total amount outstanding under the facility and a corporate guarantee from Gemfields Group Limited.

The facilities are subject to the following financial covenants, for which the next measurement period is 31 December 2021:

- Senior Debt Service Cover Ratio shall not fall below 1.2 times;
- Interest Service Cover Ratio shall not fall below 2.5 times; and
- Senior Net Debt/EBITDA shall not exceed 2.5 times.

13. BORROWINGS/CONTINUED

ABSA Mozambique

In April 2016, MRM entered into a USD15.0 million unsecured overdraft facility with ABSA Mozambique S.A. This is a rolling facility which renews annually each December, provided that terms and conditions are met, and attracts interest of three-month USD LIBOR plus 4.0% per annum. The outstanding balance at 30 June 2021 was USD6.4 million (31 December 2020 USD14.2 million, 30 June 2020: USD4.5 million). Gemfields Limited issued a corporate guarantee for the facility.

Banco Comercial E De Investimentos ("BCI")

In June 2016, MRM entered into a USD15.0 million unsecured overdraft facility with BCI. This is a rolling facility which renews annually each September, provided that terms and conditions are met, and attracts interest of three-month USD LIBOR plus 3.75% per annum. At 30 June 2021, USD4.2 million was outstanding (31 December 2020: USD14.3 million, 30 June 2020: USD9.9 million). The facility is secured by a blank promissory note undertaken by MRM and a corporate guarantee by Gemfields Mauritius Limited, a 100% subsidiary of the Group.

In addition to this, in February 2021 MRM secured an incremental facility with BCI of USD8.9 million for six months. When this facility has been fully repaid, a USD15.0 million lease facility will become available from BCI, thereby increasing MRM's liquidity. Approval for the release of the new lease facility is expected in September 2021, following which MRM will consider drawing this down.

The drawdowns made from the overdraft facilities held with ABSA Mozambique S.A. and BCI facilitate MRM in financing its capital expenditure requirements for the Montepuez ruby deposit in Mozambique and provide additional working capital. During the period USD21.0 million was drawn under the facilities, with USD38.9 million having been repaid.

14. PER SHARE INFORMATION

Earnings/(loss) per share ("EPS" or "LPS") and net asset value per share ("NAV") are key performance measures for the Group. EPS/(LPS) is based on profit/(loss) for the year divided by the weighted average number of ordinary shares in issue during the year. NAV per share is based on net assets divided by the number of ordinary shares in issue at 30 June 2021.

Headline earnings/(loss) per share ("HEPS" or "HLPS") is similar to EPS/(LPS), except that attributable profit specifically excludes certain items, as set out in Circular 1/2021 "Headline Earnings" ("Circular 1/2021") issued by the South African Institute of Chartered Accountants ("SAICA") during the period.

Earnings per share

The Group's EPS is as follows:

	2021	2020
Profit/(loss) for the period attributable to owners of the parent – USD'000	19,104	(51,173)
Weighted average number of shares in issue[1]	*1,168,756,030*	*1,169,526,939*
(Loss)/earnings per share – USD	**0.02**	**(0.04)**

1 *At 30 June 2020 and 30 June 2021 the Company had a see-through interest in itself of nil shares as it had disposed of its see-through interest shares during 2020. The Company's own shares held were removed in the calculation of weighted average number of shares in issue during 2020 for the applicable period before the shares were cancelled.*

There are no dilutive shares, as the average share price during the period was below the strike price of all exercisable share options. Therefore, EPS is equal to Diluted EPS.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

for the six months ended 30 June 2021

14. PER SHARE INFORMATION/CONTINUED

Headline earnings per share

The Group's HEPS is as follows:

	2021	2020
Profit/(loss) for the period attributable to owners of the parent – USD'000	19,104	(51,173)
Impairment of intangibles	–	11,500
Adjusted profit/(loss) for the period attributable to owners of the parent – adjusted USD'000	19,104	(39,673)
Weighted average number of shares in issue[1]	*1,168,756,030*	*1,169,526,939*
Headline (loss)/earnings per share – USD	**0.02**	**(0.03)**

1 At 30 June 2020 and 30 June 2021 the Company had a see-through interest in itself of nil shares as it had disposed of its see-through interest shares during 2020. The Company's own shares held were removed in the calculation of weighted average number of shares in issue during 2020 for the applicable period before the shares were cancelled.

NAV per share

The Group's USD NAV per share is as follows:

	2021	2020
Net assets attributable to owners of the parent – USD'000	432,721	442,728
Number of shares in issue[1]	*1,168,756,030*	*1,168,756,030*
NAV per share – USD	**0.37**	**0.38**

1 At 30 June 2020 and 30 June 2021 the Company had a see-through interest in itself of nil shares as it had disposed of its see-through interest shares during 2020. The Company's own shares held were removed in the calculation of weighted average number of shares in issue during 2020 for the applicable period before the shares were cancelled.

Tangible NAV per share

The Group's USD tangible NAV per share is as follows:

	2021	2020
Net assets attributable to owners of the parent – USD'000	432,721	442,728
Adjusted for:		
Intangible assets	(48,401)	(38,019)
	384,320	404,709
Number of shares in issue[1]	*1,168,756,030*	*1,168,756,030*
Tangible NAV per share – USD	**0.33**	**0.35**

1 At 30 June 2020 and 30 June 2021 the Company had a see-through interest in itself of nil shares as it had disposed of its see-through interest shares during 2020. The Company's own shares held were removed in the calculation of weighted average number of shares in issue during 2020 for the applicable period before the shares were cancelled.

15. COMMITMENTS AND CONTINGENCIES

At 30 June 2021, the Group had the following capital commitments:

- USD2.1 million (31 December 2020: USD2.8 million, 30 June 2020: USD2.9 million) for the construction of the decanter centrifuge, replacement machinery and other mining equipment in Montepuez.
- USD0.6 million at Kagem for the purchase of mining equipment (31 December 2020: Nil, 30 June 2020: USD1.5 million).

The Group does not have any significant contingencies.

16. RELATED-PARTY TRANSACTIONS

The Directors are the Key Management Personnel for the Company.

Base salaries paid to the Executive Directors in the six-month period to 30 June 2021 were USD410,400 (2020: USD425,000).

The amounts paid to the Non-Executive Directors for services (Director fees) for the period 1 January 2021 to 30 June 2021 were USD155,000 (2020: USD140,000).

The Group also holds a related-party receivable of USD5.1 million and a related party payable of USD5.0 million with Mwiriti Ltda, the Group's partner in MRM and Nairoto. During the period, MRM declared a dividend to Mwiriti of USD5.0 million, which has been offset against the outstanding receivable balance. MRM made additional cash advances to Mwiriti of USD3.5 million during the period that will be offset against future dividends declared by MRM.

17. EVENTS OCCURRING AFTER THE END OF THE PERIOD

There have been no events occurring after the period end that require disclosure in these financial statements.

Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Directors and authorised for issue on 22 September 2021.

INDEPENDENT AUDITOR'S REVIEW REPORT

to the shareholders of Gemfields Group Limited for reporting on the Johannesburg Stock Exchange ("JSE")

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Gemfields Group Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 June 2021 and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB) the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and for such internal control as the directors determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these interim financial statements.

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

MATERIAL UNCERTAINTY IN RELATION TO GOING CONCERN

We draw attention to Note 2 to the Interim Report and Condensed Consolidated Financial Statements which indicates that due to the uncertainty relating to the Covid-19 outbreak, there is a risk that the Group will require additional funding due to delays in respect of revenue generation or because of withdrawal of existing debt facilities.

As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Gemfields Group Limited for the period ended 30 June 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

USE OF OUR REPORT

Our report has been prepared in accordance with the terms of our engagement to assist the Group in meeting its responsibilities in respect of interim financial reporting in accordance with IAS 34, and the Johannesburg Stock Exchange Listings Requirements and for no other purpose. Other than the shareholders, to whom this report is addressed, no person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
London

22 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

UK INDEPENDENT AUDITOR'S REVIEW REPORT

to Gemfields Group Limited for reporting on the on the Alternative Investments Market ("AIM")

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2021 which comprises the condensed consolidated income statement and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related explanatory notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

DIRECTORS' RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the interim report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in Note 1, the annual financial statements of the Group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this interim report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

MATERIAL UNCERTAINTY IN RELATION TO GOING CONCERN

We draw attention to Note 2 to the Interim Report and Condensed Consolidated Financial Statements which indicates that due to the uncertainty relating to the Covid-19 outbreak, there is a risk that the Group will require additional funding due to delays in respect of revenue generation or because of withdrawal of existing debt facilities.

As stated in Note 2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Listings Rules of the London Stock Exchange for companies trading securities on AIM.

USE OF OUR REPORT

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
London

22 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

COMPANY DETAILS

Executive Directors
Sean Gilbertson
David Lovett

Non-Executive Directors
Martin Tolcher (Chairman)
Dr Christo Wiese
Lumkile Mondi
Kwape Mmela
Carel Malan
Mary Reilly

Registered Office
Gemfields Group Limited
PO Box 186
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4HP
Channel Islands

Company Secretary
Mr Toby Hewitt
1 Cathedral Piazza
London
SW1E 5BP
United Kingdom

London Office
1 Cathedral Piazza
London
SW1E 5BP
United Kingdom

Legal Advisor (Guernsey)
Mourant
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4HP
Channel Islands

Legal Advisor (UK)
Howard Kennedy LLP
No.1 London Bridge
London
SE1 9BG
United Kingdom

Legal Advisor (South Africa)
White & Case LLP
Katherine Towers
1st Floor
1 Park Lane, Wierda Valley
Sandton, 2196
Johannesburg
South Africa

JSE Sponsor
Investec Bank Limited
100 Grayston Drive
Sandton, 2196
South Africa

AIM Nominated Advisor and Broker
finnCap Limited
1 Bartholomew Close
London
EC1A 7BL
United Kingdom

AIM Joint broker
Liberum Capital Limited
25 Ropemaker Street
London
EC2Y 9LY

Registrar
Computershare Investor Services
(Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 1DB
Channel Islands

South African Transfer Secretary
Computershare Investor
Services (Pty) Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
South Africa

COMPANY DETAILS/**CONTINUED**

Financial Public Relations
Camarco
107 Cheapside
London
EC2V 6DS
United Kingdom

Administration Services (Guernsey)
Mourant Governance Services (Guernsey) Limited
PO Box 186
Royal Chambers
St. Julian's Avenue
St Peter Port
Guernsey
GY1 4HP
Channel Islands

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

GEMFIELDS

GROUP LIMITED

gemfieldsgroup.com