GEMFIELDS

Condensed Annual Results

FOR THE YEAR ENDED 31 DECEMBER 2021

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COVER IMAGE Jewel of Africa x Gemfields Pendant featuring a Gemfields Zambian emerald and Mozambican ruby

IMAGE LEFT Kagem emerald mine, Zambia

IMAGE Responsibly sourced rough emeralds, Kagem Mining, Zambia

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Overview

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Chairman's Statement

The past year has seen Gemfields Group Limited ("Gemfields", the "Company", "GGL" or the "Group") bounce back strongly from the diverse Covid-19 challenges it has faced. 2021 saw record-breaking auction revenues at both Kagem Mining Limited ("Kagem") and Montepuez Ruby Mining Limitada ("MRM"). When combined with strong revenues at Fabergé Ltd ("Fabergé"), this resulted in a record USD257.7 million of Group-wide revenue being achieved.

No praise can be high enough for the Group's employees. Gemfields' teams across the globe have deftly navigated the Group through the most difficult period in the Company's history, making notable sacrifices along the way. The Group has emerged from the Covid-19 crisis with a more flexible business model and robust balance sheet, leaving it well-positioned to deliver both further growth and shareholder returns over the coming years.

The Group's operational teams restarted the Group's mining operations after almost a year of suspended activities, doing so without any major glitches – a considerable achievement, especially given the excellent production levels they were able to deliver in a shortened operating period.

A combination of the buoyant coloured gemstone market and the significant contributions of the Gemfields Group teams have enabled the Board to announce the Group's maiden dividend to shareholders. The dividend of USD20 million, or approximately USDc1.7 per share, will be distributed to shareholders during the first half of 2022. This represents a significant milestone for the Company and provides encouragement that the Group can distribute dividends on a consistent and sustainable basis going forward.

ONLINE BIDDING PLATFORM PROVIDES VALUABLE OPTIONALITY

The new online bidding platform deployed by the Group for its gemstone auctions provides important flexibility in a world still hampered by Covid-19-related difficulties. In addition, Fabergé has continued to increase its digital presence and online sales, providing greater reach in promoting coloured gemstones to end consumers.

GEMFIELDS' SUSTAINABLE AGENDA

Climate change is a significant issue and the transition to a low-carbon economy will create both opportunities and risks for all businesses. Gemfields continues to map its understanding of the impact of climate change in its countries of operation as part of its journey to adopt the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). Gemfields is aware that TCFD recommendations are primarily aimed at premium-listed companies. Nonetheless, the Board is setting the Group on the path of pursuing compliance with TCFD as soon as is reasonably practicable.

Gemfields' key tenet of transparency saw the Company launch the "G-Factor for Natural Resources" during the year, a new transparency initiative to assess the level of resource-wealth sharing by extractive industries within deposit-hosting countries. The Group continues to invite collaboration, input and support from other companies and host countries in propagating this simple yet powerful initiative.

Gemfields is delighted with the progress that the Gemfields Foundation (the "Foundation") has made since its soft launch in January 2021. The Foundation completed its first school project in Madagascar as well as distributing 4,000 solar lamps to displaced persons arriving within MRM's district from the unrest which occurred in north-eastern Mozambique.

SHAREHOLDER ENGAGEMENT

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%. In October 2021, the Company's Remuneration Committee hosted a virtual conference, inviting views on the Remuneration Policy. Those shareholders who attended were focussed primarily on the reform and components of the Company's Short-Term Incentive Plan and were largely ambivalent about the Company's Employee Share Option Plan, recognising the difficulties

IMAGE Martin Tolcher, *Chairman*

associated with reducing the number of options in issue. 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 highlighted shareholder views of the intrinsic value in GGL's share price.

GOVERNANCE AND INTERNATIONAL PROFILE

Following a competitive tender process and a recommendation from GGL's Audit Committee, the Board resolved to appoint Ernst & Young LLP as its statutory auditor, commencing with the 2022 financial year, subject of course to ratification by shareholders at the Company's 2022 AGM. It is the Board's view that this change of auditor promotes good corporate governance given the long period that the incumbent auditor has been in place.

With Gemfields returning to London via an AIM listing of the Company in February 2020, it was important for the Group to increase its broker coverage and market presence in order to strengthen its profile and reach a wider field of UK, European and other international investors. Gemfields is now supported by regular independent reporting through both of its house brokers and Panmure Gordon. All recent research reports point towards the gap between the Group's net asset value and the Company's current market capitalisation. This value gap has remained even after the Company's excellent share price performance during 2021, trading at highs of ZAR3.50 per share and yielding a 125% increase in value during the year.

GEMFIELDS WELCOME A NEW ANCHOR SHAREHOLDER

The past year has also seen Gemfields welcome Assore International Holdings Limited ("Assore") as the Group's largest anchor shareholder. Assore is a South African group of good standing and repute and with extensive mining experience. The Group welcomes Assore's representative, Patrick Sacco, to the Board of GGL as a non-executive director. Patrick brings significant experience and knowledge to Gemfields, most notably in African mining and international marketing, at a crucial time in the Group's history. After over eight years on the Board, Dr Christo Wiese stepped down on 24 September 2021. On behalf of all my Board colleagues, I would like to thank Dr Wiese for the valuable contribution he made during his tenure.

OUTLOOK

Looking ahead to the remainder of 2022, Gemfields' teams are already hosting and welcoming a notable increase in supply chain assessments and audits as jewellers and downstream customers strive to better understand and document their supply chains. The coloured gemstone sector has long been opaque and Gemfields' focus on transparency means that it is uniquely positioned as the industry rightly shifts to a "mine-of-origin" model and away from "country-of-origin". The shift to greater transparency and supply chain certification will ultimately improve and strengthen the evolution of the sector.

Like the majority of the rest of the world, the Gemfields Board is aghast and saddened by the atrocities accompanying Russia's large-scale military invasion of Ukraine. While the unrest and sanctions imposed on Russia will impact the Group's short-term energy and fuel costs in the jurisdictions in which it operates, the overall risk and exposure to Gemfields is considered presently to be low. Our thoughts are with the people of Ukraine and those who have been affected by these appalling events.

Challenges will always present themselves, but the Group's experienced, flexible and innovative workforce put Gemfields in a favourable position to benefit from the step change observed last year in market demand and prices within the coloured gemstone market.

The Gemfields team maintains its focus on being the global leader in African emeralds, rubies and sapphires, promoting transparency, trust and responsible mining practices.

Finally, once again I should like to place on record my gratitude to colleagues on the Gemfields Board of Directors for their huge efforts and support over this last financial year.

Martin Tolcher
Chairman
24 March 2022

IMAGE Responsibly sourced cut and polished emerald, Kagem Mining, Zambia

SECTION 1.2

Chief Executive's Statement

2021 was an 'annus mirabilis' for Gemfields Group, with the Company robustly putting the challenges of 2020 well behind us. It has been a privilege to see how the global Gemfields team has pulled together to manage the assorted challenges posed by Covid-19, going from strength to strength in such unpredictable times and finishing the year with record-breaking auction revenues.

RECORD RESULTS REINFORCE STATUS AS WORLD'S LEADING COLOURED GEMSTONE SUPPLIER

With the Group's operations now firing on all cylinders again, complemented by the buoyant conditions in the coloured gemstone market, we are well-positioned as the world's leading supplier of responsibly sourced coloured gemstones.

Gemfields generated group-wide revenues of USD257.7 million with EBITDA of USD133.1 million (2020: USD34.6 million in revenues and USD32.9 million EBITDA loss; 2019: USD216.2 million in revenues and USD80.9 million EBITDA). Revenues were predominately derived from stronger than expected emerald and ruby auction revenues plus direct sales of Gemfields' lower-quality emeralds and beryl in India. Fabergé contributed a record USD13.8 million of revenues during the year.

The Group generated a record USD118.1 million in Free Cash Flow (as defined in the Finance Review), which was bolstered by 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 cutback in corporate costs.

Given Covid-19's impact on Gemfields' ability to generate auction revenues, our focus during the pandemic was on cash preservation. Following the resumption of mining operations, all UK staff members, including the Board of Directors, returned to their contractual salaries from 1 April 2021, having endured a 20% reduction in remuneration for almost a year while principal operations at Kagem and MRM were suspended. We expect corporate and operating costs to return to pre-pandemic levels now that our operations have returned to normal. Like many other companies, we are seeing the impact of rising inflation and this may contribute to higher operating costs in 2022 and beyond.

Normalised earnings for the year, after removing fair value movements on Sedibelo and impairment charges, equate to a profit of USD61.3 million (2020: USD53.8 million loss; 2019: USD25.5 million profit).

At 31 December 2021, the Group was in a net cash position of USD63.0 million (31 December 2020: net debt of USD12.6 million; 2019: net cash of USD25.4 million) and held a gross cash balance of USD97.7 million.

KAGEM MINING LIMITED, ZAMBIA

Principal operations at Kagem Mining Limited ("Kagem") saw a phased resumption from March 2021, with operations reaching normal capacity by the end of May 2021, having been suspended in March 2020 due to Covid-19. Thanks to the sterling efforts of our team in Zambia, Kagem's excellent production run of premium emeralds has continued, growing quickly to above the levels seen pre-pandemic. Production in the premium emerald category at Kagem was 230,500 carats for the year (2020: 133,900 carats; 2019: 204,600 carats), an average of more than 25,000 premium carats per month during the reduced period of operation in 2021 and the highest annual total since 2011. Overall production at Kagem for the year amounted to 32.0 million carats (2020: 9.4 million carats; 2019: 36.3 million carats) with 9.4 million tonnes of rock handled (2020: 2.3 million tonnes; 2019: 12.6 million tonnes). During 2021, we invested a modest USD2.3 million on replacement mining and ancillary equipment and infrastructure improvements to ensure the mine is Covid-19 compliant and our employees remain protected. We expect in 2022 to increase our capital expenditure at Kagem to pre-pandemic levels, with a primary focus on replacement machinery and enhancing processing plant capacity.

Shortly before the pandemic we amalgamated Mbuva-Chibolele ("Chibolele") and 10 other licences previously wholly owned by

IMAGE Sean Gilbertson, *Chief Executive Officer*

Gemfields into Kagem. We are pleased with the contributions achieved by Chibolele to Kagem's overall output, with 3.9 million carats produced from the Chibolele pit during the year. Furthermore, after an internal assessment of the gemstone resources and reserves at Chibolele, carried out by an internal "Competent Person", a notable upgrade has been applied to Chibolele's "measured and indicated" gemstone resources and "probable" gemstone reserves.

We welcome a change in taxation policy by the Zambian Government whereby, from 1 January 2022, the mineral royalty of 6% of revenue, previously not deductible for corporation tax purposes, will now again be deductible. This is a positive supplement to Kagem's future margins.

Kagem generated USD91.8 million of revenues during the year (2020: USD22.3 million; 2019: USD79.0 million), the best calendar year performance since we acquired the mine more than a decade ago. We continued with our successful "multi-city viewing with online bidding" auction format throughout the year by hosting three such auctions in 2021. Our end-of-year emerald auction was one of the most hotly contested we have run to date, setting new records for both the highest revenue and highest average price per carat achieved at any Kagem auction. This auction also saw Kagem's striking 7,525 carat "rhino emerald" successfully sold. Kagem was able to supplement its 2021 revenues by expanding its direct sales programme for lower-quality gemstones through Gemfields India.

Given Kagem's strong cash flows and balance sheet, a USD6.0 million dividend has been declared at the Kagem level, with USD1.5 million payable to our 25% partner, the IDC of Zambia. This represents Kagem's first dividend since 2016, a testament to Kagem's recent performance.

IMAGE Operations, Kagem Mining, Zambia

Post year-end, on 3 March 2022, GGL, Gemfields Limited and Kagem received a letter of claim in respect of a case in the English High Court on behalf of 11 individuals for personal injury and associated claims. None of the defendants have however, to date, been served. Gemfields and Kagem take allegations of this nature very seriously and have instructed external legal counsel in order to robustly defend the case should they be served.

MONTEPUEZ RUBY MINING LIMITADA, MOZAMBIQUE

Operations at Montepuez Ruby Mining Limitada ("MRM") saw a phased resumption from March 2021, reaching normal capacity by the end of May 2021, and following the suspension in March 2020 of principal operations due to Covid-19. Production in the premium ruby category at MRM was 84,000 carats for the year (2020: 28,700 carats; 2019: 81,300 carats), with the second half of the year averaging over 10,000 premium carats per month. Overall production at MRM for the year was 3.3 million carats (2020: 1.3 million carats; 2019: 2.2 million carats) with 5.7 million tonnes of rock handled (2020: 1.9 million tonnes; 2019: 7.2 million tonnes) notwithstanding the reduced number of operating months during both 2021 and 2020. Total capital expenditure for the year was just USD4.6 million, comprising USD3.7 million on replacement mining and ancillary equipment and USD0.9 million spent on the ancillary aspects of the resettlement village constructed near Namanhumbir, thereby successfully completing the first stage of rehousing all 105 censused families. MRM's capital expenditure is expected to increase significantly across 2022 and 2023 to facilitate a 200% capacity upgrade to the processing plant facility, a transformational development for MRM and its future revenue potential.

MRM's independent operational grievance mechanism ("OGM") was officially launched in February 2021 following the conclusion of a pilot phase and a local public awareness campaign. 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 that ended the Leigh Day litigation. An independent monitor, Synergy Consulting, has been appointed to report on the efficacy of the OGM and its performance against the United Nations Guiding Principles ("UNGPs") Effectiveness Criteria at six-monthly intervals. A summary of the Independent Monitor's report for the six months ending 30 November 2021 can be found on Gemfields' website here: www.gemfieldsgroup.com/assets/montepuez-ruby-mining-limitada/. The Independent Monitor has highlighted a number of risks in connection with the implementation of the OGM, including the high case-load and the low rate of case resolution, and has made a number of recommendations for the OGM parties to consider. MRM accepts those recommendations and will continue to seek the resolution of the identified issues through dialogue with the other OGM players. There is still much work to be done, and MRM will continue with its good faith efforts to make the OGM a success.

MRM actively monitors the insurgency situation in Cabo Delgado province. At present, the risk to MRM's operational continuity is perceived to be low. The Group has emergency planning in place to optimise site safety and the protection of MRM's workforce should the insurgency situation deteriorate. Illegal mining continues to present significant challenges due to the nature of the deposit, poor immigration controls, an imperfect legal framework for the export of rubies, the scale of MRM's 340 square kilometre licence area and the levels of poverty widely suffered in northern Mozambique. MRM, a much-needed driver of economic growth by way of the provision of jobs and as the province's leading taxpayer, continues to raise awareness and liaise with the Mozambican authorities to encourage greater action against the financiers, facilitators and syndicates behind the illegal trade of Mozambican rubies. As end-consumers and jewellers increasingly and rightly demand greater supply-chain transparency, it is imperative that the coloured gemstone sector move to a "mine-of-origin" rather than a "country-of-origin" model.

MRM generated USD147.4 million in revenues during the year (2020: Nil; 2019: USD121.5 million), a record-breaking year for MRM. MRM achieved 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 auction revenue since December 2019. The year ended with the strongest auction in Gemfields' history: USD88.5 million was achieved from MRM's series of seven sequential mixed-quality ruby mini-auctions held during November and December 2021.

FABERGÉ

Our outright ownership of Fabergé Ltd ("Fabergé") – an iconic and prestigious brand of exceptional heritage – enables us to augment consumer awareness of coloured gemstones and advance our "mine and market" vision.

Fabergé generated record revenues of USD13.8 million (2020: USD7.1 million; 2019: USD10.5 million), the increase in revenue being largely due to improved direct-to-consumer, wholesale and online sales.

Fabergé recorded a gross profit of USD3.3 million (2020: USD3.9 million; 2019: USD3.2 million), with an EBITDA loss of USD4.9 million (2020: USD3.4 million EBITDA loss; 2019: USD6.5 million EBITDA loss).

Fabergé continues to diversify its revenue streams by driving its digital presence and online sales given the prevailing market conditions.

IMAGE Fabergé featuring Gemfields Colours of Love Rings, featuring a Gemfields Zambian emerald and Mozambican ruby

OTHER PROJECTS

In April 2021, operations recommenced at 75%-held Nairoto Resources Limitada ("Nairoto"), which holds a circa 2,000 square kilometre licence package and lies to the north of MRM. Both gold and corundum mineralisation have been identified to date. SRK, an independent consultant, was engaged to identify and evaluate Nairoto's primary gold resource targets. Initial findings from the assessment have resulted in a number of secondary and primary targets for gold being identified. Further exploration work is underway on several parts of the extensive Nairoto licence package.

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, remain on hold due to current Covid-19 conditions.

INVESTMENTS

The Group's platinum group metals ("PGM") investment, now a direct stake of 6.54% in Sedibelo Platinum Mines Ltd ("Sedibelo"), remains unlisted with no market price readily available to value the holding. Sedibelo has a significant resource base making it one of the world's largest PGM deposits. Sedibelo's safety record remains a key highlight, with over 6.38 million fatality-free shifts over more than 11 years of operations.

Sedibelo dispatched 68,800 4E PGM ounces during the nine months to September 2021 (nine months to 30 September 2020: 87,000 4E PGM ounces). Both the current and comparative periods experienced approximately 40 lost operational days due to unscheduled repairs and maintenance and national lockdowns respectively. A significant increase in the 4E PGM basket price helped drive a 12% increase in revenues to USD199.3 million for the nine months to 30 September 2021, with improved profit margins.

The interposed vehicle through which Gemfields previously held its stake in Sedibelo, Pallinghurst Ivy Lane Capital S.àr.l. ("Ivy Lane"), was successfully unbundled towards the end of the year such that Ivy Lane's 27.64% shareholding in Sedibelo, as well as Ivy Lane's surplus net assets, were transferred to Ivy Lane's shareholders in accordance with their respective equity holdings in Ivy Lane. Gemfields therefore now holds its 6.54% stake in Sedibelo directly. Gemfields wishes to exit its Sedibelo holding in an orderly manner and Sedibelo's proposed 2022 IPO may provide an additional opportunity to realise a portion of the Company's holding.

The same independent party who assessed the Group's carrying value for Sedibelo at 31 December 2020 has updated its valuation at 31 December 2021 to reflect prevailing market conditions. Based on the results of the independent valuation, a USD7.6 million fair value uplift for the year has been applied, bringing the carrying value for the Group's 6.54% stake in Sedibelo to USD37.2 million.

ESG REMAINS A KEY OBJECTIVE AT GEMFIELDS

A well-balanced approach to environment, social and corporate governance ("ESG") remains a key priority for Gemfields. We strive to balance the interests of our many stakeholders by working on optimising operational efficiency, minimising the environmental impact of our operations, building lasting livelihoods for the communities that surround our mines, delivering lasting and positive change in the coloured gemstone industry. We are not only investors in our projects but see ourselves as the custodians of our host country's gemstones with the duty of returning economic and social good to our local, regional and national partners. Whether at the mine level, or via the Gemfields Foundation, we continued to work on health, education and livelihoods projects for our local communities in order to deliver long-term benefits as well as working with each host country to benefit conservation.

OUTLOOK

The Group's results for 2021 underscore the positive step-change in both market demand for coloured gemstones and in the prices bid by our clients, aided by the disruptions to gemstone supply caused by Covid-19. The success of our multi-city auctions, combined with the new online bidding platform, has provided greater flexibility for the Group in the ever-changing circumstances we encounter. Gemfields' teams worldwide have made notable sacrifices to safeguard the business through these unprecedented times. Thanks to their contributions and our stronger-than-expected earnings for the year, we are very pleased to have been able to allocate USD20 million to our maiden dividend. We are very conscious that it has been a long journey for many of our shareholders and, as we mark this long-awaited and significant achievement for the Group, we thank our shareholders for their loyalty and patience.

We extend sincere thanks to our 2,500 team members worldwide, to our host governments in Mozambique and Zambia, to our business partners, our customers and our shareholders for their ongoing support. We look forward immensely to harnessing the opportunities and navigating the challenges in the year ahead.

Sean Gilbertson
Chief Executive
24 March 2022

SECTION 1.3

Finance Review

A summary of the key financial indicators of the Group for the year ended 31 December 2021 is shown in the table below.

IN THOUSANDS OF USD	2021	2020
Revenue	**257,706**	34,567
EBITDA[1]	**133,101**	(32,909)
Profit/(loss) after tax	**64,963**	(93,227)
Cash generated from/(utilised in) operating activities	**98,121**	(20,166)
Free cash flow[2]	**118,122**	(58,968)
Net cash/(debt)	**62,985**	(12,643)

1 – Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude one-off impairments on the Groups 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 taxation paid, sustaining and expansionary capital expenditure and foreign exchange gains and losses and excludes all working capital movements. A full breakdown can be seen in Note 1: *Segmental Reporting* to the Consolidated Financial Statements.

OVERVIEW

The Group's primary financial key performance indicators ("KPIs") are revenue, EBITDA, free cash flow before working capital movements and net cash/(debt). For a reconciliation of the above KPIs, see Note 1 to the Consolidated Financial Statements.

The Group achieved record revenues of USD257.7 million during 2021, predominantly from the five sets of mini auctions held during the year. The record revenues achieved in 2021 are 19% higher than the USD216.2 million revenues realised in 2019, the last record-breaking and also pre-Covid-19 year for the Group.

These outstanding revenues were made possible by the remarkable work carried out by teams across the Group, managing logistics, new auction viewing locations and auction partner expectations. The online bidding platform for rough gemstones introduced by the Group at the end of 2020, which permits customers located in multiple jurisdictions to participate in a sealed-bid sales process, was also essential in achieving the record-breaking auction revenues. Thanks to these factors, the Group is now in a position to hold rough gemstones auctions whilst navigating the various Covid-19 restrictions in place across the globe and has a more robust sales platform to manage further challenges should they come our way in the future.

The Group also recommenced its mining operations at MRM and Kagem during the year, with both mines back to normal capacity by May 2021. Since May 2021, the production of both emeralds and rubies has been encouraging, with operations at the mines remaining largely uninterrupted by Covid-19.

The exceptional revenues achieved, alongside the slightly reduced cost base for the year that reflects only eight months of mining operations, reduced corporate operating costs and minimal capital expenditure, has resulted in EBITDA of USD133.1 million and free cash flow of USD118.1 million. These excellent results led to the Group ending the year with net cash of USD63.0 million. Please note, however, that these margins are unlikely to be repeated in future periods because of the abnormal cost base in the year.

The phenomenal results achieved by the Group in 2021 come off the back of the worst year in the Group's history, where the Group's operating and financial performance was severely impacted by the Covid-19 pandemic. As operations have moved back to "business-as-usual" during 2021 and with positive emerald and ruby production coming through, Gemfields has reason to look forward with optimism.

REVENUE

IN THOUSANDS OF USD	2021	2020
Kagem	**91,830**	22,300
MRM	**147,367**	–
Fabergé	**13,753**	7,144
Other	**4,756**	5,123
Total	**257,706**	**34,567**

IMAGE David Lovett, *Chief Financial Officer*

During 2020, the Covid-19 pandemic had a significant impact on the Group, with total revenues for the year falling to USD34.6 million, a significant 84% reduction on the total revenues of USD216.2 million achieved in 2019. This significant reduction resulted from the Group only being able to hold two emerald auctions in 2020. A CQ auction in Lusaka, Zambia, in February 2020, generating revenues of USD11.4 million at an average of USD4.01 per carat, and a series of HQ mini auctions in November and December 2020 that achieved total revenues of USD10.9 million, with an overall average value of USD59.84 per carat. No ruby auctions were held in 2020.

The series of mini auctions for HQ emeralds held in November and December 2020 were the first of the innovative multi-city online auctions to be held by the Group. The second series of mini auctions using the online bidding platform was held between 15 March 2021 to 17 April 2021 for both HQ emerald and MQ ruby. Total revenues generated from these auctions were USD90.1 million, indicating strong market demand and robust pricing.

A further series of mini auctions for HQ emerald and MQ ruby was held across November and December 2021, generating USD126.1 million in revenue. Additionally, in August 2021 a CQ emerald auction was held that generated revenues of USD23.0 million. As championed by Gemfields over the last decade, the auctions were fully monitored by the Ministry of Mines and Minerals Development of Zambia and the Zambia Revenue Authority for the emerald auctions, and the Ministry of Mineral Resources and Energy and the Mozambique Tax Authority for the ruby auctions, all via video conference. We thank the Governments of both Zambia and Mozambique for working with us to keep the alternative auction process as transparent as possible.

Total revenues of USD91.8 million generated from emeralds in 2021 is a record calendar year for Kagem. Average per carat prices achieved in 2021, of USD115.59 and USD150.65 for the HQ mini auctions and USD6.61 for CQ mini auctions, also set new records for the Group, and were well above the average per carat prices of USD78.63 for HQ and USD4.61 for CQ achieved in 2019. Further, for the

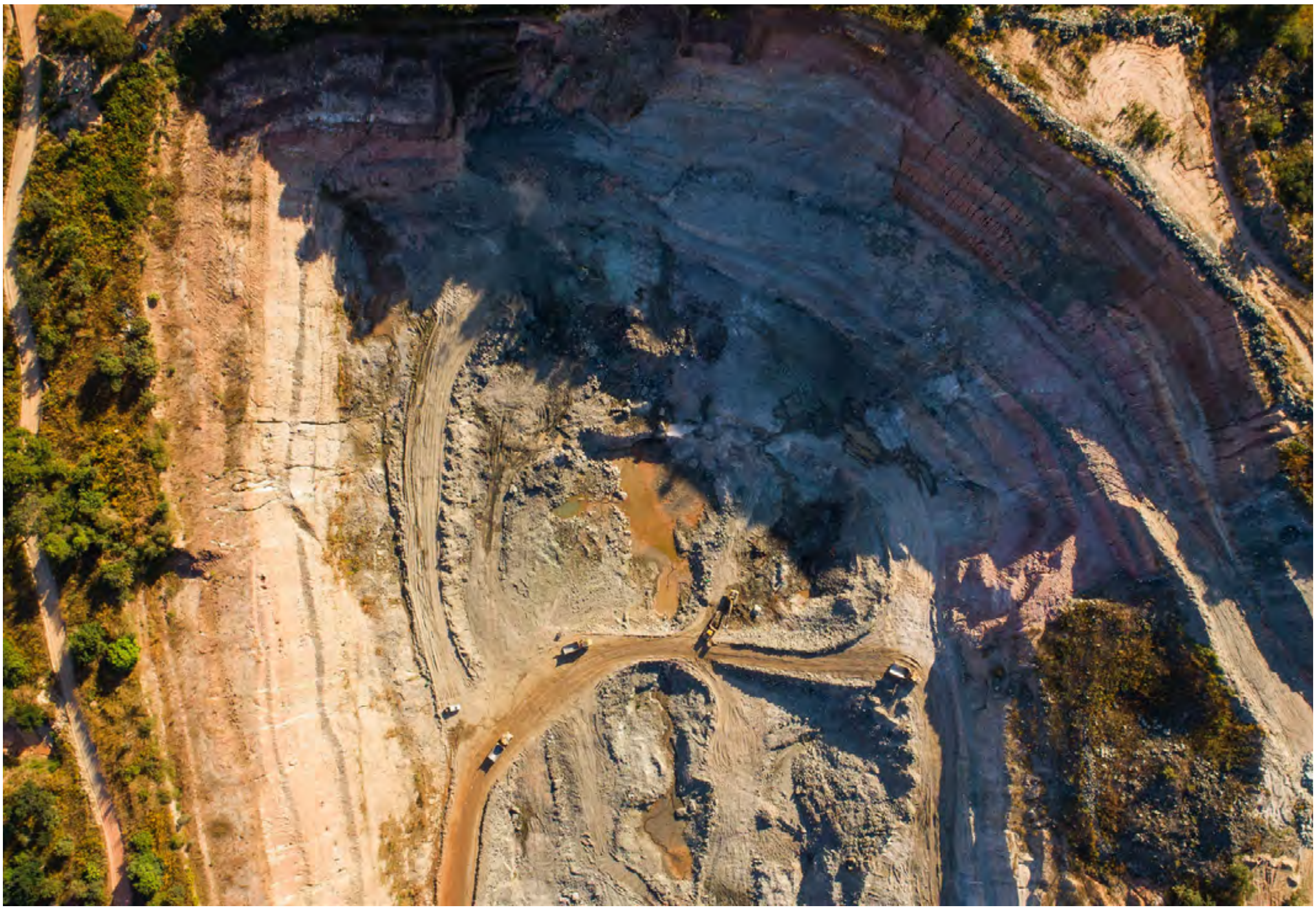


IMAGE Kagem emerald mine, Zambia

HQ auctions the average number of customers participating in the online bidding was 58.5, with an average of 19 bids made per lot. These participation rates far exceed 2019, where the Group saw an average number of customers participating in bidding of 46.5, with an average of 8.5 bids per lot. This strong and wide-reaching demand demonstrates that rough emerald prices and demand are strong despite the impacts of the Covid-19 pandemic. It is noted however, that while the 2021 auctions saw record overall revenues and pricing, each auction has a slightly different composition in terms of the product-mix and should not be directly compared.

Total revenues of USD147.4 million for rubies realised for the year were also record-breaking for the Group. Average per carat prices achieved in 2021 of USD171.33 and USD132.47 for the two MQ mini auctions again set new records and were well above the average per carat prices achieved in 2019 of USD51.99 and USD77.12. The auctions saw an average of 50.5 companies placing bids, with over 95% of lots sold at each auction series. Like emeralds, this indicates that rough ruby prices and demand remain robust despite the impacts of the Covid-19 pandemic. Whilst 2021 was the first-time ruby auctions had been held by the Group since December 2019, meaning that built-up demand over this period could have contributed to these results, those achieved indicate indicate that market dynamics also remain strong. As with emeralds, it should be noted that the specific auction mix and quality composition of the lots offered vary in characteristics and therefore, the results of each auction are not directly comparable.

IMAGE Responsibly sourced rough rubies, Montepuez Ruby Mining, Mozambique

Overall, the persistent demand for both emeralds and rubies has been reflected in the robust prices achieved in all mini auction series held in 2021. Additionally, the Group saw an increase in the number of competitive bids per schedule compared to pre-Covid-19 levels, further demonstrating that the wider market demand is strong. Although the Group may revert to more traditional auctions in the traditional format once the pandemic-related travel restrictions allow, the huge success of the mini auction format provides confidence that an alternative route to market is available. The Group plans to return to its established six-auction schedule for 2022.

Fabergé generated revenues of USD13.8 million in the year, 94% above the USD7.1 million achieved in 2020, and 31% above the USD10.5 million achieved in 2019. Consumer confidence continued to improve throughout 2021 as Covid-19 restrictions were eased, translating into increased sales. Direct-to-customer and web sales both saw strong performance in the year 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 gemstone 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 treatment 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 May 2021. At the corporate level, all UK staff members, including the Gemfields Group Limited ("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 remained curtailed for most of the year.

Total mining and production costs (excluding mineral royalties and production taxes) were USD57.8 million in 2021, an increase of USD19.0 million on the prior year, reflecting the recommencement of mining operations from April 2021. Operations at both Kagem and MRM reached normal capacity from May 2021 with minimal disruptions encountered for the remainder of the year. The 2021 cost base however remains 30% below the 2019 costs of USD82.0 million, predominantly due to the reduced period of operations at both mines when compared to the full year of operation in 2019. For 2022, mining and production costs will likely increase to at least pre-pandemic levels.

Mineral royalties and production taxes, which are calculated as 10% and 6% of ruby and emerald revenues, were USD5.5 million for the Kagem emerald auctions (2020: USD1.7 million) and USD15.0 million for the MRM ruby auctions (2020: Nil).

The change in inventory expense for the year has increased from USD0.5 million in 2020, to USD9.7 million in the current year. In other words, sales across the Group were above the volume of carats mined at Kagem and MRM. 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. For sales of jewellery and cut and polished gemstones, the original inventory purchases are directly capitalised to inventory, hence there are no offsetting movements in the change in inventory line of the Consolidated Income Statement.

In 2021, the larger quantities sold at the mini auctions held in the year caused cost of goods sold ("COGS") to increase by USD52.4 million in comparison to 2020. This has been largely offset by the increase in mining and production costs capitalised to inventory, following the recommencement of mining operations from April 2021. For MRM, a net expense of USD3.0 million was realised, in line with expectation, as operations and hence cost capitalisation only recommenced in April 2021, meaning more carats were sold than produced. At Kagem however, robust production since operations recommenced has meant that cost capitalised were higher than the COGS for Kagem by USD8.1 million in the year.

The net add-back in the income statement across the key mining operations has been offset by the COGS arising from the sales of jewellery and cut and polished gemstones across the remainder of the Group. Most notably, the cost of goods sold for Fabergé increased by USD7.1 million in 2021 to give a total cost for the year of USD10.4 million, reflective of the increase in revenues realised by the entity in the year.

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.

Mining and production costs capitalised to intangible assets in relation to the Group's development projects were USD3.3 million for the year, slightly above the USD2.9 million capitalised in 2020.

Depreciation and amortisation in the year is USD6.5 million higher than 2020. The increase was predominantly due to 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 GGL (formerly Pallinghurst Resources Ltd) in 2017. In 2021, USD12.4 million of the USD27.5 million total depreciation and amortisation related to the mining assets, compared to USD3.9 million in 2020, reflecting the mining operations being suspended over a longer period in 2020. The remaining depreciation and amortisation of USD15.1 million fell slightly compared to the comparative 2020 charge of USD17.1 million as a result of the Group minimising its capital expenditure since the Covid-19 pandemic began.

Selling, general and administrative expenses ("SG&A"), excluding impairment of non-current assets, of USD40.9 million were USD8.3 million above the USD32.6 million spend in 2020. The 25% increase in cost in comparison to 2020 is reflective of the Group moving back towards business-as-usual activities, including the restoration of full salaries across the Group from 1 April 2021, higher insurance premiums, increases in travel expenses as some business travel has opened back up with the easing of Covid-19 restrictions, reinstatement of bonuses, changes in the OGM provision and increases in CSR accrued costs at MRM and Kagem that are linked to revenue generation.

In comparison to 2019, the 2021 SG&A cost remained USD13.7 million below the total 2019 cost incurred of USD54.6 million. Looking forward to 2022, the Group expects SG&A costs to continue to rise to their pre-Covid-19 levels, at least similar to 2019, as the

IMAGE Responsibly sourced rough emerald, Kagem Mining, Zambia

Group's marketing and advertising campaigns recommence (2019 spend of USD13.7 million, 54% above the USD6.2 million spent in 2021), global travel opens up and inflationary pressures take hold.

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 USD0.5 million were realised in 2021 in comparison to a loss of USD2.9 million in 2020. The key foreign exchange fluctuations arose predominantly from the Mozambican Metical ("MZN") average rate strengthening by 6% against the US Dollar ("USD") and the Zambian Kwacha ("ZMW") weakening by 6% compared to the USD. During the year, the USD average rate has also devalued by 6% against the Pound Sterling ("GBP"). The strengthening of the GBP led to a foreign exchange loss in the Corporate segment due to the high volume of operating costs denominated in local currency.

In the prior year, net foreign exchange losses of USD2.9 million arose as the USD average rate strengthened significantly, by 43% against the ZMW and 12% against the MZN and weakened by 1% against GBP, leading to losses on the net foreign currency assets at Kagem, MRM and Fabergé.

IMPAIRMENT REVIEW

Impairment charges recognised during the year total USD4.9 million and mostly comprise the USD4.4 million impairment recognised against the intangible assets related to the Group's development project in Ethiopia. For 2020, total impairment charges of USD13.5 million were comprised mainly of the USD11.5 million impairment made against the intangible assets related to the Fabergé brand and trademarks.

For 2021, several indicators of impairment were identified in relation to the development assets held in respect of the Ethiopian development project, resulting in an impairment review of the associated cash generating unit ("CGU") being completed. The review concluded that whilst the ongoing political turmoil exists, high uncertainty surrounding the timing of the return-to-work plan and future spending at the project suggests that the carrying amount of the assets may not be recovered. As such, the Ethiopia development assets were written down to nil value at 31 December 2021, with an impairment charge of USD4.4 million recorded in the income statement.

The USD11.5 million impairment of the Fabergé intangibles in 2020 arose due to the Covid-19 pandemic causing 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 CGU in the prior year. 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 charge against the Fabergé CGU at 30 June 2020.

The Group reassessed the fair value of the Fabergé CGU on an enterprise value basis at 31 December 2021. This review was based on the same methodology as that used for the 30 June 2020 and 31 December 2020 assessments. The results of the review completed support the carrying value of the Fabergé CGU at 31 December 2021, with no further indicators of impairment being identified.

FAIR VALUE GAINS AND LOSSES

Fair value gains and losses arise on the Group's unlisted 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 2020, a USD27.9 million fair value loss arose from the revaluation of 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.

For 2021 the estimated value of the investment was determined at USD37.2 million, an increase of USD7.6 million over the value determined at 31 December 2020. 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, the USD7.6 million fair value gain has been recorded in the year. Full details can be found in Note 4: *Unlisted equity investments* to the Consolidated Financial Statements.

FINANCE INCOME AND EXPENSES

Net finance expenses for the year were USD3.2 million compared to USD2.9 million in 2020, and mainly comprised USD2.4 million (2020: USD2.7 million) of interest on the USD23.5 million Kagem

ABSA facilities and the overdraft facilities at MRM. The remaining balance comprises USD0.3 million (2020: USD0.3 million) interest on right-of-use assets and USD0.7 million of other finance costs.

TAXATION

IN THOUSANDS OF USD, UNLESS OTHERWISE STATED	2021	2020
Profit/(loss) before taxation	**104,423**	(99,202)
Income tax (charge)/credit	**(39,460)**	5,975
Effective tax rate %	**37.8%**	(6%)
Cash tax paid	**9,732**	15,003

The effective tax rate for the year of 37.8% reflects a tax charge of USD39.5 million on a profit before tax of USD104.4 million. The charge consisted of a current tax charge of USD30.3 million, a deferred tax charge of USD8.0 million and withholding tax of USD1.2 million on a dividend declared by MRM. In 2020, the USD6.0 million tax credit was made up of a current tax charge of USD0.9 million, a deferred tax credit of USD8.4 million and USD1.5 million withholding tax.

The effective tax rate of 37.8% 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 year, the effective tax rate of 6% principally arose from non-deductible costs at Kagem and within the Corporate segment, and various losses incurred during the year but for which no benefit had been recognised.

The deferred tax charge of USD8.0 million arises as Kagem and MRM utilised their 2020 losses after returning to profitability in the current year and from foreign exchange movements that have resulted in a net USD3.3 million deferred tax charge. The foreign exchange movements resulted from the appreciation of the MZN against the USD in the current year as the tax balances at MRM are held in the local currency.

The cash tax paid of USD9.7 million is lower than the USD15.0 million paid in the prior year due to the timing of the tax advance payments and the settlement of final payments of 2019 tax liabilities during 2020, totalling USD1.3 million at Kagem and USD13.6 million at MRM. Due to the strong results realised by both Kagem and MRM in 2021, it is expected that the cash taxes paid in 2022 will increase to reflect the final payments of 2021 current tax liabilities during the coming year.

IMAGE Responsibly sourced cut and polished ruby, Montepuez Ruby Mining, Mozambique

NET PROFIT/(LOSS) AFTER TAXATION

The Group made a profit after tax of USD65.0 million in the year, compared to a loss after tax of USD93.2 million in 2020. The profit for the year reflects the record-breaking auction results achieved combined with the impact of the cost saving initiatives introduced in 2020. The cost-saving initiatives remained in place throughout the first quarter of 2021 and although the Group began to ease the initiatives in April 2021, with the mines at Kagem and MRM both operating at normal capacity from May 2021, the Group remains focussed on cost management. The 2021 profit also includes a USD7.6 million fair value gain on the Group's equity investment in Sedibelo.

The success of the Group's 2021 rough gemstone mini auctions has given the Directors increased confidence that the major impacts of the Covid-19 pandemic on the Group have passed. The Group has successfully navigated the challenges presented whilst strengthening its business model with the introduction of the new online bidding platform for rough gemstone auctions. As such, the remaining curtailments on expenditure are expected to be lifted in 2022, with the Group re-starting its major marketing and advertising campaigns and business travel once again resuming. Consequently, profit margins going forward are not expected to remain at the high-levels achieved in 2021.

Earnings per share for the year were USD0.04, compared to a loss per share of USD0.07 in 2020, reflecting the profit for the year 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 year remain relatively low at USD11.7 million (2020: USD8.6 million) and significantly below the USD30.8 million spent in 2019. The majority of the expenditure was incurred in Mozambique, where USD4.6 million was spent at MRM (2020: USD3.7 million) on replacement mining and ancillary equipment (USD3.7 million) and the Resettlement Action Plan (USD0.9 million). USD4.3 million was spent on exploration and evaluation works at the Group's development projects, predominantly MML (USD1.2 million) and Nairoto (USD2.3 million). At Kagem, USD2.3 million (2020: USD0.9 million) was invested in replacement mining and ancillary equipment as well as infrastructure improvements.

Capital expenditure in 2022 is expected to increase significantly as the Group recommences its plant and machinery replacement schedules and as the construction of the second treatment plant at MRM begins.

CASH FLOWS

Cash and cash equivalents increased by USD54.8 million to USD97.7 million at 31 December 2021 as the Group generated USD98.1 million from operating activities, spending USD17.4 million on investing activities and USD25.9 million financing the business.

The USD98.1 million generated from operations during the year was primarily due to the strong revenues and lower costs base. Due to the timing of the final emerald and ruby auctions held from November to December 2021, USD54.5 million of auction receivables remained outstanding at 31 December 2021, reducing the total cash inflow for the year. The year, however, did benefit from collection of the final USD8.9 million receivables from the emerald HQ mini auctions held in November and December 2020. The larger auction receivables for 2021 were compounded by a USD5.6 million increase in other receivables and an overall USD3.5 million rise in inventory. Trade and other payables also rose in the year by USD23.5 million, resulting from the Group's operations recommencing and returning to normal capacity.

The cash inflows from operations were offset by the payment of USD9.7 million in taxes during the year, primarily at MRM (USD2.9 million) and Kagem (USD6.7 million). Capital expenditure was USD11.7 million, as discussed above.

As a result of the factors described above, free cash flow before working capital movements was USD118.1 million in the year, compared to an outflow of USD59.0 million in 2020.

IN THOUSANDS OF USD	2021	2020
EBITDA	**133,101**	(32,909)
Change in inventory and COGS[1]	**9,704**	486
Costs capitalised to intangible assets[1]	**(3,280)**	(2,907)
Tax paid (excluding royalties)	**(9,732)**	(15,003)
Capital expenditure	**(11,671)**	(8,635)
Free cash flow before working capital movements	**118,122**	(58,968)
Working capital movements[1]	**(31,147)**	27,285
Free cash flow	**86,975**	(31,683)

1 – Change in inventory and cost of goods sold ("COGS") and costs capitalised to intangible assets are 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 USD17.4 million (2020: USD13.2 million), split between USD11.7 million (2020:

USD8.6 million) spent on capital goods (discussed above), USD6.4 million (2020: USD5.0 million) of cash advances made to Mwiriti, the Group's partner in Mozambique, in lieu of future dividends from MRM, offset by a USD0.7 million inflow from other financing activities. A dividend was declared by MRM during the year 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 arose upon its settlement.

The Group's financing activities saw an outflow of USD25.9 million (2020: USD1.1 million), driven by the net repayment of the Group's overdraft facilities at MRM of USD17.3 million (2020: USD8.4 million), a USD4.5 million (2020: USD3.5 million) principal repayment made against the loan held by Kagem and interest paid predominantly on the Kagem loan and MRM facilities of USD3.1 million (2020: USD3.0 million).

FINANCIAL POSITION

The Group's balance sheet is summarised below:

IN THOUSANDS OF USD	2021	2020
Non-current assets	446,214	457,927
Current assets	297,570	198,783
Total assets	**743,784**	**656,710**
Non-current liabilities	(109,579)	(114,185)
Current liabilities	(90,004)	(59,509)
Total liabilities	**(199,583)**	**(173,694)**
Net assets	**544,201**	**483,016**

Assets

IN THOUSANDS OF USD	2021	2020
Property, plant and equipment	342,617	362,734
Intangible assets	49,962	51,461
Unlisted investments	37,200	29,600
Inventory	115,852	117,839
Auction receivables	54,527	8,910
Cash and cash equivalents	97,720	43,862
Other assets, including deferred taxation	45,906	42,304
Total assets	**743,784**	**656,710**

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PPE") primarily relates to the mining assets (evaluated mining properties and deferred stripping costs) of USD300.0 million (2020: USD313.4 million), with the remainder being land, buildings, plant and machinery. Of the total mining assets, USD277.4 million (2020: USD303.9 million) relates to the recognition of the fair values of Kagem and MRM at the date that 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, but has resumed in 2021 in line with the recommencement of mining operations at both mine sites. At 31 December 2021, the carrying value of these assets were USD133.5 million at Kagem (2020: USD140.7 million) and USD143.9 million at MRM (2020: USD163.2 million).

The USD20.1 million reduction in the total PPE balance in the year resulted from the depreciation charge for the year of USD27.5 million that has been offset by USD8.3 million of additions. The additions in the year consisted mainly of USD5.3 million replacement plant and machinery at Kagem and MRM and USD1.2 million for new building lease contracts entered by various CGU's.

INTANGIBLE ASSETS

Intangible assets of USD50.0 million consist of USD28.5 million (2020: USD28.5 million) representing the Fabergé brand, USD21.2 million (2020: USD22.9 million) related to unevaluated mining assets across the Group and USD0.3 million (2020: USD0.1 million) of software.

The USD1.5 million reduction in the total intangible asset arises from USD4.8 million of impairment charges recorded in the year, mostly comprising the USD4.4 million recorded against the carrying value of the Ethiopian development assets (see earlier discussion). These impairment charges have been offset by exploration and evaluation spend of USD3.3 million, predominantly arising at MML (USD1.2 million) and Nairoto (USD1.9 million) during the year.

UNLISTED EQUITY INVESTMENTS

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

INVENTORY

IN THOUSANDS OF USD	2021	2020
Rough emeralds and beryl	**43,582**	39,290
Rough rubies and corundum	**28,603**	31,639
Fabergé jewellery and watches	**29,330**	33,413
Cut and polished product	**5,406**	5,616
Spares and consumables	**8,931**	7,881
Total	**115,852**	**117,839**

Inventory decreased by USD2.0 million to USD115.9 million at 31 December 2021. The fall is largely due to a USD3.0 million decline in rough rubies at MRM, resulting from gemstones sold at the ruby mini auctions held in the year not having been fully replaced by production since the mine restarted in April 2021. Conversely, at Kagem, inventory has increased by USD4.3 million, resulting from strong production levels at Kagem since the mining operations recommenced, which has meant that production has more than replaced the inventory which was sold in the mini auctions.

Inventory at Fabergé also declined by USD4.1 million in the year, resulting from the strong sales in 2021. In 2020, a USD1.1 million impairment was recorded against Fabergé legacy inventory. No additional provisions have been recorded in 2021.

AUCTION RECEIVABLES

The auction receivables outstanding of USD54.5 million at 31 December 2021 relate to the series of mini auctions held across November and December 2021, with USD20.1 million outstanding from the HQ emerald auctions and USD34.4 million outstanding from the MQ ruby auctions. The outstanding amount from both the emerald and ruby auctions had been fully collected by March 2022.

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.

IMAGE Responsibly sourced rough emerald, Kagem Mining, Zambia

OTHER ASSETS

Other assets of USD45.9 million (2020: USD42.3 million) consist of USD20.9 million (2020: USD13.7 million) of VAT receivables across the Group, deferred tax assets of USD2.9 million (2020: USD3.0 million) related to prior period losses incurred in the Corporate segment, trade receivables at Fabergé of USD6.8 million (2020: USD4.1 million), related party receivables of USD8.1 million (2020: USD6.7 million) held with Mwiriti, the Group's partner in MRM and Nairoto and other receivables including prepayments of USD7.2 million (2020: USD14.8 million).

The major movements in the year come from the increase in VAT receivables that was caused by the Covid-19 pandemic slowing the processing of VAT refunds in some local jurisdictions, as well as the appreciation of the MZN causing a USD1.8 million increase in the USD receivable at MRM due to the fact that the VAT receivable is held in local currency in Mozambique. During the year, MRM received USD0.7 million in cash refunds with an improvement in reimbursement rates expected in 2022. At Kagem, USD1.0 million of refunds were received and were offset against other (mainly payroll) taxes. With the fiscal changes expected in Zambia for 2022, it is expected that the rate of refund will increase over the coming year. The related party receivable from Mwiriti also increased by USD1.4 million during the year, due to an increase in the advance payments made in relation to future dividends in 2021. The total advance at 31 December 2021 was USD5.1 million, and is expected to be fully recovered in the first half of 2022. Offsetting these changes was the release of the USD4.2 million tax receivable at MRM recognised at 31 December 2020, relating to advance payments for 2020 that could only be offset against other taxes once approval was granted in 2021.

LIABILITIES

IN THOUSANDS OF USD	2021	2020
Deferred tax liability	**86,244**	79,236
Trade and other payables	**39,137**	17,303
Current tax payable	**20,987**	4,274
Provisions	**9,831**	7,631
Lease liabilities	**3,649**	3,745
Borrowings	**34,735**	56,505
Other liabilities	**5,000**	5,000
Total liabilities	**199,583**	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 deferred tax liability increased in the year by USD7.0 million, primarily due to a reduction in tax losses that resulted as Kagem and MRM were able to utilise their accumulated losses against their taxable profits made during the year. Additionally, the appreciation of the MZN against the USD in the current year resulted in a USD3.5 million foreign currency impact on the Mozambique deferred tax balances.

TRADE AND OTHER PAYABLES

Trade and other payables have increased by USD21.8 million to USD39.1 million at 31 December 2021, reflecting the recommencement of principal operations at the mines during 2021. A large driver of the 31 December 2021 balance is USD12.2 million (2020: 1.3 million) related to WHT at MRM and mineral royalties and production taxes payable by MRM and Kagem in relation to the November and December 2021 mini auctions.

CURRENT TAX PAYABLE

The current tax payable of USD21.0 million consists of USD12.3 million payable by MRM, USD7.2 million payable by Kagem and USD1.5 million payable in the UK. All amounts relate to the tax payments due for the 2021 financial year.

PROVISIONS

Provisions of USD9.8 million include USD1.2 million (2020: USD2.0 million) of environmental provisions for the rehabilitation and restoration of mined areas at Kagem and MRM; USD0.2 million (2020: USD1.1 million) for the Resettlement Action Plan ("RAP") provision at MRM and USD8.4 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 village was completed by the end of 2021, with the remaining balance at 31 December 2021 relating to remaining ancillary payments.

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 community, and under the voluntary settlement agreement that ended the Leigh Day litigation. The independent OGM formally launched on 4 February 2021, following the completion of a pilot phase and a local public awareness campaign. The OGM has been designed in keeping with the laws of Mozambique, the UNGP's and industry best practices. An Independent Panel determine the outcome of the grievances submitted to the OGM, following investigation by an independent Fact-Finding Team.

In the three-months following the schemes launch, a significant number of cases were filed, which 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 31 December 2021 reflects management's best estimate of the potential liability at the balance sheet date. In valuing the provision at 31 December 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 the Consolidate Financial Statements. The Group continues to monitor the scheme closely and will provide an update once more data is available.

BORROWINGS AND NET DEBT

IN THOUSANDS OF USD	2021	2020
Cash and cash equivalents	**97,720**	43,862
Current borrowings	**(24,735)**	(33,005)
Non-current borrowings	**(10,000)**	(23,500)
Net cash/(debt)	**62,985**	(12,643)

The increase in net cash in the year reflects the strong results from the mini auctions held in 2021, combined with the cost saving initiatives that have been in place across the Group to continue to keep cash spend low whilst the Group navigated Covid-19.

At 31 December 2021, the Group held USD34.7 million in borrowings, a decline of USD21.8 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 USD23.5 million, with USD13.5 million being payable in December 2022. The USD10.0 million revolving credit facility was renewed for an additional 12 months in the first quarter of 2022.

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 31 December 2021, USD11.2 million was drawn (31 December 2020: USD14.2 million). The facility is renewed annually with the next renewal expected in December 2022.
- A USD15.0 million overdraft facility entered into with Banco Commercial E De Investimentos, S.A. ("BCI") in June 2016. The facility has an interest rate of three-month USD LIBOR plus 3.75% per annum. At 31 December 2021, the facility had been fully paid down (31 December 2020: USD14.3 million was drawn). The facility is renewed annually with the next renewal expected in September 2022.
- In addition to this, MRM has agreed an additional USD15.0 million lease facility from BCI. The agreement is expected to be signed and completed by the end of March 2022, following which MRM will consider drawing this down.

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. In 2021 the continued easing of the various Covid-19 related restrictions across the globe allowed the Group to recommence operations at both mines in the first quarter of 2021 and hold auctions using the online bidding format for both emeralds and rubies. The recovery in the coloured gemstone market is evident, with both the emerald and ruby auctions achieving record-breaking revenues for 2021.

The success of the Group in 2021 has significantly improved the Group's gross cash position to USD97.7 million at 31 December 2021, with USD54.5 million of auctions receivables that had been fully collected by the the date of signing these financial statements.

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 in 2022, the Group will be able to continue as a going concern. The Group's expectation is that, if needed, it would draw down on all existing facilities and that all of its existing debt facilities will remain in place throughout the forecast period.

With confidence continuing to grow that the world is reaching the pandemic endgame and following the all-time record auction results of 2021, the Directors believe that any full-scale suspension of operations, akin to those seen in 2020 and 2021, is highly unlikely, and expect to return to the normal yearly auction schedule from 2022 onwards. Further, the Directors remain confident in the current high-level of market demand for gemstones.

As disclosed in Note 11 of the Consolidated Financial Statements, given these circumstances and the strong relationships with our lenders, and in the absence of any unforeseen circumstances, the Directors do not believe there to be any material uncertainties present that would cast significant doubt over the Group's ability to continue as a going concern.

In addition, the ongoing conflict in Ukraine provides some uncertainty in the global economy. However, the Group does not believe this to be a significant risk to operations. The potential increases in fuel and other input prices in the jurisdictions in which the Group operates are not deemed to be a long-term risk, as any upward pressures are able to be largely absorbed and it is also likely that any such rises will be offset by currency movements. In fact, recent publications show that commodity prices are seeing significant gains across the African countries in which Gemfields operates. As such, it is likely that improvements will in fact be seen in these economies. The Directors will continue to monitor developments but remain confident that with no direct impact on our gemstone prices the overall cost implications and risk exposure to the Group will remain low.

SUMMARY

The second half of 2021 has provided grounds for optimism at Gemfields. Exceptional 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 auction schedule for 2022 will go ahead as planned. 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 2022.

Of the back of the strong 2021 results and the future prospects, the Board have approved the payment of Gemfields' maiden dividend of USD20 million, or approximately USDc1.7 per share. The dividend will be distributed to shareholders during the first half of 2022.

David Lovett
Chief Financial Officer
24 March 2022

IMAGE Responsibly sourced rough rubies, Montepuez Ruby Mining, Mozambique

IMAGE Gemfields proprietary grading system, Montepuez Ruby Mining, Mozambique

SECTION 2

Financial Statements

SECTION 2.1

Consolidated Income Statement

for the year ended 31 December 2021

	NOTES	2021 USD'000	2020 USD'000
Revenue	1	257,706	34,567
Cost of sales	1	(112,241)	(59,064)
Gross profit/(loss)		**145,465**	**(24,497)**
Unrealised fair value gains/(losses)		7,600	(27,900)
Selling, general and administrative expenses		(45,690)	(32,588)
Impairment of non-current assets	3	–	(11,500)
Other income		259	198
Profit/(loss) from operations		**107,634**	**(96,287)**
Finance income		206	419
Finance costs		(3,417)	(3,334)
Net finance costs		**(3,211)**	**(2,915)**
Profit/(loss) before taxation		**104,423**	**(99,202)**
Taxation		(39,460)	5,975
NET PROFIT/(LOSS) AFTER TAXATION		**64,963**	**(93,227)**
Profit/(loss) for the year attributable to:			
Owners of the parent		50,733	(85,282)
Non-controlling interest		14,230	(7,945)
		64,963	**(93,227)**
Earnings/(loss) per share attributable to the parent:			
Basic – USD	7	**0.04**	**(0.07)**
Diluted – USD	7	**0.04**	**(0.07)**

The accompanying notes form part of these Financial Statements.

SECTION 2.2

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

	2021 USD'000	2020 USD'000
Profit/(loss) after taxation	64,963	(93,227)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain arising on translation of foreign operations	747	2,905
Total other comprehensive income	**747**	**2,905**
TOTAL COMPREHENSIVE INCOME/(LOSS)	**65,710**	**(90,322)**
Total comprehensive income/(loss) attributable to:		
Owners of the parent	51,544	(82,343)
Non-controlling interest	14,166	(7,979)
	65,710	**(90,322)**

The accompanying notes form part of these Financial Statements.

SECTION 2.3

Consolidated Statement of Financial Position

as at 31 December 2021

	NOTES	2021 USD'000	2020 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	342,617	362,734
Intangible assets	3	49,962	51,461
Unlisted equity investments	4	37,200	29,600
Deferred tax assets		2,888	3,029
Other non-current receivables		13,547	11,103
Total non-current assets		**446,214**	**457,927**
Current assets			
Inventory	5	115,852	117,839
Current tax receivable		–	4,175
Trade and other receivables		83,998	32,907
Cash and cash equivalents		97,720	43,862
Total current assets		**297,570**	**198,783**
Total assets		**743,784**	**656,710**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		86,244	79,236
Borrowings	6	10,000	23,500
Lease liabilities		2,531	2,836
Provisions		5,804	3,613
Other non-current payables		5,000	5,000
Total non-current liabilities		**109,579**	**114,185**
Current liabilities			
Trade and other payables		39,137	17,303
Current tax payable		20,987	4,274
Borrowings	6	24,735	33,005
Lease liabilities		1,118	909
Provisions		4,027	4,018
Total current liabilities		**90,004**	**59,509**
Total liabilities		**199,583**	**173,694**
Net assets		**544,201**	**483,016**
EQUITY			
Share capital		11	11
Share premium		488,404	488,294
Cumulative translation reserve		5,235	4,424
Option reserve		7,303	7,929
Retained (deficit)		(36,447)	(88,085)
Attributable to equity holders of the parent		**464,506**	**412,573**
Non-controlling interest		79,695	70,443
Total equity		**544,201**	**483,016**

The Financial Statements were approved and authorised for issue by the Directors on 24 March 2022 and were signed on their behalf by:

David Lovett
Director

Sean Gilbertson
Director

The accompanying notes form part of these Financial Statements.

SECTION 2.4

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	2021 USD'000	2020 USD'000
Cash flow from operating activities		
Profit/(loss) before taxation	104,423	(99,202)
Adjustments for:		
Unrealised fair value (gains)/losses	(7,600)	27,900
Other fair value losses	236	–
Depreciation and amortisation	27,535	21,023
Impairment charges	4,929	13,511
Share-based payments	367	944
Net finance expenses	3,211	2,915
Unrealised foreign exchange (gains)/losses	(525)	2,882
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(51,153)	49,814
Increase/(decrease) in trade and other payables	19,664	(18,162)
Decrease/(increase) in inventory	2,908	(6,192)
Increase/(decrease) in provisions	3,858	(596)
Cash generated from/(utilised in) operations	**107,853**	**(5,163)**
Tax paid	(9,732)	(15,003)
Net cash generated from/(utilised in) operating activities	**98,121**	**(20,166)**
Cash flows from investing activities		
Purchase of intangible assets	(3,687)	(3,058)
Purchases of property, plant and equipment	(7,984)	(5,577)
Interest received	130	419
Investments in subsidiary entities	–	(107)
Cash advances and loans made to related parties	(6,350)	(5,036)
Purchase of loan notes from non-equity investment	(600)	–
Proceeds from disposal of investments	1,093	163
Net cash utilised in investing activities	**(17,398)**	**(13,196)**
Cash flows from financing activities		
Cash paid in Group share buy-back programme	–	(213)
Issue of shares	110	–
Proceeds from borrowings	38,247	41,229
Repayment of borrowings	(60,017)	(37,548)
Principal elements of lease payments	(1,097)	(1,511)
Interest paid	(3,096)	(3,037)
Net cash utilised in financing activities	**(25,853)**	**(1,080)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	**54,870**	**(34,442)**
Cash and cash equivalents at the beginning of the year	43,862	78,218
Net foreign exchange (loss)/gain on cash	(1,012)	86
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**97,720**	**43,862**

The accompanying notes form part of these Financial Statements.

SECTION 2.5

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000	CUMULATIVE TRANSLATION RESERVE USD'000	OPTION RESERVE USD'000	RETAINED (LOSSES)/ 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 2021	**11**	**488,294**	**4,424**	**7,929**	**(88,085)**	**412,573**	**70,443**	**483,016**
Profit for the year	–	–	–	–	50,733	**50,733**	14,230	**64,963**
Other comprehensive income/(loss)	–	–	811	–	–	**811**	(64)	747
Total comprehensive income	**–**	**–**	**811**	**–**	**50,733**	**51,544**	**14,166**	**65,710**
Share options recognised during the year	–	–	–	367	–	**367**	–	**367**
Share options lapsed/forfeited during the year	–	–	–	(954)	954	–	–	–
Share options exercised during the year	–	110	–	(39)	39	**110**	–	**110**
Dividends declared to non-controlling interest of Montepuez Ruby Mining	–	–	–	–	–	–	(5,000)	**(5,000)**
Increase in shareholding of subsidiary investment	–	–	–	–	(88)	(88)	86	(2)
Total contributions to owners	**–**	**110**	**–**	**(626)**	**905**	**389**	**(4,914)**	**(4,525)**
Balance at 31 December 2021	**11**	**488,404**	**5,235**	**7,303**	**(36,447)**	**464,506**	**79,695**	**544,201**

	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 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 year	–	–	–	–	–	–	(85,282)	**(85,282)**	(7,945)	**(93,227)**
Other comprehensive income/(loss)	–	–	–	–	2,939	–	–	**2,939**	(34)	**2,905**
Total comprehensive income/(loss)	–	–	–	–	**2,939**	–	**(85,282)**	**(82,343)**	**(7,979)**	**(90,322)**
Shares brought back during the year, net of transaction costs	–	–	(213)	–	–	–	–	**(213)**	–	**(213)**
Shares cancelled during the year	(1)	(23,539)	223	23,319	–	–	–	**2**	–	**2**
Share options recognised during the year	–	–	–	–	–	944	–	**944**	–	**944**
Dividends declared to non-controlling interest of Montepuez Ruby Mining	–	–	–	–	–	–	–	–	(6,250)	**(6,250)**
Increase in shareholding of Eastern Ruby Mining Limitada	–	–	–	–	–	–	(78)	**(78)**	(10)	**(88)**
Total contributions to owners	**(1)**	**(23,539)**	**(10)**	**23,319**	–	**944**	**(78)**	**655**	**(6,260)**	**(5,605)**
Balance at 31 December 2020	**11**	**488,294**	–	–	**4,424**	**7,929**	**(88,085)**	**412,573**	**70,443**	**483,016**

SECTION 2.6

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

1. SEGMENTAL REPORTING

The Executive Management team, which includes the Chief Financial Officer and the Chief Executive Officer, has been determined collectively as the Chief Operating Decision Maker for the Group. The information reported to the Group's Executive Management team for the purposes of resource allocation and assessment of segment performance is split between the Group's operations based on their differing products and services, and geographical locations.

The strategy of the Group is to be the world-leading supplier of responsibly sourced gemstones through its ownership and operation of the Kagem emerald mine in Zambia, and the MRM ruby mine in Mozambique. The Group also invests in certain exploration and evaluation opportunities within Africa that have been identified by Executive Management to have the potential to further the Group's strategy and widen its asset portfolio. Additionally, the Group participates in the downstream gemstone market through its ownership of Fabergé, which provides the Group with direct access to the end customer of coloured gemstones as well as opportunities to promote and boost the perception of coloured gemstones in the market.

Accordingly, the Group's segmental reporting reflects the business focus of the Group. The Group has been organised into six operating and reportable segments:

- Kagem Mining Limited ("Kagem") – the Group's emerald and beryl mine, in Zambia, Africa;
- Montepuez Ruby Mining Limitada ("MRM") – the Group's ruby and corundum mine, in Mozambique, Africa;
- Development assets – comprising the Group's exploration and evaluation activities in Africa, including Megaruma Mining Limitada ("MML"), Eastern Ruby Mining Limitada ("ERM"), Campos de Joia Limitada ("CDJ"), Nairoto Resources Lda ("Nairoto"), and the Group's projects in Ethiopia and Madagascar;
- Fabergé – the Group's wholesale and retail sales of jewellery and watches;
- Corporate – comprising sales of cut and polished gemstones, marketing, and technical and administrative services based in the UK; and
- Other – includes sales and marketing offices.

1. SEGMENTAL REPORTING (CONTINUED)

In 2021 the Group redefined its segments to better reflect how the Executive Management team receives and reviews information on the business. As such, the 2020 comparatives have been restated in the period to match the updated definition.

The reporting on these segments to Executive Management focuses on revenue, operating costs, earnings before interest, tax, depreciation and amortisation ("EBITDA"), key balance sheet lines and free cash flow (as defined further below).

Income Statement

1 JANUARY 2021 TO 31 DECEMBER 2021	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE[7] USD'000	OTHER USD'000	**TOTAL USD'000**
Rough gemstones[1]	91,830	147,367	–	–	–	3,948	**243,145**
Jewellery	–	–	–	13,753	7	–	**13,760**
Cut and polished	–	–	–	–	582	219	**801**
Revenue [2]	**91,830**	**147,367**	**–**	**13,753**	**589**	**4,167**	**257,706**
Mining and production costs[3]	(29,261)	(25,352)	(3,139)	–	–	–	**(57,752)**
Mineral royalties and production taxes	(5,569)	(14,961)	–	–	–	–	**(20,530)**
Marketing, management and auction (costs)/income	(11,479)	(16,184)	–	–	27,663	–	**–**
Change in inventory and cost of goods sold	8,074	(3,037)	–	(10,411)	(390)	(3,940)	**(9,704)**
Mining and production costs capitalised to intangible assets	–	–	3,280	–	–	–	**3,280**
Selling, general and administrative expenses[4]	(3,363)	(10,060)	(1,098)	(8,310)	(16,027)	(1,300)	**(40,158)**
Other income	39	8	–	27	–	185	**259**
EBITDA[5]	**50,271**	**77,781**	**(957)**	**(4,941)**	**11,835**	**(888)**	**133,101**
Unrealised fair value gains	–	–	–	–	7,600	–	**7,600**
Other fair value losses	–	–	–	–	(170)	(66)	**(236)**
Share-based payments	–	–	–	–	(367)	–	**(367)**
Depreciation and amortisation	(11,058)	(14,311)	(713)	(670)	(694)	(89)	**(27,535)**
Impairment charges[6]	–	(165)	(4,369)	–	–	(395)	**(4,929)**
Profit/(loss) from operations	**39,213**	**63,305**	**(6,039)**	**(5,611)**	**18,204**	**(1,438)**	**107,634**
Finance income	–	129	–	–	68	9	**206**
Finance costs	(1,966)	(924)	(18)	(319)	(169)	(21)	**(3,417)**
Taxation charge	(13,554)	(22,518)	(918)	(17)	(1,231)	(1,222)	**(39,460)**
Profit/(loss) after taxation	**23,693**	**39,992**	**(6,975)**	**(5,947)**	**16,872**	**(2,672)**	**64,963**

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. In November and December 2021, a second series of HQ emerald and MQ ruby mini auctions were held, realising revenues of USD37.6 million and USD88.5 million respectively. Additionally, in August 2021, a CQ emerald auction was held, realising revenues of USD23.0 million.

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

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

4 – Excluding share-based payments of USD0.4 million, other fair value losses of USD0.2 million and impairment charges of USD4.9 million that 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 non-current assets and inventory, fair value gains or losses on the Group's non-core equity investments, share based payments and other impairments and provisions.

6 – Impairment charges include a USD4.8 million write-down of the carrying value of the Group's intangible assets, predominately related to the USD4.4 million impairment of the Ethiopian development project (see Note 3) and USD0.2 million of other impairments recorded within selling, general and administrative expenses during the year.

7 – Corporate includes the Group's investment in Sedibelo, which was presented within the segment "Other – PGMs" in the prior year.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

1. SEGMENTAL REPORTING (CONTINUED)

Income Statement

1 JANUARY 2020 TO 31 DECEMBER 2020	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE[7] USD'000	OTHER USD'000	**TOTAL USD'000**
Rough gemstones[1]	22,300	–	–	–	2	4,685	**26,987**
Jewellery	–	–	–	7,144	–	–	**7,144**
Cut and polished	–	–	–	–	109	327	**436**
Revenue [2]	**22,300**	**–**	**–**	**7,144**	**111**	**5,012**	**34,567**
Mining and production costs[3]	(18,370)	(16,658)	(2,692)	–	–	–	**(37,720)**
Mineral royalties and production taxes	(1,665)	–	–	–	–	–	**(1,665)**
Marketing, management and auction (costs)/income	(2,788)	–	–	–	2,788	–	**–**
Change in inventory and cost of goods sold	(2,024)	9,362	–	(3,269)	(93)	(4,462)	**(486)**
Mining and production costs capitalised to intangible assets	–	–	2,907	–	–	–	**2,907**
Selling, general and administrative expenses[4]	(4,203)	(4,063)	(1,024)	(7,603)	(12,082)	(1,735)	**(30,710)**
Other income[5]	95	6	–	–	29	68	**198**
EBITDA[5]	**(6,655)**	**(11,353)**	**(809)**	**(3,728)**	**(9,247)**	**(1,117)**	**(32,909)**
Unrealised fair value losses	–	–	–	–	(27,900)	–	**(27,900)**
Share-based payments	–	–	–	–	(944)	–	**(944)**
Depreciation and amortisation	(7,102)	(11,734)	(731)	(662)	(731)	(63)	**(21,023)**
Impairment charges and other provisions[6]	–	(76)	–	(12,578)	(757)	(100)	**(13,511)**
Loss from operations	**(13,757)**	**(23,163)**	**(1,540)**	**(16,968)**	**(39,579)**	**(1,280)**	**(96,287)**
Finance income	–	296	–	–	109	14	**419**
Finance costs	(2,041)	(847)	(16)	(222)	(188)	(20)	**(3,334)**
Taxation credit/(charge)	3,045	8,215	614	(4,130)	(158)	(1,611)	**5,975**
Loss after taxation	**(12,753)**	**(15,499)**	**(942)**	**(21,320)**	**(39,816)**	**(2,897)**	**(93,227)**

1 – During 2020 Kagem held one CQ emerald auction in Lusaka, Zambia, in February, realising revenues of USD11.4 million. Additionally, in November and December 2020, Kagem held a series of mini auctions, which realised total revenues of USD10.9 million. MRM held no auctions during 2020.

2 – Revenues have been recognised at one point in time, when control passes to the customer. No third-party customer accounted for more than 10% of sales during 2020.

3 – Excluding mineral royalties and production taxes, which have been presented separately, and a USD1.1 million inventory impairment related to Fabergé legacy inventory that is not included in Group's EBITDA.

4 – Excluding share-based payments of USD0.9 million, and provisions of USD0.9 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 non-current assets and inventory, fair value gains or losses on the Group's non-core equity investments, share based payments and other impairments and provisions.

6 – Impairment charges and write-offs include the USD11.5 million write-down of the carrying value of the Fabergé CGU (see Note 3) and a USD1.1 million inventory impairment related to Fabergé legacy inventory. Additionally, USD0.9 million of provisions have been adjusted out of EBITDA from the selling, general and administrative expenses and presented here.

7 – Corporate includes the Group's investment in Sedibelo, which was presented within the segment "Other – PGMs" in the prior year financial statements.

1. SEGMENTAL REPORTING (CONTINUED)

Change in inventory and cost of goods sold

1 JANUARY 2021 TO 31 DECEMBER 2021	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Change in inventory and cost of goods sold	**8,074**	**(3,037)**	**–**	**(10,411)**	**(390)**	**(3,940)**	**(9,704)**
Split between:							
Mining and production costs capitalised to inventory[1,2]	29,526	22,353	–	–	–	–	**51,879**
Depreciation capitalised[1]	3,317	6,228	–	–	–	–	**9,545**
Cost of goods sold in the period	(24,769)	(31,618)	–	(10,411)	(390)	(3,940)	**(71,128)**
	8,074	(3,037)	–	(10,411)	(390)	(3,940)	**(9,704)**

1 – The Group values its rough emerald and ruby inventories based on their weighted average cost of production. Therefore, direct costs of production are capitalised to inventory when incurred, with the average cost accumulated per carat released back to the income statement when the gemstones are sold.

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

1 JANUARY 2020 TO 31 DECEMBER 2020	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Change in inventory and cost of goods sold	**(2,024)**	**9,362**	**–**	**(3,269)**	**(93)**	**(4,462)**	**(486)**
Split between:							
Mining and production costs capitalised to inventory[1,2]	6,973	6,325	–	–	–	–	**13,298**
Depreciation capitalised[1]	1,892	3,037	–	–	–	–	**4,929**
Cost of goods sold in the period	(10,889)	–	–	(3,269)	(93)	(4,462)	**(18,713)**
	(2,024)	9,362	–	(3,269)	(93)	(4,462)	**(486)**

1 – The Group values its rough emerald and ruby inventories based on their weighted average cost of production. Therefore, direct costs of production are capitalised to inventory when incurred, with the average cost accumulated per carat released back to the income statement when the gemstones are sold.

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

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

1. SEGMENTAL REPORTING (CONTINUED)

Statement of Financial Position

31 DECEMBER 2021	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE[4] USD'000	OTHER USD'000	TOTAL USD'000
Mining asset[1]	142,760	157,224	–	–	–	–	**299,984**
Property, plant and equipment, and intangibles	5,288	29,071	24,933	30,399	1,392	1,512	**92,595**
Unlisted equity investments	–	–	–	–	37,200	–	**37,200**
Operating assets[2]	71,037	90,167	1,464	36,106	12,127	2,496	**213,397**
Cash and cash equivalents	13,157	29,326	355	2,519	41,389	10,974	**97,720**
Deferred tax asset	–	–	–	–	2,868	20	**2,888**
Segment assets	**232,242**	**305,788**	**26,752**	**69,024**	**94,976**	**15,002**	**743,784**
Borrowings	23,500	11,235	–	–	–	–	**34,735**
Operating liabilities[3]	20,118	38,858	5,540	5,344	7,939	805	**78,604**
Deferred tax liability	41,009	45,235	–	–	–	–	**86,244**
Segment liabilities	**84,627**	**95,328**	**5,540**	**5,344**	**7,939**	**805**	**199,583**
Net (debt)/cash	**(10,343)**	**18,091**	**355**	**2,519**	**41,389**	**10,974**	**62,985**

1 – Mining asset includes evaluated mining properties and deferred stripping costs.
2 – Operating assets include inventory, current and non-current trade and other receivables, VAT receivables and current tax assets.
3 – Operating liabilities include trade and other payables, lease liabilities, provisions and current tax liabilities.
4 – Corporate includes the Group's investment in Sedibelo, which was presented within the segment "Other – PGMs" in the prior year.

31 DECEMBER 2020	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE[5] USD'000	OTHER USD'000	TOTAL USD'000
Mining asset[1]	150,249	163,178	–	–	–	–	**313,427**
Property, plant and equipment, and intangibles	7,299	30,800	26,189	30,167	4,998	1,315	**100,768**
Listed and unlisted investments[2]	–	–	–	–	30,909	–	**30,909**
Operating assets[3]	47,847	60,149	1,333	38,059	12,420	4,907	**164,715**
Cash and cash equivalents	5,938	537	236	1,183	34,452	1,516	**43,862**
Deferred tax asset	–	–	918	–	2,091	20	**3,029**
Segment assets	**211,333**	**254,664**	**28,676**	**69,409**	**84,870**	**7,758**	**656,710**
Borrowings	28,000	28,505	–	–	–	–	**56,505**
Operating liabilities[4]	8,259	13,090	6,388	4,360	4,515	1,341	**37,953**
Deferred tax liability	39,361	39,875	–	–	–	–	**79,236**
Segment liabilities	**75,620**	**81,470**	**6,388**	**4,360**	**4,515**	**1,341**	**173,694**
Net (debt)/cash	**(22,062)**	**(27,968)**	**236**	**1,183**	**34,452**	**1,516**	**(12,643)**

1 – Mining asset includes evaluated mining properties and deferred stripping costs.
2 – Listed and unlisted equity investments held in the Corporate segment include the USD29.6 million unlisted equity investment held in Sedibelo, and USD1.3 million of other equity investments that are included in other non-current receivables in the Statement of Financial Position.
3 – Operating assets include inventory, current and non-current trade and other receivables, VAT receivable and current tax assets.
4 – Operating liabilities include trade and other payables, lease liabilities, provisions and current tax liabilities.
5 – Corporate includes the Group's investment in Sedibelo, which was presented within the segment "Other – PGMs" in the prior year financial statements.

1. SEGMENTAL REPORTING (CONTINUED)

Statement of Cash Flows

1 JANUARY 2021 TO 31 DECEMBER 2021	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	**TOTAL USD'000**
Revenue	91,830	147,367	–	13,753	589	4,167	**257,706**
Operating costs and cost of sales[1]	(30,080)	(53,402)	(957)	(18,694)	(16,417)	(5,055)	**(124,605)**
Marketing, management and auction costs	(11,479)	(16,184)	–	–	27,663	–	–
EBITDA	**50,271**	77,781	**(957)**	**(4,941)**	**11,835**	**(888)**	**133,101**
Add back: Change in inventory and cost of goods sold	(8,074)	3,037	–	10,411	390	3,940	**9,704**
Add back: Costs capitalised to intangible assets	–	–	(3,280)	–	–	–	**(3,280)**
Tax paid	(6,725)	(2,928)	(1)	(17)	–	(61)	**(9,732)**
Capital expenditure	(2,274)	(4,559)	(4,290)	(127)	(22)	(399)	**(11,671)**
Free cash flow before working capital movements	**33,198**	**73,331**	**(8,528)**	**5,326**	**12,203**	**2,592**	**118,122**
Working capital movements[2]	(18,418)	(19,740)	8,720	(3,333)	1,157	467	**(31,147)**
Free cash flow[3]	**14,780**	**53,591**	**192**	**1,993**	**13,360**	**3,059**	**86,975**
Cash generated from operations	**23,223**	**60,806**	**4,426**	**2,207**	**13,659**	**3,532**	**107,853**
Tax paid	(6,725)	(2,928)	(1)	(17)	–	(61)	**(9,732)**
Capital expenditure	(2,274)	(4,559)	(4,290)	(127)	(22)	(399)	**(11,671)**
Foreign exchange	556	272	57	(70)	(277)	(13)	**525**
Free cash flow	**14,780**	**53,591**	**192**	**1,993**	**13,360**	**3,059**	**86,975**

1 – Excluding share-based payments, other fair value losses and impairment charges.

2 – Includes movements relating to inventory purchases.

3 – Free cash flow is a non-IFRS performance measure used as a KPI by the Group and is calculated as cash flow from operating activities less taxation paid, sustaining and expansionary capital expenditure and foreign exchange gains and losses.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

1. SEGMENTAL REPORTING (CONTINUED)

Statement of Cash Flows

1 JANUARY 2020 TO 31 DECEMBER 2020	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	**TOTAL USD'000**
Revenue	22,300	–	–	7,144	111	5,012	**34,567**
Operating costs and cost of sales[1]	(26,167)	(11,353)	(809)	(10,872)	(12,146)	(6,129)	**(67,476)**
Marketing, management and auction costs	(2,788)	–	–	–	2,788	–	–
EBITDA	**(6,655)**	**(11,353)**	**(809)**	**(3,728)**	**(9,247)**	**(1,117)**	**(32,909)**
Add back: Change in inventory and cost of goods sold	2,024	(9,362)	–	3,269	93	4,462	**486**
Add back: Costs capitalised to intangible assets	–	–	(2,907)	–	–	–	**(2,907)**
Tax paid	(1,333)	(13,641)	(1)	–	–	(28)	**(15,003)**
Capital expenditure	(899)	(3,669)	(3,935)	(121)	(11)	–	**(8,635)**
Free cash flow before working capital movements	**(6,863)**	**(38,025)**	**(7,652)**	**(580)**	**(9,165)**	**3,317**	**(58,968)**
Working capital movements[2]	10,607	16,951	7,191	(4,708)	1,468	(4,224)	**27,285**
Free cash flow[3]	**3,744**	**(21,074)**	**(461)**	**(5,288)**	**(7,697)**	**(907)**	**(31,683)**
Cash generated from/(utilised in) operations	**7,201**	**(2,893)**	**3,716**	**(4,853)**	**(7,450)**	**(884)**	**(5,163)**
Tax paid	(1,333)	(13,641)	(1)	–	–	(28)	**(15,003)**
Capital expenditure	(899)	(3,669)	(3,935)	(121)	(11)	–	**(8,635)**
Foreign exchange	(1,225)	(871)	(241)	(314)	(236)	5	**(2,882)**
Free cash flow	**3,744**	**(21,074)**	**(461)**	**(5,288)**	**(7,697)**	**(907)**	**(31,683)**

1 – Excluding share-based payments, other fair value losses, impairment charges and other provisions.

2 – Includes movements relating to inventory purchases.

3 – Free cash flow is a non-IFRS performance measure used as a KPI by the Group and is calculated as cash flow from operating activities less taxation paid, sustaining and expansionary capital expenditure and foreign exchange gains and losses.

2. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS USD'000	PLANT, MACHINERY AND VEHICLES USD'000	FIXTURES, FITTINGS AND OFFICE EQUIPMENT USD'000	EVALUATED MINING PROPERTIES USD'000	DEFERRED STRIPPING COSTS USD'000	TOTAL USD'000
Cost						
At 1 January 2020	**32,771**	**52,504**	**6,906**	**348,418**	**11,623**	**452,222**
Additions	1,525	3,612	1,236	618	–	**6,991**
Disposals	–	(30)	(1)	–	–	**(31)**
Foreign exchange differences	47	–	324	–	–	**371**
At 31 December 2020	**34,343**	**56,086**	**8,465**	**349,036**	**11,623**	**459,553**
Additions	2,357	5,303	588	95	–	**8,343**
Transfers	(21)	–	16	(97)	–	**(102)**
Disposals	(98)	(983)	(51)	(776)	–	**(1,908)**
Foreign exchange differences	(17)	–	(116)	–	–	**(133)**
At 31 December 2021	**36,564**	**60,406**	**8,902**	**348,258**	**11,623**	**465,753**
Accumulated depreciation						
At 1 January 2020	**4,121**	**23,045**	**4,787**	**41,442**	**1,914**	**75,309**
Provided during the year	3,571	12,618	1,088	3,729	154	**21,160**
Disposals	–	(24)	–	–	–	**(24)**
Foreign exchange differences	47	–	327	–	–	**374**
At 31 December 2020	**7,739**	**35,639**	**6,202**	**45,171**	**2,068**	**96,819**
Provided during the year	3,614	10,158	1,036	12,666	–	**27,474**
Disposals	(94)	(983)	(17)	–	–	**(1,094)**
Transfers	–	–	69	–	–	**69**
Foreign exchange differences	(17)	–	(115)	–	–	**(132)**
At 31 December 2021	**11,242**	**44,814**	**7,175**	**57,837**	**2,068**	**123,136**
Carrying value						
At 31 December 2020	26,604	20,447	2,263	303,865	9,555	**362,734**
At 31 December 2021	**25,322**	**15,592**	**1,727**	**290,421**	**9,555**	**342,617**

Evaluated mining properties relate to mining licences held mainly at Kagem and MRM and the Group fair value adjustments from the 2017 acquisition.

Deferred stripping costs relate to Kagem.

Included within land and buildings are right-of-use assets with a cost of USD6.7 million (2020: USD5.6 million) and associated accumulated depreciation of USD3.3 million (2020: USD2.3 million). Right-of-use assets mostly relate to property leases held in the Group's various operating locations.

FY21 Impairment review of Kagem and MRM

At 31 December 2021 the Group's market capitalisation based on the share price of ZAR3.04 was USD223.2 million. This is USD321.0 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 ("CGU"), the existence of this impairment indicator implies that an impairment indicator may also exist at one of the Group's CGUs. As a result an impairment review has been performed on the mining CGUs at 31 December 2021.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FY21 Impairment review of Kagem and MRM (continued)

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 during the year generated record revenues for both HQ and CQ emeralds. HQ auctions generated USD68.8 million at an average price of USD132.5 per carat, whilst the record commercial quality auction achieved USD23.0 million at USD6.59 per carat. The auctions saw a large number of companies making bids at prices within a competitive range, indicating strong market dynamics are prevalent; and
- 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 2022.

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 during the year generated USD147.4 million at an average price of USD145.62 per carat;
- Significant capital expenditure projects, including the second ore treatment plant, are planned for 2022 onwards, as the Group is now confident over the strength of the market and customer demand dynamics; and
- 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.

A significant consideration for the impairment reviews is the continued impact of Covid-19 on the wider gemstone market and whether this would have had an impact on gemstone prices that ultimately determine the recoverable values of the two assets. Given the strong auction results for both emeralds and rubies in 2021, which saw prices increase across a large number of grades with more customers bidding, the Directors are confident in the strength of the market for both gemstones. With the market dynamics having improved and production levels during 2021 restabilising, with future production expected to be stable or better than pre-Covid-19 years, the impairment review performed resulted in recoverable amounts that exceed the carrying value of both assets.

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 31 December 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.

Overall, the impact of the Covid-19 pandemic on the Group has significantly reduced compared to prior year, with the markets strengthening and operations continuing without any further curtailment. These impacts are expected to continue to reduce. 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 2021 auctions, prices are expected to be stable, if not increase.

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In conclusion:

- Kagem's base case recoverable amount is calculated at USD249.4 million which exceeds its carrying value of USD189.1 million. However, when the discount rate is sensitised and prices are reduced by 30% for three years, or in the case that prices are reduced by 30% for five years at the base case discount rate, a deficit is forecast;
- In the event that the deficit noted above for Kagem is realised, the Group would look to review the life of mine plan including auction sizing and mix, production costs and other factors that would reduce it. Management notes, however, that in the absence of any clear indicators such a pronounced price reduction for a prolonged period is unlikely; and
- MRM's base case recoverable amount is calculated at USD459.1 million, which significantly exceeds its carrying value of USD212.3 million at 31 December 2021, such that under any of the stressed assumptions there is no deficit.

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

- Kagem's recoverable amount would be USD189.1 million with no headroom to carrying value when a price reduction of 26.6% is applied for a period of five years or when a discount rate of 17.2% is applied to the base case cashflows; and
- MRM's headroom is reduced to nil with a recoverable amount of USD212.3 million, when a price reduction of 67.4% is applied for a period of five years (at a 11.7% base case discount rate) or when a discount rate of 26.1% is applied to the base case cashflows.

Key assumptions used in the recoverable amount calculations:

ASSUMPTION	KAGEM	MRM
Recoverable amount of reserves and resources	Economically recoverable reserves and resources are based on management's expectations and the technical studies and exploration and evaluation work undertaken by in-house and third-party specialists.	Economically recoverable reserves and resources are based on management's expectations and the technical studies and exploration and evaluation work undertaken by in-house and third-party specialists.
Commodity prices	Rough emerald and beryl prices have been determined using the Group's historic achieved prices over a period of ten years and 30 auctions, also reflecting historically supportable price increases. Rough emerald and beryl prices are not traded on a public exchange and most transactions occur in private auctions and therefore historic trends of prices and product mix are the most appropriate and reasonable basis. The Group has seen above-inflation price increases for HQ emeralds over prior years, therefore the rough HQ emerald prices used in the model are inflated from 2023 to 2026 and then kept flat for the life of mine.	Rough rubies and corundum prices have been determined using the Group's historic achieved prices over a period of six years. Rough rubies and corundum prices are not traded on a public exchange and most transactions occur in private auctions and therefore historic trends of prices and product mix are the most appropriate and reasonable basis.
Composition of auctions	The quality of production and product mix typically dictate the composition of the high-quality auctions. The composition of the auction includes premium emeralds and emerald stones that enhance the auction parcels and schedules and is dependent on (i) production; (ii) management strategy, i.e. building inventory or cash generation; and (iii) market intelligence. Any variations in this composition are at the discretion of management and given the continued improvement in the quality of production and the market strength, it is anticipated that over the near to medium term the proportion of emerald production taken to high-quality auctions will increase.	The quantity of ruby production that is assumed to be sold at mixed-quality auctions is based on 50% of the current year's production (three-month delay before each auction) and 50% of the previous year's production.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Key assumptions used in the recoverable amount calculations: (continued)

ASSUMPTION	KAGEM	MRM
Operating costs	Variable operating costs have been included in the impairment test as a function of the related production volumes. Fixed costs at the mines, washing plant and sort house are largely constant but reflect material changes in activity levels.	Variable operating costs have been included in the impairment test as a function of the related production volumes. Fixed costs at the mines, washing plant and sort house are largely constant but reflect material changes in activity levels.
Timing of capital expenditure	The Directors have estimated the timing of capital expenditure expenditure at Kagem based on the Group's current and future financing plans and the results of technical studies completed to date.	The Directors have estimated the timing of capital expenditure at MRM based on the Group's current and future financing plans and the results of technical studies completed to date. Included in the MRM cashflows is the capital investment in second treatment plant. Whilst the mine plan and life of mine have not been updated as feasibility continues, it is expected that the new plant will accelerate production and generate additional revenues.
Discount rate	A real discount rate of 13.6% (nominal 16.3%) was used in the recoverable amount calculations. This represents the pre-tax rate that reflects the Group's current market assessments of the time value of money and the risks specific to the cash-generating unit. Sensitised real discount rate of 15.1% (nominal 17.8%).	A real discount rate of 11.7% (nominal 15.6%) was used in the recoverable amount calculations. This represents the pre-tax rate that reflects the Group's current market assessments of the time value of money and the risks specific to the cash-generating unit. Sensitised real discount rate of 13.2% (nominal 15.6%).

3. INTANGIBLE ASSETS

	SOFTWARE USD'000	INDEFINITE LIFE INTANGIBLE ASSETS USD'000	FINITE LIFE INTANGIBLE ASSETS USD'000	UNEVALUATED MINING PROPERTIES USD'000	TOTAL USD'000
Cost					
At 1 January 2020	558	39,942	496	15,021	**56,017**
Additions	125	–	–	7,901	**8,026**
Foreign exchange differences	(12)	–	–	–	**(12)**
At 31 December 2020	**671**	**39,942**	**496**	**22,922**	**64,031**
Additions	259	–	–	2,991	**3,250**
Disposals	(159)	–	–	–	**(159)**
Transfers	(93)	–	–	93	**–**
Foreign exchange differences	(1)	–	–	–	**(1)**
At 31 December 2021	**677**	**39,942**	**496**	**26,006**	**67,121**
Accumulated amortisation					
At 1 January 2020	349	–	468	–	**817**
Charge in the year	241	–	28	–	**269**
Impairment charge	–	11,500	–	–	**11,500**
Foreign exchange differences	12	(28)	–	–	**(16)**
At 31 December 2020	**602**	**11,472**	**496**	**–**	**12,570**
Charge in the year	54	–	–	7	**61**
Disposals	(159)	–	–	–	**(159)**
Transfers	(75)	–	–	–	**(75)**
Impairment charge	–	–	–	4,764	**4,764**
Foreign exchange differences	(2)	–	–	–	**(2)**
At 31 December 2021	**420**	**11,472**	**496**	**4,771**	**17,159**
Carrying value					
At 31 December 2020	69	28,470	–	22,922	**51,461**
At 31 December 2021	**257**	**28,470**	**–**	**21,235**	**49,962**

Unevaluated mining properties

Unevaluated mining properties consist of intangibles relating to the mining and prospecting licences (evaluation and exploration assets) held in the development projects, mainly in Mozambique. Assets are capitalised to unevaluated mining properties in accordance with the Group's exploration and evaluation accounting policy.

During 2020, control passed to Nairoto Resources Limitada over 12 gold-mining and prospecting licences in Northern Mozambique, where the objective is to conduct exploration and evaluation activities in these areas alongside the company's partner, Mwiriti Ltda., in the coming years. The passing of control for these licences to Nairoto was treated as an asset acquisition with an opening addition to unevaluated mining properties of USD4.9 million.

Unevaluated mining properties are reviewed regularly for indicators of impairment and are tested for impairment where these indicators exist, in line with the Group accounting policy. During 2020 and 2021, the Covid-19 pandemic resulted in the Group pausing spending on non-critical operations, which included the development projects. Works recommenced at Nairoto in May 2021 and at MML in July 2021, however spending on the remaining projects remained curtailed for the duration of the year. Management does not view this as an impairment indicator however, as the suspension of activity is temporary, with activity at the remaining projects planned to resume in 2022 with no hindrance to the rights of access on any of the key licences.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

3. INTANGIBLE ASSETS (CONTINUED)

Unevaluated mining properties (continued)

For 2021, indicators of impairment were identified in relation to the Ethiopian development assets. The indicators included the in-country political situation, the status of various licence applications and the cessation of any significant spend anticipated on the project in the near future. Accordingly, an impairment review of the associated CGU was completed. The review concluded that whilst the political turmoil exists, high uncertainty surrounding the timing of the return-to-work plan and future spending at the project suggests that the carrying amount of the assets held in Ethiopia may not be recovered. As such, the non-current asset investment has been written down to Nil value at 31 December 2021, with an impairment charge of USD4.4 million recognised in the income statement.

Finite life intangible assets

Finite life intangible assets relate to the fair value assigned to the Fabergé customer list at acquisition, which were carried at their fully amortised value of USD Nil at 31 December 2021.

Indefinite life intangible assets

Indefinite life intangible assets consist of intangibles relating to the Fabergé brand and trademarks.

Fabergé Limited cash-generating unit – valuation and impairment assessment

In accordance with IAS 36 *Impairment of assets*, the Group assesses the carrying value of its Fabergé CGU for impairment on an annual basis. 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 31 December 2021 was USD61.2 million (31 December 2020: USD63.4 million).

The Group applies a Market Approach – Revenue Multiple method to the valuation of its 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. Management engaged the independent experts to update their valuation of the CGU at 30 June 2020, and the result of this assessment indicated that the carrying value of the CGU was above its determined fair value. Consequently, an impairment charge of USD11.5 million was recorded against the value of the intangible assets relating to the Fabergé trademarks and brand in the prior year.

At 31 December 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, particularly on the wholesale market. Uncertainty remains over the future impacts the virus will have on the global economy, particularly as the full impacts of the pandemic are yet to be identified, including inflation rises which will alter individual disposable income and also post-pandemic customer spending habits.

For 2021, management again engaged the independent experts to update their valuation of the CGU at 31 December 2021. The report was prepared on the same basis as that prepared in prior periods, including 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.

3. INTANGIBLE ASSETS (CONTINUED)

Fabergé Limited cash-generating unit – valuation and impairment assessment (continued)

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 valuation are summarised below.

Basis of revenue

For 31 December 2021, the following metrics were used:

1. Agreed sales over the last 12 months to December 2021;
2. An average of the last three years' IFRS revenue; and
3. A forward-looking approach using management's latest Board-approved budgeted sales for 2022.

These metrics are considered to span the largest period, be within a narrow range of revenue bases under review, yet still present a representative estimate of future sales.

Peer group

The peer group of globally recognised PLG companies selected to establish a comparable EV/Revenue multiple range considered the following:

- Fabergé's greater heritage and premium brand perception compared to many brands within the peer group;
- Fabergé's comparatively small size and less diversified brand and product portfolio;
- Fabergé's higher growth potential compared to the larger and more mature companies in the peer group; and
- Fabergé's EBITDA margin, which has historically been negative.

Taking these factors into account the report considered it reasonable to apply a discount to the peer group average multiples of 15%–20%, consistent with the discount applied in the December 2020 valuation. After deducting this, the selected EV/Revenue multiple range was 3.50x–4.25x. This is broadly in-line with the range applied at 31 December 2020 of 3.00x–4.50x, however, is an improvement over the range applied at 30 June 2020 of 2.50x–3.00x.

Control premium

Multiples derived for comparable quoted companies are generally based on share prices reflective of the trades of small parcels or shares. As such, they generally reflect a minority discount. A control premium range of 25%–35% was therefore applied to arrive at an adjusted enterprise value for the Fabergé CGU, consistent with the 31 December 2020 valuation.

Discount for Lack of Marketability ("DLOM")

On the basis that a revenue multiple derived from the CoCos reflects trades of liquid parcels or shares, whereas the Fabergé CGU is a private entity, the report considered it appropriate to apply a DLOM. The report applies a DLOM range of 5%–10% taking into consideration the following factors:

- The Group has received several purchase offers for Fabergé;
- Given the well-established and globally recognised heritage of the Fabergé brand, it may be considered a "trophy asset" by potential investors; and
- Quantitative analysis using the Ghaidarov Average-Strike Put Option model.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

3. INTANGIBLE ASSETS (CONTINUED)

Illustrative costs of disposal

Given the number of acquisition offers received by the Group for Fabergé since it was acquired in 2013 and the high-profile nature of the Fabergé brand, the independent third party considers it likely that any potential sale of the business would involve relatively minimal marketing and related costs. As such, 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.

Surplus inventory

Within inventory of USD29.3 million at 31 December 2021 (2020: USD33.4 million), Fabergé carries a high level of "showpiece" assets which can be summarised as art-jewellery and exceptional gemstones, showcasing the highest possible level of design, craftsmanship and quality associated with the brand. These assets are not required for the operations of the CGU and can be considered as surplus assets. This surplus amount aggregates to USD21.4 million (30 June 2021: USD24.4 million; 2020: USD23.4 million) with the remainder regarded as operational inventory required to support annual sales.

This surplus inventory amount is added back to the calculated enterprise value after adjustment for control premium and DLOM to arrive at the total enterprise value of the Fabergé CGU.

Valuation results

At 30 June 2020, the Directors concluded the FVLCTD of the Fabergé CGU to be USD63.8 million. This was lower than 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, being the trademark and brand.

At 31 December 2021, based on the valuation approach outlined above, the range of enterprise values calculated by the independent third party support the carrying value of the Fabergé CGU, with no further indicators of impairment being identified.

The CGU valuation is prepared by the independent valuer to provide a FVLCTD for the Fabergé business, not the intangible assets in isolation, and is particularly sensitive to Fabergé's revenues and the revenue multiples applied to the overall FV assessment. Management has assessed the valuation report for 31 December 2021, taking these factors into consideration, and has sensitised the revenue inputs in consideration of the following:

- The historical track record of Fabergé pre-Covid-19 has been one of relatively flat sales orders, with the CGU being loss-making for many years. Although Fabergé's revenues did show strong signs of recovery in the second half of 2021, with an upturn in sales from retail, management is of the belief that this six-month trend is not over a sufficiently long enough period to give confidence that it represents a longer-term improvement in revenues at Fabergé. Further, improved sales could represent pent-up demand.
- Revenues also include the sales of one-off items. Whilst Fabergé does typically sell such items on a yearly basis, the value of these items can alter dramatically from period-to-period and the revenue steam is unpredictable in nature.
- Fabergé's largest revenue streams are still being impacted by the pandemic and have not yet returned to near-normal levels.
- The improvement in the multiples applied to the valuation (when compared to June 2020), are the result of market factors that are more relevant to businesses with a wider range of distribution channels than Fabergé.

Taking account of these additional factors and the overall sensitivity of the valuation to the revenue, which remains uncertain at this point, management consider that the carrying value of the CGU is not materially different to the assessed fair value at the balance sheet date. Therefore, neither a further impairment nor a reversal of the existing impairment is required.

3. INTANGIBLE ASSETS (CONTINUED)

Valuation results (continued)

Management has also considered the potential impact the current conflict in Ukraine could have on Fabergé's revenues over the short to medium term, resulting from the potential negative market perception around a brand with a Russian heritage, despite Fabergé no longer being linked to Russia, nor having any direct points-of-sale in Russia. To date, Fabergé has not been materially impacted by the conflict, however with the current situation changing daily, the future potential impact is highly uncertain. Management has not factored the potential impacts of the conflict into the CGU assessment completed at this time, but continues to monitor the situation closely.

Looking forward, subject to the potential impacts of the conflict in Ukraine outlined above, the Directors believe that revenues from Fabergé should continue to improve into 2022, as Covid-19 restrictions continue to ease and become more predictable and as the Group continues to adapt to the new market conditions. The Directors will continue to monitor these factors closely and provide an updated assessment in 2022.

4. UNLISTED EQUITY INVESTMENTS

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 year is shown in the table below.

	31 DECEMBER 2021 USD'000	31 DECEMBER 2020 USD'000
Balance at 1 January	29,600	57,500
Unrealised fair value gains/(losses)	7,600	(27,900)
Balance at 31 December	**37,200**	**29,600**

The Group applies a market approach to the valuation of Sedibelo. Based on this approach the value of SPM at 31 December 2021 was estimated at USD569.0 million; the Group's 6.54% interest has therefore been valued at USD37.2 million.

The increase in fair value in the current year 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 31 December 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 31 December 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 key judgements, assumptions and inputs used in the valuation are summarised below. The fair value assessment completed is determined to be Level 3 in the fair value hierarchy.

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 independent valuation report considered a peer group comprising Impala Platinum, Northam Platinum ("Northam"), Sibanye Stillwater, Tharisa, Royal Bafokeng Platinum ("RBP") and Anglo Platinum, concluding Tharisa, Northam and RBP to be the closest comparables 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.

Consistent with 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.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

4. UNLISTED EQUITY INVESTMENTS (CONTINUED)

Market approach – comparable companies' analysis (continued)

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 31 December 2021 valuation.

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

Financial and non-financial multiples

The following trading multiples were selected for application to Sedibelo:

	31 DECEMBER 2021	31 DECEMBER 2020
EV/mineral resource ounces	USD9/oz	USD10/oz
EV/mineral reserve ounces	USD101 oz	USD75/oz
EV/LTM production ounce	4,500/oz	4,500/oz
EV/LTM revenue	1.7x	2.5x
EV/NTM revenue	1.6x	1.5x
EV/LTM EBITDA	3.5x	8.5x
EV/NTM EBITDA	3.5x	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) the lack of forward guidance provided by Sedibelo for NTM revenue and EBITDA, and (c) Sedibelo's materially longer reserve life relative to the peer group.

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. The Finnerty model assumes that Gemfields could realise its stake in Sedibelo over the next two years.

Valuation results

After allowance of SPM's net cash of USD129.3 million, the multiples lead to a value of SPM (100% basis), on an Enterprise Value basis, of USD710.4 million, with the Group's 6.54% interest valued at USD46.4 million. Applying the 20% DLOM decreases SPM's fair value to USD569.0 million, with the Group's 6.54% interest valued at USD37.2 million. Accordingly, a USD7.6 million fair value gain has been recorded for the period, which has been recognised in other income and expenses and shown separately on the face of the financial statements.

4. UNLISTED EQUITY INVESTMENTS (CONTINUED)

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 USD40.3 million or an additional fair value increase of USD3.1 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 USD32.1 million or a fair value decrease of USD5.1 million from the position at 31 December 2021; and
(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 USD34.7 million or a fair value decrease of USD2.5 million from the position at 31 December 2021.

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

Consideration of non-current assets held for sale

Gemfields previously held its stake in SPM via an interposed vehicle named Pallinghurst Ivy Lane Capital S.à r.l ("Ivy Lane"), a company incorporated in Luxembourg, which in turn had an interest of 27.64% in SPM.

During 2021 the management of Ivy Lane completed the "unbundling" of Ivy Lane, such that Ivy Lane's 27.64% shareholding in SPM, as well as Ivy Lane's surplus net assets, have been transferred to Ivy Lane's shareholders in accordance with their respective equity holdings in Ivy Lane. Gemfields therefore now holds its 6.54% stake in SPM directly.

In November 2020, the Group engaged a third-party broker to commence the marketing and sale of Gemfields' then 23.65% equity holding in Ivy Lane. The same broker continues to manage the orderly disposal of Gemfields' direct holding of SPM shares post the unbundling of Ivy Lane.

Although the unbundling of Ivy Lane has simplified the structure through which Gemfields holds its SPM investment, the Directors continue to take the position that a sale of SPM within the next 12-months is not highly probable, based on the current facts and circumstances. Initial discussions with prospective buyers have occurred, 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 SPM 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 31 December 2021.

Fair value hierarchy

IFRS 13 requires disclosure of fair value measurements under the following hierarchy:

Level	Fair value input description
Level 1	Listed prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than listed prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The investment in Sedibelo, measured at fair value through profit or loss, has been deemed to be Level 3 under the fair value hierarchy, based on the valuation method used.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

5. INVENTORY

	2021 USD'000	2020 USD'000
Rough inventory – emeralds and beryl	43,582	39,290
Rough inventory – rubies and corundum	28,603	31,639
Fabergé inventory	29,330	33,413
Cut and polished gemstones	5,406	5,616
Spares and consumables	8,931	7,881
	115,852	**117,839**

In 2020, a USD1.1 million inventory impairment was recorded in relation to Fabergé legacy inventory. No further provisions have been recorded in relation to Fabergé inventory in the current year. The total provision held against inventory at 31 December 2021 was USD8.6 million (2020: USD8.6 million).

At 31 December 2021, USD3.3 million of the rough inventory was carried at net realisable value (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.

6. BORROWINGS

		INTEREST RATE	MATURITY	2021 USD'000	2020 USD'000
Non-current interest-bearing loans and borrowings					
ABSA Zambia	USD20 million term loan	USD LIBOR + 5.50%	2024	10,000	13,500
ABSA Zambia	USD10 million revolving credit facility	USD LIBOR + 5.50%	2022	–	10,000
				10,000	**23,500**

		INTEREST RATE	MATURITY	2021 USD'000	2020 USD'000
Current interest-bearing loans and borrowings					
ABSA Zambia	USD20 million term loan	USD LIBOR + 5.50%	2022	3,500	4,500
ABSA Zambia	USD10 million revolving credit facility	USD LIBOR + 5.50%	2022	10,000	–
ABSA Mozambique	USD15 million overdraft facility	USD LIBOR + 4.00%	2022	11,235	14,184
BCI[1]	USD15 million overdraft facility	USD LIBOR + 3.75%	2022	–	14,321
				24,735	**33,005**
Total current and non-current borrowings				**34,735**	**56,505**

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

6. BORROWINGS (CONTINUED)

Cash and non-cash movements in borrowings are shown below:

		CASH MOVEMENTS			NON-CASH MOVEMENTS		
	AT 1 JANUARY 2021 USD'000	CASH INFLOWS USD'000	REPAYMENT OF BORROWINGS USD'000	INTEREST PAID USD'000	MOVEMENT BETWEEN CURRENT AND NON-CURRENT USD'000	INTEREST CHARGE USD'000	AT 31 DECEMBER 2021 USD'000
Current borrowings	33,005	38,247	(60,017)	(2,382)	13,500	2,382	**24,735**
Non–current borrowings	23,500	–	–	–	(13,500)	–	**10,000**
	56,505	**38,247**	**(60,017)**	**(2,382)**	–	**2,382**	**34,735**

ABSA Zambia

In August 2019, Kagem entered into a USD20.0 million term loan facility with ABSA Zambia (formerly Barclays Bank Zambia plc). The facility bears interest at a rate of three-month USD LIBOR plus 5.50%. The facility is repayable over 60 months after the date of the first drawdown on the facility, with the first repayment of USD2.0 million being made during 2020. A further payment of USD4.5 million was made during 2021. At 31 December 2021, USD13.5 million was fully drawn with USD3.5 million being repayable in December 2022.

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 5.50% 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 31 December 2021, USD10.0 million was fully drawn and repayable in August 2022. In the first quarter of 2022 however, the facility was renewed for a further 12 months.

At 31 December 2021, Kagem had total debt of USD23.5 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 2022:

- 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.

ABSA Mozambique

In April 2016, MRM entered into a USD15.0 million unsecured overdraft facility with ABSA Mozambique S.A. (formerly Barclays Bank 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% per annum. The outstanding balance as at 31 December 2021 was USD11.2 million (2020: USD14.2 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 31 December 2021 the overdraft facility had been fully repaid (2020: USD14.3 million outstanding). 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.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

6. BORROWINGS (CONTINUED)

Banco Comercial E De Investimentos ("BCI") (continued)

In addition to this, MRM has agreed terms with BCI for an additional USD15.0 million lease facility. The contracts are currently being reviewed with signing expected to complete by the end of March 2022, 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 year, USD38.2 million was drawn under the facilities, with USD60.0 million having been repaid.

7. PER SHARE INFORMATION

Earnings/(Loss) Per Share ("EPS" or "LPS") and Net Asset Value ("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.

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.

NAV per share is based on net assets divided by the number of ordinary shares in issue at the reporting date. NAV per share is a non-IFRS performance measure used by Management to assess the performance of the Group.

Earnings per share

The Group's EPS/(LPS) is as follows:

	2021	2020
Profit/(loss) for the year attributable to owners of the parent – USD'000	50,733	(85,282)
Weighted average number of shares in issue[1]	1,168,938,030	1,169,141,485
Earnings/(loss) per share – USD	**0.04**	**(0.07)**
Weighted average number of dilutive shares	860,018	–
Diluted earnings/(loss) per share – USD	**0.04**	**(0.07)**

1 – At 31 December 2020 and 31 December 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.

7. PER SHARE INFORMATION (CONTINUED)

Earnings per share (continued)

At 31 December 2021, the weighted average number of dilutive shares was 860,018 (2020: Nil). The dilutive shares all arise from the March 2019 share option scheme, from which 898,118 (2020: Nil) shares were exercisable at year end at an exercise price of ZAR1.90. The average share price for 2021 was ZAR2.08 (2020: ZAR1.55). None of the other share option schemes had a dilutive impact for the purposes of calculating the 2021 EPS.

Headline earnings per share

The Group's HEPS/(HLPS) is as follows:

	2021	2020
Profit/(loss) for the year attributable to owners of the parent – USD'000	50,733	(85,282)
Adjusted for:		
Impairment charges related to intangible assets, attributable to owners of the parent	3,890	11,500
Tax impact	–	–
	54,623	(73,782)
Weighted average number of shares in issue[1]	1,168,938,030	1,169,141,485
Headline (loss)/earnings per share – USD	**0.05**	**(0.06)**

1 – At 31 December 2020 and 31 December 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 equity holders of the Company – USD'000	464,506	412,573
Number of shares in issue[1]	1,169,478,030	1,168,756,030
NAV per share – USD	**0.40**	**0.35**

1 – At 31 December 2020 and 31 December 2021, the Company had a see-through interest in itself of nil shares.

Tangible NAV per share

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

	2021	2020
Net assets attributable to equity holders of the Company – USD'000	464,506	412,573
Adjusted for:		
Intangible assets attributable to equity holders of the Company	(44,992)	(47,382)
	419,514	365,191
Number of shares in issue[1]	1,169,478,030	1,168,756,030
Tangible NAV per share – USD	**0.36**	**0.31**

1 – At 31 December 2020 and 31 December 2021, the Company had a see-through interest in itself of nil shares.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

8. COMMITMENTS AND CONTINGENCIES

8.1 Capital commitments

At 31 December 2021, the Group had the following capital commitments:

- USD2.8 million (2020: USD2.8 million) at MRM for the construction of the Decanter Centrifuge, a compressor upgrade for the Sort House, the installation of a new power supply to the on-site office, the purchase of replacement mining equipment, and the remaining ancillary payments in respect of the RAP project.
- USD0.7 million at Kagem for the purchase of mining equipment and the construction of new staff buildings at the mine site (2020: No material commitments were held).

8.2 Legal contingencies

In the ordinary course of business, the Group is subject to legal actions and complaints. Post year-end, on 3 March 2022, Gemfields Group Limited, Gemfields Limited and Kagem Mining Limited received a letter of claim in respect of a case in the English High Court on behalf of 11 individuals for personal injury and associated claims. None of the defendants have however, to date, been served. While it is impossible to be certain of the outcome of any particular case or of the amount of any possible adverse matters relating to potential claims and litigation, the Group will give careful consideration to all such cases, whilst taking appropriate legal advice, in order to best protect the Group's position in all circumstances. The Group has made use of the exemption as provided by IAS 37 *Provisions, contingent liabilities and contingent* assets, paragraph 92.

At the balance sheet date in the aggregate, and despite the quality of any defences available to the Group, it is possible that the Group's operational results or cash flows in particular annual reporting periods could be materially affected by potential claims and litigation, or by the final outcome of any particular litigation. Having regard to all these matters, the Group (i) does not consider it appropriate to make any provision in respect of any pending litigation unless it is probable that the likely outcome of the case would result in an outflow of resources from the Group; and (ii) does not believe that the ultimate outcome of any ongoing litigation at the date of this report will significantly impair the Group's financial condition.

9. BASIS OF PREPARATION

The Group's Consolidated Financial Statements for the year ending 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), IFRS as adopted by the UK and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the "FRSC Pronouncements"). IFRS as adopted by the UK differs in certain respects from IFRS as issued by the IASB, however the differences have no impact on the Group's consolidated financial statements for the years presented.

This preliminary announcement includes condensed consolidated financial statements (the "Condensed Financial Statements"). The Condensed Financial Statements have been prepared in accordance with IAS34 Interim Financial Reporting and do not contain sufficient information to fully comply with IFRS. The Condensed Financial Statements comply with the FRSC Pronouncements, the JSE Listings Requirements and the AIM Rules for Companies and show a true and fair view.

These Condensed Consolidated Financial Statements for the year ended 31 December 2021 have been extracted from the audited Annual Consolidated Financial Statements but are not themselves audited. The auditor's report on those financial statements which have been audited by the Company's auditors, BDO LLP, was not qualified and did not draw attention to any emphasis of matter. Shareholders are advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office. The Directors take full responsibility for the preparation of these condensed audited consolidated results and confirm that the financial information has been correctly extracted from the underlying audited results for the year ended 31 December 2021.

10. ACCOUNTING POLICIES

The Group's accounting policies were last described in full in the Group's financial statements for the year ended 31 December 2020.

Certain new and amended accounting standards and interpretations 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 financial statements, nor are they expected to significantly affect future periods.

Certain new and amended accounting standards and interpretations have been published that are not mandatory for the period ended 31 December 2021, nor have they been adopted early by the Group. These standards and interpretations are not expected to have a material impact on the Group's Consolidated Financial Statements in the current or future reporting periods.

11. GOING CONCERN

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.

The Covid-19 pandemic had a significant impact on the Group in 2020, 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 had 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. The new mini auction format has provided the Group with an alternative to its traditional in-person auctions, introducing an online bidding platform that permits customers from multiple jurisdictions to participate in a sealed bid process. Selected lots are made available for in-person and private viewings by customers in selected jurisdictions, following which a series of online auctions commences. This new auction format has allowed the Group to continue to hold rough gemstones auctions, whilst navigating the various and differing Covid-19 restrictions across the globe.

To counterbalance the inability to generate adequate cash to sustain business-as-usual operations in 2020, the Board and management acted quickly to suspend principal operations in the early stages of the pandemic. This, along with reduced wages, a lower marketing spend and the suspension of non-committed capital expenditure, enabled the Group to navigate through 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.

In 2021, the continued easing of the various Covid-19 related restrictions across the globe allowed the Group to recommence operations at both mines in the first quarter of the year and hold auctions using the online bidding format for both emeralds and rubies. The recovery in the coloured gemstone market is evident, with both the emerald and ruby auctions achieving record-breaking revenues for 2021.

The auctions of high-quality ("HQ") emeralds and mixed-quality ("MQ") rubies held in March and April 2021 generated revenue of USD90.1 million, with a further USD126.1 million realised from the second series of HQ emerald and MQ ruby auctions held in November and December 2021. Additionally, the CQ emerald auction held in August 2021 generated a further USD23.0 million. Total Group revenues for 2021 were USD257.7 million. The success of the Group in the year has significantly improved the Group's gross cash position to USD97.7 million at 31 December 2021, with USD54.5 million of auction receivables that had been fully collected by the date of these financial statements. The debt balance outstanding is USD34.7 million, putting the Group in a net cash position of USD63.0 million.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

11. GOING CONCERN (CONTINUED)

Gemstone market

The start of 2022 saw the peak of the Covid-19 Omicron wave, however this new wave was short-lived, with most economies successfully navigating it without initiating full-scale lockdowns. As the world moves further into 2022, the global economy now faces the notion of living with the virus, with vaccination roll-outs continuing and restrictions starting to be removed in a number of countries.

With confidence continuing to grow that the world is reaching the pandemic endgame, and following the all-time record auction results of 2021, the Directors believe that any full-scale suspension of operations, akin to those seen in 2020 and 2021, is highly unlikely and expect to return to the normal yearly auction schedule from 2022 onwards.

Further, the Directors remain confident in the current high-level of market demand for gemstones. For the auctions held in 2021, the Group saw an increase in both the number of customers participating in the online bidding and the number of bids per schedule, compared to pre-2020 levels, with bids being received from a wide range of customers, demonstrating that market demand is strong. Whilst 2021 was the first time ruby auctions had been held by the Group since December 2019, the strong results achieved in the second series of mini auctions held across November and December 2021 indicate that the market dynamics also remain robust.

In addition, based on information currently available, the conflict in Ukraine is not expected to have an unmanageable material adverse impact on the Group.

Given the above, the Directors believe that there are no indicators that the current levels of gemstone pricing will not be achieved in 2022 and beyond. Although a price sensitivity has been considered as part of the Board's discussions on the Group's going concern assumption (see below), this scenario was concluded to be unlikely.

Mining operations

Operations in both Mozambique and Zambia resumed in the first quarter of 2021, reaching full capacity by the end of April 2021, and have remained uninterrupted thereafter. Since the resumption of operations, production of rubies at MRM is stable and the Directors are confident that sufficient quality inventory will be available for all forthcoming 2022 and 2023 auctions. At Kagem, production is also stable with emerald production exceeding expectation for the full year. Consequently, the risk of the availability of gemstones for auction is very low.

With the mines now back to full capacity, the cash operating costs are expected to increase back to at least pre-Covid-19 levels. However, the Group expects to continue to generate profits over the period to 31 December 2023.

Capital expenditure programmes also resumed in April 2021. However both Kagem and MRM kept their capital investment at minimum levels during the year in anticipation of the December auction results. Given the lower investment during 2020 and 2021, Kagem will look to catch-up on capital repairs and mining equipment replacement during 2022, with a steady maintenance capital spend established again from 2023. MRM will focus on capacity enhancement in 2022, by finalising the optimisation of the existing treatment plant and investing in the second treatment plant, with commissioning expected in the first quarter of 2023.

The Group has also resumed the investment programme for the development assets in Mozambique (MML, ERM, CDJ and Nairoto). The planned spend on these assets is uncommitted and discretionary, except for minimum spend for security and licence retention.

Since recommencement, the mines have remained largely uninterrupted by Covid-19, with a low-level of cases reported on-site and the continuation of the vaccine rollouts at both locations. Should a Level-5-type shutdown occur at the mines (i.e. a two-month shutdown) during 2022 then production would be disrupted. However, given the current stockpile levels and lower level of Covid-19 restrictions, it is highly unlikely that this would materially impact the Group's operations, or that this type of shutdown would occur.

11. GOING CONCERN (CONTINUED)

Debt facilities

On 31 December 2021, Kagem had USD23.5 million debt outstanding with ABSA Zambia plc, with security comprising a fixed and floating charge over Kagem's net assets. The security is 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:

- Senior Debt Service Cover Ratio ("DSCR") 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.

The covenants were not breached at the measurement date of 31 December 2021. Under the base case scenario, Kagem is fully compliant at the next measurement date of 31 December 2022. The assessment considers the mandatory repayment of USD3.5 million in December 2022 (of which, a voluntary prepayment of USD1.2 million was made in January 2022) and USD5.0 million in December 2023. As a result, there are no expectations that loan restructuring negotiations would be needed.

In April 2016 MRM entered a USD15.0 million unsecured overdraft facility with ABSA Mozambique S.A. The rolling facility attracts an interest rate of three-month USD LIBOR plus 4% per annum. The outstanding balance as of 31 December 2021 is USD11.2 million. Gemfields Limited issued a corporate guarantee for the facility. There are no covenants except that the overdraft should be cleared to nil at least once during the renewal period. The facility is renewed annually and was recently renewed in December 2021.

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. MRM had fully repaid the facility on 31 December 2021. 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 is renewed annually and it was renewed in September 2021.

In addition, MRM is at the final stages of agreement for an additional USD15.0 million lease facility from BCI. Approval for the release of the new lease facility is expected in March 2022, following which MRM will consider drawing this down.

Under the Group's base case forecast it has sufficient cash to survive for the next 24-months without the renewal of the overdraft facilities at MRM. The Directors however expect that all facilities will remain in place throughout the measurement period to 31 December 2023 and that there will be no covenant breaches. Consequently the availability of such financing facilities no longer represents a material uncertainty in respect of going concern.

Scenario analysis – Risk assessment

The base case forecast indicates that the Group has sufficient cash to meet its liabilities as they fall due throughout the going-concern assessment period.

However, as outlined above, the going concern assessment is highly dependent upon the timing and size of the ruby and emerald auctions held in 2022 and 2023, and to a lesser extent the conflict in Ukraine.

As such, several scenarios were modelled in the Directors' assessment, including, but not limited to (i) a 30% reduction in auction revenues; and (ii) a 27% increase in operating costs at the mines, where fuel costs double and all other costs increase by 10% across the going concern period to 31 December 2023.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2021* | continued

11. GOING CONCERN (CONTINUED)

Scenario analysis – Risk assessment (continued)

The auction revenue reduction scenario is designed to reflect the risks of:

- Changing levels of demand resulting in deferrals in the planned auction schedule;
- 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 in 2021, any suspension of operations would have a timing impact on the quantum of revenues achieved.

The second scenario that considers the increase in operating costs is designed to reflect any potential implications on the Group's operations in respect of the conflict in Ukraine, in particular on the operating cash base at the mines.

Under the reduced revenue scenario, additional cash maintenance measures (which are in the control of management) would need to be implemented by the Group. 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 the development assets (MML, ERM, CDJ and Nairoto).
- Delay of the mining equipment replacement and reduction of the planned investment in expansion at both Kagem and MRM.
- Reduction in budgeted advertising and marketing expenditure across the Group.
- Consulting fees, travel costs and office expenses reduction at the corporate level.
- Fabergé costs reduction, including reduced inventory purchases.

In the increased cost scenario, if the Group maintains the projected base case revenues, it will have sufficient cash resources throughout the going concern period, with no need for any cash preservation measures.

In the event that both scenarios were to occur, an event that the Directors believe to be remote, the Group would have a cash deficit in May 2023, after taking into account the available cash preservation measures. However, should such a situation look possible, more drastic steps would be taken, such as procuring the lower capacity (200 tph) second treatment plant at MRM instead of the higher capacity plant (400 tph), which on its own would cover the shortfall in cash. Furthermore, if necessary, production could be curtailed in order to reduce the related costs.

A reverse stress-test in respect of revenue was also performed. In the event that revenue was to fall to below USD152.0 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. The Directors, however, believe such a scenario to be remote given the facts discussed above.

In the unlikely event that Kagem is not able to run the planned auctions 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 December principal payments can be honoured. In addition to this, Kagem could realistically suspend the majority of its planned capital expenditure in 2022, as well as implement cost-optimisation and savings without curtailing production capability.

In the event that the MRM facilities are no longer available, the Group would look to remedy any potential deficit either through obtaining additional loan funding, raising equity or through even more fundamental operational curtailments and would seek to renew the overdrafts renewals through negotiation with the lenders. Given the Group's relationship with the banks and the financial performance expected, the Directors consider the non-renewal of MRM's facilities to be remote.

11. GOING CONCERN (CONTINUED)

Summary

Over the period from March 2020 to April 2021, the Group faced genuine uncertainty over whether it would generate sufficient revenue to continue as a going concern given the impact of Covid-19 on the Group's ability to hold gemstone auctions and operate its mines at Kagem and MRM. These conditions, along with the expectation of continued lender support, were deemed to indicate the existence of a material uncertainty that may cast doubt upon the Group's ability to continue as a going concern.

Since April 2021, the Group has rebounded and the strong operational and financial results achieved in the year support the base case forecast as being probable, with the Group having proven that its business model is capable of mitigating the risks posed by any further Covid-19 outbreaks. Further, based on information currently available, the conflict in Ukraine is not expected to have an unmanageable material adverse impact on the Group.

Given these circumstances and the strong relationships with our lenders, and in the absence of any unforeseen circumstances, the Directors do not believe there to be any material uncertainties present at 31 December 2021, or at the date of signing these Consolidated Financial Statements, that would cast significant doubt over the Group's ability to continue as a going concern. The Directors have therefore adopted the going concern basis within these Consolidated Financial Statements.

12. EVENTS OCCURRING AFTER THE END OF THE PERIOD

Announcement of Gemfields' maiden dividend

Off the back of the strong 2021 results and the future prospects of the Group, the Board have approved the payment of Gemfields' maiden dividend of USD20.0 million, or approximately USDc1.7 per share. The dividend will be distributed to shareholders in the first half of 2022.

Consideration of the unfolding conflict in the Ukraine

Following the invasion of Ukraine by Russia, instigated at the start of March 2022, management has considered whether the ongoing conflict presents any immediate material risks to the Group that would prevent it from continuing to operate as a going concern. Management however does not believe this to be a significant risk to operations and notes the following:

- None of the Group's rough gemstone customers are based in Russia, nor are of Russian origin.
- To date, none of the Group's customers have raised any concerns regarding the conflict, and the scheduled CQ auction commenced on 15 March 2022.
- With regard to Fabergé, the entity has no points of sale or business in Russia, and it is not anticipated that the entity will be directly impacted by any sanctions. Overall, it is estimated that the conflict could have a 20%–40% impact on Fabergé's sales during the conflict period, however this would not materially impact the Group. To mitigate this, Fabergé could reduce inventory purchases to maximise cash retention and it has already taken steps to lower its marketing and advertising spend.
- To date, there have not been any significant increases in fuel costs directly related to the conflict in the local jurisdictions in which the Group operates. However, there is a significant risk that the conflict will place upward pressure on the price of fuel and machinery spare parts (two of the largest operating costs at the mines). Management believes that any such cost increases would be manageable, with the Group able to absorb these. Additionally, recent pronouncements have demonstrated significant increases in Africa's main commodity prices, that, along with currency movements being realised, are likely to partially offset any cost pressures.

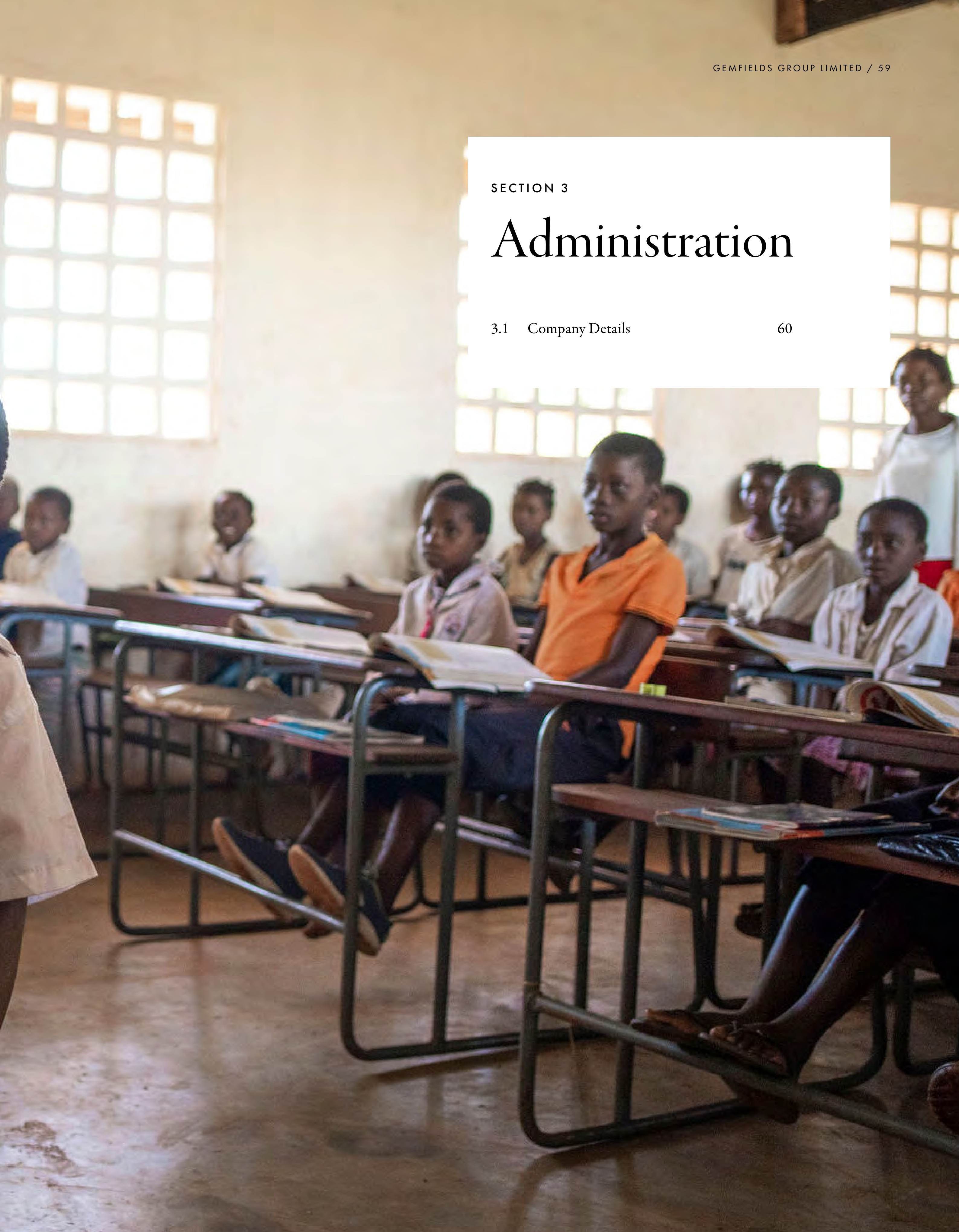
Approval of Consolidated Financial Statements

The Consolidated Financial Statements were approved by the Directors and authorised for issue on 24 March 2022.

IMAGE Education projects, Mozambique

SECTION 3

Administration



SECTION 3.1

Company Details

Executive Directors
Sean Gilbertson
David Lovett

Non-Executive Directors
Martin Tolcher (Chairman)
Patrick Sacco[1,2]
Lumkile Mondi
Kwape Mmela
Carel Malan
Mary Reilly
Kieran Daly[2]

The following persons were Directors during the period
Dr Christo Wiese[3]

1 – Appointed 11 October 2021.
2 – Mr Daly acts as Permanent Alternate to Mr Sacco.
3 – Resigned 23 September 2021.

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4 – On 2 December 2021, the Company resolved to appoint Ernst & Young LLP ("EY") as its statutory auditors, commencing with the financial year ending 31 December 2022, subject to ratification by shareholders in the Company's 2022 Annual General Meeting. BDO completed the Company's audit for the financial year ending 31 December 2021 as external auditors to the Company and a transition to EY will take place in due course. BDO's work will continue for a limited period beyond the date of these financial statements, in relation to certain Group subsidiaries.

NOTES

IMAGE Responsibly sourced rough emeralds, Kagem Mining, Zambia