GEMFIELDS

Interim Report 2022

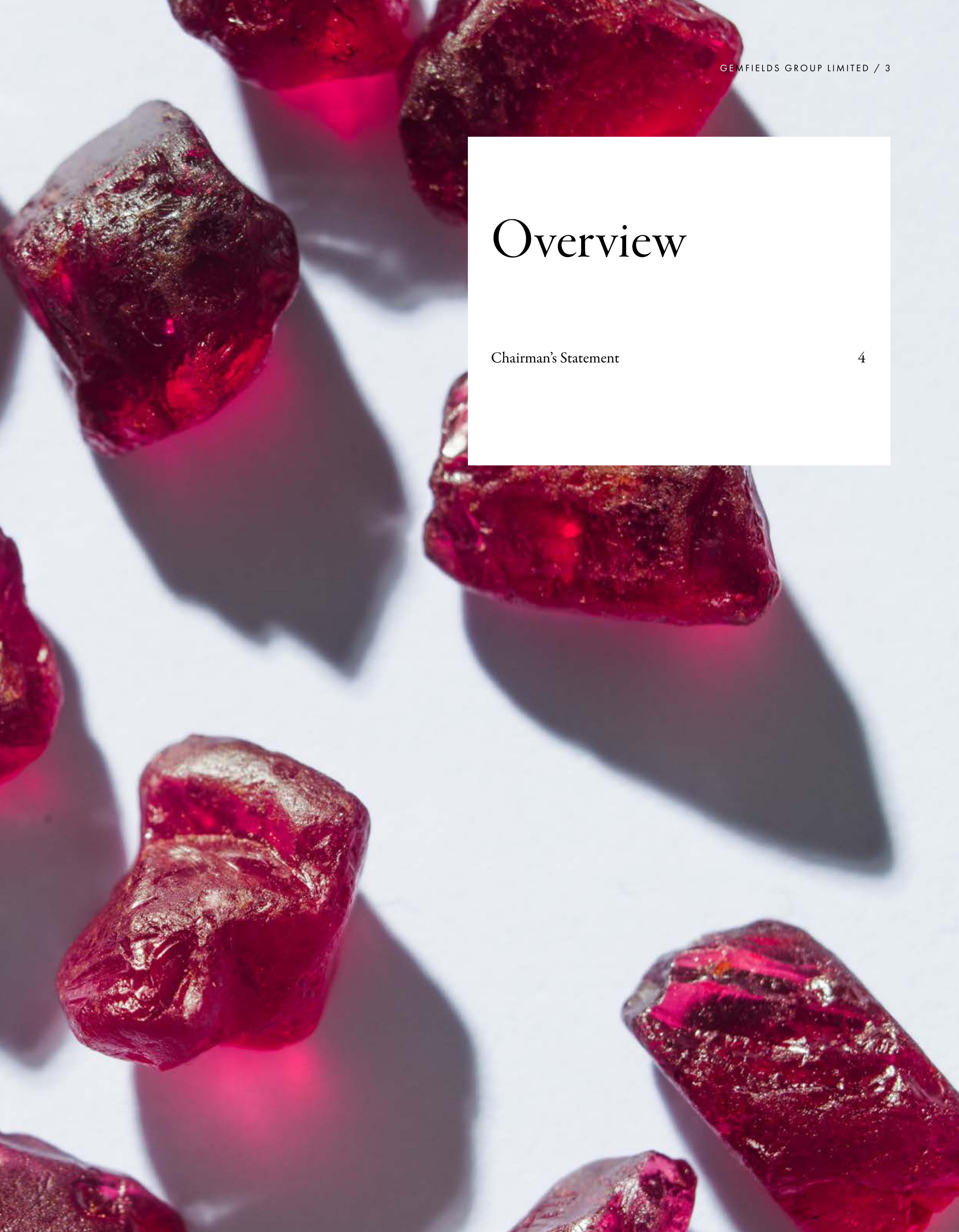
for the six months ended 30 June 2022

Contents

COVER IMAGE Fabergé x Gemfields Emotion Rings featuring Gemfields Zambian emeralds and Mozambican rubies

IMAGE LEFT Kagem emerald mine, Zambia

IMAGE: Responsibly sourced rough rubies, Montepuez Ruby Mining, Mozambique



Overview

Chairman's Statement

It is pleasing to report that the first half of 2022 has seen Gemfields Group Limited ("Gemfields", the "Company", "GGL" or the "Group") continue its robust upward trajectory from 2021, with record-breaking auction revenues and an all-time high in terms of the cash position.

Gemfields continues to welcome the increasing scrutiny of its coloured gemstone supply chain. A number of independent audits commenced during the period as major brands familiarise themselves with our operations. It is of high importance that the Company continues to open its doors, welcome our critics and propel the progress along a journey of continuous improvement as it strives for greater transparency, legitimacy and integrity in the sector. The Group has also established an Environment, Social and Governance ("ESG") Committee made up of senior management from all businesses and functional areas to develop, implement and monitor the ESG strategy and reporting.

Fabergé Limited's ("Fabergé") recovery from the pandemic continued into 2022, which resulted in record sales, which included the sale of the Game of Thrones Egg. Fabergé's wholesale business in particular delivered strong year-on-year growth, driven by an increased global demand for Fabergé products and much-improved trading conditions versus the same period in 2021. Despite this, overall luxury goods have seen a decline in valuations since December 2021, mainly as a result of current uncertainties in the global market largely due to the crisis in Ukraine.

Gemfields honoured its commitment to return funds to shareholders by declaring a USD20 million dividend in March. Continuing this commitment to shareholders and based on the record-breaking revenues achieved in the period, the Board is pleased to announce an interim dividend. The dividend of USD15 million, or approximately USDc1.3 per share, will be distributed to shareholders during the fourth quarter of 2022. In addition, the Company will call an Extraordinary General Meeting in the fourth quarter of 2022 where approval will be sought from shareholders to commence a share buy-back programme of up to USD10 million. Following the dividend paid earlier this year, a record of consistent and sustainable returns to shareholders is taking shape.

Overall, revenue streams suggest that there are grounds for continued positivity within the Gemfields Group. The strategy remains focussed on consolidating our position as a world-leading supplier of responsibly sourced African precious coloured gemstones, with the ownership of the iconic Fabergé brand enhancing the positioning and perception of coloured gemstones in the minds of consumers.

KAGEM MINING LIMITED ("KAGEM"), ZAMBIA

Kagem's remarkable production run of premium emeralds has continued. Production in this category for the period amounted to 109,600 carats (six months to 30 June 2021: 73,200 carats). Overall production for the period amounted to 19.2 million carats (six months to 30 June 2021: 10.3 million carats). With revenues of USD85.2 million, Kagem generated earnings before interest, taxation, depreciation and amortisation ("EBITDA") of USD47.8 million. Total capital expenditure for the period was USD3.9 million (USD0.6 million in 2021), which was primarily spent on replacement heavy earth-moving machinery and infrastructure.

In the first half of 2022, Kagem delivered a dividend to shareholders, being the first since 2016. This included a payment of USD1.5 million to the Government of Zambia through the Industrial Development Corporation ("IDC"), as holders of a 25% stake in Kagem. The company also signed the collective agreement with the unions for 2022 and 2023, following successful negotiations of salary and conditions of service.

Further to information provided in the Chief Executive's statement in our 2021 Annual Report regarding potential litigation for personal injury and associated claims against Gemfields and Kagem, formal proceedings have now been commenced on behalf of 29 individuals. The pleadings indicate that, at the time of issue, the claimants expect to recover damages/compensation of no more than GBP400,000 (USD486,000), though further claims on behalf of 69 individuals are also expected. We reiterate that Gemfields and Kagem take allegations of this nature extremely seriously. The companies involved are working

IMAGE Martin Tolcher, *Chairman*

with external lawyers and will continue to defend themselves in a robust manner.

In its efforts to advantage the local community, the mine committed USD172,500 worth of funding for university scholarships, and USD220,000 to support farming at the Lumpuma Multi-Purpose Cooperative Society ("LMPCS"), as well as donating items to health facilities in Lufwanyama District in the continued fight against Covid-19.

Kagem's Chipembele, the 7,525-carat 'rhino' emerald recovered and sold in 2021, was awarded the GUINESS WORLD RECORDS™ title for "Largest uncut emerald" during the period.

MONTEPUEZ RUBY MINING LIMITADA ("MRM"), MOZAMBIQUE

Production during the period in the premium ruby category was 38,900 carats (six months to 30 June 2021: 21,700 carats). Total gem production was 1.6 million carats in the first six months of 2022 (six months to 30 June 2021: 2.1 million carats). MRM generated EBITDA of USD45.4 million from auction revenues of USD95.6 million. Total capital expenditure for the period was USD6.3 million (USD1.3 million in 2021), comprising replacement heavy earth-moving machinery and improvements to the existing processing plant.

In March, MRM held a public consultation for its proposed plan to install a second treatment plant and increase in the fuel storage capacity at its operations. In addition to complying with regulatory requirements, the consultation gave MRM the opportunity to understand key stakeholders' views on the project, and to respond to any queries. This proposed second treatment plant, which would increase significantly MRM's capacity and revenue generation ability, is expected to generate several hundred new jobs and, where possible, MRM aims to recruit locally from the communities in and around the MRM concession.

Illegal mining continues to be a challenge across the licence area, with an increased number of juveniles being pushed into the activity by the illegal ruby trade syndicates operating in the region, as police begin to convict and imprison adults apprehended while carrying out such activities.

MRM actively continues to actively monitor the insurgency situation in the Cabo Delgado Province, as recent attacks are considerably closer to the operations than in prior years. MRM has observed a further increase in displaced persons arriving in the district with a consequent rise in illegal mining activities within the licence area. The Group has appropriate strategies in place relating to site safety and the protection of MRM's workforce and property in the event that the insurgency risk escalates. While MRM has implemented certain travel restrictions,

its mining and processing operations remain unaffected. Any potentially adverse implications of this situation on MRM, whilst still believed to be low, have been considered in the Group's going concern assessment (see Note 2 to the Condensed Consolidated Financial Statements).

The independent Operational Grievance Mechanism ("OGM") entered into its second year, with the intention of maintaining a sustainable solution for the longer term. The team continues to work in good faith to address the challenges faced by the OGM – including the slow rate in resolving cases and the effective analysis of evidence. The OGM is a key aspect of MRM's social licence to operate, and both Gemfields and MRM remain committed to delivering a practically functioning project within the ambit of Mozambican law and the UN Guiding Principles on Business and Human Rights. MRM has recognised a provision for the expected cost of the OGM at 30 June 2022.

MRM has provided funding of approximately USD121,000 for the construction and equipping of ten classrooms for displaced children who are now living as refugees in Montepuez District, and the Gemfields Foundation – through generous donations received from private donors at an event in Houston, Texas, matched by Gemfields Limited – has funded the construction of a computer laboratory.

Taxes paid by MRM funded the construction of the Mpupene Primary School, which was inaugurated in January. Community projects continue to benefit the health, education and livelihoods of families living in local communities. In April, MRM opened the first ever radio station in the Namanhumbir locality as a much-needed means of information sharing for local communities.

IMAGE Responsibly sourced rough rubies, Montepuez Ruby Mining, Mozambique

FABERGÉ

Fabergé Ltd ("Fabergé") achieved revenues of USD9.5 million for the period (six months to 30 June 2021: USD4.9 million) with the increase largely due to strong wholesale sales and the sale of the Fabergé x Game of Thrones Egg. A sales margin of 44% (six months to 30 June 2021: 46%) with a loss after tax of USD0.3 million (six months to 30 June 2021: loss after tax of USD2.1 million).

DEVELOPMENT ASSETS

Operations continued at the Group's gold exploration project, Nairoto Resources Limitada ("Nairoto") in Mozambique, with spend focussed on proving the reserve and resource. An independent consultant was engaged with an initial focus on secondary gold resource and generation of exploration targets for primary resource. Panning of stream samples collected from across the licence area confirms the presence of gold, both as fine disseminations and nuggets. An extensive soil sampling exercise is underway across all the licences. Technical and commercial bids are being evaluated for setting up a 50 tonnes per hour ("tph") treatment plant to support the bulk sampling operation.

A contingent of police continues to guard the Eastern Ruby Mining ("ERM") mining concession in Mozambique, as preparations are ongoing to start bulk sampling operations early next year.

In Ethiopia, the operations at Web Gemstone Mining plc remain suspended given the persisting unrest across much of the country. Activity at the Group's Madagascan gemstone exploration licences, held by Oriental Mining SARL, continue to be on hold.

AUCTIONS

Kagem generated auction revenues of USD85.2 million during the period (six months to 30 June 2021: USD31.2 million), from one commercial-quality auction held during March and April and a higher-quality auction, including one special piece, held in May.

MRM's mixed-quality ruby auction, held as seven sequential mini-auctions in Bangkok during May and June, delivered all-time high auction revenues for any Gemfields auction, at USD95.6 million. The auction achieved an average price of USD246.69 per carat, setting a new record for any Gemfields mixed-quality ruby auction. The 16 auctions of MRM rubies held since June 2014 have generated USD827.1 million in total revenues.

Combining the three auctions held so far, Gemfields' auction revenue in the first half of 2022 stands at USD181 million (prior first-half record: USD93 million, set in 2018).

INVESTMENTS

The Group's platinum group metal ("PGM") investment, being an indirect stake of 6.54% in Sedibelo Platinum Mines Ltd ("Sedibelo") – recently renamed Sedibelo Resources Limited – was "unbundled " to become a direct stake during 2021. At 30 June 2022, following an independent valuation of our holding, the carrying value of Sedibelo on our balance sheet fell by USD4.2 million from the previous year end to USD33 million. This reflects market conditions which have seen a reduction in the values of PGM companies.

Sedibelo is a public (unlisted) company incorporated in Guernsey, which Gemfields understands to be planning an initial public offering ("IPO") in 2022. The Group's investment in Sedibelo remains a non-core asset and an orderly disposal continues to be a near-term strategy.

RESULTS

Overall, Gemfields generated Group-wide revenues of USD193.2 million with EBITDA of USD104.8 million (six months to 30 June 2021: revenues of USD97.2 million and an EBITDA of USD43.5 million). The Group's net profit after tax of USD56.7 million and Free Cash Flow before working capital changes (as defined in the Financial Review) of USD86.5 million reflect the record revenues.

Normalised earnings for the year, excluding the fair value loss on our stake in Sedibelo, yield a net profit after tax of USD60.8 million (six months to 30 June 2021: USD16.1 million).

At 30 June 2022, the Group was in a net cash position of USD81.8 million (31 December 2021: net cash of USD63.0 million) and held a gross cash balance of USD111.5 million (31 December 2021: USD97.2 million).

CORPORATE

At its Annual General Meeting ("AGM") on 29 June 2022, held both in person and virtually, Gemfields once again fell just short of the 75% approval threshold required for the non-binding Remuneration Policy resolution. In keeping with the principles of the King Report on Governance ("King IV"), the Company will again seek to engage with shareholders in relation to the Company's Remuneration Policy.

The Company's shareholders also voted against the proposed resolution to provide authority to Directors to issue new shares for cash and to buy back ordinary shares in the Company. All other proposed resolutions were passed.

In March, the Company announced a USD20 million special dividend to shareholders on both the Johannesburg Stock Exchange ("JSE") and AIM market of the London Stock Exchange ("AIM"), which was paid in April.

Regrettably, Carel Malan indicated, on 29 June 2022, his intention to resign from the Board, in order for him to pursue full-time employment opportunities. I would like to thank Carel for the full support given to me during his tenure and his valuable and insightful input as Chairman of the Audit Committee, as well as being a regular and committed contributor to the deliberations of the main Board. I wish him well as he embarks on the next phase of his career. Following Carel's resignation, Mary Reilly, a member of the Audit Committee, will take over as Chairperson of the Audit Committee with Kwape Mmela, a long-standing member of the Board, joining the Committee. These changes will maintain the strength and quality of our Audit Committee.

OUTLOOK

The current buoyant coloured gemstone market, alongside the encouraging production at both Kagem and MRM, mean that the Board remains optimistic for the second half of 2022. Whilst it cannot be expected that the tremendous revenues achieved in the first half of the year be repeated in the second half, the Company remains positive that it will be in a position to continue to return funds to shareholders on a consistent and sustainable basis.

However, one must remain cautious that, even with a robust financial position, the current global economic climate is one of rising prices and supply chain constraints, amongst other things. Consequently, the impact of these matters on the Group's cost base cannot be underestimated, with fuel costs in particular seeing steep increases all over the world. The current challenges being faced at an operational level (as disclosed in the Going Concern section of the Financial Review), mean that Gemfields must remain attentive as it navigates the remainder of the year to maintain our financial resilience and prepare for the future.

Finally, as ever, I should like to thank my fellow Board members and all members of the Group's workforce for their ongoing commitment as all continue to progress Gemfields' vision of being the global leader in African coloured gemstones, promoting transparency, trust and responsible mining practices.

Martin Tolcher
Chairman
28 September 2022

IMAGE Gemfields' proprietary grading system, Kagem Mining, Zambia

IMAGE Responsibly sourced cut and polished Zambian emeralds

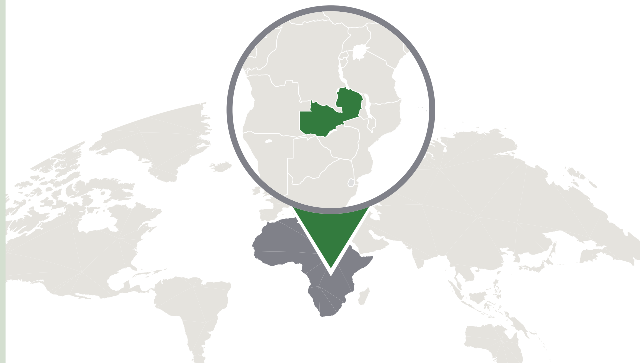
Performance

Operations Review *Zambia*

OPERATIONS IN ZAMBIA COMPRISE THE FOLLOWING:

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

- Chama, an open-pit mine extending over 2.2 kilometres of strike length and supplying approximately 25% of global emerald production.
- Chibolele, an open-pit mine 520 metres of strike length.
- Fibolele, an open-pit mine with 600 metres of strike length.



ZAMBIA

Location	Copperbelt Province, Zambia
Acquisition by Gemfields	June 2008
Ownership structure	75% Gemfields Ltd 25% Industrial Corporation Ltd., Government of Zambia
Gemstones	Emerald and beryl
Mining method	Open-pit
Potential mine life	22 years

Auction results

During the period, Kagem held one commercial-quality ("CQ") and one higher-quality ("HQ") auction. The first was a series of sequential mini-auctions of predominantly CQ rough emeralds held in Jaipur, India from 15 March to 1 April 2022, and the second was of HQ rough emeralds held in Bangkok, Thailand from 9 to 26 May 2022. Both auctions saw record-breaking results in revenues and price per carat. The auction lots were made available for in-person and private viewings by customers in both locations. Following the viewings, the bidding took place via an online auction platform specifically adapted for Gemfields which permitted customers from multiple jurisdictions to participate in a sealed-bid process.

The CQ auction saw 56 companies placing bids, generating all-time record revenues of USD42.1 million with an overall average value of USD9.37 per carat, also an all-time record for CQ auctions. USD43.1 million at USD155.90 per carat was realised at the HQ auction, another record for Kagem. Both auctions saw 100% of the offered carats and number of lots being sold.

As a result, Kagem's first half-year auction revenues totalled USD 85.2 million, an all-time record high for Kagem.

The 41 auctions of Kagem gemstones held since July 2009 have generated USD835.3 million in total revenues.

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

Mining

During the period, Kagem continued exposing the emerald formation at three sectors of the Chama pit (F10, Chama and FF-Mboyonga) and three productions areas at Chibolele.

In addition, the diversification of the production profile continued with bulk sampling commencing at the Kamakanga pit in January 2022, where 72,919 tonnes of rock were handled, producing 18,538 carats of emerald and beryl.

Total rock handled for the period was 5.8 million tonnes compared to 3.0 million tonnes for the first half of 2021, given that operations only commenced in April 2021.

Production

Since mining operations recommenced in April 2021, production for the period to 30 June 2021 was 10.3 million carats at grade of 190 carats per tonne, including 73,245 carats of premium emerald.

Operations in the first half of 2022 were geared towards expediting the more fruitful sections of the Chama pit, whilst opening other contacts for mining later in the year with a view to diversifying the operation. Production activities saw controlled blasting in ore zones using small diameter drill holes, chiselling the in-situ ground and manual picking the run of mine at contact points, which allows for preservation of the larger sized gemstones.

Total production for the period amounted to 19.2 million carats at a grade of 182 carats per tonne, with 109,575 carats of premium emeralds. Of the total production, Chama pit contributed 14 million carats, and Chibolele contributed 5.0 million carats.

Kagem's key operational parameters for the period ended 30 June 2022 are summarised in the table below.

Processing

Processing for the period to 30 June 2022 was 90,564 tonnes at 48 tonnes per hour compared to 49,627 tonnes at 47 tonnes per hour in the prior period. The larger processing tonnages benefitted from the upgrades and efficiency measures implemented in 2021 being operational for the full six months ended 30 June 2022.

From these processed tonnages, 8.8 million carats of emerald production were realised, compared to 6.1 million carats in the comparative period of 2021.

Of the total production for the period, 54% has come directly from the pit and 46% from run-of-mine material processed at the treatment plant. This is in line with historic trends.

Operating costs

Cash rock handling unit costs (defined as total cash operating costs divided by total rock handled) were USD4.17 per tonne for the period compared to USD3.75 per tonne in the previous period, with total cash costs of USD24.2 million compared to USD11.3 million in the previous period. The significant increase in costs reflects inflationary pressures on input costs, with fuel, labour, spare parts and service costs rising substantially. Kagem is looking at various ways to contain these costs and reduce its exposure to these pressures.

The total operating costs for the six months to 30 June 2022 were USD46.0 million compared to USD21.3 million for the comparative period, giving a unit operating cost of USD7.92 per tonne for the period. As far as total costs are concerned, along with inflationary pressures, the costs such as mineral royalties which are calculated as a percentage of revenue have also increased.

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

KAGEM PRODUCTION SUMMARY

	30 JUNE 2022	30 JUNE 2021
Gemstone production (premium emerald) in thousand carats	109.6	73.2
Gemstone production (emerald and beryl) in million carats	19.2	10.3
Ore production (reaction zone) in thousand tonnes	105.6	54.6
Grade (emerald and beryl/reaction zone) in carats/tonnes	182	190
Waste mined in million tonnes	5.6	3.0
Total rock handling in million tonnes	5.8	3.0
Stripping ratio	53	54

mining and production costs and selling, general and administrative expenses, but exclude intercompany marketing, management and auction fees, depreciation and amortisation and mineral royalties and production taxes.

Capital expenditure

During the period, Kagem spent USD3.9 million primarily on replacement mining and ancillary equipment and infrastructure improvements to staff accommodation for the post-Covid-19 era.

Infrastructure

Infrastructure development projects continue to focus on improving living conditions and mitigating Covid-19 with the construction of 40 new rooms for staff commencing in the early part of the year. In a bid to improve machine availability, the construction of a heavy earth-moving equipment washing bay has also been undertaken.

Going forward, it is expected that infrastructure improvements will continue to focus on the quality of living of our employees and improving the operations of the engineering department, with significant enhancements to the workshops, treatment plant and sort house.

Geology and exploration

The Chama open-pit mine is supported by a JORC-compliant Resources and Reserves Statement produced by SRK Consulting (UK) Limited ("SRK") at 31 July 2019. The Competent Person's Report ("CPR") supports the reporting of mineral resource and ore reserve estimates in accordance with the 2012 edition of JORC and confirmed a 22-year open-pit Life of Mine Plan ("LoMP"). The resource and reserves are updated on annual basis by the Company's internal competent person for disclosure to the JSE and AIM as part of the Group's Annual Gemstone Resources and Gemstone Reserves Reports (which can be found on the Group's website).

Exploration activities were suspended from 2020 following the Covid-19-induced suspension of principal operations. The limited exploration activities since recommencement have been focussed on the F10 section of the Chama pit where a significant portion of production has come from over the last few years.

From January 2022, work commenced on the Kamakanga licence as it develops to bulk sampling stage, thereby further diversifying Kagem's production profile.

IMAGE Sort house, Kagem Mining, Zambia

It is anticipated that the exploration work at Kagem across most of the licences will commence in earnest in the second half of the year, with the view of updating resource and reserves estimates at Chama, Chibolele and Kamakanga.

Protection services

The focus of the Protection Services team during the period was primarily on improving communication and surveillance within the licence area, with a view to reducing incursions of illegal miners. Incursions of illegal miners at various locations within Kagem licences increased during the first two months of the period.

In view of the above, cameras were relocated and additional cameras were installed at the periphery of the wash plant and at the entrance of the mine to improve surveillance. New guard posts were also created in Chibolele, Kamakanga and the treatment plant extension area. One additional drone has been procured to increase aerial surveillance within the licence area.

The continuous efforts and measures taken by the Protection Services team resulted in a reduction in the level of incursions by illegal miners, with the total number of illegal miners entering the licence area decreasing to below 100 in the month of June 2022.

Health, safety and environment

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

Kagem has achieved certification to ISO 14001:2015 (Environmental Management System), ISO 45001:2018 (Occupational Health and Safety Management System) and ISO 9001:2015 (Quality Management system).

To further instil a culture in which safety comes first, General Site Inductions ("GSI") continue to be provided to all contractors and visitors. A proactive approach to hazard identification and risk assessments and a roll-out of "monthly safety themes" are employed to enhance HSE awareness.

During the first half of 2022, Kagem recorded one lost-time injury ("LTI") which is same as the equivalent period of 2021.

Sustainability and corporate responsibility

Sustainability and corporate responsibility activities at Kagem aim to position the company in good standing with communities, and to ensure the Company's activities impact positively and complement the Government's initiatives in improving quality of life. As part of its commitment to improving livelihoods through agriculture, Kagem was able to launch the Lumpuma Multi-Purpose Cooperative Society ("LMPCS"), consisting of youths mainly from the Pilala area, with an objective to give the youths alternative and legitimate income-generating activities. This will economically empower them and reduce the incidence of illegal mining activities around the Kagem concession area. The LMPCS was supported with equipment (including PPEs), inputs and other requirements for them to begin the first phase of the project. The first phase of this project has been a success. One hundred hectares have been prepared in readiness for the next farming season and part of the land used for vegetable cultivation to raise income. The produce from this land is ready for market, and Kagem is supporting the cooperative by providing a buyer for their produce.

IMAGE Agricultural community livelihood project, funded by Kagem Mining, Zambia

2022 saw the recommencement of community activities which were suspended in 2020. As a result, construction of three classroom blocks, two houses for teaching staff and two toilets at Masasa Primary School were completed.

Kagem has continued playing an important role in dealing with the Covid-19 pandemic in Zambia by donating clinical, health and hygiene items to the Lufwanyama District Hospital, Nkana Health Centre, and District Education in Lufwanyama.

In terms of supporting the environment, Kagem focussed on nature conservation and donated USD70,000 to the North Luangwa Conservation Programme ("NLCP"), particularly to the Frankfurt Zoological Society ("FZS") for the Rhino (Chipembele) Conservation project.

Human resources

As of 30 June 2022, 1,250 people (2021: 1,131) were employed by Kagem, of which 819 (2020: 789) were directly employed and 431 (2020: 342) were employed through contractors.

In the first half of 2022, 343 employees were trained in various fields including health, safety and environmental protection, the Voluntary Principles on Security and Human Rights ("VPSHR"), quality management, team building, stress management and trade-related refresher training programmes. These training sessions were conducted by both external and in-house trainers, with 96.8% of the workforce (332 employees) being trained at the mine site, and 3.2% (11 employees) being trained off-site in Zambia. The Memorandum of Understanding ("MoU") between Kagem and the University of Zambia was renewed during the period.

Staff welfare activities were focussed on improving social amenities around the workplace and camp.

During the period, 47 Covid-19 cases were recorded with a 100% recovery rate. A vaccination drive is underway in conjunction with the Ministry of Health to dispense booster Covid-19 vaccines on a voluntary basis for employees and contractors.

Legal update

Further to information provided in the Chief Executive's statement in our 2021 Annual Report regarding potential litigation for personal injury and associated claims against Gemfields Group Limited, Gemfields Limited and Kagem Mining Limited, proceedings have now been formally commenced on behalf of 29 individuals. The pleadings indicate that, at the time of issue, the claimants expect to recover damages/compensation of no more than GBP400,000 (USD486,000). Further claims on behalf of 69 individuals are also expected. We reiterate that Gemfields and Kagem take allegations of this nature extremely seriously. The companies involved are working with external lawyers and will continue to defend themselves in a robust manner.

IMAGE Kapila primary school, funded by a private individual and Kagem Mining, Zambia

Operations Review *Mozambique*

OPERATIONS IN MOZAMBIQUE COMPRISE THE FOLLOWING:

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

MOZAMBIQUE

Location	Cabo Delgado Province, Mozambique
Acquisition by Gemfields	November 2011
Ownership structure	75% Gemfields 25% Mwiriti
Gemstones	Ruby and corundum
Mining method	Open-pit
Potential mine life	13 years

MONTEPUEZ RUBY MINING LIMITADA ("MRM")

Auction results

MRM held its first ruby auction for the year, which comprised seven sequential mini-auctions held in Bangkok during the period 30 May to 17 June 2022. The auction series delivered all-time high auction revenues for any Gemfields auction and contained a selection of grades that are typically offered at MRM auctions of mixed-quality rubies. Following the viewings, the auctions took place via an online auction platform specifically adapted for Gemfields and which permitted customers from multiple jurisdictions to participate in a sealed-bid process. Total auction revenues of USD95.6 million were generated at an average price of USD246.69 per carat, a new record for any mixed-quality ruby auction.

The 16 auctions of MRM rubies held since June 2014 have generated USD827.1 million in revenues.

In the comparative period of 2021, MRM held a series of seven sequential mini-auctions between 15 March and 8 April 2021. The lots were made available for in-person and private viewings by customers in Bangkok, Dubai and Jaipur and generated revenues of USD58.9 million, at an average price per carat of USD171.33.

Mining

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

Total rock handling for the first half of the year was 3.2 million tonnes, compared to 1.8 million tonnes in the prior period, as the principal mining operations only resumed at the end of March 2021 after their suspension in April 2020. The 3.2 million tonnes of total rock handling consisted of 0.4 million tonnes of ore and 2.4 million tonnes of waste material at an overall stripping ratio of 5.3. In addition, 0.3 million tonnes of other material were handled, which included mostly slimes and minor waste amounts that were moved for road improvements.

As in the preceding years, production was primarily focussed on the Mugloto Block (91%) in order to extract higher-quality ruby-bearing ore, with the remainder coming from the Maninge Nice Block (9%). However, efforts continue to be made in the development of additional exploration pits in the Mugloto Block. This has produced encouraging results.

Production

A total of 1.6 million carats of ruby and corundum were produced during the first half of 2022, with a focus on high-quality, low-occurrence deposits that provide premium rubies. During the same period in 2021, 2.1 million carats of ruby and corundum were produced, with the varying grade of the deposit the reason for variations in recovery.

Of the 1.6 million carats produced in the period, 1.5 million carats were recovered from Mugloto secondary ore, 0.1 million carats were recovered from Maninge Nice and the remainder from other sources. MRM's key operational parameters for the six-month period to 30 June 2022 are summarised in the table below.

Processing

During the period, 448,400 tonnes of ore were mined, primarily from two blocks, Mugloto and Maninge Nice, with 524,200 tonnes processed, compared to 329,400 tonnes for the same period in 2021. Of the total ore processed, 523,300 tonnes were processed by the main treatment plant and 900 tonnes by the exploration processing plant.

The overall ore grade realised during the period was 3.1 carats per tonne, compared to 6.2 carats per tonne for the six-months to 30 June 2021. This was mainly due to the low ruby and low sapphire categories of the ore mix processed in 2022 compared to that in 2021.

Operating costs

Total cash operating costs for the six months to 30 June 2022 were USD21.0 million, compared to USD15.2 million incurred in the first half of 2021, giving a unit cash rock handling cost of USD6.65 per tonne compared to USD8.71 per tonne in the prior period. The impact of the global economy and Ukrainian conflict has put significant inflationary pressures on fuel, labour and spare part costs. The lower cost per tonne is also impacted by higher tonnage of rock handled in the period compared with 2021.

The total operating costs for the current period were USD49.6 million compared to USD34.2 million in the prior period.

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

MRM PRODUCTION SUMMARY

	30 JUNE 2022	30 JUNE 2021
Gemstone production (premium ruby) in thousand carats	38.9	21.7
Gemstone production (ruby and corundum) in million carats	1.6	2.1
Ore mined (primary and secondary) in thousand tonnes	448.4	204.8
Ore processed (primary and secondary) in thousand tonnes	524.0	329.0
Grade (ruby and corundum/ore processed) in carats/tonnes	3.1	6.2
Waste mined in thousand tonnes	2,396.3	1,438.4
Miscellaneous rock handling	319.2	107.0
Total rock handling in thousand tonnes	3,163.9	1,750.2
Stripping ratio	5.3	7.0

expenses, but exclude intercompany marketing, management and auction fees, depreciation and amortisation, and mineral royalties and production taxes.

Capital expenditure

Total cash capital expenditure in the current period was USD6.3 million, comprising USD3.6 million invested in expansion and exploration, and USD2.7 million on existing mining and ancillary equipment replacements and improvements to the existing treatment plant.

Geology and exploration

The Montepuez ruby deposit is supported by a JORC-compliant Resources and Reserves Statement produced by SRK as at 31 December 2019. The Competent Person's Report ("CPR") supports the reporting of mineral resource and ore reserve estimates in accordance with the 2012 edition of JORC and confirms a 14-year open-pit Life of Mine Plan ("LoMP"), indicating that the mine is well positioned for growth in production. The resource and reserves are updated on annual basis by the company's internal competent person for disclosure to the JSE and AIM as part of the Group's Annual Gemstone Resources and Gemstone Reserves Reports (which can be found on the Group's website).

The exploration drilling programme for the first half of 2022 was focussed in the Mugloto Block (Northern shear and surrounding pits), consisted of diamond-core drilling, which is mainly focussed on exploring the source of the primary mineralisation. The locations were identified based on previous inclined/vertical drilling, airborne geophysics and interpretation of secondary deposit.

The exploration plant continued operations during the review period, treating ore samples from different geographical locations. The recovery results will be utilised for planning the extension of existing pits or opening of new pits.

Infrastructure

The new mine office block was commissioned with the team moving in during April 2022. The office building which is at the mine site enables the mine management to function closer to the operation.

The construction of the new kitchen and canteen at the mine central area, which is part of the new mine office project, commenced in February 2022 and is expected to be completed in the third quarter of 2022.

Protection services

The Protection Services continued combined operations on the concession to maintain presence, detect and deter criminal intent towards the company, its people, and assets. The first quarter of the 2022 saw a significant increase in the illegal artisanal mining activities on the mine that can mainly be attributed to the rainy season period and the fact that the internally displaced people ("IDP") around the immediate vicinity of the concession had not moved back to their villages of origin due to the insurgency situation in the norther part of Cabo Delgado Province. Also concerning was the increase in juvenile mining activities. MRM has lobbied, along with local as well as national authorities, to address these issues from a legal perspective and combined with that also launched police special operations in identified villages where illegal artisanal entities were known to be based. With the mentioned initiatives, a 49% decrease in illegal artisanal mining was achieved in the second quarter of 2022 compared to the first quarter.

Furthermore, the team has enhanced aerial surveillance capabilities with additional more advanced drone craft and better-quality cameras to support patrol teams in detecting and reacting to concession intrusions during day and night conditions. The Domain Awareness Centre was equipped with a live stream drone feed to assist in noting activities for reaction and follow-up. Protection services rolled out the stock yard fence extension project with the second phase expected to see the lighting and camera installation. Moving equipment have been fitted with dash cameras, which continues work towards ensuring that MRM reaches a full equipment camera surveillance capability. An upgrade to the patrol team body cameras is in process, so that the units have adequate night vision capabilities.

IMAGE Untouched baobab tree, Montepuez Ruby Mining, Mozambique

Voluntary Principles on Security and Human Rights ("VPSHR") training also continued regarding VPSHR, social media awareness, conflict resolution and juveniles in artisanal mining. The training was delivered by reputable third-party trainers to MRM employees as well as public forces stationed in the concession. The protection services team remained focussed on maintaining a high standard of service, to keep MRM personnel and property safe, and to prepare for any possible external threats.

On 5 June 2022, a series of sporadic insurgent attacks started at Nanduli village in the Ancuabe district that spread south over a period of 11 days towards Lurio in the Nampula Province. Between 18 June 2022 and 23 June 2022 another four insurgent-related attacks were reported in the Ancuabe district (Nanoa, Nicuita, Macaia and Miegane) with the last noted on 23 June 2022, with subsequent activity noted in places further away from MRM than initially reported. During this time, police and military presence increased in the affected areas, and on the N1 highway traffic control was implemented between Metoro and Pemba. MRM implemented travel restrictions during this time as a precaution and will maintain this until further notice. MRM closely engages with Government authorities and is monitoring the situation closely. The latest insurgent attacks resulted in people fleeing neighbouring villages and seeking refuge in IDP camps in the Montepuez district.

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

Health, safety and environment

MRM achieved one million Lost Time Injury ("LTI")-free shifts in June 2022, following seven LTI-free months since the last recorded LTI in November 2021.

MRM was invited by the provincial labour inspectorate to participate in a seminar in Pemba where MRM gave a presentation and display of the various health and safety risk mitigation strategies, including Covid-19 control, health, safety and environment ("HSE") best-practice systems, and personal protective equipment used at the mine.

Health and safety policies and procedures continue to evolve and improve across the operation to create a safer and healthier working

IMAGE Student at Vocational Training Centre, funded by Montepuez Ruby Mining, Mozambique environment. HSE training has focussed on International Standards implementation (Quality ISO:9001, Environment ISO:14001, and Occupational Health and Safety ISO 45001) and toolbox talks, risk assessment in work environments, fostering the safety culture transformation associated with incident reporting and Covid-19 prevention. The HSE activities have remained centred on Covid-19 management to cater for any seasonal spikes in cases.

MRM continued with the good practice of backfilling and post-mining environmental rehabilitation, with the replanting of locally grown saplings.

The first phase of implementation of the Integrated Management System (IMS) incorporating ISO 9001 (Quality), ISO 14001 (Environmental), and ISO 45001 (Occupational Health and Safety) has been completed, and with MRM closing out the actions in preparation for commencement of the initial certification processes, planned for October 2022.

Sustainability and corporate responsibility

MRM's corporate and social responsibility ("SCR") area covers the sectors of health, education and agriculture, targeting nine communities around the operations.

Engagement and awareness: During the first half of 2022, MRM developed engagement activities, with a focus on children and youth involved in illegal mining activities. The engagement activities against illegal mining started on 31 January in all communities and involving the two community radio stations, Radio Guirimba and Radio Namanhumbir, as well as the provincial broadcaster of Radio Mozambique, disseminating information to discourage illegal mining in Portuguese, E-makua and Xi-makonde languages. In addition, 20 community focal points disseminated the information in the villages, distributing over 5,000 flyers produced for this purpose. MRM also sponsored a football tournament involving 36 as a way to occupy the youth and develop the practice of sports.

To improve sanitation in the host village of Namanhumbir, MRM is supporting the cleaning services for one year and has provided personal protective equipment to local villagers and fuel; and also allocated a tractor by local government for garbage collection.

In April 2022, the Namanhumbir Community Radio (94.1 FM) was inaugurated, reaching a radius of about 70 kilometres. The radio was fully financed by MRM as part of its Social Investment Programme in the communities surrounding mining operation areas. MRM is supporting Namanhumbir Community Radio with equipment and furniture, and will fund two years of implementation under the Memorandum of Understanding ("MoU") signed in February 2022 with a local non-government organisation.

In an effort to enhance biodiversity conservation, MRM signed a new MoU with Quirimbas National Park for three years to support rural development activities. An MoU with Gorongosa National Park ("GNP") was approved for official signature with the same purpose, and the date for signature is awaited from the relevant Government authorities.

Donations: To mark the festivities of International Children's Day on 1 June, MRM supported school children in the villages around the mine with snacks, sporting and school materials. The handing over event was attended by MRM managers, district administrator and Government representatives. MRM also supported the celebration of Namanhumbir Village Day on 1 May, with the participation of local and cultural dancing groups.

Education and vocational training: During the first half of 2022, 56 people, mostly young men and women from local communities, benefitted from the first cycle of training in plumbing, painting and electrical installation at the Vocational Training Centre ("VTC"). MRM has distributed 1,500 bags to children from schools in Nanune, Nsewe, Mpene, Namanhumbir/RAP and Nanhupo A/B Villages. In order to improve the school infrastructure in surrounding areas, MRM has ten classrooms under construction, four at Montepuez Secondary School, two at Cuirio Primary School, two at Nanhupo B Primary School and two at Mararange Primary School. The additional classrooms are being built to support the schools in accommodating the children of IDPs relocating to the area. For the same purpose, the Nanune, Nsewe and Mpene Primary Schools are being rehabilitated and solar panels are being installed at Nsewe and Mpene Primary Schools. Funded by Gemfields Foundation, the construction of a computer room at Montepuez Secondary School is in the finishing stage and is expected to be delivered during the second half of 2022.

Agriculture and animal raising: The agrarian extension services continue under the responsibility of OLIPA-ODES (as implementing partner), whose objective is integrated, prosperous and sustainable agricultural development between six communities that surround the mining concession. OLIPA-ODES has stationed a field team of seven qualified extension workers in the project area to assist 500 individual farmers and nine farmers associations who received seeds, fertilisers, insecticides, and production equipment. As a result of this work, the farmers associations OKUPALI-Nsewe and Mungoloto B-Montepuez delivered about two tonnes of vegetables (cabbage, lettuce, pepper, tomato and aubergine) to MRM. In addition to vegetable production, MRM provides support for three chicken farmers associations, namely Niussane-Nanune, Ikuru Shatiana-Namanhumbir and Nanhupo B, to raise chickens. MRM is also supporting ongoing goat production with two associations, Nthoro Ovilela farming association and Nanhupo B "A Vida Começa Assim" farming association. An agricultural fair was organised at

Namanhumbir Square on 16 May 2022, attended by the District Administrator and MRM managers, in which local farmers had an opportunity to showcase their produce. *Health*: From March to June 2022, a total of 12,598 consultations were carried out in 10 villages (Ujama, Namahaca, Nsembia, Nanhupo A, Nassimoja, Nsewe, Mpene, Nanhupo B, Chimoio and Mpuho) by MRM's mobile clinics.

The Resettlement Action Plan ("RAP") Project, consisting of the construction of 105 houses, public infrastructures, water supply and power reticulation, was completed and delivered in December 2020. Farmlands (for dry and irrigated farming) were allocated to the resettled families between December 2021 and March 2022.

During the same period, alternative farmlands were also allocated for the local people who encroached the RAP farmlands block. Some of these encroachers are still farming within the RAP farmlands block, representing a total area of 7.75 hectares (dry and wetlands plots), which is 3.6% of the total farmland designated for the RAP villagers. The relevant government authorities are engaged to resolve this issue.

The official inauguration of the RAP Village took place on 25 August 2022.

Operational grievance mechanism

As stated in the Chairman's statement, in order to further its ongoing commitment to transparency and support for the local community, MRM has established an independent operational grievance mechanism ("OGM") in keeping with the laws of Mozambique, the UN Guiding Principles on Business and Human Rights, and industry best practices.

An independently mediated workshop, including all the key OGM players, was held in Maputo in May 2022 with a view to addressing the various challenges experienced by the OGM. The workshop was approached constructively by all participants and a number of agreed outcomes were achieved. The MRM team remains focussed on expeditiously implementing the agreed outcomes.

Human resources

As of 30 June 2022, 1,414 people were employed by MRM, of which 684 were directly employed and 730 were employed through contractors.

In 2022, MRM introduced a new shift roster at the treatment plant consisting of 12-hour shifts, and it has proven to be a positive change as this assisted in reducing the level of absenteeism and improved the

industrial relations environment. The same plan is to be extended to the mining and engineering departments giving due consideration to safety matters.

The Covid-19 situation at MRM significantly improved during the first half of 2022, with 14 cases identified by late June 2022. All cases made a full recovery, and were resolved by isolation and contact tracing done as per Covid-19 guidelines. The operation continues to remain largely unaffected by Covid-19.

Covid-19 regulations in Mozambique and the MRM Covid-19 restrictions were relaxed during the period, though regular testing continues for monitoring purposes.

MEGARUMA MINING LIMITADA ("MML")

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

Based on the findings of auger drilling done in 7057C, eight bulk sampling targets and 17 exploratory trenches have been completed, with a total rock handling of 1,242,038 tonnes having been mined since commencement in July 2018, including 118,763 tonnes of ore since October 2018.

IMAGE Inauguration of the RAP village, now Wikhupuri, funded by Montepuez Ruby Mining, Mozambique

A total of 98,609 tonnes of ore has been treated in the treatment plant since it commenced operations in October 2018 at a rate of 30 tph, with a total recovery of 873 carats of ruby ranging in quality from tumble ruby (a higher quality category) to low sapphire.

Manual exploration pitting was initiated in September 2021 to explore the secondary deposit in selected target areas, ahead of trenching and bulk sampling operations. A total of 37 pits have been completed with 658 ore bags being collected, making a total weight of 22 tonnes of ore which were processed in two bushman jigs at MML treatment plant. A total of 5.1 tonnes of concentrate was generated with a total recovery of 1.75 carats of sapphire and low sapphire.

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

MML complied with new regulations that require each licence to have a unique identification number by transferring 7049C to a separate legal entity, called Novo Megaruma Mining Limitada ("NMML").

NMML holds ruby mining licence 7049C, located within the districts of Montepuez, Chiure and Ancuabe in Cabo Delgado Province of Mozambique, and covers an area of 190 square kilometres. The licence continues to be under force majeure due to the prevailing security situation in the area.

The renewal of the Environmental Licence (Category B) for 7049C was applied for in December 2020, and the process is being pursued with the relevant Government departments. The expiry of this licence in March 2021 has no impact on NMML as the renewal process was completed and submitted within the requisite timeframe. The delays are down to the impact of relevant Government departments, and the existing force majeure situation. All necessary communications with the office of the National Mining Institute ("INAMI") continue over the ongoing situation on the ground. NMML management are confident that all necessary permits will be secured in due course.

EASTERN RUBY MINING LIMITADA ("ERM")

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

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

A contingent of the Natural Resources Protection Force is stationed at ERM to protect loss of resources from the licence area and also allow operations to commence.

The Covid-19 pandemic has resulted in a delay of planned exploration activities at ERM, with bulk sampling expected to commence in the fourth quarter of 2022. In compliance with the applicable mining legislation, all regulatory authorities have been informed of the Covid-19-enforced delay that has impacted the Environmental Management Plan ("EMP").

The land use rights ("DUAT") for two of the major DUAT areas totalling 10,189 hectares have been approved and received. DUATs over the smaller areas of 9.5 hectares are still pending and will be issued at provincial level due to the reason that they cover very small areas.

IMAGE Responsibly sourced rough rubies, Montepuez Ruby Mining, Mozambique

CAMPOS DE JOIA LIMITADA ("CDJ")

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

The Environmental Licence (Category B) was awarded on 9 July 2019 in favour of 7427C, allowing the commencement of exploration activities and, in due course, bulk sampling. The licence is valid for five years to 9 July 2024. The exploration camp with minimum necessary facilities and infrastructure was commissioned in August 2019. All significant development was suspended on account of Covid-19.

To date a total of 2,500 metres in 616 boreholes were drilled covering three sub-blocks.

A total of 67.2 tonnes of auger drilling samples was processed and 14.2 tonnes of concentrate transported safely to the MRM old sort house for sorting. A total of four boreholes out of 490 recovered ruby and tumble ruby incidences with 0.01 and 0.14 grams respectively, and four boreholes recovered 0.31 grams of low ruby, sapphire and low sapphire, making a total of 0.46 grams.

The land use rights ("DUAT") application, which was filed in June 2019, has been approved at both the district and provincial level, and the application is currently under active consideration of the approving authorities.

During the period, CDJ complied with new regulations that require each licence to have a unique identification number by transferring the three prospecting licences to separate legal entities Novo Campos De Joia 1 ("NCDJ1"), Campos De Joia 2 ("NCDJ2") and Campos De Joia 3 ("NCDJ3").

The Covid-19 pandemic has resulted in a delay of planned exploration activities at NCDJ1, NCDJ2 and NCDJ3. In compliance with the applicable mining legislation, all regulatory authorities were informed of the Covid-19 enforced delay that has impacted the Environmental Management Plan ("EMP").

The Environmental Impact Assessment application ("EIA") category 'B' licences for NCDJ1, NCDJ2 and NCDJ3 have been submitted for approval.

NAIROTO RESOURCES LIMITADA

A joint venture agreement was signed between Gemfields Ltd (75%) and Mwiriti Lda (25%), the Group's existing partner in MRM, in June 2019 to manage a cluster of twelve exploration and mining licences located at about 30 kilometres to the north of the MRM concession. The company, Nairoto Resources Limitada ("NRL"), became fully functional in January 2020. NRL is the beneficial owner of all twelve licences, covering an area of 1,958 square kilometres. The licences hold exploration potential for gold (both primary and secondary), ruby and allied minerals.

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

SRK Exploration Services Ltd ("SRK ES") was engaged to provide advisory and technical support with an initial focus on secondary gold resources, leading to the identification and evaluation of the primary source. SRK has completed this exercise for all 12 licences and the outcome is encouraging. It has led to the identification of 88 catchment areas and 38 potential targets for secondary and primary gold, respectively. SRK designed a stream sediment programme to evaluate the secondary gold potential of these catchment areas, which began in June 2021. The programme had a target to collect 3,732 samples in ten months, out of which a total of 1,863 samples have been collected to date.

SRK ES conducted a data validation exercise on the 2021 exploration results to establish the accuracy and sensitivity of the dataset and to optimise the use of data in the Phase 2 targeting exercise. Secondary target areas which are located downstream from the potential primary gold bearing areas were also assessed by panning stream sediment samples collected upstream from these sites leading to recovery of gold including nuggets and coarse gold grains. Targets were prioritised based on the exploration data and proximity to the existing NRL processing facility. In total, 63 prioritised targets have been generated within the NRL licence areas.

Over and above the SRK recommendations and work programmes there are eight target areas ("TLs") located in the north central mining licence areas identified by Mwiriti geologists before the NRL joint venture. The target areas were chosen almost solely from the presence of artisanal mining activities and were believed to be the potential areas for finding primary gold.

From July 2021 to October 2021, a trenching exercise was conducted over the TLs to test the subsurface soil for gold for the process plant. 29 trenches were excavated totalling 5,050 metres in length. A total of 2,157 samples were taken from the three identified A and B soil layers (horizons) and the bottom C unit (bedrock). The A and B soil material was transported to the pilot treatment plant for treatment. All three layers (horizons) were also sampled at five-metre intervals, and a gold concentrate collected to determine the gold factor value, a visual estimate of the amount of gold converted into a mathematical number. Samples were then stored at the camp for later dispatch to ALS Global in South Africa. Furthermore, one-metre channel samples of the C bedrock unit were also taken for analysis to test the potential for primary gold.

Mwiriti geologists had collected and preserved regional and detailed soil samples around the eight TLs in 2018. They had also collected regional soil samples on the southernmost Mining Licence 9784C in 2019. All these samples were analysed using the in-house X-ray fluorescence machine. The samples were then panned, and gold factor analysis was conducted on the concentrates. In November 2021, Nairoto geologists collected infill soil and trench samples from areas with positive gold factor and XRF results from the regional soil programme on ML 9784C. All these samples have been stored at the Nairoto Camp and selective samples have been submitted in batches to ALS Global in 2022.

The following samples have been submitted to ALS Global in South Africa between March to May 2022 and results are expected in the third quarter of 2022:

- 164 trench samples from all eight TLs from the two soil layers A and B and bedrock C, dispatched to ALS in March 2022.
- 821 horizontal channel samples collected from the C bedrock unit of trenches from targets TL1, 3, 5 and 7, dispatched to ALS Global in March 2022.
- 1,065 regional and detailed soil samples taken during 2018 and 2019 from targets TL1, 2, 3, 4 and 5, dispatched to ALS Global in May 2022.
- 1,180 regional infill soil samples collected in November 2021, dispatched to ALS in April 2022.
- 200 vertical channel samples from the A and B layers (horizons) from the TL1 infill trench programme collected in June 2022, dispatched to ALS in July 2022.

To date, results have been received from the C bedrock trench channel samples from TL5 and TL7. Results from the samples from TL7 were disappointing with only one sample having some gold (approximately 0.49g/t). However, the TL5 samples provided very encouraging results with the best intersections being:

- Trench 2: 13m @ 3.54g/t, 6m @ 1.07g/t, 9m @2.68g/t
- Trench 3: 24m @ 2.68g/t including 13m @ 3.88g/t
- Trench 4: 2m @ 2.00g/t and 8m @ 1.46g/t

Furthermore, the TL1 area was revisited in June 2022 where seven additional infill trenches were excavated totalling 625 metres. A total of 125 bulk samples representing 5 metres of length each were passed through the plant giving average grade of 0.17g/t within the mineralised zone. The explored zone is estimated to contain 30,000 tonnes of secondary ore. The average grade from the plant will be verified from the 200 channel samples submitted to ALS Global for which the results are expected in September this year.

Plans for the forthcoming 12 months include completion of all the regional soil sampling covering the remaining mining licences and exploration licences. Positive results from any area will be fast-tracked with detailed infill soils, ground magnetic or drone magnetic surveys, trenching and possible drilling.

Three of the alluvial targets identified by SRK within a two-kilometre radius of the current plant have been verified with ground truths. Initial investigations suggest that these are contained within narrow catchment areas. Further investigations will be carried out on other alluvial targets such as TL7 and TL8 in the coming months to test grades and tonnages through pitting exercises.

NRL commenced two shift operations in the pilot treatment plants in July 2021 and continued for the remaining period. A total of 13,770 tonnes of potential ore was treated up to 30 June 2022. NRL also commenced smelting of gold concentrate and generated about 1,440 grams of gold dore. The first gold bar, weighing about 1,215 grams, was casted in May 2022. A trenching exercise conducted in 2021 has given mixed results in the treatment plant. Current year sampling campaign from TL1 and TL5 has given encouraging findings leading to further work in the area looking for potential primary ores.

NRL has acquired its very first new fleet of heavy equipment including three tippers, one excavator, one grader and one compactor, all of which are being used for in-house trenching exercises, feeding to the pilot plants and in road maintenance works. Total capital expenditure in the period amounted to USD2.4 million.

NRL is in the process of acquiring and setting up of a 50 tonne per hour ("tph") alluvial gold treatment plant. It is planned to be a modular-cum-mobile treatment plant which can be moved to different exploration locations as required.

IMAGE Sampling, Montepuez Ruby Mining, Mozambique

Operations Review *Fabergé Limited*

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

POINTS OF SALE

For the six months to 30 June 2022, Fabergé directly operated three points of sale: a concession in the Harrods Fine Jewellery Room, London, UK, a mono-brand boutique located in The Galleria Mall, Houston, Texas, USA, the state's premier retail destination, and a mono-brand boutique located in the world-famous Dubai Mall, Dubai, UAE.

Fabergé products were also available in Australia, Andorra, Azerbaijan, Bahrain, Belgium, Canada, China, Czech Republic, Finland, France, Germany, Greece, India, Italy, Japan, Jordan, Kuwait, Malta, Moldova, Norway, Holland, Qatar, Romania, Saudi Arabia, South Africa, Spain, Switzerland, Thailand, UAE, UK, Ukraine and the USA, through its network of retail partners.

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

The total number of Fabergé points of sale increased from 116 to 124 during the period.

FINANCIAL PERFORMANCE

Fabergé achieved revenue of USD9.5 million in the six months to 30 June 2022, compared to USD4.9 million during the same period in 2021. The increase in revenue was driven by strong wholesale sales and the sale of the Fabergé x Games of Thrones objet egg.

During the same period, Fabergé recorded an EBITDA loss of USD0.3 million, compared to an EBITDA loss of USD1.5 million in 2021, with average monthly operating expenses of USD0.8 million (USD0.6 million in 2021) and a sales margin of 44% (46% during the comparative period).

PRODUCT DEVELOPMENT

A new limited-edition Heritage surprise locket was revealed in celebration of Valentine's Day. The Fabergé Heritage Gold Locket with Teal Enamel and Carved Gemfields Ruby Rose Surprise was limited to just ten pieces, which sold out instantly. The beautiful egg locket was decorated with teal enamel and set with diamonds, and featured a beautiful ruby rose surprise, each hand-carved from a Gemfields Mozambican ruby.

The Fabergé Heritage Yellow Gold Diamond and Green Guilloché Enamel Panda Surprise Locket was revealed on National Panda Day.

IMAGE Fabergé featuring Gemfields Heritage Yellow Gold Locket with Teal Enamel & Carved Ruby Rose Surprise, featuring a Gemfields Mozambican ruby

The yellow gold egg locket was decorated with a deep green guilloche enamel and white diamonds, with a miniature panda hidden inside.

On 30 June, Fabergé launched the new Compliquée Peacock Arte Hand-Etched Limited Edition watches. Made in partnership with Workmaster, Jean Marc Weiderrecht of Agenhor, and Master Craftsman, André Martinez, these limited-edition watches are wearable art for the wrist. Available in two different colourways, with only ten pieces per style, the new Compliquée Peacock Arte Hand-Etched watches feature mother-of-pearl dials which have been engraved by a technique known as 'eau forte', or 'etching', an 'intaglio' print-making process dating back to the 16th Century.

During the period, Fabergé also expanded upon its chic, contemporary Colours of Love collection to include new rainbow multi-coloured creations, including a bangle, earrings and cufflinks.

MARKETING AND COMMUNICATIONS

In 2022, Fabergé has placed a strong focus on celebrity dressing opportunities, showcasing Fabergé and coloured gemstones on the red carpet and at major events. Celebrities who have worn Fabergé up to 30 June 2022 include Abby Roberts, Addison Rae, Adeel Akhtar, AJ Odudu, Akiya Henry, Angelica Ross, Anjli Mohindra, Ashanti, Brad Pitt, Carrie Underwood, Demmy Ladipo, Jessica Wang, Jessica Williams, Lea Michele, Nathaniel Curtis, Raye, Victoria Yeates and Yola Carter.

Fabergé participated at successful trade shows at Houlden in February, Vicenzaoro in March, Inhorgenta in April and Doha Jewellery & Watches in May.

For Easter 2022, Fabergé reignited its partnership with The Ritz, London. Both renowned as being at the epitome of luxury, the collaboration was a perfect marriage of heritage and modernity and took place at The Ritz Hotel, London between 11 and 18 April 2022.

In May, Fabergé's first wholesale conference since the start of the pandemic took place in London. Spread over two days, 50 guests from 30 global retailers were flown into London and hosted at The Londoner Hotel. The highlight of the event was a private 'after hours' tour of the Victoria & Albert Museum's exhibition 'Fabergé in London: Romance to Revolution'.

In celebration of Fabergé's 180-year anniversary, a new capsule collection launched on 8 July, and is set to be embraced by modern-day collectors and enthusiasts. The 180-year anniversary capsule collection is comprised of the Colours of Love Rose Gold Diamond & Ruby Fluted '180' Egg Pendant and 180 Limited-Edition Rose Gold & Ruby Mini Fluted '180' Egg Objets. Both creations are crafted from 18k rose gold and feature responsibly sourced Gemfields Mozambican rubies. The new egg objet is limited to just 180 numbered pieces, and will be available via Fabergé's retail boutiques, 'By Appointment' services and via selected wholesale accounts worldwide.

In August, Fabergé is introducing two limited-edition eggs to its objet d'art collection, fusing the iconic egg with the infamous flower studies for which Peter Carl Fabergé was renowned. The Fabergé Wild Strawberry Egg Objet and Fabergé Water Lily Egg Objet are each destined to become future heirlooms and, limited to just 10 numbered editions per design, are collectors' pieces which truly celebrate the beauty of nature and the past, present and future of Fabergé. The egg objets were presented to wholesale accounts at Vicenzaoro and Inhorgenta, and their allocation of 15 pieces sold immediately. The remaining five pieces have been reserved for retail, 'By Appointment' and Faberge.com to coincide with the launch on 22 August.

September sees the launch of three new watches in the Altruist collection; the Altruist Maki-e Watches celebrate the ancient Japanese lacquer technique, maki-e, with three different dials depicting a lion, an eagle and a tiger. These limited-edition watches have been decorated entirely by hand in Japan, by one of the finest maki-e craftspeople in the world.

A new Fabergé retail boutique is due to open with at MGM Cotai Macau, which will be a new destination for Fabergé jewellery, watches and objets.

IMAGE Fabergé Colours of Love Rose Gold Diamond & Ruby Fluted '180' Egg Pendant and Limited-Edition Rose Gold & Ruby Mini Fluted '180' Egg Objet featuring Gemfields Mozambican rubies

Operations Review

New Projects and Other Assets

ETHIOPIA

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

The political and security situation in Ethiopia remains unsettled. The recent instability in Tigray region looks to be settling, however there has been a recent increase in reports of unrest in Oromia, WGM's 'home' region. The persisting political issues in Tigray, Oromia and other neighbouring regions may have an on-going impact on the stability of federal politics until fully resolved. Given the prevailing security conditions in the region and the pandemic situation, the Return-to-Work ("RTW") plan of WGM has been delayed significantly.

Throughout the period of unrest, WGM has maintained regular contact with local, regional and federal government authorities, including regular letters and interactions with key stakeholder groups and authorities at every level. Furthermore, despite not having a functioning operation, WGM has maintained a regular community engagement programme to support the local communities and the authorities throughout the pandemic and subsequent drought conditions:

- In April 2020, the Company distributed a shipment of essential food and medical provisions to support the most vulnerable members of the community.
- In September 2021, the Company made a significant contribution towards an initiative by the Oromia Mineral Development Agency for the creation of a mineral development committee to support investment and community dialogue for the development of Oromia's abundant natural resources.
- In November 2021, the Company sent a large shipment of food products to Borena zone to support vulnerable community members affected by drought conditions.
- In early April 2022, the Company supported zonal development by sponsoring a local mining and business investment forum designed to attract investment into Borena zone.
- In late April 2022, the Company sent another large shipment of food products to Borena zone to provide on-going support to the community during the drought.

WGM's exploration licence was renewed for a further year in March 2022 without the requirement to relinquish any area due to the ongoing force majeure conditions. As the licence is an exploration licence, it can only be renewed on an annual basis.

Given the political situation, the status of various licence applications and cessation of any significant spend anticipated in the near future, an impairment review of WGM has been performed in accordance with the relevant accounting standards at 31 December 2021. The timing of and uncertainty surrounding the RTW and spending whilst the political turmoil exists suggest that the carrying amount of the assets held in WGM may not be recovered. As such, the USD4.4 million carrying value of the assets was written down to Nil value at 31 December 2021.

MADAGASCAR

Oriental Mining SARL, a 100% subsidiary of Gemfields, holds a number of concessions for a range of minerals, including emerald and sapphire, which comply with all statutory and regulatory obligations in-country. Gemfields was planning to commence preliminary investigations with regard to several permits in 2020; however, the global travel restrictions and the cost-saving measures implemented across the Group in response to Covid-19 mean that developmental activities in Madagascar were postponed until further notice. Given that there has been an improvement in ground conditions in Madagascar, and Gemfields' recovery from the pandemic fallout has been satisfactory, the Group intends to resume exploration activities in Madagascar in 2022 with the aim of identifying viable new gemstone deposits over the course of the year.

Finance Review

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

A summary of the key financial indicators of the Group for the six months ended 30 June 2022 is shown below:

IN THOUSANDS OF USD	2022	2021
Revenue	**193,176**	97,236
EBITDA[1]	**104, 822**	43,471
Profit after tax	**56,693**	23,758
Cash generated from operating activities	**58,234**	50,627
Free cash flow[2] before working capital movements	**86,466**	41,814
Free cash flow[2]	**42,831**	48,258
Net cash[3]	**81,796**	28,705

1 – Earnings before interest, taxation, depreciation and amortisation, adjusted to exclude one-off impairments on the Group's fixed assets, fair value gains or losses on the Group's non-core equity investments and share based payments.
2 – Free cash flow is calculated as cash flow from operating activities less 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 3: Segmental Reporting to the Condensed Consolidated Financial Statements.
3 – Net cash is calculated as cash and cash equivalents less total borrowings.

OVERVIEW

The Group held three auctions in the first half of 2022, back to its pre-Covid-19 auction schedule, with a commercial-quality ("CQ") auction and a higher-quality ("HQ") auction of emeralds and a mixed-quality ("MQ") auction of rubies. These auctions were held in Jaipur, India and Bangkok, Thailand and saw a continuation of the demand and consequent strong pricing seen in 2021. This led to the Group breaking all previous auction revenue records. Total auction revenues of USD180.8 million for the six-month period represents a genuine step change for Gemfields and the gemstone market.

However, it was not all good news as the world has seen a number of challenges with inflationary pressures and supply chain disruption from which our operations have not been immune. As a result, the Group has seen input costs rise significantly, especially fuel, spares and service costs, whilst the supply chain constraints have led to delays in securing the necessary equipment at our African operations. Our cost base has also been negatively impacted by the appreciation of the currencies in Zambia and Mozambique during the first half of 2022. Nevertheless, we continue to implement cost optimisation measures designed to contain costs and mitigate the impact of inflation.

The phenomenal results achieved by the Group despite the slowdown of the world economy demonstrate the strength of our business model and ability to navigate tough times (as evidenced during Covid-19). We look forward to continued robust gemstone market conditions in the second half of the year.

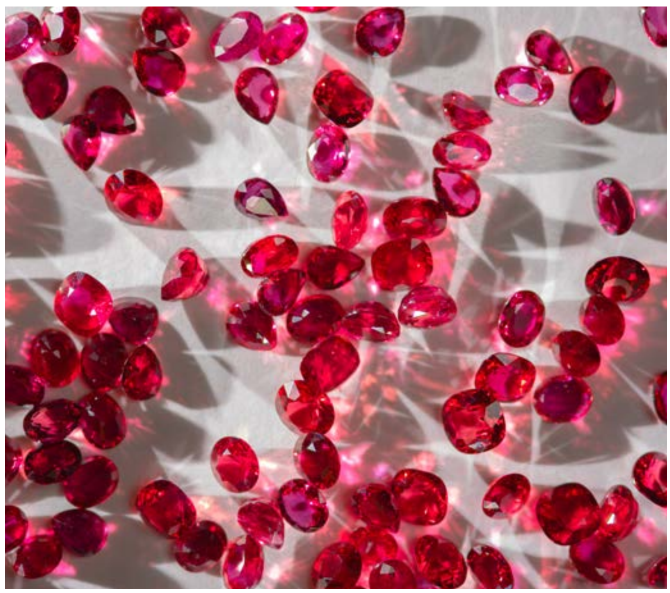


IMAGE David Lovett, *Chief Financial Officer*

IMAGE Responsibly sourced cut and polished Mozambican rubies

REVENUE

IN THOUSANDS OF USD	30 JUNE 2022	30 JUNE 2021
Kagem	**85,193**	31,237
MRM	**95,638**	58,930
Fabergé	**9,510**	4,907
Other	**2,835**	2,162
Total	**193,176**	**97,236**

Two emerald auctions and one ruby auction were held in the first half of 2022, which generated a record USD180.8 million in revenues.

The CQ emerald auction was held in Jaipur, India from 15 March to 1 April 2022, where 32 lots were offered. All 32 lots were sold, generating USD42.1 million at an average price of USD9.37 per carat, an all-time record for Kagem commercial-quality auctions. In addition to the CQ auction, an HQ auction was held in Bangkok, Thailand during the period 9 to 26 May 2022 generating USD43.1 million in revenues at an average price of USD155.90 per carat, another all-time high, as all 38 lots on offer were sold.

The 41 auctions of Kagem gemstones held since July 2009 have generated USD835.3 million in total revenue.

The mixed-quality ruby auction comprised seven sequential mini-auctions held in Bangkok during the period 30 May to 17 June 2022 and delivered all-time high auction revenues for any Gemfields auction. Total auction revenues of USD95.6 million were achieved, at an average price of USD246.69 per carat, a new record for Gemfieds auction. Of the 119 lots offered, 112 were sold (94.1%), and 63.5% of the carats offered at the auction were sold. Specific attention is drawn to the fact that one lot of 29,523.82 grams (representing some 24% of the total weight offered) remained unsold and, as a result, the average price per carat realised at the most recent auction is considerably higher than it would have been had this lot also been sold.

The 16 auctions of MRM rubies held since June 2014 have generated USD827.1 million in total revenues.

Fabergé generated revenues of USD9.5 million in the period, 95% above the USD4.9 million achieved in the first half of 2021, driven by stronger wholesale sales and the sale of the Fabergé x Games of Thrones objet egg for USD2.2 million.

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

COSTS

It was expected that the 2022 cost base would be higher than that seen in the first half of 2021 given that operations were at normal capacity for the full period in 2022 compared to only three months in 2021. The longer period of operational activity, inflationary pressures and currency appreciation have created a sharp rise in costs. We anticipate that costs will continue to rise in the second half of the year, but to a lesser extent than the increases seen in the first half.

Given the above backdrop, total operating costs (including depreciation and the change in inventory) for the Group increased from USD65.4 million in 2021 to USD102.9 million in the six months to 30 June 2022. In addition to the inflationary and currency adverse impact, revenue dependent costs such as mineral royalties and production taxes, and cost of goods sold have increased as a result of higher revenues.

Total mining and production costs (excluding mineral royalties and production taxes) were USD38.1 million for the six months to 30 June 2022, a 79% increase over the USD21.3 million in the previous period. This increase reflects the impact of the higher input costs, particularly fuel and repairs and maintenance costs which have more than doubled since 2021, and the longer period of operation in the first half of 2022.

Mineral royalties and production taxes, which are calculated as 10% on all ruby revenues in Mozambique and 6% on all emerald sales in

IMAGE Gemfields ruby auction

Zambia (including intercompany transfers), were USD5.2 million for the Kagem emerald auctions (2021: USD1.9 million) and USD9.1 million for the MRM ruby auctions (2021: USD5.8 million).

The change in inventory in the period, an expense in both periods, has increased to USD10.8 million from USD9.1 million in the first half of 2021. 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 Condensed Consolidated Income Statement.

The USD10.8 million in the first half of 2022 reflects the inventory increase at Kagem, where production exceeded sales over the period, being offset by reduction in inventory levels at MRM and Fabergé where sales exceeded production and purchase levels respectively over the period. Consumable and spares levels also rose over the period as the mines sought to alleviate supply chain issues and price rises.

Depreciation and amortisation increased in the period by USD3.2 million due to operations being suspended in the first quarter in 2021 and from the Group minimising its capital expenditure in 2021 as a result the suspension of operations. In 2022, of the USD14.4 million total depreciation and amortisation, USD7.1 million (compared to USD3.8 million in 2021) is the amortisation of the purchase price allocation fair-value uplift to the mining assets at Kagem and MRM, representing the excess purchase consideration on acquisition by Gemfields.

Selling, general and administrative expenses ("SG&A") of USD25.5 million were USD8.4 million (48%) above the USD17.4 million spend in the prior period. As discussed above, the operations were at normal capacity for the full six months in 2022 but only for a short period in 2021 when operations reached normal capacity in April 2021 following suspension since 2020. The longer period of normal operations, increased activity and the inflationary pressures have led to a rise in costs, particularly labour, marketing and advertising, legal costs, professional fees, MRM's OGM and travel costs across the Group.

The cost base of the Group is also impacted by fluctuations in foreign currency exchange rates in key operating locations. Net foreign exchange losses of USD1.4 million were realised in the first half of 2022 compared to a net gain of USD0.9 million in 2021. The swing in foreign currency movements reflects the appreciation of the Zambian Kwacha ("ZMW") with the average rate strengthening by 21% against the US Dollar ("USD"), with the Mozambican Metical ("MZN") average rate gaining 5% against the USD, whilst both currencies devalued in the same period in 2021. This resulted in a foreign exchange loss being realised in Mozambique and Zambia, mostly arising on tax and VAT assets held that are denominated in local currency. The 10% weakening of the GBP versus the USD has alleviated some of the losses seen in Mozambique and Zambia.

The gain in the prior period reflected the weakening of the ZMW and MZN against the USD on the same balances.

FAIR VALUE GAINS AND LOSSES

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

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

In the period to 30 June 2022, a USD4.2 million fair value loss arose from the revaluation of this investment, predominantly resulting from the uncertainty in the market putting downward pressure on the enterprise values of Sedibelo and its peer group; Sedibelo's own performance over the last twelve months has also fallen as a result of operating challenges and the modest reduction in PGM prices.

FINANCE INCOME AND EXPENSES

Net finance expense during the period, representing interest costs at Kagem and MRM. These costs were USD1.1 million in the six months to 30 June 2022 compared to USD1.6 million in the prior period, and mainly comprised USD1.0 million (2021: USD1.3 million) of interest on the USD22.4 million Kagem ABSA facilities and the overdraft facilities at MRM.

TAXATION

The tax charge for the period was USD28.1 million (2021: USD14.3 million tax credit), calculated on a profit before tax of USD84.8 million (2021: USD38.0 million), resulting in an effective tax rate of 33% (2021: 14%). The charge consisted of a current tax charge of USD30.7 million, a deferred tax credit of USD3.8 million, and withholding tax of USD1.2 million on a dividend declared by MRM (2021: USD2.3 million charge, USD10.8 million deferred tax credit and USD1.2 million withholding tax).

IN THOUSANDS OF USD, UNLESS OTHERWISE STATED	30 JUNE 2022	30 JUNE 2021
Profit before taxation	**84,805**	38,049
Income tax charge	**(28,112)**	(14,291)
Effective tax rate %	**33%**	38%
Cash tax paid	**15,133**	6,228

The effective tax rate of 33% principally arises from non-deductible costs at Kagem mainly certain camp costs and CSR spend and MRM (foreign currency movements and CSR costs), losses across the Group for which no tax benefits (deferred taxes) have been recognised, along with the higher local tax rates in Mozambique (32%) and Zambia (30%).

In the prior period, the effective tax rate of 38% principally arose from non-deductible costs (mineral royalty taxes and CSR costs) and MRM (foreign currency movements and CSR costs), along with various losses incurred during the period but for which no benefit had been recognised.

With the increased taxable profit and tax charge for the period, the Group's tax payable has risen to USD36.5 million.

NET PROFIT AFTER TAXATION

The Group made a profit after tax of USD56.7 million in the current period, compared to USD23.8 million in period to 30 June 2021. The profit in the current period reflects the record-breaking auctions being offset by an increased cost base.

Earnings per share for the period were USD0.03, compared to USD0.02 in 2021, reflecting the profit for the period on an increased weighted average number of shares in issue, as a number of share options were exercised during the period.

CAPITAL EXPENDITURE

Capital expenditure including intangibles for the period to 30 June 2022 increased to USD14.1 million over the USD3.3 million in the prior period. The period's expenditure consisted mainly of replacement capex at the mines and continued expansion of the development assets. MRM spent USD6.3 million on replacement heavy earth-moving machinery ("HEMM") and completion of the new office block, whilst at Kagem USD3.9 million was spent on replacement HEMM as the ageing fleet was decommissioned. At the development assets, spend was focussed at Nairoto (USD2.4 million) and MML (USD1.0 million), both of which constituted machinery, camp and security procurement.

CASH FLOWS

Cash and cash equivalents increased by USD13.7 million to USD111.5 million during the period.

The Group generated USD58.2 million from operations during the current period, primarily due to the record-breaking auction results, from which USD81.1 million of receivables remained outstanding at 30 June 2022. The period also benefitted from collection of the USD54.5 million receivables from the emerald HQ and ruby auctions held in November and December 2021. These inflows were offset by the payment of USD15.1 million in taxes during the period, primarily at Kagem (USD8.7 million) and MRM (USD6.5 million).

Capital expenditure was USD14.1 million, as discussed above.

Free cash flow before working capital movements was USD86.5 million, compared to USD41.8 million for the same period in 2021. Working capital movements in the current period of USD43.6 million primarily relate to increased trade and other receivables over December 2021 (auction receivables have increased by USD26.5 million).

IN THOUSANDS OF USD	30 JUNE 2022	30 JUNE 2021
EBITDA	**104,822**	43,471
Change in inventory and cost of goods sold[1]	**13,507**	9,140
Costs capitalised to intangible assets	**(2,677)**	(1,287)
Tax paid (excluding royalties)	**(15,133)**	(6,228)
Capital expenditure	**(14,053)**	(3,282)
Free cash flow before working capital movements	**86,466**	41,814
Working capital movements[1]	**(43,635)**	6,444
Free cash flow	**42,831**	**48,258**

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

OTHER CASH FLOWS

Total cash utilised in investing activities was USD17.6 million in the period (2021: USD6.7 million), mainly split between USD14.1 million (2021: USD3.3 million) spent on capital goods, and USD4.1 million (2021: USD3.4 million) paid to Mwiriti, the Group's partner in Mozambique, as part of a USD 5.0 million loan agreement between Mwiriti and MRM. Further information regarding the balance with Mwiriti can be found in the related parties note. These cash outflows were partially offset by USD0.5 million of interest received across the Group.

The Group's financing activities saw an outflow of USD25.8 million (2021: USD19.9 million), driven by the net repayment of the Group's overdraft facilities at MRM of USD5.1 million (2021: USD17.9 million), interest paid on the Kagem loan and MRM facilities of USD1.3 million (2021: USD1.5 million) and dividends paid to GGL shareholders of USD 20.0 million and to Kagem's minority shareholders of USD1.5 million.

FINANCIAL POSITION

The Group's balance sheet is summarised below:

IN THOUSANDS OF USD	30 JUNE 2022	31 DECEMBER 2021
Non-current assets	444,907	446,214
Current assets	335,229	297,570
Total assets	780,136	743,784
Non-current liabilities	(116,164)	(109,579)
Current liabilities	(89,867)	(90,004)
Total liabilities	(206,031)	(199,583)
Net assets	574,105	544,201

Assets

IN THOUSANDS OF USD	30 JUNE 2022	31 DECEMBER 2021
Property, plant and equipment	342,459	342,617
Intangible assets	52,635	49,962
Unlisted equity investments	33,000	37,200
Inventory	107,530	115,852
Auction receivables	81,059	54,527
Cash and cash equivalents	111,455	97,720
Other assets, including deferred taxation	51,998	45,906
Total assets	780,136	743,784

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ("PPE") primarily relates to the mining assets (evaluated mining properties and deferred stripping costs) of USD292.8 million (2021: USD300.0 million), with the remainder being land, buildings, plant and machinery. Of the total mining assets, USD283.2 million (2021: USD290.4 million) relates to the recognition of the fair values of Kagem and MRM at the date that Gemfields Group Limited ("GGL") acquired Gemfields Limited in July 2017. These assets are amortised on the unit-of-production basis over the life of the mine. Amortisation of the assets ceased when production was temporarily suspended in early 2020 but resumed in the first half of 2021 in line with the recommencement of mining operations at both mine sites.

The PPE balances are similar to the year end at USD342.6 million as the additions in the period were offset by the depreciation charge for the period.

INTANGIBLE ASSETS

Intangible assets of USD52.6 million consist of USD25.8 million (2021: USD28.5 million) representing the Fabergé brand, USD23.6 million (2021: USD21.2 million) related to unevaluated mining assets and licences across the Group, and USD0.5 million (2021: USD0.3 million) of software.

The USD2.7 million increase from 31 December 2021 represents the Group's exploration and evaluation spend at the development assets with USD2.4 million spent at NRL, USD1.0 million at MML along with the remainder at spent at ERM and CDJ during the period.

UNLISTED INVESTMENTS

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

INVENTORY

IN THOUSANDS OF USD	30 JUNE 2022	31 DECEMBER 2021
Rough emeralds and beryl	43,952	43,582
Rough rubies and corundum	20,390	28,603
Fabergé jewellery and watches	27,042	29,330
Cut and polished product	5,275	5,406
Spares and consumables	10,871	8,931
Total	107,530	115,852

Inventory has decreased by USD8.3 million in the period to USD107.5 million at 30 June 2022. The decrease is mostly due at MRM and Fabergé. The period also saw a build-up of spares and consumables as the mines looked to protect themselves from current supply chain issues and inflationary pressures.

AUCTION RECEIVABLES

The auction receivables outstanding of USD81.1 million at 30 June 2022 principally relate to USD16.9 million outstanding from the HQ emerald auctions held in May 2022 and USD64.2 million from the June 2022 MQ ruby auction. At 27 September 2022, only USD3.1 million of the auction receivables remained outstanding.

At 31 December 2021, the auction receivable outstanding was USD54.5 million and principally related to the HQ emerald and MQ ruby auctions held in November and December 2021. The full amounts outstanding were received in March 2022.

LIABILITIES

IN THOUSANDS OF USD	30 JUNE 2022	31 DECEMBER 2021
Deferred tax liability	**81,668**	86,244
Trade and other payables	**38,180**	39,137
Current tax payable	**36,547**	20,987
Provisions	**11,683**	9,831
Lease liabilities	**3,294**	3,649
Borrowings	**29,659**	34,735
Other liabilities	**5,000**	5,000
Total liabilities	**206,031**	199,583

DEFERRED TAX LIABILITIES

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

The net deferred tax liability reduced to USD81.7 million in the period, primarily due to the appreciation of the MZN against the USD in the current period which resulted in a USD2.5 million foreign currency impact on the Mozambique deferred tax balances.

PROVISIONS

Provisions include USD1.3 million (2021: USD2.0 million) of environmental provisions for the rehabilitation and restoration of mined areas at Kagem and MRM; and USD10.4 million (2021: USD8.4 million) of other provisions for legal claims, including the operational grievance mechanism ("OGM") at MRM and employee end-of-contract benefits at both mines.

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 OGM has been designed in keeping with the laws of Mozambique, the United Nations Guiding Principles. and industry best practices. An independent panel determines the outcome of the grievances submitted to the OGM, following investigation by an independent fact-finding team. In the period following the scheme's 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 30 June 2022 reflects management's best estimate of the potential liability at the balance sheet date. In valuing the provision at 30 June 2022, 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 Condensed Consolidated 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	30 JUNE 2022	31 DECEMBER 2021
Cash and cash equivalents	**111,455**	97,720
Current borrowings	**(9,659)**	(24,735)
Non-current borrowings	**(20,000)**	(10,000)
Net cash/(debt)	**81,796**	62,985

The increase in net cash in the period reflects the strong results from the auctions held in the first half of the year.

At 30 June 2022, the Group held USD29.7 million in borrowings, a decline of USD5.1 million from December 2021. 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 ("RCF") which initially had a three-year term but was extended for an additional two years to 31 December 2023. The term loan bears interest at three-month USD SOFR plus 5.5% per annum and the RCF bears interest at three-month USD SOFR plus 6.5% per annum. The total facilities currently drawn are USD12.4 million against the term loan and USD10.0 million of the RCF. A payment of USD2.4 million is due in December 2022 against the term facility.

MRM has the following facilities:

- A USD15.0 million unsecured overdraft facility entered into with ABSA Mozambique in April 2016. The facility has an interest rate of three-month USD LIBOR plus 4.0% per annum. At 30 June 2022, USD7.2 million was drawn (31 December

2021: USD11.2 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. This facility is valid for 18 months and is renewable. The facility has an interest rate of three-month USD LIBOR plus 3.75% per annum. At 30 June 2022, USD nil (31 December 2021: USD nil) was drawn. The facility is renewed annually with the next renewal expected in September 2022.

In addition to this, MRM has an additional USD15.0 million lease facility with BCI. The facility will be used to fund the enhanced second treatment plant.

GOING CONCERN

With the relaxation of global travel restrictions and a push toward living with Covid-19, Gemfields returned to full operations including three auctions being held in the first half of the year. Consequently, the impact of Covid-19 has alleviated and is therefore a less significant consideration when assessing the going concern assumption.

In 2022, with the two emerald auctions and the ruby auction generating record breaking revenues, the recovery in the coloured gemstone market is evident. The revenues achieved in the period, plus the excellent results in 2021, have significantly improved the Group's gross cash position to USD111.5 million at 30 June 2022, with USD81.1 million of auctions receivables. At the date of signing these Condensed Consolidated Financial Statements only USD3.0 million remained outstanding.

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 and 2023, the Group will be able to continue as a going concern. The Group's expectation is that all of its existing debt facilities will remain in place throughout the forecast period. The Directors remain confident in the current high level of market demand for gemstones.

As disclosed in Note 1 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 as the increases in fuel and other input prices can be absorbed by the business. 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.

In recent months, we announced several attacks attributed to Mozambican insurgent activity occurred in areas that were much closer to MRM than ever before. The latest of these reportedly took place in the Muaja village area, which is some 30 kilometres by road from MRM. A large number of people are reportedly relocating to Nanhupo and Namanhumbir, where the mining operations are located. Gemfields and MRM hold the health and safety of their employees and contractors as their highest priority and remain in regular contact with Government authorities as well as closely monitoring developments. Given recent developments and the associated security review, operations continue with increased vigilance. A worst-case scenario would be where MRM is deemed inaccessible such that no revenues are generated in the going concern period; under this scenario, given the Group's cash balances and expected performance of the wider business including Kagem, there would be sufficient funds for the Group to continue as a going concern.

SUMMARY

Continuing from the second half of 2021, the revenues realised in the first half of 2022 are record-breaking, having exceeded our expectations. Despite the increased input costs and supply chain constraints the Group has generated record cash flows. The future looks bright but there are challenges to navigate, not least the insurgency activity in Mozambique. The Group will remain vigilant in managing cash flows to ensure that we are protected against any unforeseen adverse circumstances or black swan events. Strong production at both mines continues, giving confidence that the planned auction schedule for the remainder of 2022 and 2023 will go ahead as planned.

The Group paid its maiden dividend of USD20 million or approximately USDc1.7 per share in April 2022. Given the strong results in the first half of 2022, an interim dividend has been approved of USD15 million with payment expected in quarter four of this year.

David Lovett
Chief Financial Officer
28 September 2022

IMAGE Responsibly sourced cut and polished Zambian emeralds and Mozambican rubies

IMAGE Responsibly sourced cut and polished Zambian emeralds and Mozambican rubies

Financial Statements

Condensed Consolidated Income Statement

for the six months ended 30 June 2022

	NOTES	2022 (REVIEWED) USD'000	2021 (REVIEWED) USD'000
Revenue	3	193,176	97,236
Cost of sales	4	(77,734)	(48,032)
Gross profit		**115,442**	**49,204**
Unrealised fair value (losses)/gains on unlisted equity investments	8	(4,200)	7,700
Other income		154	114
Selling, general and administrative expenses	5	(25,482)	(17,377)
Profit from operations		**85,914**	**39,641**
Finance income	6	441	66
Finance costs	6	(1,550)	(1,658)
Profit before taxation		**84,805**	**38,049**
Taxation charge	7	(28,112)	(14,291)
NET PROFIT AFTER TAXATION		**56,693**	**23,758**
Profit for the year attributable to:			
Owners of the parent		43,495	19,104
Non-controlling interest		13,198	4,654
		56,693	**23,758**
Earnings per share attributable to the parent:	13		
Basic – USD		**0.03**	**0.02**
Diluted – USD		**0.03**	**0.02**

The accompanying notes form part of these Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2022

	2022 (REVIEWED) USD'000	2021 (REVIEWED) USD'000
Profit after taxation	56,693	23,758
Other comprehensive income/(loss):		
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain arising on translation of foreign operations	(2,586)	708
Total other comprehensive income/(loss)	**(2,586)**	**708**
TOTAL COMPREHENSIVE INCOME	**54,107**	**24,466**
Total other comprehensive income attributable to:		
Owners of the parent	40,909	19,851
Non-controlling interest	13,198	4,615
	54,107	**24,466**

The accompanying notes form part of these Financial Statements.

Condensed Consolidated Statement of Financial Position

at 30 June 2022

	NOTES	30 JUNE 2022 (REVIEWED) USD'000	31 DECEMBER 2021 (AUDITED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
ASSETS				
Non-current assets				
Property, plant and equipment		342,459	342,617	353,699
Intangible assets		52,635	49,962	52,816
Unlisted equity investments	8	33,000	37,200	37,300
Deferred tax assets	7	2,145	2,888	3,732
Other non-current assets		14,668	13,547	11,722
Total non-current assets		**444,907**	**446,214**	**459,269**
Current assets				
Inventory	10	107,530	115,852	112,485
Current tax receivable		–	–	4,557
Trade and other receivables	11	116,244	83,998	29,878
Cash and cash equivalents		111,455	97,720	67,305
Total current assets		**335,229**	**297,570**	**214,225**
Total assets		**780,136**	**743,784**	**673,494**
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	7	81,668	86,244	90,724
Borrowings	12	20,000	10,000	23,500
Lease liabilities		2,297	2,531	2,969
Provisions		7,199	5,804	5,268
Other non-current liabilities		5,000	5,000	5,000
Total non-current liabilities		**116,164**	**109,579**	**127,461**
Current liabilities				
Trade and other payables		38,180	39,137	21,950
Current tax payable		36,547	20,987	690
Borrowings	12	9,659	24,735	15,100
Lease liabilities		998	1,118	1,065
Provisions		4,483	4,027	4,449
Total current liabilities		**89,867**	**90,004**	**43,254**
Total liabilities		**206,031**	**199,583**	**170,715**
Net assets		**574,105**	**544,201**	**502,779**
EQUITY				
Share capital		12	11	11
Share premium		490,749	488,404	488,294
Cumulative translation reserve		2,649	5,235	5,171
Option reserve		6,687	7,303	8,226
Retained deficit		(12,260)	(36,447)	(68,981)
Attributable to equity holders of the parent		**487,837**	**464,506**	**432,721**
Non-controlling interest		86,268	79,695	70,058
Total equity		**574,105**	**544,201**	**502,779**

The Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 28 September 2022 and were signed on their behalf by:

David Lovett Director

Sean Gilbertson Director

The accompanying notes form part of these Financial Statements.

Condensed Consolidated Statement of Cash Flows

at 30 June 2022

	NOTES	2022 (REVIEWED) USD'000	2021 (REVIEWED) USD'000
Cash flow from operating activities			
Profit before taxation		**84,805**	**38,049**
Adjustments for			
Unrealised fair value losses/(gains)	8	4,200	(7,700)
Depreciation and amortisation	4	14,439	11,233
Share-based payments	5	75	297
Net finance expenses	6	1,109	1,592
Unrealised foreign exchange losses/(gains)	5	1,350	(913)
(Increase)/decrease in trade and other receivables		(36,115)	349
(Decrease)/increase in trade and other payables		(3,714)	5,058
Decrease in inventory		5,231	6,201
Increase in provisions		1,987	2,689
Cash generated from operations		73,367	56,855
Tax paid		(15,133)	(6,228)
Net cash generated from operating activities		**58,234**	**50,627**
Cash flows from investing activities			
Purchase of intangible assets		(2,753)	(1,293)
Purchases of property, plant and equipment		(11,300)	(1,989)
Interest received		529	66
Cash advances and loans made to related parties		(4,100)	(3,450)
Net cash utilised in investing activities		**(17,624)**	**(6,666)**
Cash flows from financing activities			
Proceeds from borrowings		20,013	21,014
Repayment of borrowings		(25,086)	(38,919)
Issue of shares		2,346	–
Dividends paid to shareholders of the parent company		(20,000)	–
Dividends paid to non-controlling interest in Kagem		(1,500)	–
Principal elements of lease payments		(315)	(493)
Interest paid		(1,282)	(1,469)
Net cash utilised in financing activities		**(25,824)**	**(19,867)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**14,786**	**24,094**
Cash and cash equivalents at the beginning of the period		97,720	43,862
Net foreign exchange loss on cash		(1,051)	(651)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**111,455**	**67,305**

The accompanying notes form part of these Financial Statements.

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2022

CAPITAL AND RESERVES	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000	CUMULATIVE TRANSLATION RESERVE USD'000	OPTION RESERVE USD'000	RETAINED (DEFICIT)/ EARNINGS USD'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT USD'000	NON-CONTROLLING INTEREST USD'000	TOTAL EQUITY USD'000
Balance at 1 January 2022	**11**	**488,404**	**5,235**	**7,303**	**(36,447)**	**464,506**	**79,695**	**544,201**
Profit for the year	–	–	–	–	43,495	**43,495**	13,198	**56,693**
Other comprehensive loss	–	–	(2,586)	–	–	(2,586)	–	(2,586)
Total comprehensive income	**–**	**–**	**(2,586)**	**–**	**43,495**	**40,909**	**13,198**	**54,107**
Shares Issued	–	–	–	–	–	**1**	–	**1**
Share Options fair value movement	–	–	–	76	–	**76**	–	**76**
Share Options exercised	–	2,345	–	(692)	692	**2,345**	–	**2,345**
Dividend Paid	–	–	–	–	(20,000)	**(20,000)**	(6,625)	**(26,625)**
Total contributions by and distributions to owners	**1**	**2,345**	**–**	**(616)**	**(19,308)**	**(17,578)**	**(6,625)**	**(24,203)**
Balance at 30 June 2022	**12**	**490,749**	**2,649**	**6,687**	**(12,260)**	**487,837**	**86,268**	**574,105**

	SHARE CAPITAL USD'000	SHARE PREMIUM 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 2021	**11**	**488,294**	**4,424**	**7,929**	**(88,085)**	**412,573**	**70,443**	**483,016**
Profit for the year	–	–	–	–	19,104	**19,104**	4,654	**23,758**
Other comprehensive ncome/(loss)	–	–	747	–	–	747	(39)	**708**
Total comprehensive income	**–**	**–**	747	**–**	**19,104**	**19,851**	**4,615**	**24,466**
Share options exercised	–	–	–	297	–	**297**	–	**297**
Dividends declared to non-controlling interest of Montepuez Ruby Mining	–	–	–	–	–	–	(5,000)	**(5,000)**
Total contributions by and distributions to owners	**–**	**–**	**–**	**297**	**–**	297	**(5,000)**	(4,703)
Balance at 30 June 2021	**11**	488,294	**5,171**	**8,226**	(68,981)	432,721	**70,058**	502,779

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2022

1. BASIS OF PREPARATION

General information

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

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

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

The condensed consolidated financial statements within the Interim Report are for the six-month period ended 30 June 2022 (the "Interim Financial Statements") and have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"), as adopted by the United Kingdom, and in compliance with the framework concepts and measurement and recognition requirements of IFRS and applicable legal requirements of the Companies (Guernsey) Law, 2008. The condensed consolidated financial statements should be read in conjunction with the Group's Annual Report and Financial Statements for the year ended 31 December 2021 (the "Annual Financial Statements"), which have been prepared in accordance with International Financial Reporting Standard ("IFRS") as adopted by the United Kingdom ("UK") and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the "FRSC Pronouncements"). The Annual Financial Statements also comply with the JSE Listings Requirements and the AIM Rules for Companies.

The financial information in these unaudited interim condensed set of consolidated financial statements does not comprise statutory accounts. This unaudited interim condensed set of consolidated financial statements as at 30 June 2022 has been reviewed, not audited, by the Group's auditors, Ernst & Young LLP, which issued an unmodified review opinion.

The financial information for the year ended 31 December 2021 that has been included in these Interim Financial Statements does not constitute full statutory financial statements. The information included in this document for the comparative year was derived from the 2021 Annual Financial Statements, a copy of which has been delivered to the Registrar of Companies and is held at the registered office of the Company, the JSE and the AIM. The auditor's report on the Annual Financial Statements was not qualified. The auditor's report stated that the Annual Financial Statements gave a true and fair view, were in accordance with IFRS and complied with the Companies (Guernsey) Law, 2008.

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

1. BASIS OF PREPARATION (CONTINUED)

Basis of accounting

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

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

There are no new standards for accounting periods beginning on or after 1 January 2022.

There are however certain amended accounting standards and interpretations that have been applied by the Group for the first time for the annual reporting period commencing on 1 January 2022, which have not had any material impact on the disclosures or on the amounts reported in these condensed consolidated financial statements, nor are they expected to significantly affect future periods.

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

Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group as at, and for the six months ended, 30 June 2022.

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

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

Principal risks and uncertainties

In preparing the condensed consolidated financial statements management is required to consider the principal risks and uncertainties facing the Group. In management's opinion the principal risks and uncertainties facing the Group are unchanged since the preparation of the 2021 Annual Financial Statements. Those risks and uncertainties, together with management's response to them, are described in the Risk Review section of the Annual Report 2021.

Critical accounting judgements, estimates and assumptions

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

In preparing these condensed consolidated interim financial statements, all significant judgements made by the Directors in applying the Group's accounting policies and the key sources of estimation uncertainty used were consistent, in all material respects, as those applied to the Group's Annual Financial Statements for the year ended 31 December 2021, except for judgment made in respect of possible claims in relation to the operational grievance mechanism ("OGM") where updated information has led to a reassessment.

2. GOING CONCERN

The Group's business activities, together with the factors likely to impact its future growth and operating performance, are set out in the Operational Review on pages 10 to 26. The financial performance and position of the Group, its cash flows and available debt facilities are described in the Financial Review on pages 27 to 33.

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.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

2. GOING CONCERN (CONTINUED)

The Covid-19 pandemic had a significant impact on the Group in 2020, with mine operations and auctions halted for most of the year, and with only two emerald auctions being held generating USD32.3 million of auction revenues. During this period the Board and management acted quickly suspending principal operations in the early stages of the pandemic allowing the Group to conserve cash. 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. This trend continued into 2022, where the first three auctions have yielded record results again with two emerald auctions realising USD85.2 million, whilst the ruby auction held in June generated USD95.6 million. Total auction revenues for the first half of the year of USD181.8 million represents a record for the Group.

Overall, in the first half of the year the Group generated revenues of USD193.2 million. The gross cash position lands at USD111.5 million in June 2022 with USD81.1 million of auction receivables. Of the USD81.1 million auction receivables only USD3.1 million remained outstanding at 27 September 2022. The debt balance outstanding is USD29.6 million, while the available overdraft in MRM is USD22.7 million. At 30 June 2022, the Group has available liquidity (net cash, auction receivables and undrawn debt) of USD185.6 million which is more than sufficient to remain in operational existence over the going concern period to 31 December 2023.

Gemstone market

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

Following the all-time record auction results of the first half of 2022, the Directors believe that any full-scale suspension of operations, akin to those seen in 2020 and 2021, is highly unlikely and expect to follow the normal auction schedule for the rest of the year as well as in 2023.

Further, the Directors remain confident in the current high-level of market demand for gemstones. For the auctions held since 2020, the Group has seen an increase in the number of bids per schedule compared to 2019 levels, with bids being received from a wide range of customers, which demonstrates that the wider market demand is strong. Added to this, the prices per carat at the latest auctions were record-breaking, signalling customer confidence and trust in the quality of our gemstones.

Some of this pricing impact can be attributed to the tightened supply during 2020 when the mines were not producing but certainly not all, consequently management believes that even if prices tail off from those realised in the early part of 2022 prices, they will remain in excess of those prices achieved in 2019 as demand for coloured gemstones remains robust. The period of 'pent up' demand is now believed to be over with more customers bidding at strong prices with the winning bids in line and, in most cases, higher than pre-Covid prices and the number of bids per schedule increased which demonstrates good demand. That being said the current global economy has presented new challenges to the business in terms of cost pressures and the potential of a slowdown in the luxury goods markets amidst talks of recession and currency movements in key locations.

In addition, the conflict in Ukraine to date has not had a noticeable impact on the gemstone market as evidenced by the continued robust bidding patterns and achieved prices. However, there may be future implications such as tightening of credit in the key markets and a fall in end-user demand for luxury goods which may see a softening on the pricing for our emeralds and rubies. Any such impact is expected to be manageable, and the Group will be able to continue as a going concern.

Given the above, the Directors believe that there are no indicators that the current levels of gemstone pricing will not be achieved in the second half of 2022 and beyond. However, in the event that the prices assumed in our base case, which have been set conservatively below recent auction prices, fall by as much as 30%, a price sensitivity that the Board believes to be the worst case, the Group will respond with cash maintenance measures (see below) to ensure its survival over the going concern assessment period.

2. GOING CONCERN (CONTINUED)

Mining operations

Operations in both Mozambique and Zambia resumed early 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 at both mines is stable in quality and quantity, and the Directors are confident that sufficient quality inventory will be available for all forthcoming 2022 and 2023 auctions. 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 above the pre-Covid levels as a result of the global economic challenges. However, the Group expects to continue to generate profits and cash over the period to 31 December 2023 as margins are expected to be maintained as a result of increased prices.

The proposed capital expenditure programmes which are uncommitted and discretionary in 2022 and 2023 will focus on replacement mining equipment and machinery at Kagem and capacity enhancement at MRM. Given the lower than normal investment in 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 last 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 vaccination roll-outs at both mines. 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.

Debt facilities

On 30 June 2022, Kagem had USD22.4 million debt outstanding with ABSA Zambia plc (following a voluntary prepayment of USD1.2 million in January 2022), with security comprising a fixed and floating charge over Kagem's net assets, equivalent to the total amount outstanding under the facility and a corporate guarantee from Gemfields Group Ltd. The facility matures in December 2024.

The facility is 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.
- Senior Net Debt/Earnings Before Interest, Taxation, Depreciation and Amortisation ("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 USD2.4 million in December 2022 and USD5.0 million in December 2023.

In April 2016, MRM entered into a USD15.0 million unsecured overdraft facility with ABSA Mozambique S.A. The rolling facility attracts an interest rate of three-month SOFR plus 4% per annum. The outstanding balance as of 30 June 2022 is USD7.3 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.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

2. GOING CONCERN (CONTINUED)

Debt facilities (continued)

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 SOFR plus 3.75% per annum. MRM had fully repaid the facility on 30 June 2022. 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 was recently renewed in the fourth quarter of 2022.

MRM has also secured an additional USD15.0 million lease facility from BCI to finance the construction of the second treatment plant. The drawdown of this facility will match the capital expenditure schedule of this plant with the first cash outflow expected in early 2023.

Under the Group's base case forecast it has sufficient cash to continue operations for the going concern period to 31 December 2023 even 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.

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 the rest of the year and 2023, the ongoing inflationary pressure in our cost base as well as the development of the insurgent activities close to MRM.

As such, several scenarios were modelled in the Directors' assessment, including, but not limited to (i) a 30% reduction in auction revenues combined with settlement of the operational greviance mechanism;(ii) a 27% increase in operating costs at the mines, where fuels costs double and other costs increase by 10% (over and above current prices being experienced throughout the Group) across the going concern period to 31 December 2023; and (iii) an insurgency attack at MRM in a way that access to the mine is restricted for the entire going concern period.

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

- *Nationalisation:* It has been assessed as much lower risk than historically since the local governments in the host countries show no appetite for applying any such policies especially given the new government in Zambia and MRM's overall contribution to Cabo Delgado and the wider Mozambican tax revenues.
- *Geology – grade:* Any significant downside trends in the grade would have an impact on revenues and consequently on the life of mines. The up-to-date production profile remains robust across both mines and the mix of high quality emeralds and rubies is above budget.
- *Artisanal miners:* The financial implications of dealing with artisanal mining, outside of any production stoppages) would be running an operational grievance mechanism at both mines. Given the current experience at MRM it is unlikely that this will have a material impact on the Group's going concern assumption even under the reduced revenues (30%) scenario.
- *ESG non-compliance & reputational risk:* These risks would have an impact on revenues but at the time of the going concern assessment there are no issues expected during the relevant period
- *Global economy:* Resurgence of Covid resulting in a fall in demand and lockdowns at the mine: The Group has demonstrated that it is dynamic enough to deal with an outbreak swiftly and efficiently. Production to date has remained uninterrupted with low number of cases reported with both mines championing strict Covid protocols. However, in the event of a level five type shutdown at the mines (two month shut down), the production will be disrupted such that the auctions will be smaller. Although, given the current situation in Africa, this scenario is considered to be unlikely.

2. GOING CONCERN (CONTINUED)

Scenario analysis – Risk assessment (continued)

The increased operating cost base is designed to reflect any potential implications of the Ukraine conflict on the global economy, primarily the impact on input costs like fuel. Added to this, further inflationary pressures on our cost base, including additional security for MRM are also taken into consideration in this scenario.

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 development assets (MML, ERM, CDJ and Nairoto).
- Delay the mining equipment replacement and reduce 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.

It should be noted that the Board successfully implemented those measures during the pandemic, signalling their effectiveness in times of distress.

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.

Notwithstanding the above scenarios, the Group has considered the risk that the insurgent activity in Cabo Delgado directly affects MRM in way that access to the mine in restricted. Given the proximity of the insurgent activities to the MRM mine site, whilst still considered low the Directors acknowledge the risk as such have modelled a worst case scenario that sees MRM overrun and consequently inaccessible to the Group. In this case, the Directors have assumed that there will be no revenues from MRM throughout 2023 and as such the cost base and all capital expenditure in that period will cease or reduce. Under this scenario, additional assumptions considered by the Directors are:

- Revenues at Kagem and Fabergé are reduced by 30%.
- Any undrawn overdraft facilities at MRM will not be available.
- All capital expenditure at all assets will be ceased.
- Cost preservation measures will need to be taken across all entities to preserve cash.

Provided the above actions are taken in the event that the Group is unable to access MRM due to the insurgency, the Group could continue operations over the going concern assessment period. The Directors note that in the event that Kagem's revenues are not reduced i.e. base case revenues, then the situation will be materially improved.

Two reverse stress-tests in respect of revenue at Kagem and availability of overdraft facilities at MRM were also performed.

In the unlikely event that Kagem is not able to run the planned auctions in 2023 or revenues drop below USD97 million, the debt service cover ratio covenant will be breached. Under this case, to the extent that sufficient cash can be placed in a reserve account to ensure that the December principal payments can be honoured, which is the case in all scenarios modelled. In addition to this, Kagem could realistically suspend the majority of its planned capital expenditure in the second half of 2022 and 2023, as well as implement cost-optimisation and savings without curtailing production capability.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

2. 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, despite the current global economic challenges arising as a consequence of the conflict in Ukraine, the increased input costs are expected to be manageable especially given the margins generated.

The Directors have also considered the impact on the Group if the insurgent activity rendered MRM inaccessible (it is noted that at present the risk of this happening is considered low by the Board of Directors due to available information and proximity to MRM). In this scenario, provided there are no significant adverse issues at Kagem, the Group could navigate a situation that saw no revenues from MRM in 2023.

Given these circumstances and the strong relationships with the Group's lenders, and in the absence of any unforeseen circumstances, the Directors do not believe there to be any material uncertainties present at 30 June 2022, or at the date of signing these Interim Condensed Consolidated Financial Statements, that would cast significant doubt over the Group's ability to continue as a going concern for the going concern review period to 31 December 2023. The Directors have therefore adopted the going concern basis within these Interim Condensed Consolidated Financial Statements.

3. 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 ("CODM") 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 as having 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 Limitada ("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 the Group's investment in Sedibelo; and
- Other – includes sales and marketing offices.

3. SEGMENTAL REPORTING (CONTINUED)

In 2021 the Group redefined its segments by separating its exploration and evaluation activities from its mining activities and creating a Development assets segment, to better reflect how the Executive Management team receives and reviews information on the business. As such, the 2021 comparatives have been restated in the period to match the updated definition.

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

Reviewed condensed consolidated income statement

1 JANUARY 2022 TO 30 JUNE 2022	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE[6] USD'000	OTHER USD'000	TOTAL USD'000
Rough gemstones[1]	85,193	95,638	–	–	–	2,379	**183,210**
Jewellery	–	–	–	9,510	–	–	**9,510**
Cut and polished	–	–	–	–	217	239	**456**
Revenue[2]	**85,193**	**95,638**	**–**	**9,510**	**217**	**2,618**	**193,176**
Mining and production costs[3]	(20,623)	(14,978)	(2,564)	–	–	–	**(38,165)**
Mineral royalties and production taxes	(5,233)	(9,066)	–	–	–	–	**(14,299)**
Marketing, management and auction (costs)/income	(10,649)	(11,955)	–	–	22,604	–	**–**
Change in inventory and cost of goods sold	2,655	(8,213)	–	(5,303)	(177)	(2,469)	**(13,507)**
Mining and production costs capitalised to intangible assets	–	–	2,677	–	–	–	**2,677**
Selling, general and administrative expenses[4]	(3,608)	(6,047)	(485)	(3,999)	(10,144)	(931)	**(25,214)**
Other income	61	–	–	–	31	62	**154**
EBITDA[5]	**47,796**	**45,379**	**(372)**	**208**	**12,531**	**(720)**	**104,822**
Unrealised fair value losses	–	–	–	–	(4,200)	–	**(4,200)**
Other fair value losses	–	–	–	–	–	(50)	**(50)**
Share-based payments	–	–	–	–	(75)	–	**(75)**
Depreciation and amortisation	(5,911)	(7,405)	(457)	(295)	(285)	(86)	**(14,439)**
Consumable inventory write-down	–	(144)	–	–	(1)	1	**(144)**
Profit/(loss) from operations	**41,885**	**37,830**	**(829)**	**(87)**	**7,970**	**(855)**	**85,914**
Finance income	–	271	–	–	83	87	**441**
Finance costs	(980)	(285)	(120)	(165)	–	–	**(1,550)**
Taxation charge	(12,878)	(12,693)	(83)	(2)	(1,229)	(1,227)	**(28,112)**
Profit/(loss) after taxation	**28,027**	**25,123**	**(1,032)**	**(254)**	**6,824**	**(1,995)**	**56,693**

1 – Kagem revenues arise from a CQ auction held March/April 2022 and a HQ auction in May 2022 of USD43.1 million and USD42.1 million, respectively. MRM held a MQ auction in June 2022 and generated USD95.6 million.

2 – Revenues have been recognised at one point in time, as control passes to the customer. No third-party customer accounted for more than 10% of sales during 2022.

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

4 – Excluding share-based payments of USD0.01 million, which are not included in Group's EBITDA.

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

6 – Corporate includes the Group's investment in Sedibelo.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

3. SEGMENTAL REPORTING (CONTINUED)

Reviewed condensed consolidated income statement

1 JANUARY 2021 TO 30 JUNE 2021	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE[6] USD'000	OTHER USD'000	TOTAL USD'000
Rough gemstones[1]	31,237	58,930	–	–	–	1,873	**92,040**
Jewellery	–	–	–	4,907	–	–	**4,907**
Cut and polished	–	–	–	–	177	112	**289**
Revenue[2]	**31,237**	**58,930**	–	**4,907**	**177**	**1,985**	97,236
Mining and production costs[3]	(10,203)	(9,955)	(1,156)	–	–	–	**(21,314)**
Mineral royalties and production taxes	(1,879)	(5,748)	(5)	–	–	–	**(7,632)**
Marketing, management and auction (costs)/income	(3,905)	(7,366)	–	–	11,271	–	**–**
Change in inventory and cost of goods sold	2,005	(6,507)	–	(2,638)	(103)	(1,897)	**(9,140)**
Mining and production costs capitalised to intangible assets	–	–	1,287	–	–	–	**1,287**
Selling, general and administrative expenses[4]	(1,042)	(5,284)	(310)	(3,831)	(6,202)	(411)	**(17,080)**
Other income	18	–	–	27	–	69	**114**
EBITDA[5]	**16,231**	**24,070**	**(184)**	**(1,535)**	**5,143**	**(254)**	43,471
Unrealised fair value gains	–	–	–	–	7,700	–	**7,700**
Other fair value losses	–	–	–	–	–	–	**–**
Share-based payments	–	–	–	–	(297)	–	**(297)**
Depreciation and amortisation	(4,295)	(5,811)	(371)	(374)	(353)	(29)	**(11,233)**
Profit/(loss) from operations	11,936	18,259	(555)	(1,909)	12,193	(283)	**39,641**
Finance income	–	31	–	–	31	4	**66**
Finance costs	**(849)**	**(533)**	**(115)**	**(169)**	**(88)**	**96**	**(1,658)**
Taxation (charge)	(4,006)	(8,900)	(362)	–	230	(1,253)	**(14,291)**
Profit/(loss) after taxation	**7,081**	**8,857**	**(1,032)**	**(2,078)**	**12,366**	**(1,436)**	23,758

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

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

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

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

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

6 – Corporate includes the Group's investment in Sedibelo.

3. SEGMENTAL REPORTING (CONTINUED)

Changes in inventory and purchases

1 JANUARY 2022 TO 30 JUNE 2022	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	**2,655**	**(8,213)**	**–**	**(5,303)**	**(177)**	**(2,469)**	**(13,507)**
Split between:							
Mining and production costs capitalised to inventory[1, 2]	22,346	15,622	–	–	–	–	**37,968**
Depreciation capitalised	2,064	4,136	–	–	–	–	**6,200**
Cost of goods sold in the period	(21,755)	(27,971)	–	(5,303)	(177)	(2,469)	**(57,675)**
	2,655	**(8,213)**	**–**	**(5,303)**	**(177)**	**(2,469)**	**(13,507)**

1 JANUARY 2021 TO 30 JUNE 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	**2,005**	**(6507)**	**–**	**(103)**	**(2,638)**	**(1,897)**	**(9,140)**
Split between:							
Mining and production costs capitalised to inventory[1, 2]	5,964	4,539	–	–	–	–	**10,503**
Depreciation capitalised[1]	3,266	3,538	–	–	–	–	**6,804**
Cost of goods sold in the period	(7,225)	(14,584)	–	(103)	(2,638	(1,897)	**(26,447)**
	2,005	**(6,507)**	**–**	**(103)**	**(2,638)**	**(1,897)**	**(9,140)**

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. See Note 2: Accounting Policies in the 2021 Annual Report for further detail.

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

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

3. SEGMENTAL REPORTING (CONTINUED)

Condensed consolidated statement of financial position

30 JUNE 2022 (REVIEWED)	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]	138,936	153,881	–	–	–	–	292,817
Property, plant and equipment, and in-tangibles	7,105	34,157	28,195	30,151	1,127	1,542	102,277
Unlisted equity investments[2]	–	–	–	–	33,000	–	33,000
Operating assets[3]	73,775	113,610	1,682	34,175	9,884	5,316	238,442
Cash and cash equivalents	33,107	22,807	1,530	2,429	49,343	2,239	111,455
Deferred tax asset	–	–	–	–	2,120	25	2,145
Segment assets	**252,923**	**324,455**	**31,407**	**66,755**	**95,474**	**9,122**	**780,136**
Borrowings	22,405	7,254	–	–	–	–	29,659
Operating liabilities[4]	24,244	51,649	4,880	6,322	6,915	694	94,704
Deferred tax liability	40,140	41,523	–	5	–	–	81,668
Segment liabilities	86,789	100,426	4,880	6,327	6,915	694	206,031
Net cash	**10,702**	**15,553**	**1,530**	**2,429**	**49,343**	**2,239**	**81,796**

31 DECEMBER 2021 (AUDITED)	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]	142,760	157,224	–	–	–	–	**299,984**
Property, plant and equipment, and in-tangibles	5,288	29,071	24,933	30,399	1,392	1,512	**92,595**
Unlisted equity investments[2]	–	–	–	–	37,200	–	**37,200**
Operating assets[3]	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[4]	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 – Listed and unlisted equity investments held in the Corporate segment include the unlisted equity investment held in Sedibelo, and 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.

3. SEGMENTAL REPORTING (CONTINUED)

Condensed consolidated statement of financial position (continued)

30 JUNE 2021 (REVIEWED)	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]	138,102	161,548	–	–	–	–	**299,650**
Property, plant and equipment, and in-tangibles	15,751	27,709	21,966	30,663	4,646	6,130	**106,865**
Unlisted equity investments[2]	–	–	–	–	38,446	–	**38,446**
Operating assets[3]	48,652	52,678	1,420	39,475	12,183	3,088	**157,496**
Cash and cash equivalents	13,546	10,943	381	556	40,420	1,459	**67,305**
Deferred tax asset	–	–	556	–	3,155	21	**3,732**
Segment assets	**216,051**	**252,878**	**24,323**	**70,694**	**98,850**	**10,698**	**673,494**
Borrowings	28,000	10,600	–	–	–	–	**38,600**
Operating liabilities[4]	8,874	16,475	5,564	4,755	4,439	1,284	**41,391**
Deferred tax liability	41,795	48,929	–	–	–	–	**90,724**
Segment liabilities	78,669	76,004	5,564	4,755	4,439	1,284	**170,715**
Net (debt)/cash	**(14,454)**	**343**	**381**	**556**	**40,420**	**1,459**	**28,705**

1 – Mining asset includes evaluated mining properties and deferred stripping costs.

2 – Listed and unlisted equity investments held in the Corporate segment include the unlisted equity investment held in Sedibelo, and 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.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

3. SEGMENTAL REPORTING (CONTINUED)

Reviewed condensed consolidated statement of cash flows

1 JANUARY 2022 TO 30 JUNE 2022	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Revenue	85,193	95,638	–	9,510	217	2,618	**193,176**
Operating costs and cost of sales[1]	(26,748)	(38,304)	(372)	(9,302)	(10,290)	(3,338)	**(88,354)**
Marketing, management and auction costs	(10,649)	(11,955)	–	–	22,604	–	–
EBITDA	**47,796**	**45,379**	**(372)**	**208**	**12,531**	**(720)**	**104,822**
Add back:							
Change in inventory and cost of goods sold	(2,655)	8,213	–	5,303	177	2,469	**13,507**
Add back:							
Costs capitalised to intangible assets	–	–	(2,677)	–	–	–	**(2,677)**
Tax paid	(8,681)	(6,452)	–	–	–	–	**(15,133)**
Capital expenditure	(3,915)	(6,282)	(3,705)	(17)	(20)	(114)	**(14,053)**
Free cash flow before working capital movements	**32,545**	**40,858**	**(6,754)**	**5,494**	**12,688**	**1,635**	**86,466**
Working capital movements[2]	(10,136)	(22,285)	1,726	(4,450)	(8,614)	124	**(43,635)**
Free cash flow[3]	**22,409**	**18,573**	**(5,028)**	**1,044**	**4,074**	**1,759**	**42,831**
Cash generated from operations	36,120	31,816	(1,390)	229	4,720	1,872	**73,367**
Tax paid	(8,681)	(6,452)	–	–	–	–	**(15,133)**
Capital expenditure	(3,915)	(6,282)	(3,705)	(17)	(20)	(114)	**(14,053)**
Foreign exchange	(1,115)	(509)	67	832	(626)	1	(1,350)
Free cash flow	**22,409**	**18,573**	**(5,028)**	**1,044**	**4,074**	**1,758**	**42,831**

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.

3. SEGMENTAL REPORTING (CONTINUED)

Reviewed condensed consolidated statement of cash flows (continued)

1 JANUARY 2021 TO 30 JUNE 2021	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Revenue	31,237	58,930	–	4,907	177	1,985	**97,236**
Operating costs and cost of sales[1]	(11,101)	(27,494)	(184)	(6,442)	(6,305)	(2,239)	**(53,765)**
Marketing, management and auction costs	(3,905)	(7,366)	–	–	11,271		–
EBITDA	**16,231**	**24,070**	**(184)**	**(1,535)**	**5,143**	**(254)**	43,471
Add back:							
Change in inventory and cost of goods sold	(2,005)	6,507	–	2,638	103	1,897	**9,140**
Add back:							
Costs capitalised to intangible assets	–	–	1,287	–	–	–	**(1,287)**
Tax paid	(3,178)	(2,937)		–	(56)	(57)	**(6,228)**
Capital expenditure	(568)	(1,332)	(1,293)	(87)	–	(2)	**(3,282)**
Free cash flow before working capital movements	**10,480**	**26,308**	**(2,764)**	**1,016**	**5,190**	**1,584**	41,814
Working capital movements[2]	(1,322)	6,578	2,764	(1,762)	(1,427)	(1,031)	**6,444**
Free cash flow[3]	**11,802**	**32,886**	**–**	**(746)**	**3,763**	**553**	**48,258**
Cash generated from operations	14,959	36,714	1,215	(260)	3,632	595	**56,855**
Tax paid	(3,178)	(2,937)		–	(56)	(57)	**(6,228)**
Capital expenditure	(568)	(1,332)	(1,293)	(87)	–	(2)	**(3,282)**
Foreign exchange	**589**	**441**	**78**	**(399)**	**187**	**17**	**913**
Free cash flow[3]	**11,802**	**32,886**	**–**	**(746)**	**3,763**	**553**	**48,258**

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 Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

4. COST OF SALES

	30 JUNE 2022 (REVIEWED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Mining and production costs		
Labour and related costs	13,012	9,324
Mineral royalties and production taxes	14,399	7,632
Fuel costs	8,068	2,974
Repairs and maintenance costs	7,350	2,903
Security costs	3,314	2,891
Camp costs	3,031	1,635
Blasting costs	1,080	427
Other mining and production costs	2,310	1,160
Total mining and production costs[1]	**52,464**	**28,946**
Change in inventory and cost of goods sold[2]	13,507	9,140
Mining and production costs capitalised to intangible assets[3]	(2,676)	(1,287)
Depreciation and amortisation	14,439	11,233
	77,734	**48,032**

1 – Includes unavoidable mining and production costs incurred during the temporary suspension of operations during 2021 that have not been capitalised to inventory.
2 – Refer to Note 3: Change in inventory and cost of goods sold for the split of this balance at period end.
3 – Mining and production costs incurred at the Group's development projects are capitalised to unevaluated mining properties in intangible assets in line with the Group's IFRS 6 Exploration for an evaluation of mineral properties accounting policy.

5. SELLING, GENERAL AND ADMINISTRATIVE COSTS

	30 JUNE 2022 (REVIEWED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Labour and related costs	10,159	6,070
Selling, marketing and advertising	3,288	2,330
Professional, legal and other expenses	2,830	1,628
Rent and rates	536	687
Share-based payments	75	297
Travel and accommodation	816	343
Net foreign exchange losses/(gains)	1,350	(913)
Consumable inventory write-down	144	–
Other selling, general and administrative expenses	6,284	6,935
Total selling, general and administrative expenses	**25,482**	**17,377**

6. FINANCE INCOME AND COSTS

	30 JUNE 2022 (REVIEWED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Interest received	441	66
Finance income	**441**	**66**
Interest on bank loans and borrowings Interest charge on lease liabilities	(877)	(1,253)
Charge on lease liabilities	(154)	(189)
Other finance costs	(519)	(216)
Finance costs	**(1,550)**	**(1,658)**
Net finance cost	**(1,109)**	**(1,592)**

7. TAXATION

The Group's tax expense is as follows:

	30 JUNE 2022 (REVIEWED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Current tax		
Taxation charge for the period	31,870	3,506
Deferred tax		
Origination and reversal of temporary differences	(3,758)	10,785
Total taxation charge	**28,112**	**14,291**

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

	30 JUNE 2022 (REVIEWED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Profit on ordinary activities before taxation	84,804	38,049
Taxation on ordinary activities at the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	16,113	7,229
Effects of:		
Expenses not deductible for tax purposes	2,454	3,725
Different tax rates applied in overseas jurisdictions	9,129	4,591
Other	416	(1,254)
Total taxation charge	**28,112**	**14,291**

The main rate of corporation tax in the United Kingdom was 19%.

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

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

7. TAXATION (CONTINUED)

The Group's effective tax rate of 33.1% (2021: 37.6%) predominately arises as a result of the different tax rates applied in overseas jurisdictions, non-deductible expenses, and tax losses not recognised.

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

Deferred tax

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

	30 JUNE 2022 (REVIEWED) USD'000	31 DECEMBER 2021 (AUDITED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Recognised deferred tax assets			
Tax losses	2,071	2,819	4,780
Property, plant and equipment	4,212	3,846	2,929
Other temporary differences	2,960	3,482	1,953
Foreign exchange movements	–	–	(3,220)
Total deferred tax assets	**9,243**	**10,147**	**6,442**
Deferred tax assets netted against deferred tax liabilities	(7,098)	(7,259)	(2,710)
Total deferred tax assets	**2,145**	**2,888**	**3,732**

	30 JUNE 2022 (REVIEWED) USD'000	31 DECEMBER 2021 (AUDITED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Recognised deferred tax liabilities			
Evaluated mining property – Kagem and MRM	(83,906)	(86,106)	(88,802)
Inventory valuation – Kagem and MRM	(4,896)	(4,863)	(4,632)
Foreign exchange movements	36	(2,534)	–
Total deferred tax liabilities	**(88,766)**	**(93,503)**	**(93,434)**
Deferred tax assets netted against deferred tax liabilities	7,098	7,259	2,710
Total deferred tax liabilities	**(81,668)**	**(86,244)**	**(90,724)**

7. TAXATION (CONTINUED)

Deferred tax (continued)

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

The movement on the deferred tax account is provided below.

	2022 (REVIEWED) USD'000	2021 (REVIEWED) USD'000
At 1 January	**(83,356)**	**(76,207)**
Adjusted for:		
Property, plant and equipment	373	156
Other temporary differences	(521)	(1,271)
Evaluated mining property – Kagem and MRM	2,200	1,178
Inventory valuation – Kagem and MRM	(33)	269
Tax losses	(748)	(6,364)
Foreign exchange movements	2,562	(4,753)
Recognised in the condensed consolidated income statement	3,833	(10,785)
At 30 June	**(79,523)**	**(86,992)**

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

The net deferred tax liability decreased in the period by USD3.8 million, primarily due to a USD0.7 million reduction in tax losses resulting from utilising their accumulated losses against their taxable profits for the period. Additionally, foreign exchange movements have had a USD2.6 million impact on deferred tax, mostly due to a reversal of a tax liability in MRM.

Management has reviewed the financial projections of the Group's operating entities and determined that there is evidence to support the recognition of the deferred tax asset at 30 June 2022. The asset recognised is based on the value of the taxable profit which is reasonably expected to be generated over the next three years.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

8. UNLISTED EQUITY INVESTMENT

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

The Group applies a market approach to the valuation of Sedibelo. Based on this approach the value of SPM at 30 June 2022 was estimated at USD504.6 million; the Group's 6.54% interest has therefore been valued at USD33.0 million.

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.

The reconciliation of the valuation of the investment held in the current and prior year is shown in the table below.

	30 JUNE 2022 (REVIEWED) USD'000	31 DECEMBER 2021 (AUDITED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Balance at 1 January	37,200	29,600	29,600
Unrealised fair value (losses)/gains	(4,200)	7,600	7,700
Balance at period end	**33,000**	**37,200**	**37,300**

The decrease in fair value in the current period has most notably arisen from reduced public market valuations for comparable PGM companies, which were generally down approximately 15% between 31 December 2021 and 30 June 2022, and the reduced operating and financial results for Sedibelo over the last twelve months ending 31 December 2021 due to operating challenges and a modest pullback in PGM prices.

Market approach – comparable companies' analysis

Consistent with the 31 December 2021 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.

Also consistent with December 2021, 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.

8. UNLISTED EQUITY INVESTMENT (CONTINUED)

Financial and non-financial multiples

For June 2022, the following trading multiples were selected for application to Sedibelo:

TRADING MULTIPLE	30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2021
EV/ mineral resource ounces	USD9/oz	USD9/oz	USD11/oz
EV/ mineral reserve ounces	USD89/oz	USD101/oz	USD125/oz
EV/ LTM production ounce	4,500/oz	4,500/oz	4,000/oz
EV/ LTM revenue	1.5x	1.7x	2.0x
EV/ NTM revenue	1.5x	1.6x	1.3x
EV/ LTM EBITDA	3.5x	3.5x	4.0x
EV/ NTM EBITDA	3.0x	3.5x	2.5x

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 previous reports, 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.

There have not been any changes giving the current climate and lack of news on the Sedibelo IPO, as the valuer noted that Sedibelo would not be the first company that would be re-thinking IPO timing in light of market conditions.

Valuation results

After allowance of SPM's net cash of USD140.6 million, the multiples lead to a value of SPM (100% basis), on an Enterprise Value basis, of USD631.5 million, with the Group's 6.54% interest valued at USD41.3 million. Applying the 20% DLOM decreases SPM's fair value to USD504.6 million, with the Group's 6.54% interest valued at USD33.0 million. Accordingly, a USD4.2 million fair value loss 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.

Sensitivity analysis

For the purposes of the disclosures required by IFRS 13, 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 USD36.9 million or a reduced fair value decrease of USD0.3 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 USD29.1 million or a fair value decrease of USD8.1 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 USD30.0 million or a fair value decrease of USD7.2 million from the position at 31 December 2021.

In all scenarios a fair value loss would be recorded at 30 June 2022, based on the 31 December 2021 valuation of USD33.0 million.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

8. UNLISTED EQUITY INVESTMENT (CONTINUED)

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.

Management has considered whether this simplified holding structure means that the Sedibelo investment now meets the requirements of IFRS 5 *Non-current assets held for sale*. It was concluded that although initial discussions with prospective buyers have occurred, the timing of the sales process remains uncertain and the investment is not being actively marketed at a specific price, therefore management continues to take the position that a sale of Sedibelo within the next 12 months is not highly probable, based on the current facts and circumstances.

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

The Fabergé CGU is the Group's luxury downstream retail business, whose principal activity is the retail of premium personal luxury goods ("PLGs"). The carrying value of the CGU at 30 June 2022 was USD57.9 million (31 December 2021: USD61.2 million; 30 June 2021: USD65.4 million).

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

For 2022, management again engaged the independent experts to update their valuation of the CGU at 30 June 2022. The report was prepared on the same basis as that prepared in prior periods, including 31 December 2021, using a market-based approach based on enterprise value to revenue multiples ("EV/Revenue") exhibited by comparable companies ("CoCos"). The comparable transactions ("CoTrans") multiple approach was not considered as only one CoTrans has occurred since the start of the Covid-19 pandemic that would reflect current market conditions and investor expectations.

The Group believes that a revenue multiple based on comparable companies remains the most appropriate method of valuing the Fabergé CGU. This approach is determined to be Level 3 in the fair value hierarchy. The key judgements, assumptions and inputs used in the valuation are summarised below.

Basis of revenue

For the 30 June 2022 report, the following metrics were used. The metrics are consistent with previous valuations performed at 30 June 2021 and 30 June 2020:

1. Agreed sales over the last 12 months to June 2022 of USD18.5 million; and
2. A forward-looking approach using management's latest Board-approved budgeted sales for 2022 of USD15.8 million.

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

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 2021 valuation. After deducting this, the selected EV/Revenue multiple range was 2.35x–2.85x, mid-point being 2.60x. This is below the range applied at 31 December 2021 of 3.50x–4.25x which is believed to reflect the uncertain economic environment as at the 30 June 2022, which has seen inflation at record highs, interest rate rises and supply chain disruption driven by the invasion of Ukraine by Russia.

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 2021 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.

The range is consistent with the December 2021 valuation.

Illustrative costs of disposal

Consistent with December 2021, 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 USD27.1 million at 30 June 2022 (31 December 2021: USD29.3 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 USD19.5 million (31 December 2021: USD21.4 million; 30 June 2021: USD24.4 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.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

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

Valuation results

At 30 June 2022, as well as 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 30 June 2022, 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.

Taking account of these additional factors and the overall sensitivity of the valuation to the revenue and the surplus inventory, which remains uncertain at this point, management consider that valuation performed supports the carrying value of the CGU at the balance sheet date. Therefore, neither a further impairment nor a reversal of the existing impairment is required.

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 continue to improve in 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.

10. INVENTORY

	30 JUNE 2022 (REVIEWED) USD'000	31 DECEMBER 2021 (AUDITED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Rough inventory – emeralds and beryl	43,952	43,582	39,475
Rough inventory – rubies and corundum	20,390	28,603	25,133
Cut and polished gemstones	5,275	5,406	5,500
Fabergé inventory	27,042	29,330	34,410
Spares and consumables	10,871	8,931	7,967
	107,530	**115,852**	**112,485**

The total provision made against inventory at 30 June 2022 is USD8.3 million (31 December 2021: USD8.6 million; 30 June 2021: USD8.6 million).

At 30 June 2022, USD2.2 million of the rough inventory was carried at net realisable value (31 December 2021: USD3.3 million; 30 June 2021: USD4.1 million), and principally relates to beryl, corundum and some specific low-quality gemstones which are typically sold outside the normal auction programme.

11. TRADE AND OTHER RECEIVABLES

	30 JUNE 2022 (REVIEWED) USD'000	31 DECEMBER 2021 (AUDITED) USD'000	30 JUNE 2021 (REVIEWED) USD'000
Trade and other receivables	88,250	61,757	12,329
Related-party receivables	4,286	5,099	2,127
Loan receivable	700	700	700
Other receivables	1,171	969	620
Financial assets held at amortised cost	**94,407**	**68,525**	**15,776**
VAT receivable	16,123	11,330	9,118
Prepayments	5,584	4,023	4,964
Other receivables	130	120	20
Total trade and other receivables	**116,244**	**83,998**	**29,878**

Financial assets held at amortised cost

Trade receivables of USD88.3 million at 30 June 2022 (31 December 2021: USD61.8 million) primarily relate to MRM auction receivables of USD64.2 million (31 December 2021: USD34.5 million) from an auction held in June 2022 and Kagem auction receivables of USD16.9 million (31 December 2021: USD20.1 million). At the date of these Interim Condensed Consolidated Financial Statements, USD3.1 million of the Kagem and MRM auction receivables remained outstanding.

The Group assesses the recoverability of its auction receivables based on the simplified approach within IFRS 9, which uses a provision matrix to determine the lifetime expected credit losses. Auction receivables are written off where there is no reasonable expectation of recovery, which includes, amongst other specified criteria, a failure to make contractual payments for a period of greater than 120 days past due. No impairment provision was recorded against auction receivables at 30 June 2022.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Related-party receivable

At 30 June 2022 the Group had a USD7.1 million related-party receivable due from Mwiriti Ltda ("Mwiriti"), the Group's partner in MRM and in Nairoto Resources Limitada ("Nairoto").

Of the total amount, USD4.1 million (31 December 2021: USD5.1 million; 30 June 2021: USD4.2 million) of the current receivable relates to MRM and will be recovered from future dividends paid out by MRM. During the period, a dividend was declared by MRM of which USD5.0 million was 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. Earlier this year, MRM entered into a loan agreement with Mwriti in relation to the next expected future dividend payments. Under the terms of the agreement, MRM will make up to USD5.0 million available to Mwriti, representing an advance payment of future dividends to be declared by MRM. At 30 June 2022, USD4.2 million was outstanding. The loan was fully drawn at 31 December 2021. The advanced amount will bear interest at a rate of three-month LIBOR plus 4%.

At 30 June 2022, USD0.2 million (31 December 2021: USD0.1 million) of accrued interest was outstanding on the advance. It is expected that MRM will announce its next dividend in the first half of 2023, and that this dividend will fully offset the USD4.2 million outstanding.

The remaining balance of USD3.0 million (2021: USD3.0 million) relates to Nairoto. Nairoto has been set up with the objective of developing 12 gold-mining licences in Northern Mozambique. The balance represents an advance made to Mwiriti which has no fixed terms of repayment. It is expected that this receivable will be recovered through future dividends paid out by Nairoto once the viability of the project has been confirmed or from the proceeds of any future sale of the mining and exploration licences. There have been no significant changes to the assessed expected credit losses ("ECL") associated with the advance payment in the period. The Group also holds an outstanding non-current payable of USD5.0 million (2021: USD5.0 million) to Mwiriti in respect of the Nairoto project at 30 June 2022. As such, the Group's credit exposure to Mwiriti at 31 December 2021 in relation to Nairoto was determined to be immaterial.

Other receivables

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

12. BORROWINGS

		Interest rate	Maturity	30 June 2022 (Reviewed) USD'000	31 Dec 2021 (Audited) USD'000	30 June 2021 (Reviewed) USD'000
Non-current interest-bearing loans and borrowings						
ABSA Zambia	USD20 million term loan	3 months SOFR + 5.50%	2024	10,000	10,000	13,500
ABSA Zambia	USD10 million revolving credit facility	3 months SOFR + 6.50%	2023	10,000	–	10,000
				20,000	10,000	23,500
Current interest-bearing loans and borrowings						
ABSA Zambia	USD20 million term loan	3 months SOFR + 5.50%	2024	2,405	3,500	4,500
ABSA Zambia	USD10 million revolving credit facility	3 months SOFR +6.5%	2023	–	10,000	–
ABSA Mozambique	USD15 million overdraft facility	3 months SOFR + 4.00%	2022	18	11,235	6,433
BCI[1]	USD15 million overdraft facility	3 months SOFR + 3.75%	2022	7,236	–	4,167
				9,659	24,735	15,100
				29,659	**34,735**	**38,600**

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

ABSA Zambia

In August 2019, Kagem entered into a USD20.0 million term loan facility with ABSA Zambia. The facility bears interest at a rate of three-month USD SOFR plus 5.5%. The facility is repayable over 60 months after the date of the first drawdown of the facility, with the first repayment of USD2.0 million being made during 2020. At 30 June 2022, USD12.4 million was fully drawn, with USD2.4 million being repayable in December 2022.

In 2021, Kagem renewed its USD10.0 million revolving credit facility with ABSA Zambia which bears interest at a rate of three-month SOFR plus 6.5% and is now repayable in December 2023 (there is an option to extend the facility for a further 24 months upon agreement by both parties). At 30 June 2022, USD10.0 million was fully drawn.

At 30 June 2022, Kagem had USD22.4 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.

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

12. BORROWINGS (CONTINUED)

ABSA Mozambique

In April 2016, MRM entered into a USD15.0 million unsecured overdraft facility with ABSA Mozambique S.A. This is a rolling facility which renews annually each December, provided that terms and conditions are met, and attracts interest of three-month USD LIBOR plus 4.0% per annum. The outstanding balance at 30 June 2022 was USD0.01 million (31 December 2021 USD11.2 million, 30 June 2021: USD6.4 million). Gemfields Limited issued a corporate guarantee for the facility. The facility is renewed annually with the next renewal expected in December 2022.

Banco Comercial E De Investimentos ("BCI")

In June 2016, MRM entered into a USD15.0 million unsecured overdraft facility with BCI. This is a rolling facility which renews annually each September, provided that terms and conditions are met, and attracts interest of three-month USD LIBOR plus 3.75% per annum. At 30 June 2021, USD4.2 million was outstanding (31 December 2021: USD14.3 million, 30 June 2021: USD9.9 million). The facility is secured by a blank promissory note undertaken by MRM and a corporate guarantee by Gemfields Mauritius Limited, a 100% subsidiary of the Group. The facility is renewed annually with the next renewal expected in September 2022.

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.

13. PER SHARE INFORMATION

Earnings per share ("EPS") and net asset value per share ("NAV") are key performance measures for the Group. EPS is based on profit for the year divided by the weighted average number of ordinary shares in issue during the year. NAV per share is based on net assets divided by the number of ordinary shares in issue at 30 June 2022.

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

Earnings per share

The Group's EPS is as follows:

	2022	2021
Profit for the period attributable to owners of the parent – USD'000	43,495	19,104
Weighted average number of shares in issue	*1,177,416,414*	*1,168,756,030*
Earnings per share – USD	**0.03**	0.02
Weighted average number of dilutive shares	**29,621,403**	–
Diluted earnings per share - USD	**0.03**	0.02

At 30 June 2022, the weighted average number of dilutive shares was 29,621,403 (2021: nil). The dilutive shares arise from the January 2018, July 2018 and March 2019 schemes, from which 14,062,905, 24,342,850 and 311,999 (2021: nil) shares were exercisable at exercise prices of ZAR2.97, ZAR2.30 and ZAR 1.91. The average share price for 2022 was ZAR3.00 (2021: ZAR1.59). None of the other share option schemes had a dilutive impact for the purposes of calculating the 2022 EPS.

13. PER SHARE INFORMATION (CONTINUED)

Headline earnings per share

The Group's HEPS is as follows:

	2022	2021
Profit for the period attributable to owners of the parent – USD'000	43,495	19,104
Weighted average number of shares in issue	*1,177,416,414*	*1,168,756,030*
Headline earnings per share – USD	**0.03**	0.02

There are no adjustments required from the Group's IFRS numbers to the Headline earnings for both periods disclosed.

NAV per share

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

	2022	2021
Net assets attributable to owners of the parent – USD'000	**479,968**	432,721
Number of shares in issue	*1,183,356,037*	*1,168,756,030*
NAV per share – USD	**0.41**	0.37

Tangible NAV per share

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

	2022	2021
Net assets attributable to owners of the parent – USD'000	**479,968**	432,721
Adjusted for:		
Intangible assets	(47,016)	(48,401)
	432,952	384,320
Number of shares in issue	*1,183,356,037*	*1,168,756,030*
Tangible NAV per share – USD	**0.37**	0.33

Notes to the Condensed Consolidated Financial Statements *for the period ended 30 June 2022* | continued

14. COMMITMENTS AND CONTINGENCIES

At 30 June 2022, the Group had the following capital commitments:

- USD3.3 million (31 December 2021: USD2.8 million, 30 June 2021: USD2.1 million) for the construction of the decanter centrifuge, replacement machinery and other mining equipment at MRM.
- USD8.4 million at Kagem for the purchase of mining equipment (31 December 2021: USD0.7 million, 30 June 2021: USD0.6 million).
- USD1.1 million (31 December 2021: nil, 30 June 2021: nil) for the purchase of mining equipment at ERM.

The Group does not have any significant contingencies.

15. RELATED-PARTY TRANSACTIONS

The Directors are the Key Management Personnel for the Company.

Base salaries paid to the Executive Directors in the six-month period to 30 June 2022 were USD486,125 (2021: USD410,400).

The amounts paid to the Non-Executive Directors for services (Director fees) for the period 1 January 2022 to 30 June 2022 were USD259,951 (2021: USD155,000).

The Group also holds a related-party receivable of USD7.2 million and a related party payable of USD5.0 million with Mwiriti Ltda, the Group's partner in MRM and Nairoto. During the period, MRM declared a dividend to Mwiriti of USD5.0 million, which has been offset against the outstanding receivable balance. MRM made additional advances to Mwiriti of USD4.1 million during the period under a loan agreement, that will be offset against future dividends declared by MRM.

16. EVENTS OCCURRING AFTER THE END OF THE PERIOD

Given the strength of the financial results and the future prospects of the Group, the Board have approved the payment of an interim dividend. The dividend of USD15 million, or approximately USDc1.3 per share, will be distributed to shareholders during the fourth quarter of 2022.

Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Directors and authorised for issue on 28 September 2022.

Independent Review Report

to the shareholders of Gemfields Group Limited

CONCLUSION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related notes 1 to 16. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, International Accounting Standard 34 as issued by the International Accounting Standards Board ("IASB"), the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides, as issued by the South African Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council of South Africa.

BASIS FOR CONCLUSION

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted International Accounting Standards and International Financial Reporting Standards as issued by the IASB. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting" and International Accounting Standard 34 "Interim Financial Reporting", as issued by the IASB.

CONCLUSIONS RELATING TO GOING CONCERN

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITIES OF THE DIRECTORS

The directors are responsible for preparing the half-yearly financial report in accordance with UK adopted International Accounting Standard 34, International Accounting Standard 34 as issued by the IASB, the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides, as issued by the South African Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council of South Africa.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

USE OF OUR REPORT

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
28 September 2022

Company Details

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Sean Gilbertson
David Lovett

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Patrick Sacco
Kieran Daly (Alternate Director)
Lumkile Mondi
Kwape Mmela
Carel Malan
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Interim Report 2022/ Administration

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IMAGE Kapila primary school, funded by a private individual and Kagem Mining, Zambia

IMAGE Mobile health clinic, funded by Montepuez Ruby Mining, Mozambique