



GEMFIELDS

Interim Report 2024

FOR THE SIX MONTHS ENDED 30 JUNE 2024





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Overview

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Right: Montepuez ruby mine,
Mozambique





Gemfields at a Glance



Who we are

Gemfields is a world-leading responsible miner and marketer of coloured gemstones.

Gemfields Group Limited (“Gemfields”, the “Company”, “GGL” or the “Group”) is the operator and 75% owner of both the Kagem emerald mine (“Kagem”) in Zambia (believed to be the world’s single largest producing emerald mine) and the Montepuez ruby mine (“MRM”) in Mozambique (one of the most significant recently discovered ruby deposits in the world). In addition, Gemfields holds controlling interests in various other gemstone mining and prospecting licences in Zambia, Mozambique, Ethiopia and Madagascar.

Gemfields’ outright ownership of Fabergé – an iconic and prestigious brand of exceptional heritage – enables Gemfields to optimise positioning, perception and consumer awareness of coloured gemstones, advancing the wider Group’s “mine and market” vision.

Gemfields has developed a proprietary grading system and a pioneering auction platform to provide a consistent supply of coloured gemstones to downstream markets, a key component of Gemfields’ business model, and has played an important role in the growth of the global coloured gemstone sector.

Gemfields has a primary listing on the Johannesburg Stock Exchange in South Africa and is quoted on AIM in London.

Our mission

Gemfields’ mission is to be the global leader in African emeralds, rubies and sapphires, promoting transparency, trust and responsible mining, while creating a positive impact for our host communities and countries.

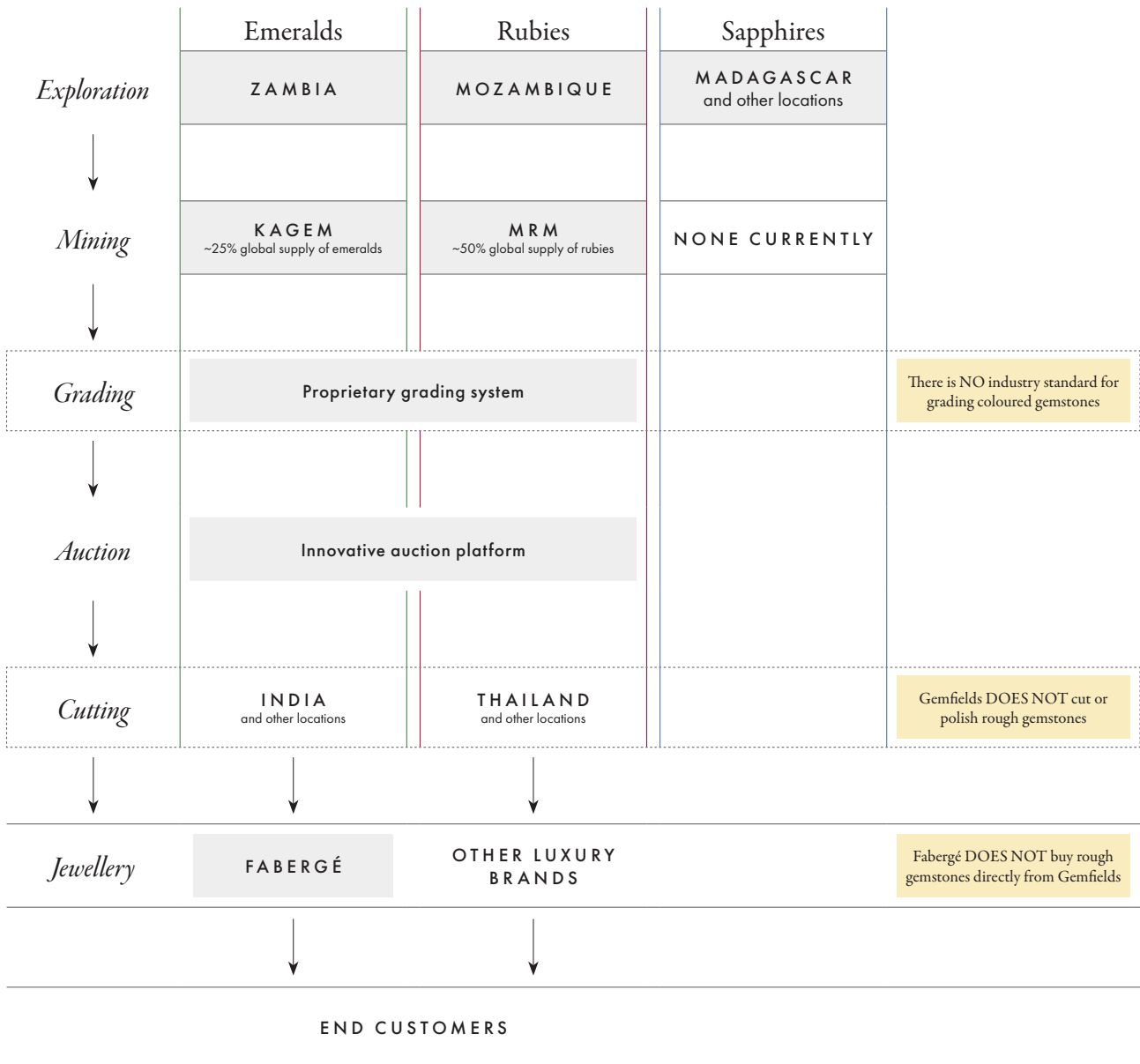
Our strategic objective

Gemfields’ strategic objective is to be **the** standard for African emeralds, rubies and sapphires.

Our Business Model



Gemfields Assets



Chair's Statement

Q&A with Bruce Cleaver, Gemfields' new Chair

COULD YOU PLEASE INTRODUCE YOURSELF?

As Chair of Gemfields, I bring extensive experience of understanding and engaging across a complex range of stakeholders; and key focus on effective governance, having been or currently serving as a director or chair of numerous large companies in Africa and Europe. In addition, I have extensive operating experience, experience of consumer markets and strategic experience.

WHAT ATTRACTED YOU TO CHAIR GEMFIELDS' BOARD?

I was aware of Gemfields through my time at De Beers and I always found it an intriguing business. I see a number of parallels with the origins of both businesses, noting how consistent and reliable responsible supply can deliver remarkable industry growth, positive contributions to communities and uplift an entire industry.

Gemfields has elevated a fragmented and fairly informal industry to considerable sophistication, as the first consistent supplier of significant quantities of coloured gemstones in a responsible and transparent manner.



Gemfields is now ready for its next step of growth, a step I am excited to see as Chair. A number of projects across 2024 and 2025 will further the business' strategy, expand its world-class operations and ultimately drive shareholder value.

Kagem is already starting to benefit from the recent wash plant improvements and MRM's new processing plant, which will triple throughput capacity, continues to be on budget and on track for its planned completion by the end of H1 2025.

WHAT KEY AREAS ARE YOU KEEN TO GET INVOLVED IN?

Since joining on 1 July 2024, I have been in listening and learning mode. I'm better understanding the intricacies of the coloured gemstone market and engaging with members of Gemfields' strong team, from Sean and David as Executive Directors, to my fellow Board members and a broad range of employees across the business.



Above: Responsibly mined rough
Zambian emeralds

I am keen to engage with external stakeholders and have been speaking with Gemfields' largest shareholders. As Chair, I understand my role as a representative for all shareholders and aim to provide them with accountability of the actions of the Group.

I am due to travel to the Kagem emerald mine in Zambia shortly, a trip which I am sure will be eye opening and I look forward to spending time with our team there, seeing the upgraded wash plant in operation and learning more about the meaningful connection Kagem has with its local communities. Next on my agenda are visits to both MRM and our auction operations.

WHAT ARE YOUR PRIORITIES FOR GEMFIELDS IN THE NEXT 6-12 MONTHS?

At this early stage, I am continuing to expand my view across the business. Providing continuation and improvement of Gemfields' strong governance, and operating an informed and effective Board, began from day one.

Key issues that I am keen to look at addressing are Gemfields' dampened share price, lack of liquidity in our stock and its considerable discount to its net asset value. There are no quick fixes to address these, especially when we operate such a unique business in a somewhat opaque market. Engaging widely and looking across possible strategies to improve on these areas have begun and will continue.

WHAT IS YOUR VIEW OF GEMFIELDS' OUTLOOK?

The business is in the midst of a challenging 2024. With the considerable investments being made across the Group, cash constraints are evident and management is rightly focusing on this, but the future potential is there.

In the first half of the year both of the emerald and ruby markets remained strong; though softer than when compared with the heightened markets we saw back in 2022. The weakness seen at September's commercial-quality emerald auction increases the uncertainty we face, however we continue to have confidence in the long-term, sustained growth in the value of both coloured gemstones and that our strategy will drive considerable value to shareholders.

CURRENT BOARD ROLES

Gemfields Group Limited
Non-Executive Chair

AngloGold Ashanti
Non-Executive Director

Vergelegen Wines
Non-Executive Director

CAREER HISTORY

2005-2023
Anglo American, De Beers Group – chief executive (2016-2023)

2000-2005
Webber Wentzel – partner, Corporate Department

1997-2000
FBC Fidelity Investment Bank – deputy head:
Corporate Finance

1989-1997
Webber Wentzel – various roles

Chief Executive's Statement

Q&A with Sean Gilbertson, Gemfields' CEO



HOW DO YOU SEE THE COLOURED GEMSTONE MARKET?

The coloured gemstone market has historically been opaque and underdeveloped, with limited and inconsistent supply. Gemfields is fairly unique in terms of our scale, transparency, product quality and determination to provide a positive impact at an operational, community and country level. Market trends are hard to forecast, but we engage closely with our customers and aim to build meaningful relationships by striving to bring consistent product to market.

In the first half of 2024, Gemfields conducted two emerald auctions (one of commercial quality in March and one of higher quality in May) followed by a mixed-quality ruby auction in June. Despite slightly weaker sentiment from some customers, all three auctions delivered robust results with the emerald auctions achieving USD 52 million and the ruby auction achieving USD 69 million.

Fine quality emeralds and rubies fared particularly well both by demand and pricing. These rare gemstones only make up a very small fraction of our mines' production and the bidding highlighted Gemfields customers' appreciation for such gemstones. The smaller calibrated sizes also saw robust demand and pricing, aided by the high standard of grading and the size of the lots which are typically difficult to purchase from other sources.

Recently, the luxury goods market has faced a noticeable decline, primarily due to a combination of economic uncertainties, high inflation rates and geopolitical tensions. This has in turn decreased disposable income, prompting consumers to reassess their spending habits, particularly in China. Encouragingly, the rise of social consciousness is shifting consumer focus towards buying from responsible sources, with luxury brands that can demonstrate their use of such suppliers proving more popular.

Two weeks ago, we concluded our second commercial-quality emerald auction of the year, achieving revenues of USD 11 million. This result was weaker than we expected and saw us withholding

18 of 46 lots given the bids fell below our minimum reserve prices. The lots we withheld comprised considerable volume and value and we remain committed to maintaining pricing discipline and acting responsibly when fair market prices are not achieved. The weakness of this auction was exacerbated in part by a competing emerald producer scheduling their own auction to finish in the middle of ours, and selling through their emeralds at what customers reported as low prices.

We hope that market conditions improve as we approach the auctions of higher-quality emeralds and mixed-quality rubies scheduled for November and December. While higher-quality gemstones typically remain more robust than lower-quality gemstones in challenging times, we remain vigilant given that the luxury and gemstone sectors are facing greater uncertainty than we have seen in the last three years. The economic stimulus package announced by the Chinese government on 24 September 2024 is welcomed in this regard.

HOW HAS GEMFIELDS PERFORMED IN H1 2024?

Operationally, Gemfields continues to develop both of our world-class mines, the Kagem emerald mine in Zambia and the MRM ruby mine in Mozambique. The investments we have been making both in terms of expanding our operations and improving or replacing our capital goods have been considerable.

The work we do in partnership with our customers and luxury brands to further demonstrate our strong focus on corporate responsibility continues to add value. We are also working towards third-party accreditation with IRMA (the Initiative for Responsible Mining Assurance), the gold standard for best practice in responsible mining. Considerable progress has been made at MRM with the independent audit expected in 2025.

Mining coloured gemstones remains a volatile business. It is innate that each and every gemstone is unique - we are unable to know the quality and quantity of both our emeralds and rubies until they are collected from the ground.

In H1, the production of emeralds and rubies in our 'premium' category was below what we'd expect and not inline with our long-term averages, despite strong rock handling performance, particularly at Kagem. This disappointment is down to the characteristic variability that is inherent in a natural product forged in very specific geological conditions and we have seen such periods of production occur previously.

However, at Kagem, we've seen the green shoots of recovery with August being our best month of premium emerald recovery for two years. At MRM, our low grades (in carats per tonne of ore) and recovery of fewer rubies in the 'premium category' continues to be a concern, while we note that key production areas remain water-bogged after a heavier-and-longer-than-usual rainy season. We are of course also constrained by the processing rate of our existing processing plant, something which will only be remedied by the end of June 2025 when our new processing plant, tripling our throughput capacity, is expected to come online.

Following Gemfields' production statistics from month to month could also distort or distract from the business' longer-term health and the well-established production history of our assets over many years. The key indicator of course remains to be the revenue earned at our auctions where the majority comes from the very best quality gemstones which make up a small fraction of the overall weight sold. The exponential concentration of value in our higher quality production is a key feature of our industry. As ever, we continue to see the strongest demand for our highest-quality gemstones where prices are much more resilient in choppy times.

WHAT ARE YOUR PRIORITIES FOR THE NEXT 6 TO 12 MONTHS?

Our key focus is on the safety of our employees across the globe. Working in northern Mozambique poses unique challenges given the ongoing insurgency in the province and also the heightened influxes of aggressive (and sometimes well-connected) illegal mining syndicates. We hope that the rule of law will improve in the months following the Mozambican general election on 9 October 2024. Across all of our mines, the processes and procedures we have in place are designed to limit risk and we value our 'Zero-Harm' approach.

Secondly, our key priority (beyond pursuing continuous improvement at our world-class assets, driving value for our shareholders and careful management of cash during this period of intensive investment), is the completion of Gemfields' largest-ever investment, our second processing plant at MRM.

Tripling our processing capacity from 200 tonnes per hour to 600 tonnes per hour will be transformational for MRM, unlocking our current processing capacity bottleneck, and allowing us to work through our considerable stockpile of ruby-bearing ore. We will also at long last gain the processing flexibility to test other ores from our vast licence area and allowing us to bring new products to market in key market segments. We have of course experienced difficulties and speed bumps typically associated with such large-scale construction and logistics projects, including rain of biblical proportion. However, our colleagues and contractors are working tirelessly to keep us on track for completion by the end of the first half of 2025.

Chief Executive's Statement continued

HOW DO YOU SEE GEMFIELDS DIFFERENTIATING ITSELF FROM THE DIAMOND MARKET?

It is no secret that the diamond industry is facing significant challenges, including increased competition from lab-grown diamonds, a more affordable alternative which is seeing prices continue to decline.

The coloured gemstone sector seems to be navigating these turbulent times better than most. Demand has reduced since the levels seen immediately after Covid and demand from China is noticeably weaker. Gemfields is however well placed to offer a consistent supply of well-graded, rough Zambian emeralds and Mozambican rubies through its auction system, while the lab-grown market for coloured gemstones matured and bifurcated decades ago, producing a vastly higher price and demand profile for natural gemstones.

Our auction participants take confidence that best practice principles have been followed at our operations and all rough gemstones offered at our auctions are natural and mined by us. Emeralds and rubies sold through Gemfields' auctions are also offered on a leading blockchain platform while select qualities of our emeralds contain nano-particle tracers which contain the mine's information and providing 'mine-of-origin' confidence.

HOW WILL YOU ADDRESS GEMFIELDS' CONSIDERABLE SHARE PRICE DISCOUNT TO ITS NET ASSET VALUE ("NAV")?

This continues to be a cause of frustration for us. We recognise that we operate in tricky jurisdictions and are mining a product that experiences both mining grade and gemstone quality volatility. However, given our history of generating profit and healthy free-cash-flow, and that we have considerable investment underway in our growth, there seems to be a clear disconnect given our price:sales ratio is only around 0.7.

The Group has also returned USD 90 million to shareholders since May 2022 in dividends (USD 80 million) and a share buyback (USD 10 million). There is considerable scope for exciting growth in our business from the second half of 2025 and beyond, recognising that our gemstone production isn't presently where we'd like it to be.

Our Fabergé business has a solid customer base and enjoys name recognition rarely matched in the industry, unlocking significant promotional opportunities for our coloured gemstones ranging from the Fabergé x Gemfields Malaika Egg, the Fabergé x Beetlejuice Beetlejuice collaboration and the Fabergé x 007 collection due later this year.

As a management team, we will continue to work across the Group to unlock and realise value from our assets, seek to address the liquidity challenges faced by Gemfields' existing and prospective investors and expand our interaction with the market to grow the understanding of our business, our coloured gemstone industry and the unique position we occupy in it.

WHAT AREAS ARE YOU MOST EXCITED ABOUT FOR GEMFIELDS?

We are working through a complex year, balancing the availability of cash with the considerable investments we're making at MRM, Kagem and our development assets. Walking this narrow path is difficult but there is genuine excitement among our management and team members about the position we aim to be in, in 12 months' time and the increased revenues arising after the completion of our ongoing investments.

The weakness seen at our September commercial-quality emerald auction brings some uncertainty, but we consider it unlikely that the November higher-quality emerald auction or the December mixed-quality ruby auction will yield below par results of a similar scope. That said, if there are any material setbacks, we are of course prepared to take additional measures, including cost reduction measures and further financing options.

We are confident that we provide the market with the leading selection of graded emeralds and rubies worldwide and operate in a way that brings material value to the countries of origin in a responsible manner. We hope that anyone with one of our emeralds or rubies in a necklace, bracelet, ring or pendant can say with pride that they own a "Gemfields" gemstone and know the good it is doing.



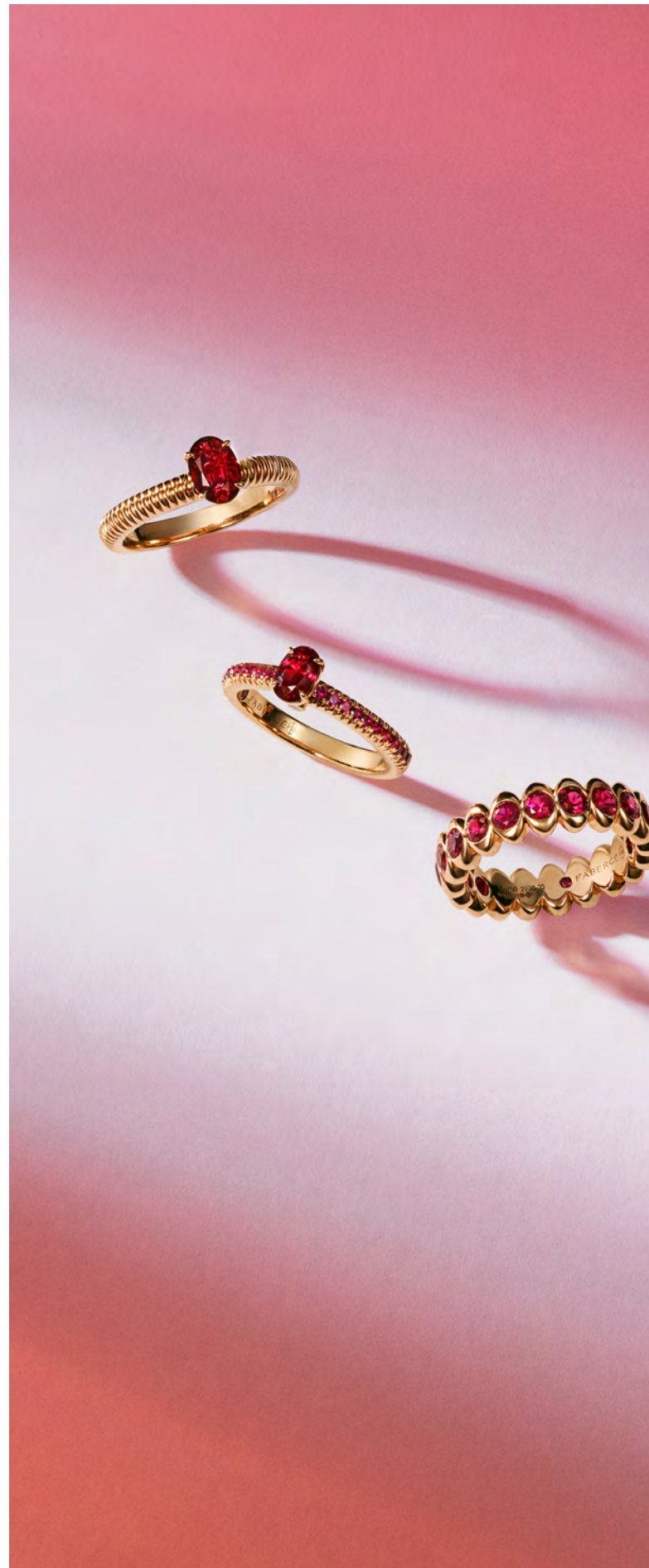
Above: Responsibly mined rough emeralds, Kagem emerald mine, Zambia

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Right: Fabergé Colours of Love collection featuring Gemfields Mozambican rubies





Finance Review

DAVID LOVETT
Chief Financial Officer



The Group's primary financial key performance indicators ("KPIs") are revenue, EBITDA, free cash flow before working capital movements and net cash. These KPIs for the six months ended 30 June 2024 can be seen in the table below against the same period in the previous year.

IN THOUSANDS OF USD	SIX MONTHS ENDED 30 JUNE 2024	SIX MONTHS ENDED 30 JUNE 2023
Revenue	127,963	153,619
EBITDA ¹	49,648	72,981
Profit after tax	13,659	18,136
Net cash (utilised)/generated from operating activities	(6,203)	23,538
Free cash flow ² before working capital movements	3,261	25,213
Net (debt)/cash ³	(44,395)	61,837

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

² Free cash flow before working capital movements is calculated as cash flow from operations less taxation paid, sustaining and expansionary capital expenditure and foreign exchange gains and losses. A full breakdown can be seen in Note 3: Segmental Reporting to the 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 2024: a commercial-quality rough emerald auction in March, followed by a higher-quality rough emerald auction in May and a mixed-quality rough ruby auction in June. Auction viewings were hosted in Bangkok and Jaipur. Total auction revenue for the period was USD 120.6 million, which is 12% lower than the prior year's auction revenue due to fewer carats sold.

Premium production at both MRM and Kagem has lagged behind targets; however, there have been individual months of improvement. The "up and down" nature of gemstone mining, as evidenced by the history of published production data, provides some comfort that medium- to long-term prospects are robust. Despite slightly softer market conditions, partly due to weakening demand in China, the auctions demonstrated that both demand and the willingness to pay premium prices for fine-quality gemstones remain healthy, with MRM crossing the milestone of an average selling price of USD 300 per carat at the June 2024 auction.

Revenues are still being challenged by the impact of ongoing inflationary pressures on costs. Although global commodity prices showed a slight decline in late 2023, they have been on an upward trend in the first half of 2024 due to concerns about high interest rates and persistent geopolitical tensions worldwide, contributing to higher costs. Management is actively reviewing costs across the Group in an effort to contain expenses without adversely affecting production. Despite these challenges, we maintain confidence in our business model and our capacity to address obstacles as they emerge.

REVENUE

IN THOUSANDS OF USD	SIX MONTHS ENDED 30 JUNE 2024	SIX MONTHS ENDED 30 JUNE 2023
Kagem	51,933	64,594
MRM	68,652	80,414
Fabergé	6,556	8,383
Other	822	228
Total	127,963	153,619

Auction revenue accounts for 94% of total Group revenue. Kagem's commercial-quality rough emerald auction in March 2024 generated USD 17.1 million. This was followed by a higher-quality rough emerald auction in May 2024, generating a further USD 34.9 million. MRM's mixed-quality rough ruby auction held in June 2024 generated USD 68.7 million.

Gemfields' auction processes were fully monitored by the Ministry of Mines and Minerals Development of Zambia and the Zambia Revenue Authority for the emerald auctions, and by the Ministry of Mineral Resources and Energy and the Mozambique Tax Authority for the ruby auctions, as in previous years.

Fabergé generated revenues of USD 6.6 million in the period, 22% below the USD 8.4 million achieved in the same period of the prior year, due to a softer luxury market, the closure of the boutique in Harrods and the one-off sale of legacy jewellery in 2023.

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



COSTS

Total costs for the six months ended 30 June 2024 was higher than the same period of the prior year as geopolitical tensions and inflation continue to exert a significant impact on the world economy. The two primary mining related costs, labour and fuel, saw increases with fuel experiencing an increase of more than 10%. While the global inflationary environment shows signs of stabilisation, costs remain elevated.

IN THOUSANDS OF USD	SIX MONTHS ENDED 30 JUNE 2024	SIX MONTHS ENDED 30 JUNE 2023
Mining and production costs	(52,037)	(45,651)
Mineral royalties and production taxes	(10,113)	(12,237)
Change in inventory and cost of goods sold	5,802	(2,730)
Mining and production costs capitalised to intangible assets	6,500	3,046
Selling, general and administrative costs	(28,816)	(23,540)
Total	(78,664)	(81,112)

Mining and production costs (excluding mineral royalties, production taxes, depreciation and amortisation, inventory write-downs) for the Group increased to USD 52.0 million (2023: USD 45.7 million) mainly due to an increase in fuel costs as a result of increase in total rock handling at Kagem and an increase in cost per litre of diesel at MRM, as well as an increase in head count at MRM. Mineral royalties and production taxes, which are calculated as 6% and 10% of emerald and ruby auction revenues respectively, were USD 3.2 million for Kagem (2023: USD 4.0 million) and USD 6.9 million for MRM (2023: USD 8.2 million). The change in inventory and cost of goods sold for the period was a credit of USD 5.8 million compared to an expense of USD 2.7 million for the prior year, representing mining and production costs that are capitalised to inventory offset by cost of goods sold.

Mining and production costs capitalised to intangible assets in relation to the Group's development projects were USD 6.5 million for the period, as opposed to USD 3.0 million capitalised in the same period of 2023, due to an increase in activities.

Left: Responsibly mined rough rubies, Montpez Ruby Mining, Mozambique

Finance Review continued

COSTS CONTINUED

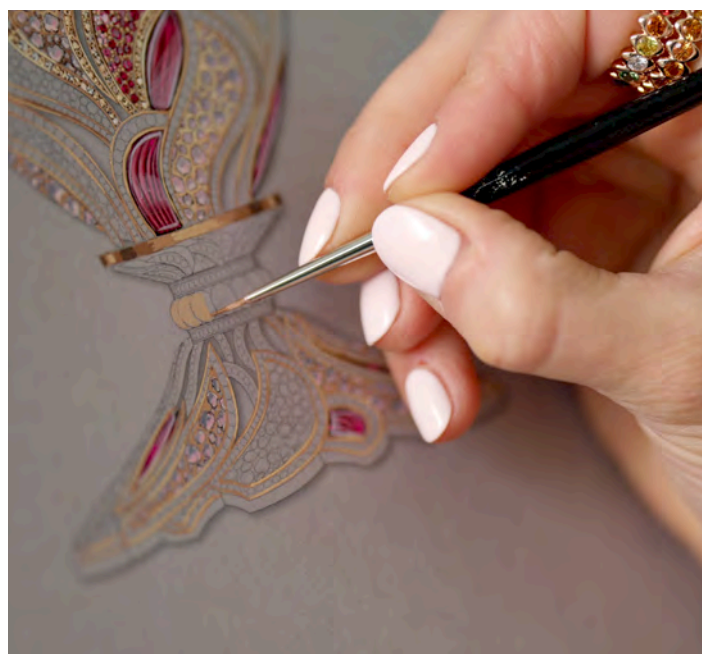
Selling, general and administrative expenses (“SG&A”), excluding share-based payments, depreciation and amortisation, impairments and other asset write-downs, increased by USD 5.3 million during the period, reaching USD 28.8 million (2023: USD 23.5 million), mainly comprising marketing and advertising expenditure, legal costs, professional fees and travel costs across the Group. The increase is mainly attributable to the timing of marketing and advertising projects that majorly took place in the second half of 2023 and first half of 2024, as well as the new management fee paid to the Group’s partner in Mozambique.

EBITDA/EBITDA MARGIN

EBITDA for the Group decreased by 32% to USD 49.6 million (2023: USD 73.0 million), primarily due to the elevated costs and reduced revenues. This resulted in an EBITDA margin drop from 48% to 39%. Kagem and MRM have EBITDA margins of 42% and 40% respectively with Fabergé at -10%.

DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the six months ended 30 June 2024 was USD 19.1 million (2023: USD 21.7 million). It is anticipated that the depreciation charge will rise once the second processing plant at MRM becomes operational in the second half of 2025.



FAIR VALUE GAINS AND LOSSES

Fair value gains and losses arise on the Group’s unlisted equity investment relating to its stake of 6.54% in Sedibelo Resources Limited (previously Sedibelo Platinum Mines Limited) (“Sedibelo” or “SPM”), a producer of platinum group metals (“PGMs”) with interests in the Bushveld Complex in South Africa.

For the six months ended 30 June 2024, due to absence of positive developments at Sedibelo’s operations, the Directors deemed it appropriate to reduce the fair value of Sedibelo to nil. As a result, an unrealised fair value loss of USD 4.0 million was recognised (2023: USD 13.3 million).

PROFIT FROM OPERATIONS

Profit from operations for six months ended 30 June 2024 was USD 26.5 million (2023: USD 36.5 million). Profit from operations at Kagem and MRM were USD 12.1 million (2023: USD 11.8 million) and USD 20.6 million (2023: USD 38.0 million) respectively, with Fabergé showing a loss of USD 0.9 million (2023: USD 2.0 million loss).

FINANCE INCOME AND COSTS

Net finance costs for the period were USD 2.4 million, compared to USD 0.1 million in 2023. Finance costs mainly comprised USD 2.2 million interest on bank loans and borrowings at Kagem and MRM (2023: USD 0.9 million) and other finance costs, including bank charges and interest from lease liabilities, of USD 0.7 million (2023: USD 0.6 million). The finance costs are offset by interest earned on positive cash balance and interest income from a related-party loan provided by MRM.

TAXATION

IN THOUSANDS OF USD, UNLESS OTHERWISE STATED	SIX MONTHS ENDED 30 JUNE 2024	SIX MONTHS ENDED 30 JUNE 2023
Profit before taxation	24,096	36,350
Income tax charge	(10,437)	(18,214)
Effective tax rate %	43.3%	50.1%
Cash tax paid	5,940	30,847

The Group calculated the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

Left: Fabergé x Gemfields Malaika Egg featuring Gemfields Mozambican rubies

The tax charge of USD 10.4 million (2023: USD 18.2 million) represents an effective tax rate of 43.3% (2023: 50.1%). The Group's effective tax rate is higher than the UK statutory rate because of the impact of (a) the different tax rates applied in overseas jurisdictions, (b) non-deductible expenses, and (c) tax losses not recognised as deferred tax assets.

Tax paid is primarily driven by MRM at USD 6.0 million during 2024, partially offset by a minor refund at Corporate. The decrease in cash tax paid from USD 30.8 million to USD 5.9 million was driven by the higher payments in the prior year due to advance tax payments on the back of the strong 2022 results of Kagem and MRM, as well as the settlement of the final 2022 tax liabilities in these entities.

PROFIT AFTER TAXATION

The Group made a profit after tax of USD 13.7 million for the six months ended 30 June 2024, down by USD 4.4 million compared to same period of the prior year profit of USD 18.1 million, primarily due to a drop in sales.

EARNINGS PER SHARE

Basic earnings per share for the six months ended was 0.6 USD cents, compared to earnings per share of 0.8 USD cents for the same period of 2023. The weighted average number of shares in issue was 1,166,695,130 in first half of 2024 (2023: 1,214,296,090).

Headline earnings per share is similar to earnings per share except that attributable profit specifically excludes certain items, as set out in Circular 1/2021 "Headline Earnings" issued by the South African Institute of Chartered Accountants. In first half 2024, headline earnings per share was 0.6 USD cents (2023: 0.8 USD cents).

Adjusted earnings per share (AEPS), as defined as headline earnings per share adjusted for the unrealised fair value losses from Sedibelo, was 1.0 USD cents (2023: 1.9 USD cents).

CASH FLOWS

For the six months ended 30 June 2024, the Group utilised USD 0.3 million in operating activities, paid USD 5.9 million of tax, spent USD 35.9 million on investing activities, generated USD 13.0 million through financing activities, driven by the USD 26.2 million net utilisation of borrowings and USD 10.0 million of dividends paid to shareholders of GGL. Free cash flow before working capital movements was USD 3.3 million in the period (2023: USD 25.2 million), and cash and cash equivalents sat at USD 22.3 million (31 December 2023: USD 51.6 million). As at 30 June 2024, net debt amounts to USD 44.4 million (31 December 2023: net cash of USD 11.1 million), excluding auction receivables of USD 65.5 million (31 December 2023: USD 38.5 million).

IN THOUSANDS OF USD	SIX MONTHS ENDED 30 JUNE 2024	SIX MONTHS ENDED 30 JUNE 2023
EBITDA	49,648	72,981
Change in inventory and COGS ¹	(5,802)	2,730
Costs capitalised to intangible assets ¹	(6,500)	(3,046)
Capital expenditure ²	(28,145)	(16,605)
Tax paid (excluding royalties)	(5,940)	(30,847)
Free cash flow before working capital movements	3,261	25,213
Working capital movements ¹	(43,676)	(21,425)
Free cash flow	(40,415)	3,788

¹ Change in inventory and cost of goods sold ("COGS") and costs capitalised to intangible assets are added back to EBITDA to calculate free cash flow before working capital movements, and subsequently included within working capital movements in the calculation of free cash flow.

² Excluding costs capitalised to intangibles assets which are shown separately.

Capital expenditure for the period increased to USD 34.6 million, including the USD 6.5 million costs capitalised to intangible assets for development assets. This amount consisted mainly of the advance payment of USD 12.3 million for the construction of the second processing plant at MRM ("PP2"), along with a further USD 9.8 million additions mainly on PP2, such as new equipment, security upgrades, service trucks, and camp accommodation. Kagem's USD 3.8 million was predominantly spent on wash plant enhancement, plant and machinery, and staff accommodation. At the development assets, the spend comprises machinery, camp and security equipment procurement at Nairobi, MML, ERM and CDJ.

Capital expenditure for 2024 will remain elevated as the Group progresses with the second processing plant at MRM. However, the wash plant enhancements at Kagem were completed by the end of the first half of the year. The addition of the second plant at MRM will triple the processing capacity from the existing 200 tonnes per hour ("tph") to 600 tonnes per hour, allowing MRM to process its sizeable stockpile, bring to market additional size and colour variations of rubies, and assess and expand into additional mining areas. The contract with Consulmet (Africa) Limited was agreed in South African Rands, equivalent to approximately USD 70 million. The initial 20% of this cost was paid in 2023, another 20% was paid during the first half of 2024, and 30% is expected to be paid in the second half of 2024, based on specified milestones.

Finance Review continued

CASH FLOWS CONTINUED

Total cash utilised in investing activities was USD 35.9 million (2023: USD 25.3 million), split mainly between USD 34.6 million spent on capital goods as explained above (2023: USD 19.7 million) and USD 1.4 million of cash advances made to Mwiriti, the Group's partner in Mozambique, which will be offset by management fees payable to Mwiriti on future auctions from MRM (2023: USD 6.9 million). A dividend was declared by MRM during the year, of which USD 8.1 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.

The Group's financing activities saw an inflow of USD 13.0 million (2023: outflow of USD 26.2 million), mainly driven by the USD 26.2 million net utilisation of borrowings and USD 10.0 million of dividends paid to shareholders of the Parent Company. During the first half of 2024, Kagem paid off the revolving credit facility of USD 7.3 million with ABSA Zambia that was outstanding as at 31 December 2023. In February 2023, Kagem entered into a USD 15.0 million overdraft facility with FNB Zambia Ltd, which was increased by USD 6.0 million in first half of 2024 with first drawdown in May 2024. As at 30 June 2024, the outstanding balance under this facility was USD 21.0 million. As at 30 June 2024, MRM had USD 30.6 million (31 December 2023: USD 9.1 million) outstanding balance on its overdraft facilities with BCI. MRM was granted a temporary limit increase on its existing USD 20.0 million overdraft facility in first half of 2024 due to extended internal processing times by BCI and a USD shortage in the country, which delayed utilisation of the secured PP2 term loan. Furthermore, as at 30 June 2024, MRM had USD 15.1 million outstanding balance of its ABSA overdraft facility. Two term loans from BCI and ABSA have also been secured to finance PP2.

FINANCIAL POSITION

The Group's balance sheet is summarised below:

ASSETS

IN THOUSANDS OF USD	30 JUNE 2024	31 DECEMBER 2023
Property, plant and equipment	368,623	356,589
Intangible assets	72,969	65,967
Unlisted equity investment	–	4,000
Deferred tax assets	4,920	6,064
Other non-current assets	22,400	23,653
Total non-current assets	468,912	456,273
Inventory	121,683	109,657
Cash and cash equivalents	22,297	51,621
Trade and other receivables	106,744	78,967
Current tax receivable	–	1,373
Total current assets	250,724	241,618
Total assets	719,636	697,891

As at 30 June 2024, the Group's non-current assets mainly comprise property, plant and equipment ("PPE") of USD 368.6 million (31 December 2023: USD 356.6 million), intangible assets of USD 73.0 million (31 December 2023: USD 66.0 million), deferred tax assets of USD 4.9 million (31 December 2023: USD 6.1 million) and other non-current assets of USD 22.4 million (31 December 2023: USD 23.7 million). Other non-current assets primarily consist of long-term VAT receivables of USD 16.8 million (31 December 2023: USD 18.1 million), related-party receivables of USD 3.0 million from Mwiriti (31 December 2023: USD 3.0 million), the Group's other investment of USD 2.0 million (31 December 2023: USD 2.0 million) and the remainder mainly comprising deposits paid.

PPE predominantly relates to the mining assets (evaluated mining properties and deferred stripping costs) of USD 255.4 million (31 December 2023: USD 262.4 million), primarily reflecting the recognition of the fair values of Kagem and MRM at the date that GGL acquired Gemfields Limited in July 2017. These assets are amortised on the unit-of-production basis over the life of the mine. Intangible assets of USD 73.0 million mainly consist of USD 28.5 million (31 December 2023: USD 28.5 million) representing the Fabergé trademarks and brand, and USD 44.0 million (31 December 2023: USD 37.0 million) related to unevaluated mining assets across the Group.

The Group's current assets mainly comprise inventory of USD 121.7 million (31 December 2023: USD 109.7 million), trade and other receivables of USD 106.7 million (31 December 2023: USD 79.0 million) and cash and cash equivalents of USD 22.3 million (31 December 2023: USD 51.6 million). USD 65.5 million of trade and other receivables arose from auction receivables (31 December 2023: USD 38.5 million).

As at 30 June 2024, the outstanding auction receivables of USD 65.5 million primarily consist of USD 53.4 million from the mixed-quality rough ruby auction held in June 2024 and USD 12.1 million from the high-quality rough emerald auction held in May 2024. As at the issuance date of this report, all outstanding auction receivables had been collected.

Inventory increased by USD 12.0 million, from USD 109.7 million to USD 121.7 million. This increase was primarily due to a rise in rough emeralds at Kagem, driven by higher production and associated costs, as well as an increase in mining-related spares.

IN THOUSANDS OF USD	30 JUNE 2024	31 DECEMBER 2023
Rough inventory – emeralds and beryl	45,824	38,832
Rough inventory – rubies and corundum	29,757	28,190
Fabergé inventory	26,813	26,181
Cut and polished gemstones	3,397	3,504
Spares and consumables	15,892	12,950
Total inventory	121,683	109,657

Trade and other receivables, excluding the auction receivables of USD 65.5 million, primarily consist of USD 5.5 million of non-auction trade receivables (31 December 2023: USD 5.5 million), USD 18.9 million of short-term VAT receivables (31 December 2023: USD 14.3 million) predominantly from MRM and Kagem, related-party receivables of USD 1.3 million (31 December 2023: USD 8.1 million) held with Mwiriti, USD 11.0 million of prepayments (31 December 2023: USD 8.4 million) and remainder mainly comprising deposits paid. Total short-term and long-term VAT receivables of USD 35.7 million (31 December 2023: USD 32.4 million) is mainly the consequence of delayed processing and repayment of claims by the relevant overseas tax authorities.

LIABILITIES

IN THOUSANDS OF USD	30 JUNE 2024	31 DECEMBER 2023
Deferred tax liability	67,066	70,877
Non-current lease liabilities	4,707	755
Provisions	3,616	3,442
Other non-current payables	6,500	8,034
Total non-current liabilities	81,889	83,108
Trade and other payables	46,172	47,930
Current tax payable	3,840	–
Current borrowings	66,692	40,474
Current lease liabilities	477	415
Provisions	1,804	2,471
Total current liabilities	118,985	91,290
Total liabilities	200,874	174,398

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

Trade and other payables had decreased by USD 1.7 million to USD 46.2 million as at 30 June 2024, mainly attributable to the decrease in accruals comparing to the year end.

The current tax payable is USD 3.8 million (2023: USD NIL million). The Group calculates the period income tax expense and tax payable using the tax rate that would be applicable to the expected total annual earnings.

Total provisions of USD 5.4 million (31 December 2023: USD 5.9 million) predominantly include USD 2.9 million (31 December 2023: USD 2.7 million) of environmental provisions for the rehabilitation and restoration of mined areas at Kagem and MRM, USD 1.0 million (31 December 2023: USD 1.2 million) of resettlement action plan provisions and USD 1.5 million (31 December 2023: USD 2.0 million) of other provisions for future legal claims and fees, including OGM scheme, and employee end-of-contract benefits.

Finance Review continued

BORROWINGS AND NET CASH

IN THOUSANDS OF USD	30 JUNE 2024	31 DECEMBER 2023
Cash and cash equivalents	22,297	51,621
Current borrowings	(66,692)	(40,474)
Net (debt)/cash	(44,395)	11,147

The decrease in net cash in the year mainly reflects the cash outflows from capital expenditure investment in the second processing plant at MRM, the dividend paid to GGL shareholders, and tax paid during 2024. At 30 June 2024, the Group held USD 66.7 million in borrowings, an increase of USD 26.2 million from 31 December 2023, due to the utilised borrowings explained in the “Cash Flows” section. MRM has secured two additional debt facilities to finance the construction of the second processing plant. Consequently, the Group’s borrowing is expected to increase for the second half of 2024.

GOING CONCERN

The 2024 Interim Condensed Consolidated Financial Statements have been prepared on the going concern basis. The Group’s base case model for the period to December 2025 shows that the Group has sufficient available funds to meet its liabilities, as and when they fall due. The Group’s ongoing viability is supported by the expectation of continued operations and absence of major disruptive factors through the going concern period despite the market challenges.

CAPITAL ALLOCATION PRIORITIES

The Group defines its capital allocation priorities as managing debt, organic and inorganic investments and capital returns, in no specific order and assessed on an ongoing basis.

DIVIDEND POLICY

As approved by the Board on 23 March 2023, Gemfields’ dividend policy aims to provide regular returns of capital when the business performance and market conditions allow, at the Board’s discretion and following assessment of Gemfields’ capital allocation priorities.

DIVIDEND AND CAPITAL ALLOCATION

Further to the Board’s declaration on 25 March 2024, a final dividend for the year ended 31 December 2023 of USD 10.0 million, being a gross dividend of 0.85712 USD cents per ordinary share, was paid to GGL shareholders on 24 June 2024.

SUMMARY AND OUTLOOK

Gemfields delivered reasonable auction results, based on robust pricing, in the first half of 2024. Costs have declined slightly compared to the second half of 2023 as cost reduction efforts continue. The auction schedule for the remainder of the year remains on track. Looking ahead, the Group is poised for significant growth with the PP2 project at MRM. This plant will take MRM’s ruby production to a level unseen before in the coloured gemstone industry. While the global economic outlook is stabilising, inflationary pressures and geopolitical risks persist. Gemfields will continue to prioritise cost management and operational efficiency.

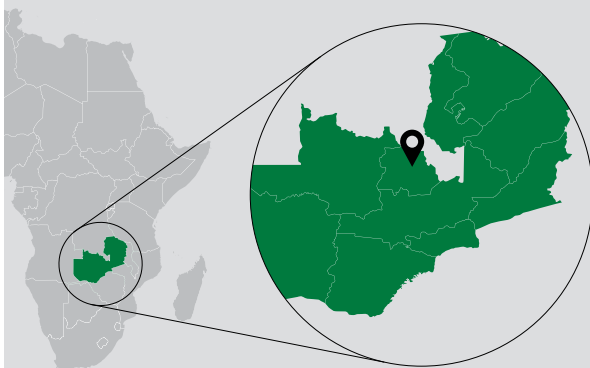
DAVID LOVETT
Chief Financial Officer

26 September 2024

Operations Review

KAGEM (ZAMBIA)

Location	Copperbelt Province, Zambia
Acquisition by Gemfields	June 2008
Ownership structure	75% Gemfields 25% Government of Zambia (through Industrial Development Corporation – IDC)
Gemstones	Emerald and beryl
Mining method	Deep open-pit
Potential mine life	22 years to 2045 ¹



¹ Absent of any future exploration or additions.

Kagem Mining Limited (“Kagem”), the world’s single largest producing emerald mining company, accounts for approximately 25% of global emerald production. Kagem holds an asset portfolio of nine mining and one exploration licences in Zambia, with the primary operating pits being Chama (strike length of over 2.3 kilometres), Chibolele (strike length of 550 metres) and Fibolele (strike length of 630 metres).

AUCTION REVENUES

In the first half of 2024, Kagem held one commercial-quality and one higher-quality auction generating a total of USD 52.0 million. In September, Kagem also held its second and final commercial-quality auction for the year, generating USD 10.8 million in revenue. A second higher-quality auction is planned for November 2024.

MARCH	MAY	SEPTEMBER
Commercial-quality USD 17.1 million	Higher-quality USD 34.9 million	Commercial-quality USD 10.8 million

The 49 auctions of Kagem gemstones held since July 2009 have generated USD 1,052 million in total revenue.

The auction lots were made available for in-person and private viewings by customers in Bangkok and Jaipur. Following the viewings, the auctions took place via an online auction platform specifically adapted for Gemfields, which permitted customers from multiple jurisdictions to participate in a sealed-bid process.

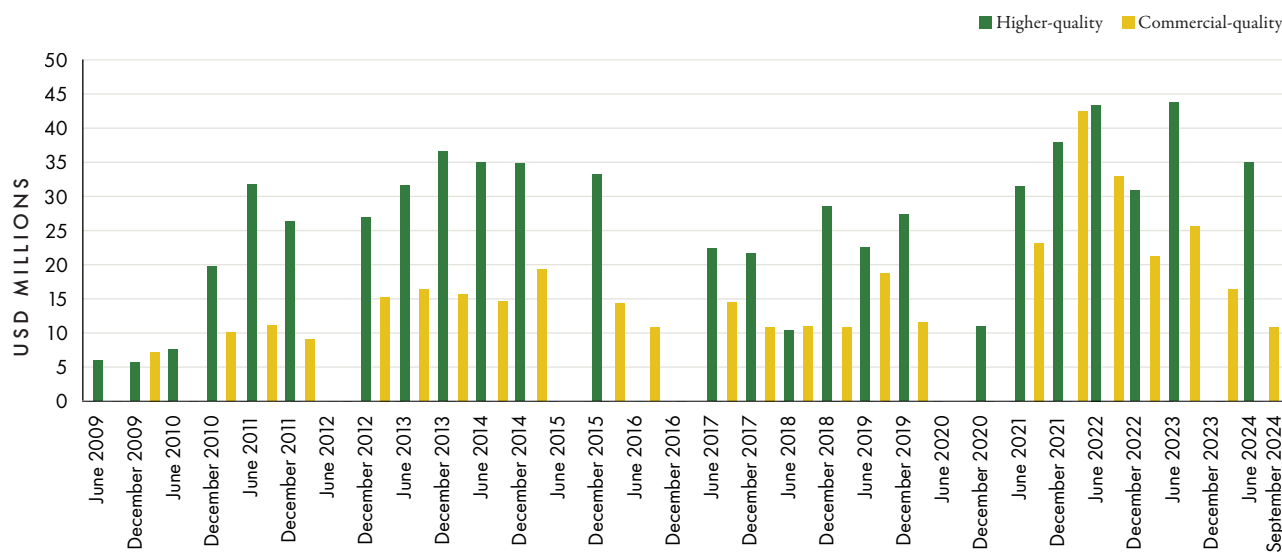
March 2024 – Commercial-quality auction

The first commercial-quality auction of the year held in Jaipur, India from 5 to 22 March 2024, saw 50 companies placing bids and generated revenues of USD 17.1 million, with an average realised price of USD 4.45 per carat.

This result demonstrated that the commercial-quality emerald market remains in good shape and prices achieved were broadly in line with the September 2023 commercial-quality auction, when accounting for the large quantity of lower-quality emeralds which would normally have been sold to small manufacturers in Jaipur via the Group’s “Direct Sales” channel. These lower-quality parcels accounted for 55% of the auction by weight, resulting in a lower overall dollar-per-carat figure realised when compared to other recent commercial-quality auctions.

Operations Review continued

ALL EMERALD AND BERYL AUCTIONS HELD BY KAGEM SINCE ACQUISITION



Out of 43 lots offered, 40 were sold (93%). The three unsold lots were not typical auction grades, being one large cluster of low-quality crystals and two lots of “Fines” comprised of small-size material.

May 2024 – Higher-quality auction

May’s higher-quality auction was held in Bangkok, Thailand from 13 to 30 May 2024 and generated revenues of USD 34.9 million, with an average realised price of USD 167.51 per carat.

The demand and willingness to pay premium prices for fine-quality Zambian emeralds showed the market remain at healthy levels. The overall price per carat for the lots sold echoes the record figure achieved in Kagem’s preceding high quality auction of May 2023, but was skewed as two of the unsold lots were among the lower qualities offered at the auction.

Out of 46 lots offered, 43 were sold (93%).

September 2024 – Commercial-quality auction

The second and final commercial-quality auction of the year, held in Jaipur, India from 27 August to 13 September 2024, saw 39 companies placing bids and generated revenues of USD 10.8 million, with an average realised price of USD 4.47 per carat.

This result was weaker than expected, exacerbated in part by a competing emerald producer scheduling their own auction to finish in early September 2024, in the middle of ours, and selling through their emeralds at what customers reported as low prices.

Gemfields remains committed to acting responsibly by withholding auction lots when fair market prices are not achieved, as is demonstrated by the lots we withdrew from our auction which comprised both considerable volume and value.

Out of 46 lots offered, 28 were sold (61%).



MINING AND PRODUCTION SUMMARY

	6 MONTHS TO 30 JUNE 2024	6 MONTHS TO 30 JUNE 2023
Mining/Processing		
Total rock handling – <i>in thousand tonnes</i>	9,137	6,261
Waste mined – <i>in thousand tonnes</i>	8,954	6,139
Ore production (reaction zone) – <i>in thousand tonnes</i>	183.3	122.4
Stripping ratio	42	37
Gemstone production		
Premium emerald – <i>in thousand carats</i>	78,365	85,082
Emerald and beryl – <i>in carats</i>	19,577,784	17,446,904
Grade (emerald and beryl/ore processed) – <i>in carats/tonnes</i>	107	142

MINING

The mining operations at Kagem comprise of three principal deep open-cast pits. The largest and deepest, Chama, has historically produced the majority of Kagem's emeralds. Chibolele and Fibolele are considerable in size but less developed. Production at Fibolele restarted in early 2024, alongside continuation of production at Chama and Chibolele. To expose the emerald-bearing zones, blasting and waste removal occurs. The emerald-bearing zones are then checked through by hand to recover the largest and most valuable emeralds and transferred to the sorting house for sorting and grading. The remaining ore is then put through the processing plant to recover further gemstones.

Activity in H1 2024

Chama pit continues to be the main focus of Kagem's mining activities, with contact points F10 East and F10 Junction producing the most quantity and quality. A 35-metre pushback towards Junction began in January 2024 and is progressing well. Good quality production was recovered from Fwaya-Fwaya contact point for the first time in 2024 with increased confidence of promising further recoveries.

Chibolele pit is actively exposing emeralds from contact points M1, M2 and M3, producing a mix of high-quality and commercial-quality emeralds. A 50-metre pushback is commencing in a phased approach which will continue into 2025.

Operations Review continued

MINING CONTINUED

Activity in H1 2024 continued

Operations at the Fibolele pit recommenced in December 2023, primarily with preparatory work in the first few months of 2024, with emeralds beginning to be recovered.

Activity at the Kamakanga pit continues with more exploration drilling bulk sampling. Exploration activities began at Miku West and Arinus licence areas in June 2024.

Rock handling

In total, rock handling and ore mined both increased considerably in the first half of the year compared to the same period in 2023, by 46% and 50% respectively. The higher rock handling is attributed to improved blasting practices, resulting in less lost time by excavators, and the additional yellow-goods brought in, during the second half of 2023.

PROCESSING

Of total production during the period, 68% comes directly from the pit and 32% from run-of-mine material processed at the washing plant. Historically, this mix has been around a 40-60 split and was skewed in 2024 by the reduced rate of ore that could be processed during the wash plant upgrade project, completed in July 2024.

This reduced rate of processing and an almost complete pause of washing during June, limited the emerald recoveries during the first half of the year; however, this increased Kagem's considerable stockpile awaiting processing.

The completed wash plant upgrade project was targeted to improve processing capacity from 50 to 75 tonnes per hour, and has been operating at an increased rate since August.

Processing for the first six months of 2024 was 83.6 thousand tonnes at 38 tonnes per hour compared to 94.5 thousand tonnes at 50 tonnes per hour in the corresponding period last year.

From this, 5.5 million carats of total production (including emerald and beryl) were realised, which is lower than the 8.9 million carats realised in the same period in 2023 due to the reduced wash plant availability during the upgrade project.

GEMSTONE PRODUCTION

In 2024 to the end of June, Kagem achieved 19.6 million carats of production at a grade of 107, with 78.1 thousand carats of premium emerald produced. This compares with 17.4 million carats of production at a grade of 142 carats per tonne, with 85.1 thousand carats of premium emerald produced in January to June 2023.

Total gemstone production is up 12%, however this is lower than the 50% increase in ore production and was likely impacted by the restricted processing rate at the wash plant. Premium emerald production was down as low or medium priority ore had been mined with a higher concentration of beryl.

From the 19.6 million carats of production – Chama pit contributed 14.5 million carats, Chibolele pit 4.1 million carats and Fibolele 1.0 million carats.

OPERATING COSTS AND CAPITAL EXPENDITURE

Total cash operating costs include mining and production costs and selling, general and administrative expenses. Total operating costs include those costs and intercompany marketing, management and auction fees, depreciation and amortisation, and mineral royalty and production taxes.

Total cash operating costs for the first six months of the year were USD 28.3 million (first six months of 2023: USD 27.1 million), giving a unit cash rock handling cost of USD 3.10 per tonne (first six months of 2023: USD 4.33 per tonne).

The higher cash costs is as a direct result of increased fuel usage, with rock handling up 46%.

The total operating costs in the period were USD 47.6 million (first six months of 2023: USD 50.8 million).

Total cash capital expenditure was USD 3.8 million in the period, split into approximately 45% sustaining capex and 55% expansionary capex.

The heightened levels of capital expenditure seen in the second half of 2023 are not expected to reoccur in the second half of this year, and following the completion of the wash plant upgrade and new fleet purchased in the first half of 2024.

INFRASTRUCTURE

Infrastructure development continues to be focused on improving the living conditions of the employees on site. Kagem's project to build in excess of 150 new rooms to reduce living density and provide accommodation, for employees for the new night shift in the processing plant, is near complete.

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”) published in January 2020. The latest 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”) up to 2045. The resources and reserves are updated on an 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.

Gemfields Group Limited updated Kagem’s resource and reserve report as at 31 December 2023, which covered the Chama and Chibolele active pits.

PROTECTION SERVICES

The primary focus of the protection services during the period continues to be increased patrolling and surveillance within the licence area with an aim to reduce the incursions of illegal miners and theft cases.

HEALTH AND SAFETY

Kagem’s is commitment to safe and responsible mining goes beyond its organisational and legal obligation. It continues to champion a “Zero-Harm” culture – a culture free of injury and damage to the environment in its mining operations. This is extended to business partners (suppliers, contractors and visitors).

Kagem has had no Lost Time Injuries (“LTIs”) for over two-and-a-half years.

Malaria cases have increased in the first half of the year compared to previous years, perhaps in relation to increased rain in the period, with a focus on prevention and effective treatment to continue.

HUMAN RESOURCES

As at 30 June 2024, 1,306 people were employed by Kagem, of whom 1,108 were directly employed and 198 were employed as contractors.

CORPORATE RESPONSIBILITY

Kagem maintains positive relations with the region’s traditional leaders, District Authorities and communities through constant stakeholder engagements and a wide range of support programmes, ensuring the local population can access quality health and education services, while improving livelihoods by helping families increase their household incomes through agriculture cooperatives.

During the period, Kagem was honoured with an award from the Engineering Institution of Zambia for being the “most supportive company in the Northern Region”, in recognition for its work with the local community.

The foundation stone for Chapula Polytechnic Centre was laid by Honourable Felix C. Mutati, Minister of Technology and Science on 8 June 2024. This will be built with the support of Kagem contributing USD 2.5 million, which will provide young people from the local area with the necessary skills to support themselves professionally, and train up an able workforce in the region.

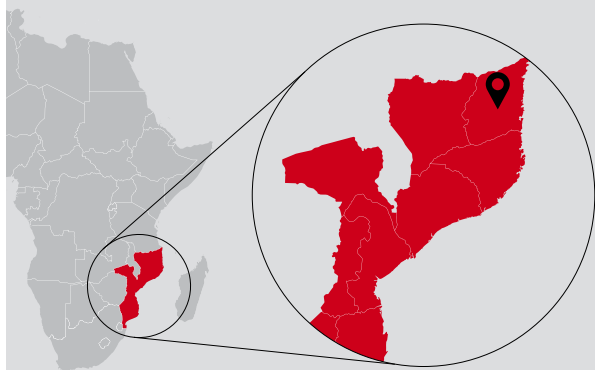
Operational Grievance Mechanism

Kagem established an Operational Grievance Mechanism (“OGM”) in 2022 as part of its ongoing commitment to engage with local communities. An independent monitor recently reported on the performance of the Kagem OGM and a copy of the report was posted on the Company’s website. The findings of the report were generally positive, and the team is following up on the various recommendations made.

Operations Review

MONTEPUEZ RUBY MINING LIMITADA ("MRM")
AND OTHER PROJECTS (MOZAMBIQUE)

Location	Cabo Delgado province, Mozambique
Inception by Gemfields	November 2011
Ownership structure	75% Gemfields 25% Mwiriti Limitada (local partner)
Gemstones	Ruby and corundum
Mining method	Shallow open-pit
Potential mine life	6 years to 2029 ¹



¹ Incorporates the second processing plant at MRM under construction, running at full capacity from the second half of 2025. Management is confident that through further exploration, the life-of-mine will be extended in future reports.

MRM is accessing the Montepuez ruby deposit, which is in north-east Mozambique within the Cabo Delgado province, with a licence that covers an area of 349 square kilometres. MRM is believed to be the most significant recently discovered ruby deposit in the world, supplying approximately 50% of the global supply of rubies.

AUCTION REVENUES

In the first half of 2024, MRM held one mixed-quality generating a total of USD 68.7 million. In September, MRM also held a small commercial-quality auction, generating USD 2.3 million in revenue. A second mixed-quality auction is planned for November/December 2024.

JUNE	SEPTEMBER
Mixed-quality USD 68.7 million	Commercial-quality USD 2.3 million

The 23 auctions of MRM rubies held since June 2014 have generated USD 1.12 billion in total revenue.

The auction lots were made available for in-person and private viewings by customers in Bangkok, Thailand. Following the viewings, the auctions took place via an online auction platform specifically adapted for Gemfields, which permitted customers from multiple jurisdictions to participate in a sealed-bid process.

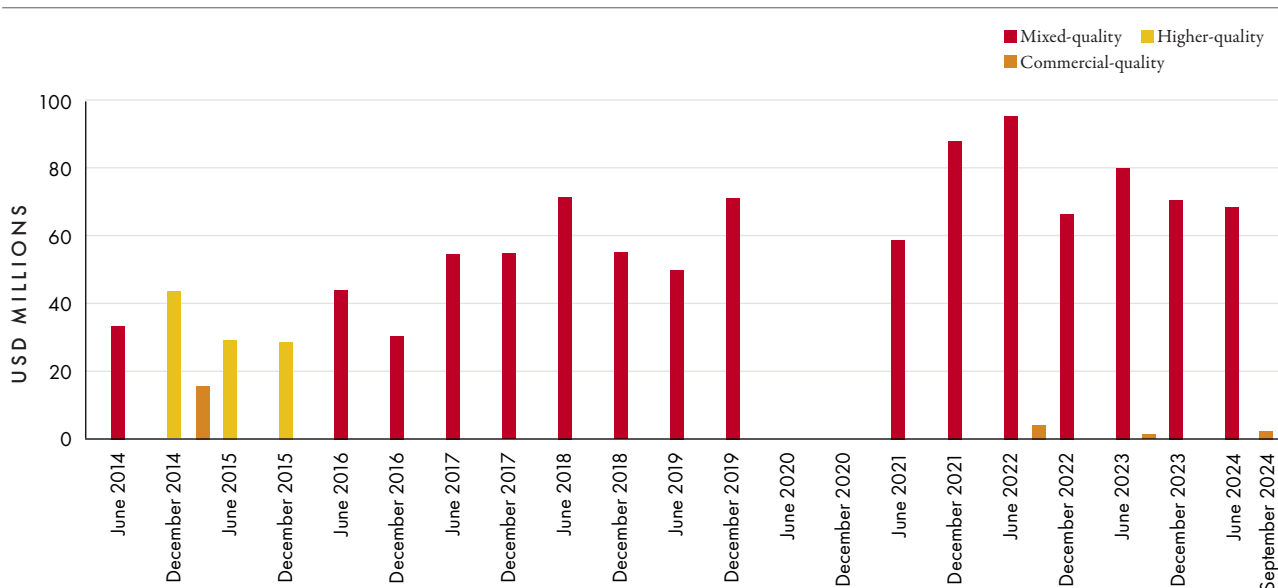
June 2024 – Mixed-quality auction

MRM's first mixed-quality auction of the year was held in Bangkok, Thailand from 3 to 18 June 2024. It generated auction revenues of USD 68.7 million, with an average realised price of USD 316.95 per carat.

This auction was another strong result demonstrating the confidence that Gemfields' loyal customers have in MRM's product offering and the Group's auction platform. Although auction results should not be directly compared, this auction saw the milestone of an average selling price of above USD 300 per carat for the first time.

Out of 97 lots offered, 94 were sold (97%). No "Low Ruby" was offered at this auction, as at December 2023's auction. This reduces the total carats offered, with that category of product instead sold at commercial-quality auctions going forward.

ALL RUBY AND CORUNDUM AUCTIONS HELD BY MRM SINCE INCORPORATION

**September 2024 – Commercial-quality auction**

Outside of the reporting period, MRM hosted a small auction of commercial and low-quality rubies in Bangkok, Thailand from 2 to 4 September 2024, generating auction revenues of USD 2.3 million. 100% of the 10 lots offered were sold with an average realised price of USD 0.41 per carat.

Despite the commercial nature of these goods, the auction saw strong attendance and robust demand. The significant volume of the lower-priced rough sold, will support the factories in the cutting centres of Chanthaburi, Thailand and Jaipur, India.

MINING AND PRODUCTION SUMMARY

	6 MONTHS TO 30 JUNE 2024	6 MONTHS TO 30 JUNE 2023
Mining/Processing		
Total rock handling – <i>in thousand tonnes</i>	3,493	3,391
Waste mined – <i>in thousand tonnes</i>	3,077	2,830
Ore production (primary and secondary) – <i>in thousand tonnes</i>	416	561
Ore processed (primary and secondary) – <i>in thousand tonnes</i>	535	504
Stripping ratio	6.7	4.7
Gemstone production		
Premium ruby – <i>in carats</i>	23,058	35,758
Ruby and corundum – <i>in million carats</i>	409,127	772,034
Grade (ruby and corundum/ore processed) – <i>in carats/tonnes</i>	0.8	1.5

Operations Review continued

MINING

The mining operations at MRM comprise of several shallow open-cast pits split between three main operating areas: the Mugloto Block, the Maninge Nice Block and the Glass Block. Since it is a shallow alluvial deposit, drilling and blasting are not required in the mining process. Mining is carried out as a mechanised open-pit operation utilising excavators, loaders, articulated dump trucks and associated ancillary equipment. Loaded trucks haul ore to stockpiles adjacent to the processing plant while the majority of waste is backfilled into mined-out areas, which are then revegetated, thereby returning the area to its natural aesthetic.

Activity in H1 2024

Mugloto Block is the main focus of MRM's mining efforts and produced 92% of the carats recovered in the period, in order to extract historically higher-quality ruby-bearing ore. The remaining carats (8%) came from a mix of Maninge Nice Block, Glass Block and other smaller pits.

Rock handling

In total, rock handling increased by 3% in the first half of the year compared to the same period in 2023, while waste mined increased by 9%. The increase of waste mined, beyond the increase in rock handling, resulted in a considerable reduction in the ore produced in the period, which was down 26%.

The 2023-2024 rainy season (November to April) was considerably more intense than in recent years with 1,114 millimetres of rainfall – up 20% on the previous rainy season, and over double the rainfall in the 2021-22 rainy season. This hindered the ability for MRM's mining machinery to work efficiently, and considerable additional work was required to take ruby-bearing ore out of the pits and access ore in MRM's considerable stock piles.

PROCESSING

In the first half of 2024, MRM processed more ore than it mined, as the original processing plant continued to work throughout the rainy season.

In February specifically, it processed three-and-a-half times the ore mined. The ratio returned to its historical trend in May and June, where MRM's processing constraint meant it was mining faster than it could process, and driving the rationale for the planned construction of the second processing plant.

MRM is estimated to have over one year's worth of mined ore ready for processing should there be capacity.

On average, the plant processed 89.2 thousand tonnes per month in the first half of 2024, compared to 83.9 thousand tonnes in the prior year.

MRM – Second processing plant

As previously announced, Gemfields entered into a lumpsum turnkey ("LSTK") contract with Consulmet (Africa) Limited ("Consulmet") to construct an additional processing plant at MRM's ruby mine in Mozambique. The contract was signed on 7 August 2023, with construction beginning shortly afterwards in September 2023.

The second processing plant will triple MRM's processing capacity from the existing 200 tonnes per hour to 600 tonnes per hour, allowing MRM to process its sizeable stockpile, bring to market additional size and colour variations of rubies and assess and expand into additional mining areas.

As at September 2024, considerable progress has been made and the project remains on budget and is on schedule to be completed by the end of the first half of 2025.

As with any project of this scale, there have been delays and challenges to address, such as the adverse weather conditions in early 2024 and difficulties in obtaining the work permits for the expatriate employees of the contractor. However, these delays are within the contingency for the previously stated completion timeframe.

The contract is a LSTK contract based on industry standard International Federation of Consulting Engineers ("FIDIC") terms, with MRM's payment obligations agreed in South African Rand, and equating to approximately USD 70.0 million (at foreign exchange rates at signing and excluding VAT and government levies).

20% of this capital cost was paid in 2023, with 20% paid in the first half of 2024 and 30% expected to be paid in the second half of the year. The remainder is due to be paid in 2025. In total, as at September 2024, 60% has been paid at a total cost of USD 40.7 million.

MRM has secured loan facility agreements with banks BCI and ABSA to provide USD 55 million for the construction of the second processing plant. A loan agreement with BCI for USD 30 million was signed in May 2024, with USD 25 million from ABSA in its final stages before signing. Delays in closing the agreement meant Gemfields had funded more of the second processing plant agreement than previously expected using existing cash resources. Some of the loan facility will therefore be used as working capital that would have been used by Gemfields' cash otherwise. This loan facility will increase Gemfields' net debt position and add an expected USD 5 million to the Group's financing cost for 2025.

To make the most of the increased processing rate, MRM expects an additional modest expansion of its mining fleet through 2025, with notable additional capacity being added in 2026. An order for new, heavy earthmoving equipment ("HEMM") was placed in March 2024 for delivery in January 2025.

New solar plant project

A solar plant project is being negotiated, alongside MRM's second processing plant construction, for a third party to construct and operate a 12.47 Megawatt peak ("MWp") solar power plant and 20 Megawatt hour ("MWh") battery energy storage system on site. On completion, MRM would purchase power from the project under a Power Purchase Agreement.

The project continues but is not expected to be completed by the commissioning of the second processing plant. A solar plant would be a cheaper source of electricity than diesel generators, reduce reliance on the often unreliable local grid power and potentially save nearly 200 thousand tonnes of its CO₂ from being emitted over a 15-year period.

GEMSTONE PRODUCTION

As previously described, MRM continues to be impacted by a constraint on processing. The focus remains on processing higher-quality ore to bring the best possible products to market.

In the first half of 2024, premium ruby production has been disappointing with 23,058 carats, down 36% when compared to same period last year (35,758 carats produced). The main driver of this is the erratic nature of MRM's deposit but was not helped by the lower production of new ore during the rainy season meaning potentially lower-quality ore was being processed.

The overall grade achieved in the period (total production divided by ore processed) of 0.8 is lower than last year's equivalent period grade of 1.5. It remains accurate that the shape of the ruby market is exponential, with a considerable amount of the value within a few percent of the best-quality and largest rubies, which isn't taken into account when assessing the grade metric.

OPERATING COSTS AND CAPITAL EXPENDITURE

Total cash operating costs include mining and production costs and selling, general and administrative expenses. Total operating costs include those costs and intercompany marketing, management and auction fees, depreciation and amortisation, and mineral royalty and production taxes.

Total cash operating costs for the first six months of the year were USD 27.0 million (first six months of 2023: USD 23.4 million), giving a unit cash rock handling cost of USD 7.72 per tonne (first six months of 2023: USD 6.91 per tonne).

The higher cash costs this year so far are due to MRM employing more people to assist the mining operations alongside higher salary costs and to a lesser extent the higher cost per litre of fuel while rock handling increased.

The total operating costs in the period were USD 49.7 million (first six months of 2023: USD 47.7 million).



Above: Responsibly mined rough ruby, Montepuez Ruby Mining, Mozambique

Operations Review continued

OPERATING COSTS AND CAPITAL EXPENDITURE CONTINUED

Total cash capital expenditure was USD 22.1 million in the period, with approximately 85% expansionary capex with the remaining sustaining capex. Approximately USD 14 million of the expansionary capex were two scheduled payments made up of USD 7 million each for the construction of the second processing plant.

As previously described under the section on the second processing plant, capital expenditure will remain heightened as the payments continue into the first half of 2025, and expansions in fleet in 2025 and 2026.

GEOLOGY AND EXPLORATION

The Montepuez ruby mine is supported by a JORC-compliant Resources and Reserves statement produced by SRK, published in January 2020. The CPR supports the reporting of Mineral Resource and Ore reserves estimates in accordance with the 2012 edition of JORC, which confirmed a 15-year open-pit life-of-mine (“LoM”) plan to year 2034 based on MRM’s mining and processing capacity at the time.

An internal Gemstone Resource and Reserve report is updated and published each year, accounting for an increase in exploration and completed mining. In Gemfields’ 2023 Annual Report, with the expected increase in processing capacity from the current 200 tonnes per hour (“tph”) to 600 tph by June 2025, the LoM plan has been reduced to six years to 2029.

Management is optimistic that extending the LoM will be achievable through further bulk sampling operations in explored areas. Following the completion of the second processing plant, there are plans to conduct a new third party resources and reserve report. The increased processing capacity available after construction of the second processing plant will be utilised to perform the bulk sampling required for the updated LoM assessment.

Currently, only approximately 10% of MRM’s land use rights (“DUAT”) licence area is included within MRM’s life-of-mine calculation, representing a significant opportunity for further exploration.

PROTECTION SERVICES

The illegal artisanal mining in and around MRM remains a considerable challenge in 2024. There is a direct connection between the rainy season and an increase of incursions onto MRM’s licence areas, as illegal miners look to use excess water to wash gravel to find rubies. Since the start of 2024, there has been an increase in the aggression used by some illegal miners towards security and police personnel.

MRM continues to work closely with Mozambican authorities to raise awareness among local communities of the dangers of artisanal mining, particularly during the rainy season when illegally dug pits are more likely to collapse.

The insurgency in Cabo Delgado province in northern Mozambique remains a concern, with an increase in activity seen during 2024 so far. There has been no direct impact on MRM, with the incidents occurring primarily in the northern part of the province.

The displacement and disruption on the people of Cabo Delgado remains considerable, with Gemfields and MRM tracking the developments closely in coordination with the state’s security agencies, third-party independent advisors and security experts, with the safety of our workforce our highest priority.

HEALTH AND SAFETY

Safety of the Group’s employees and contractors is the Group’s highest priority. In April 2024, a set of “Golden Rules” to abide by, were launched as part of MRM’s Zero-Harm Commitment.

MRM has had no Lost Time Injuries (“LTIs”) in the year to date, compared to four in the same period last year and three in the second half of 2023.

HUMAN RESOURCES

As at 30 June 2024, 1,651 people were employed by MRM, of whom 790 were directly employed and 861 were employed as contractors.

Nominated internal auditors received additional training in April run by an external service provider as part of MRM’s road map to ISO 9001, ISO 14001 and ISO 45001 (Quality, Environmental and Occupational Health and Safety Management Systems) certification.

CORPORATE RESPONSIBILITY

MRM’s corporate responsibility priority is to positively impact the lives and livelihoods of the local communities surrounding its concession. MRM focuses on community engagement and project activities that are long-lasting and are aligned with the policies of the Government of Mozambique.

The Vocational Training Centre in Namanhumbir continues to be supported by MRM with 96 young community members in the process of being trained in five vocational courses. Nine trainees passed a HEMM training scheme, with two trainees already employed at MRM through a contractor. 11 other trainees have commenced practical ADT training at MRM.

The construction of two Computer Labs at Wikhupuri village and at Nacaca village are being financed by MRM. This is in addition to the already functioning computer lab at Montepuez Secondary School, which is equipped with 20 computers.

MRM's mobile clinic restarted its operations in March this year and carried out 9,065 consultations in seven villages surrounding the concession.

Operational Grievance Mechanism

MRM established an Operational Grievance Mechanism ("OGM") in 2021 to allow the local communities to raise historic and ongoing grievances relating to MRM's operations. In acknowledgement that the OGM in its original form was not dealing with grievances in a sufficiently timely manner – the original version was ended in July 2023, and by May 2024 successfully closed all historic cases relating up to 31 December 2018.

A new "OGM 2.0" in respect of claims arising from alleged incidents occurring from 1 January 2019 onwards has been in place since September 2023 and is operating in a leaner and more efficient manner. This was a product of continuous learning from previous experience. The new model follows the United Nations Guiding Principles on Business and Human Rights ("UNGPs") and the performance of OGM 2.0 will continue to be assessed periodically by an independent monitor. The latest report of the independent monitor is expected to be published imminently.



Above: Part of the construction for MRM's second processing plant, as seen in early September 2024

Operations Review continued

MEGARUMA MINING LIMITADA ("MML")

MML is a venture between Gemfields, which owns 75% of the company, and EME Investments SA, Mozambique, which holds the other 25%. MML ruby-mining licence 7057C is located in the Montepuez District of Mozambique, sharing a boundary with the existing MRM licence and covering approximately 155 square kilometres.

MML's exploration continued in the first half of 2024. In January, a pit in Namahaca was inundated with muddied water coming in from a neighbouring operations, following heavy rains on 14 January 2024. The pit required dewatering and desilting before allowing further operations. The heavy rain across the rainy season caused further exploration challenges due to the overly soft ground that MML was primarily working in.

MML's application for environmental licence category "A" made on 9 May 2023 and Environmental Management Plan ("EMP") report submitted to authorities dated 8 August 2023, are still awaiting approval.

As of July 2024, the majority of operations at MML, including bulk sampling and processing, was paused to optimise the use of capital across Gemfields' businesses, while exploration by manual pitting will continue.

The employees, equipment and processing plant involved will be appropriately redeployed in the other Group companies where possible.

NOVO MEGARUMA MINING LIMITADA ("NMML")

NMML is a venture between Gemfields, which owns 75% of the company, and EME Investments SA, Mozambique, which holds the other 25%. NMML ruby-mining licence 7049C is located in the Montepuez district, sharing a northern boundary with the existing MRM licence and covering approximately 190 square kilometres.

A DUAT (land rights) application for license 7049C was made on 20 December 2023 which is currently under process. First stages of public consultation have been completed and the demarcation of boundaries is in process.

A 15-day ground geological survey was carried out on the licence in April 2024, covering most of the prospective area. Interpretation of the data is in process and is being used for planning further exploration.

Auger drilling is ongoing, using a rig from CDJ, following a leasing agreement between CDJ and NMML that was signed on 1 July 2024.

MML - MINING AND PRODUCTION SUMMARY

	6 MONTHS TO 30 JUNE 2024	6 MONTHS TO 30 JUNE 2023
Mining/Processing		
Total rock handling – <i>in thousand tonnes</i>	258.7	167.7
Waste mined – <i>in thousand tonnes</i>	139.6	130.7
Ore mined (secondary) – <i>in thousand tonnes</i>	26.3	12.4
Ore processed (primary and secondary) – <i>in thousand tonnes</i>	17.1	14.6
Stripping ratio	8.1	10.6
Gemstone production		
Ruby and corundum – <i>in thousand carats</i>	6.1	13.0



EASTERN RUBY MINING LIMITADA ("ERM")

ERM is a venture between Gemfields, which owns 80% of the company, and Taibo Mucobora, who holds the other 20%. ERM's mining licence 8277C is valid for 18 more years and covers an area of approximately 116 square kilometres, sharing a western boundary with NMML's licence.

Considerable progress has been made at ERM to establish a well-developed camp to support the operations. A modular camp for the management team and employees, a security camp, a policy camp, a workshop, a plant area, and office space have now been prepared.

Bulk sampling for ore extraction has now commenced at ERM, as auger drilling and trenching continues. Basic geotechnical studies have commenced to consider moving MML's 100 tonnes per hour processing plant to ERM. Illegal mining continues to be a significant challenge at ERM. In response, a full-time drone team was established in July to support the regular patrols and help reduce the illegal activity.



CAMPOS DE JOIA LIMITADA ("CDJ")

CDJ is a Gemfields holding company, entirely owned by it and registered in Mozambique. Mining title 7427C is held by this holding company and is located 10 kilometres to the north-west of MRM. Three other registered companies, Novo Campos De Joia Lda 1 ("NCDJ1"), Novo Campos De Joia Lda 2 ("NCDJ2") and Novo Campos De Joia Lda 3 ("NCDJ3"), hold contiguous exploration licences 6114L, 9059L and 9060L respectively, located immediately south of the NMML concession. In total, these four licences cover an area of 456 square kilometres.

CDJ is being developed as an exploration company capable of providing exploration services to other Group companies in the region on a contractual basis, with a registration licence received valid until October 2027, to carry out exploration activities in ERM's 8277C licence area.

CDJ will be redeploying the equipment from MML to other Group companies in the region.

Novo Campos de Joia Lda 1, 2 and 3, which hold exploration licences 6114L, 9059L and 9060L, has a valid EIA/EMP category "B" environmental licence until July 2027, allowing for exploration activities. Ground geological surveys were carried out on the licence in January 2024 with interpretation of the data ongoing.

The renewal of the prospecting licences that were due to expire in March and April 2024 is ongoing.

Aerial Surveillance Teams (drones) from all Gemfields entities in Mozambique have been centralised under CDJ, and then deployed to the different Gemfields entities in Mozambique (MRM, MML, ERM, and Nairoto) based on their needs. This will allow the standards and resources to be shared and improve their quality of services.

Left: Responsibly mined rough rubies, Montepuez Ruby Mining, Mozambique

Above: Ruby wash plant, Montepuez Ruby Mining, Mozambique

Operations Review

FABERGÉ LIMITED



Fabergé is one of the world's most renowned names in luxury, 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, and boosts the international presence and perception of coloured gemstones through its consumer-focused marketing campaigns.

POINTS OF SALE

In 2024, Fabergé has agreed to open two new own-operated retail locations, a boutique in the Piccadilly Arcade, St James's, London, UK, and a store in the Saadiyat Grove Mall, being built in Abu Dhabi's museum district, UAE, after exiting the concession in Harrods, London. The Piccadilly Arcade boutique is due to open in November 2024 and the store in Abu Dhabi is due to open in September 2025.

Fabergé continues to operate a mono-brand boutique located in the world-famous Dubai Mall, Dubai, UAE, and the Group's first mono-brand boutique in China, at the MGM Resort in Cotai, Macau.

Fabergé products were also available in 44 countries through its network of retail partners. In addition Fabergé products are listed for purchase online via Faberge.com, Net-A-Porter, Saks.com, Farfetch and a host of other third-party online marketplaces.

The total number of Fabergé points of sale increased from 145 to 151 during the period.

Left: Gemfields x MonoC virtual influencer campaign, featuring Fabergé ruby jewellery

FINANCIAL PERFORMANCE

Fabergé achieved revenues of USD6.6 million in the first six months of 2024, when compared with USD8.4 million in the corresponding prior period. Last year's period included the one-off sale of ageing inventory. Excluding this from last year, revenues would be up by USD 0.7 million this half. Operating expenses were USD4.5 million, (H1 2023: USD4.8 million).

Fabergé has recorded negative EBITDA of USD 0.7 million for the first six months of the year, which was lower than a loss of USD1.8 million in the same period in the prior year.

No cash draw from Gemfields has been required by Fabergé since December 2022, as the business continues its ambition to operate financially independently. Management acknowledge that Fabergé is currently loss-making with efforts ongoing to bring the business to profitability.

It is clear that the market for luxury goods and jewellery remains softer amid the ongoing macroeconomic challenges and global geopolitical uncertainty, which adds an additional challenge to the business.

PRODUCT DEVELOPMENT

In July 2024, in celebration of 'ruby month', Fabergé launched the Malaika egg objet, which is a celebration of Gemfields Mozambican rubies and features a 5ct Gemfields Mozambican ruby centrepiece. This one-of-a-kind egg objet sold in August 2024.

In August 2024, the Fabergé x *Beetlejuice Beetlejuice* collection launched, designed in partnership with Tim Burton and Colleen Atwood to celebrate the release of the new film, featuring Gemfields emeralds and rubies. Fabergé participated in a *Beetlejuice Beetlejuice* takeover on Saks.com from 20 August. The premiere of the film took place in London on 29 August with and Jenna Ortega (star of the film) and Colleen Atwood (costume designer) wearing the collection to the red carpet event.

The Fabergé x 007 partnership continues to expand, with a new capsule due to launch in Q4 2024, following the success of the Fabergé x 007 Octopussy collection which launched for Easter 2024.

In September 2024, Fabergé launched the Colours of Love Eggsistence watch collection. These new creations feature a specially developed egg-shaped dial, with five of the eight editions set with colourful sapphires. The Colours of Love Eggsistence Rose Gold Rainbow Gemstone Watch has been shortlisted for Le Grand Prix d'Horlogerie de Genève ("GPHG") in the Ladies' category.

MARKETING AND COMMUNICATIONS

During the period, Fabergé saw a number of celebrity dressing opportunities, showcasing Fabergé and coloured gemstones on the red carpet at major events. Celebrities who have worn Fabergé so far in 2024 include Jenna Ortega, Shania Twain, Kamala Harris, Tyla, Ayra Starr, Munroe Bergdorf, Karrueche Chan, Hannah Waddingham, Seeta Patel, Becky Hill, Avantika, Marrison Areola Vallette, Katie Piper, Kathryn Drysdale, Richard Whitehead, Heather McMahon, Misty Copeland, Jasmine Sanders, Utkarsh Ambudkar, Nathaniel Curtis, Kimberly Garner, AnnaSophia and Rakie Ayola. Fabergé has also introduced Marrison Areola Vallette as a brand ambassador.

US Vice President and current Presidential Candidate, Kamala Harris, wore Fabergé's 'Emotion White Gold Diamond Egg Drop' Earrings' and 'Emotion White Gold Blue Sapphire Petite Ring' during the White House Correspondents' Association dinner in Washington DC, US, on Saturday 27 April 2024.

In May 2024, Fabergé hosted its annual wholesale conference in London; spread over two days, at The Londoner Hotel in London, UK. The Fabergé team welcomed over 31 retailers and 54 guests from wholesale accounts across the globe, where current collections were showcased, bespoke egg objets were on display and Gemfields' CEO, Sean Gilbertson, Fabergé expert, Archduke Dr Géza von Habsburg and Richa Goyal Sikri, author of new book with stories of gemstones in Africa, hosted masterclasses on Fabergé, emeralds and rubies. A gala dinner was hosted at Westminster Abbey.

Olivia Henson and Hugh Grosvenor, the Duke of Westminster, tied the knot at Chester Cathedral on Friday 7 June. Olivia wore the Fabergé Myrtle Leaf Tiara at the occasion. Fabergé was commissioned to produce this tiara in 1906 for the wedding of Lord Hugh Grosvenor and Lady Mabel Crichton. This diamond set tiara is comprised of two sprays of myrtle leaves and berries, with engraved red gold stalks.

In June 2024, Sarah Fabergé hosted a Fabergé Spotlight Voyage onboard Regent Seven Seas Grandeur – the ship which houses the Fabergé x Regent Journey in Jewels egg objet.

In August 2024, Fabergé launched a new website, having re-platformed to Shopify. The new site focuses on improving user experience and showcasing Fabergé designs, craftsmanship and colour in an engaging and luxurious way.

Operations Review

DEVELOPMENT ASSETS

MADAGASCAR

Oriental Mining SARL, a 100% subsidiary of Gemfields, holds a number of concessions for a range of minerals, including emerald and sapphire.

Gemfields has continued its preparations to increase its presence in Madagascar. However progress has been frustrated due to several bureaucratic obstacles which the Company hopes to resolve in the next couple of months.

A team has visited the country several times and is preparing to set up a full-time presence and will begin assessing a number of options for small prospective acquisition targets and exploration opportunities, including preparations to initiate technical due diligence on a promising prospect.

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.

Gemfields has received confirmation from the Federal Ministry of Mines in Ethiopia of notifying WGM that it has reversed its decision to terminate its exploration licence in southern Oromia, and has renewed it in July for five months. The Company is preparing to carry out some limited stakeholder engagement and minor regeneration works around the licence area with a view to renewing the licence again for 2025.

Gemfields has no immediate ambitions to materially return to the region due to an ongoing lack of security assurances but will continue to reassess the Group’s options.



Above: Kagem emerald mine, Zambia

NAIROTO RESOURCES LIMITADA (“NRL”)

Nairoto is a joint venture between Gemfields Ltd (75%) and Mwiriti Lda (25%), the Group’s existing partner in MRM. The company became fully functional in January 2020. NRL is the beneficial owner of all 12 licences located about 30 kilometres to the north of the MRM concession, covering an area of 1,958 square kilometres. The licences hold exploration potential for gold (both primary and secondary), ruby and allied minerals.

Since becoming fully functional in 2020, NRL has focused on evaluation of potential primary and secondary sources of gold (“Au”) as identified by SRK Exploration Services Ltd (“SRK ES”) across the licence areas.

A Maiden Inferred Mineral Resource Estimate for Target Area 5 (“TL5”) and an Independent Technical Report (“ITR”) on the 2022/2023 Exploration Programme at the gold exploration project were released in June 2024. The analysis was conducted by SRK Exploration Limited (“SRK EX”) with the Inferred Mineral Estimate declared in line with the JORC Code (2012).

The full ITR is available online at: <http://www.gemfieldsgroup.com/assets/cprs-mineral-resources-and-mineral-reserves/>.

Maiden Inferred Mineral Resource Estimate results (TL5 Prospect Area)

- 1.58 million tonnes of mineralised rock with a gold grade of 2.02 gram per tonne (“g/t”) based on a “Low Scenario” basis, resulting in 103 thousand ounces (“koz”) of gold, lying within 80 metres of the surface.
- The Mineral Resource is primary mineralisation, and not part of the soil horizon, and requires professional mining and metallurgical processing rather than an artisanal or “dig and pan” approach for the recovery of gold.
- Inferred Mineral Estimate relates only to the TL5 Prospect Area, covering less than 0.1 square kilometres of the full 1,957 square kilometre licence area.
- Results are based on 20 Reverse Circulation (“RC”) drillholes totalling 1,464 metres.

	MINERALISED ROCK (M TONNES)	AU (G/T)	AU (KOZ)
Fresh	1.24	2.07	83
<i>VEIN1</i>	<i>1.18</i>	<i>2.13</i>	<i>81</i>
<i>VEIN2</i>	<i>0.06</i>	<i>0.83</i>	<i>2</i>
Oxide	0.34	1.86	20
<i>VEIN1</i>	<i>0.23</i>	<i>2.34</i>	<i>17</i>
<i>VEIN2</i>	<i>0.11</i>	<i>0.82</i>	<i>3</i>
Inferred Mineral Resource	1.58	2.02	103

SRK EX have identified 18 priority target locations, covering a 115 square kilometre area, based on the results of extensive regional soil sampling in conjunction with available geological and geophysical information. Nairoto intends to prioritise exploration in these target areas.

NRL looks to achieve an Indicated Mineral Resource for TL5 by the end of the 2024. Work will also continue in other target areas with the ambition to add to the Mineral Resource, and following TL5’s lead.

2024 performance and outlook

Operating expenses were USD 3.4 million in the first six months of 2024, up from USD 2.1 million in the same period last year. Total capital expenditure amounted to USD 3.6 million (first six months of 2023: USD 2.3 million).

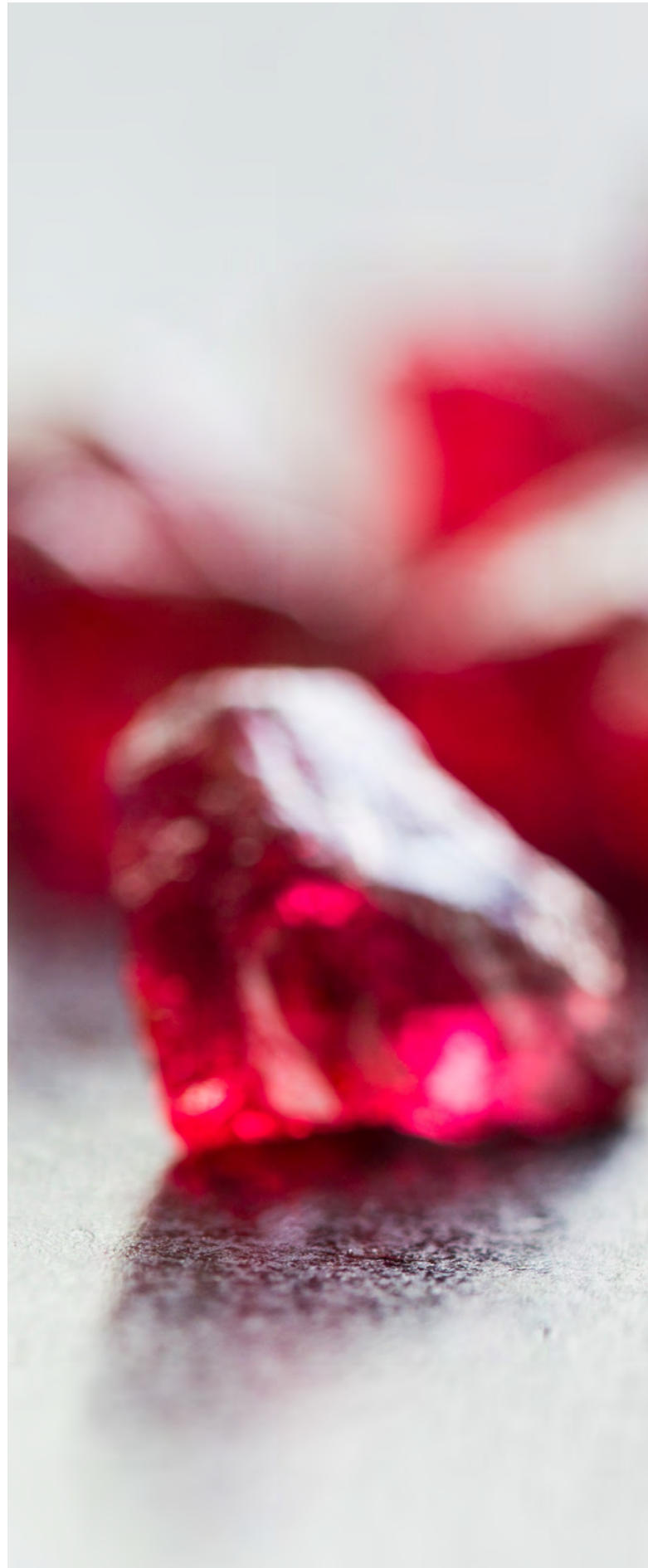
In the long term, operating a gold mine remains outside of Gemfields’ strategic plans or core focus of responsible mining and marketing coloured gemstones. Once there is better understanding of the resource, Gemfields will look for a purchaser or suitable partner for the project.

3

Financial Statements

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Right: Responsibly mined rough
Mozambican rubies





Interim Condensed Consolidated Income Statement

for the six months ended 30 June 2024

	NOTES	2024 (REVIEWED) USD'000	2023 (REVIEWED) USD'000
Revenue	3	127,963	153,619
Cost of sales	4	(67,851)	(78,471)
Gross profit		60,112	75,148
Unrealised fair value losses on unlisted equity instruments	8	(4,000)	(13,300)
Selling, general and administrative expenses	5	(29,978)	(25,831)
Other income		349	474
Profit from operations	3	26,483	36,491
Finance income	6	513	1,319
Finance costs	6	(2,900)	(1,460)
Profit before taxation		24,096	36,350
Taxation	7	(10,437)	(18,214)
NET PROFIT AFTER TAXATION		13,659	18,136
Profit for the year attributable to:			
Owners of the Parent		7,350	9,856
Non-controlling interest		6,309	8,280
		13,659	18,136
Earnings per share attributable to the Parent:			
Basic – USD cents	12	0.6	0.8
Diluted – USD cents	12	0.6	0.8

The accompanying notes form part of these Financial Statements.

Interim Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2024

	2024 (REVIEWED) USD'000	2023 (REVIEWED) USD'000
Profit after taxation	13,659	18,136
Other comprehensive(loss)/income:		
Items that have been/may be reclassified subsequently to profit or loss:	–	
Exchange (loss)/gain arising on translation of foreign operations	(350)	852
Total other comprehensive (loss)/income	(350)	852
TOTAL COMPREHENSIVE INCOME	13,309	18,988
Total comprehensive income attributable to:		
Owners of the Parent	7,000	10,708
Non-controlling interest	6,309	8,280
	13,309	18,988

The accompanying notes form part of these Financial Statements.

Interim Condensed Consolidated Statement of Financial Position

as at 30 June 2024

	NOTES	30 JUNE 2024 (REVIEWED) USD'000	31 DECEMBER 2023 (AUDITED) USD'000	30 JUNE 2023 (REVIEWED) USD'000
ASSETS				
Non-current assets				
Property, plant and equipment		368,623	356,589	328,084
Intangible assets		72,969	65,967	59,627
Unlisted equity investments	8	–	4,000	18,700
Deferred tax assets		4,920	6,064	5,100
Other non-current assets	10	22,400	23,653	25,086
Total non-current assets		468,912	456,273	436,597
Current assets				
Inventory	9	121,683	109,657	113,118
Trade and other receivables	10	106,744	78,967	103,093
Current tax receivable		–	1,373	–
Cash and cash equivalents		22,297	51,621	90,910
Total current assets		250,724	241,618	307,121
Total assets		719,636	697,891	743,718
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		67,066	70,877	74,042
Lease liabilities		4,707	755	602
Provisions		3,616	3,442	5,220
Other non-current payables		6,500	8,034	5,000
Total non-current liabilities		81,889	83,108	84,864
Current liabilities				
Trade and other payables		46,172	47,930	47,854
Current tax payable		3,840	–	20,569
Borrowings	11	66,692	40,474	29,073
Lease liabilities		477	415	1,039
Provisions		1,804	2,471	6,947
Total current liabilities		118,985	91,290	105,482
Total liabilities		200,874	174,398	190,346
Net assets		518,762	523,493	553,372
EQUITY				
Share capital		12	12	12
Share premium		486,688	486,688	495,560
Treasury Shares		–	–	(328)
Cumulative translation reserve		3,331	3,681	4,081
Option reserve		4,380	4,295	4,552
Retained deficit		(59,154)	(56,504)	(36,873)
Attributable to equity holders of the Parent		435,257	438,172	467,004
Non-controlling interest		83,505	85,321	86,368
Total equity		518,762	523,493	553,372

The Financial Statements were approved and authorised for issue by the Directors on 26 September 2024 and were signed on their behalf by:

DAVID LOVETT
Director

SEAN GILBERTSON
Director

The accompanying notes form part of these Financial Statements.

Interim Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2024

	NOTES	2024 (REVIEWED) USD'000	2023 (REVIEWED) USD'000
Cash flow from operating activities			
Profit for the period before tax		24,096	36,350
<i>Adjustments for:</i>			
Unrealised fair value losses	8	4,000	13,300
Depreciation and amortisation	3	19,080	21,650
Write-down of inventory and other assets	3	–	1,518
Share-based payments	5	85	38
Net finance expenses	6	2,387	141
Net foreign exchange losses	5	(433)	99
<i>Change in operating assets and liabilities:</i>			
Increase in trade and other receivables		(31,238)	(15,004)
(Decrease)/increase in trade and other payables		(5,804)	4,712
Increase in inventory		(12,418)	(3,149)
Decrease in provisions		(18)	(5,270)
Cash (utilised in)/generated from operations		(263)	54,385
Tax paid		(5,940)	(30,847)
Net cash (utilised in)/generated from operating activities		(6,203)	23,538
Cash flows from investing activities			
Purchase of intangible assets		(7,125)	(3,565)
Purchase of property, plant and equipment		(27,520)	(16,086)
Interest received		375	1,270
Cash advances and loans made to related parties		(1,596)	(6,900)
Net cash utilised in investing activities		(35,866)	(25,281)
Cash flows from financing activities			
Issue of shares		–	1,077
Cash paid in Group share buyback programme		–	(328)
Proceeds from borrowings		59,510	37,480
Repayments of borrowings		(33,292)	(22,414)
Cash payments of principal on leases		(543)	(505)
Interest paid		(2,661)	(1,553)
Dividends paid to shareholders of the Parent Company		(10,000)	(35,000)
Dividends paid to non-controlling interest in Kagem		–	(5,000)
Net cash generated from/(utilised in) financing activities		13,014	(26,243)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(29,055)	(27,986)
Cash and cash equivalents at the beginning of the period		51,621	118,526
Net foreign exchange loss on cash		(269)	370
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		22,297	90,910

The accompanying notes form part of these Financial Statements.

Interim Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024

	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000	CUMULATIVE TRANSLATION RESERVE USD'000	OPTION RESERVE USD'000	RETAINED (LOSSES)/ EARNINGS USD'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT USD'000	NON- CONTROLLING INTEREST USD'000	TOTAL EQUITY USD'000
Balance at 1 January 2024	12	486,688	3,681	4,295	(56,504)	438,172	85,321	523,493
Profit for the period	–	–	–	–	7,350	7,350	6,309	13,659
Other comprehensive loss	–	–	(350)	–	–	(350)	–	(350)
Total comprehensive (loss)/ income	–	–	(350)	–	7,350	7,000	6,309	13,309
Fair value movement of share options	–	–	–	85	–	85	–	85
Dividends declared	–	–	–	–	(10,000)	(10,000)	(8,125)	(18,125)
Total contributions to owners	–	–	–	85	(10,000)	(9,915)	(8,125)	(18,040)
Balance at 30 June 2024	12	486,688	3,331	4,380	(59,154)	435,257	83,505	518,762

The accompanying notes form part of these Financial Statements.

for the six months ended 30 June 2023

	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000	TREASURY SHARES USD'000	CUMULATIVE TRANSLATION RESERVE USD'000	OPTION RESERVE USD'000	RETAINED (LOSSES)/ EARNINGS USD'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT USD'000	NON- CONTROLLING INTEREST USD'000	TOTAL EQUITY USD'000
Balance at 1 January 2023	12	494,483	–	3,229	4,911	(12,126)	490,509	90,588	581,097
Profit for the period	–	–	–	–	–	9,856	9,856	8,280	18,136
Other comprehensive income	–	–	–	852	–	–	852	–	852
Total comprehensive income	–	–	–	852	–	9,856	10,708	8,280	18,988
Share options exercised during the period	–	1,077	–	–	(311)	311	1,077	–	1,077
Fair value movement of share options	–	–	–	–	38	–	38	–	38
Share buyback	–	–	(328)	–	–	–	(328)	–	(328)
Share options lapsed/ forfeited during the period	–	–	–	–	(86)	86	–	–	–
Dividends declared	–	–	–	–	–	(35,000)	(35,000)	(12,500)	(47,500)
Total contributions to owners	–	1,077	(328)	–	(359)	(34,603)	(34,213)	(12,500)	(46,713)
Balance at 30 June 2023	12	495,560	(328)	4,081	4,552	(36,873)	467,004	86,368	553,372

The accompanying notes form part of these Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements

for the six months ended 30 June 2024

1. BASIS OF PREPARATION

Gemfields Group Limited (“GGL” or “the Company” or “the Parent”) is incorporated in Guernsey under The Companies (Guernsey) Law, 2008. The Company’s registered office address is PO Box 186, Royal Chambers, St Julian’s Avenue, St Peter Port, Guernsey, GY1 4HP, Channel Islands. The Company is listed on the Johannesburg Stock Exchange (“JSE”) and the Alternative Investment Market (“AIM”) of the London Stock Exchange. The nature of the operations and principal activities of the Company and its subsidiaries (together “the Group”) are set out in the Operations Review on pages 21 to 37.

The Company’s accounting policies are the same as those of the Group. Company-only financial information has been omitted from these Consolidated Financial Statements, as permitted by The Companies (Guernsey) Law, 2008, Section 244(5), sections 3.19(b) and 8.62(i) of the JSE Listings Requirements.

Statement of compliance

The condensed consolidated financial statements within the Interim Report are for the six-month period ended 30 June 2024 (the “Interim Financial Statements”) and have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”), as adopted by the United Kingdom (“UK”), and in compliance with the framework concepts and measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) 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 2023 (the “Annual Financial Statements”), which have been prepared in accordance with IFRS as adopted by the United Kingdom 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 this 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 2024 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 2023 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 2023 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 Accounting Standards 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.

Basis of accounting

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Basis of consolidation

The interim 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 2024.

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 intercompany 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 2023 Annual Financial Statements. Those risks and uncertainties, together with management's response to them, are described in the Risks and Uncertainties section of the Annual Report 2023.

Critical accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS Accounting Standards 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, with those applied to the Group's Annual Financial Statements for the year ended 31 December 2023.

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 within Section 2. The financial performance and position of the Group, its cash flows and available debt facilities are described in the Finance Review on pages 14 to 20.

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

In the first half of 2024, the Group generated revenues of USD 128.0 million (USD 120.6 million in auction revenues, USD 0.7 million in direct sales, USD 6.6 million in Fabergé sales, and USD 0.1 million in cut and polished sales). The Group's gross cash position lands at USD 22.3 million in June 2024 with USD 65.5 million auction receivables (USD 12.1 million from Kagem and USD 53.4 million from MRM). All auction receivables had been collected by the date of these interim condensed consolidated financial statements. After the reporting period, MRM held a small commercial-quality auction, generating USD 2.3 million. Kagem's commercial-quality auction, which yielded USD 10.8 million, was below expectations. Both auctions were factored into the going concern assessment. As at 30 June 2024, the Group had outstanding debt of USD 66.7 million (MRM USD 45.7 million and Kagem USD 21.0 million).

In relation to the existing borrowings and available facilities, in the first half of 2024, Kagem repaid the USD 7.3 million overdraft credit facility with ABSA Bank Zambia Plc ("ABSA Zambia") that was outstanding as at 31 December 2023. In February 2023, Kagem entered into a USD 15.0 million overdraft facility with First National Bank Zambia Limited ("FNB Zambia"), which was increased by USD 6.0 million in first half of 2024 with first drawdown in May 2024. As at 30 June 2024, the outstanding balance under this facility is USD 21.0 million. These facilities are not subject to any covenants.

The outstanding overdraft balance as at 30 June 2024 from MRM overdraft facilities with ABSA Bank Mozambique, SA ("ABSA Mozambique") and Banco Comercial e de Investimentos ("BCI Mozambique" or "BCI") was USD 45.7 million, comprised of USD 15.1 million at ABSA Mozambique and USD 30.6 million at BCI. In addition to the annual clearance requirement for both overdrafts, BCI overdraft facility is subject to specific covenants.

Notes to the Interim Condensed Consolidated Financial Statements

continued

for the six months ended 30 June 2024

2. GOING CONCERN CONTINUED

In May 2024, MRM signed a USD 30.0 million term loan facility with BCI for construction of the second processing plant, as detailed below. In June 2024, due to extended internal processing times by BCI and a shortage of USD currency in the country, BCI provided a temporary solution by increasing the existing overdraft facility to USD 30.0 million, along with an additional MZN 650.0 million overdraft facility, compared to BCI's usual overdraft limit of USD 20.0 million.

In August 2023, MRM entered into a contract with Consulmet (Africa) Limited ("Consulmet") to construct this second processing plant for approximately USD 70.0 million; the first payment of 20% of the total cost was made on 11 August 2023 and 20% of the total cost was made during first half of the 2024. The project's financing includes two secured additional debt facilities: a USD 30.0 million term loan from BCI, as noted earlier, and a USD 25.0 million term loan from ABSA. The new plant will triple MRM's processing capacity from the existing 200 tonnes per hour to 600 tonnes per hour, allowing it to bring additional size and colour variations of rubies into the market. The going concern model assumes that the new facilities, USD 30.0 million from BCI Mozambique (part of this facility will be used to pay down the temporary overdraft facilities with BCI) and USD 25.0 million from ABSA Mozambique, are available in 2024 as management secured these loans. Both term loans are subject to covenants.

Kagem invested in mining equipment in 2024 and will continue with infrastructure improvements in 2025. MRM continue to focus on investment in the second processing plant in the second half of 2024 and into 2025.

The Group continues its investment programme for the development projects at ERM and NRL in Mozambique. The planned spend on these assets is uncommitted and discretionary, except for minimum spend for security and licence retention.

Scenario analysis – risk assessment

Under the base case, MRM and Kagem continue with six to seven auctions scheduled per year in 2024 and 2025. Group revenues also include direct sales, cut and polished sales and jewellery sales. Capital expenditure mainly comprises investments in mining equipment and infrastructural development. All existing debt facilities remain available in 2024 and 2025.

The base case forecast indicates that the Group has sufficient cash headroom after settling all its liabilities as they fall due throughout the going concern assessment period to 31 December 2025. The going concern assessment is dependent upon the timing and size of the emerald and ruby auctions held in 2024 and 2025, and to a lesser extent the ongoing inflationary pressures.

Several scenarios were modelled in the Directors' assessment, including, but not limited to: (i) a 10% reduction in Group revenues and 5% increase in operating costs at Kagem and MRM across the going concern period to 31 December 2025; and (ii) insurgency scenario assuming two insurgency months in May and June of 2025.

(i) Reduction in revenues and increase in costs scenario

The reduced revenue and increased costs scenario is designed to reflect the risks of:

- Changing levels of demand resulting in deferrals in the planned auction schedule.
- Any significant downside trends in the grade that would have an impact on revenues.
- Potential implications on the Group's operations in respect of the conflict in Ukraine and the Middle East, in particular on the operating cash base at the mines. Trade disruptions together with high commodity prices have already affected the cost base across both mines.

In this scenario where operating expenses are projected to increase by 5% at both mines and Group revenues to reduce by 10%, the Group is able to continue operations during the going concern period with significant levels of headroom by applying cash saving actions which are within management's control. The list is not exhaustive and remains dynamic:

- Reduction of budgeted investment in development assets (Mozambique and Madagascar).
- Suspension of planned investment in expansion at Kagem and MRM, not including payments for the second processing plant.
- Reduction in budgeted advertising and marketing expenditure across the Group.
- Professional and consulting fees reduction at corporate level.
- Fabergé costs reduction, including reduced inventory purchases.

By applying the above measures, the Group would have sufficient cash savings of USD 49.3 million in the going concern period and these could reasonably be implemented without jeopardising production at the mines.

(ii) Insurgency scenario

Given the proximity of the insurgent activities to the MRM mine site, the Directors acknowledge the risk of an insurgency affecting operations and, as such, have modelled an insurgency scenario that sees MRM overrun and consequently inaccessible to the Group for two months in the going concern period. In this case, the Directors have assumed the following:

- Operations at MRM cease for two months May–June 2025, referred to as “insurgency months”.
- MRM auction revenues reduce by 10% compared to the base case in H2 2024 and FY25.
- Unavoidable costs in insurgency months include total labour cost, security cost, fuel and camp costs for security and other fixed costs.
- Higher security costs: 20% increase in security costs in insurgency months.
- Suspension of MRM’s capital expenditures in insurgency months.

Provided the above actions are taken in the event that the Group is unable to access MRM due to the insurgency, the Group would still have sufficient cash headroom to continue its operations over the going concern assessment period.

A reverse stress test in respect of auction revenues and costs at Kagem and MRM was also performed. In the event that Kagem and MRM auction revenues, which drive total Group revenue, drop 18% below forecast revenue in the going concern period, the Group could be at risk of breaching their financial covenants at MRM in December 2024. While there is uncertainty following the weaker than expected commercial-quality emerald auction in September 2024, management considers it unlikely that the higher-quality emerald auction or the mixed-quality ruby auction will see similar below par results. Premium emerald production has seen a marked improvement in recent months while both supply and demand dynamics on the ruby side appear to be satisfactory. In the event of further setbacks, management is prepared to take additional measures, including material cost savings and further financing options.

Summary

The Directors concluded that, under the base case scenario, the Group is a going concern. Under the reduced revenue and increased costs scenario, the Group will be able to continue operations through to December 2025 by applying cash-saving actions that are within its control. In addition, the Group has assessed the risk of the current insurgency in Mozambique and sensitised the cash flows accordingly. Under this scenario, the Group is also able to continue as going concern. Management considers the reverse stress test scenario to be remote, as noted above, and will continue to monitor upcoming auction results, taking appropriate actions as necessary. Group remains committed to transparency by promptly updating the market with auction results, ensuring clear communication with stakeholders. Considering the analysis above, the Directors concluded that no material uncertainties are present 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. 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 Executive Officer and the Chief Financial Officer, has been determined collectively as the Chief Operating Decision Maker for the Group. The information reported to the Group’s Executive Management team for the purposes of resource allocation and assessment of segment performance is split between the Group’s operations based on their differing products and services, and geographical locations.

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

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

- Kagem Mining Limited (“Kagem”) – the Group’s emerald and beryl mine, in Zambia, Africa;
- Montepuez Ruby Mining Limitada (“MRM”) – the Group’s ruby and corundum mine, in Mozambique, Africa;
- Development assets – comprising the Group’s exploration and evaluation assets accounted for under IFRS 6, in respect of exploration activities in Africa, including Megaruma Mining Limitada (“MML”), Eastern Ruby Mining Limitada (“ERM”), Campos de Joia Limitada (“CDJ”), Nairoto Resources Lda (“Nairoto” or “NRL”), and the Group’s projects in Ethiopia and Madagascar;
- Fabergé – the Group’s wholesale and retail sales of jewellery and watches;

Notes to the Interim Condensed Consolidated Financial Statements

continued

for the six months ended 30 June 2024

3. SEGMENTAL REPORTING CONTINUED

- 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.

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

Reviewed condensed consolidated income statement

1 JANUARY 2024 TO 30 JUNE 2024	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Rough gemstones ¹	51,933	68,652	–	–	–	673	121,258
Jewellery	–	–	–	6,556	–	–	6,556
Cut and polished	–	–	–	–	21	128	149
Revenue²	51,933	68,652	–	6,556	21	801	127,963
Mining and production costs ³	(25,338)	(20,895)	(5,804)	–	–	–	(52,037)
Mineral royalties and production taxes	(3,167)	(6,946)	–	–	–	–	(10,113)
Marketing, management and auction (costs)/income	(6,492)	(8,581)	–	–	15,073	–	–
Change in inventory and cost of goods sold	7,631	1,585	–	(2,687)	(19)	(708)	5,802
Mining and production costs capitalised to intangible assets	–	–	6,500	–	–	–	6,500
Selling, general and administrative expenses ⁴	(2,952)	(6,088)	(1,085)	(4,533)	(12,442)	(1,716)	(28,816)
Other income	148	54	–	–	32	115	349
EBITDA⁵	21,763	27,781	(389)	(664)	2,665	(1,508)	49,648
Unrealised fair value losses	–	–	–	–	(4,000)	–	(4,000)
Share-based payments	–	–	–	–	(85)	–	(85)
Depreciation and amortisation	(9,655)	(7,199)	(1,149)	(258)	(526)	(293)	(19,080)
Profit/(loss) from operations	12,108	20,582	(1,538)	(922)	(1,946)	(1,801)	26,483
Finance income	–	404	–	1	102	6	513
Finance costs	(1,177)	(1,246)	(162)	(94)	(193)	(28)	(2,900)
Taxation charge	(2,451)	(4,898)	–	(1,114)	(8)	(1,966)	(10,437)
Profit/(loss) after taxation	8,480	14,842	(1,700)	(2,129)	(2,045)	(3,789)	13,659

1 Kagem revenues arise from a commercial-quality auction held in March 2024 and a higher-quality auction in May 2024 of USD 17.1 million and USD 34.9 million respectively. MRM held a mixed-quality ruby auction in June 2024 and generated USD 68.7 million.

2 Revenues have been recognised at one point in time, when control passes to the customer. No third-party customer accounted for more than 10% of the Group's sales during 2024.

3 Excluding mineral royalties and production taxes, which have been presented separately, and depreciation and amortisation, and inventory provisions, which are not included in Group's EBITDA.

4 Excluding share-based payments and depreciation and amortisation that are not included in Group's EBITDA.

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

Reviewed condensed consolidated income statement continued

1 JANUARY 2023 TO 30 JUNE 2023	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Rough gemstones ¹	64,594	80,414	–	–	–	119	145,127
Jewellery	–	–	–	8,383	–	–	8,383
Cut and polished	–	–	–	–	2	107	109
Revenue²	64,594	80,414	–	8,383	2	226	153,619
Mining and production costs ³	(24,395)	(18,519)	(2,737)	–	–	–	(45,651)
Mineral royalties and production taxes	(3,998)	(8,239)	–	–	–	–	(12,237)
Marketing, management and auction (costs)/income	(8,074)	(10,052)	–	–	18,126	–	–
Change in inventory and cost of goods sold	(2,208)	5,170	–	(5,588)	(4)	(100)	(2,730)
Mining and production costs capitalised to intangible assets	–	–	3,046	–	–	–	3,046
Selling, general and administrative expenses ⁴	(2,693)	(2,222)	(958)	(4,780)	(11,812)	(1,075)	(23,540)
Other income and expense	244	76	10	172	3	(31)	474
EBITDA⁵	23,470	46,628	(639)	(1,813)	6,315	(980)	72,981
Unrealised fair value losses	–	–	–	–	(13,300)	–	(13,300)
Other fair value losses	–	–	–	–	–	16	16
Share-based payments	–	–	–	–	(38)	–	(38)
Depreciation and amortisation	(11,675)	(8,649)	(575)	(223)	(386)	(142)	(21,650)
Impairment charges ⁶	–	–	–	–	(1,518)	–	(1,518)
Profit/(loss) from operations	11,795	37,979	(1,214)	(2,036)	(8,927)	(1,106)	36,491
Finance income	–	471	–	–	717	131	1,319
Finance costs	(931)	(359)	–	(77)	(68)	(25)	(1,460)
Taxation (charge)/income	(3,886)	(10,761)	–	322	(2,039)	(1,850)	(18,214)
Profit/(loss) after taxation	6,978	27,330	(1,214)	(1,791)	(10,317)	(2,850)	18,136

1 In March 2023, a commercial-quality rough emerald auction was held generating USD 21.1 million. In June 2023, a higher-quality rough emerald auction and a mixed-quality rough ruby auction were held, generating, respectively, USD 43.5 million and USD 80.4 million.

2 Revenues have been recognised at one point in time, when control passes to the customer. No third-party customer accounted for more than 10% of the Group's sales during 2023.

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

4 Excluding share-based payments of USD 0.04 million, which are not included in Group's EBITDA.

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

6 USD 1.5 million inventory impairment related to Gemfields Limited legacy inventory that is not included in Group's EBITDA.

Notes to the Interim Condensed Consolidated Financial Statements

continued

for the six months ended 30 June 2024

3. SEGMENTAL REPORTING CONTINUED

Change in inventory and cost of goods sold

1 JANUARY 2024 TO 30 JUNE 2024 (REVIEWED)	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	7,631	1,585	–	(2,687)	(19)	(708)	5,802
<i>Split between:</i>							
Mining and production costs capitalised to inventory ^{1,2}	22,313	17,080	–	–	–	–	39,393
Depreciation capitalised ¹	9,655	7,199	–	–	–	–	16,854
Cost of goods sold in the period	(24,337)	(22,694)	–	(2,687)	(19)	(708)	(50,445)
	7,631	1,585	–	(2,687)	(19)	(708)	5,802

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 2023 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.

1 JANUARY 2023 TO 30 JUNE 2023 (REVIEWED)	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	(2,208)	5,170	–	(5,588)	(4)	(100)	(2,730)
<i>Split between:</i>							
Mining and production costs capitalised to inventory ^{1,2}	25,559	18,746	–	–	–	–	44,305
Depreciation capitalised ¹	7,190	4,562	–	–	–	–	11,752
Cost of goods sold in the period	(34,957)	(18,138)	–	(5,588)	(4)	(100)	(58,787)
	(2,208)	5,170	–	(5,588)	(4)	(100)	(2,730)

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 2023 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.

Condensed consolidated statement of financial position

30 JUNE 2024 (REVIEWED)	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Mining asset ¹	114,541	124,506	–	–	–	–	239,047
Property, plant and equipment, and intangibles ²	34,586	78,616	54,636	29,856	3,138	1,713	202,545
Unlisted equity investments	–	–	–	–	–	–	–
Operating assets ³	82,368	119,297	4,124	30,149	11,630	3,259	250,827
Cash and cash equivalents	4,650	7,612	1,444	748	4,453	3,390	22,297
Deferred tax asset	–	–	–	4,056	794	70	4,920
Segment assets	236,145	330,031	60,204	64,809	20,015	8,432	719,636
Borrowings	20,963	45,729	–	–	–	–	66,692
Operating liabilities ⁴	21,370	22,099	7,730	4,993	10,173	751	67,116
Deferred tax liability	32,647	34,419	–	–	–	–	67,066
Segment liabilities	74,980	102,247	7,730	4,993	10,173	751	200,874
Net cash/(debt)	(16,313)	(38,117)	1,444	748	4,453	3,390	(44,395)

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

2 Property, plant and equipment, and intangibles include the intangibles relating to the Fabergé brand and trademarks which serve as the primary driver of cash generation for Fabergé CGU. Given that the intangible assets had previously been impaired, an impairment assessment was performed as of 30 June 2024. This assessment did not result in any additional impairment charges or reversals. Management's sensitivity analysis shows that a 10% decrease in agreed sales would result in a USD 5.0 million impairment, while a 5% drop in comparable company multiples would lead to a USD 3.0 million impairment.

3 Operating assets include inventory, current and non-current trade and other receivables, VAT receivables and current tax assets.

4 Operating liabilities include current and non-current trade and other payables, lease liabilities, provisions and current tax liabilities.

31 DECEMBER 2023 (AUDITED)	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Mining assets ¹	119,977	142,425	–	–	–	–	262,402
Property, plant and equipment, and intangibles	34,092	48,012	46,877	28,947	776	1,450	160,154
Unlisted equity investments	–	–	–	–	4,000	–	4,000
Operating assets ²	61,165	105,094	3,923	29,660	10,737	3,071	213,650
Cash and cash equivalents	4,145	17,298	2,493	2,825	13,618	11,242	51,621
Deferred tax asset	–	–	–	5,201	794	69	6,064
Segment assets	219,379	312,829	53,293	66,633	29,925	15,832	697,891
Borrowings	20,099	20,375	–	–	–	–	40,474
Operating liabilities ³	15,817	25,316	6,979	4,279	9,296	1,360	63,047
Deferred tax liability	34,644	36,233	–	–	–	–	70,877
Segment liabilities	70,560	81,924	6,979	4,279	9,296	1,360	174,398
Net cash/(debt)	(15,954)	(3,077)	2,493	2,825	13,618	11,242	11,147

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

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

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

Notes to the Interim Condensed Consolidated Financial Statements

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3. SEGMENTAL REPORTING CONTINUED

Condensed consolidated statement of financial position continued

30 JUNE 2023 (REVIEWED)	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Mining assets ¹	120,537	131,032	–	–	–	–	251,569
Property, plant and equipment, and intangibles	18,322	48,854	36,939	29,192	1,136	1,699	136,142
Unlisted equity investments	–	–	–	–	18,700	–	18,700
Operating assets ²	76,169	116,765	3,411	30,671	9,227	5,054	241,297
Cash and cash equivalents	16,862	24,236	1,325	3,752	40,933	3,802	90,910
Deferred tax asset	–	–	–	4,935	135	30	5,100
Segment assets	231,890	320,887	41,675	68,550	70,131	10,585	743,718
Borrowings	13,000	16,073	–	–	–	–	29,073
Operating liabilities ³	28,012	40,100	5,778	4,581	7,333	1,427	87,231
Deferred tax liability	36,253	37,713	–	–	–	76	74,042
Segment liabilities	77,265	93,886	5,778	4,581	7,333	1,503	190,346
Net cash	3,862	8,163	1,325	3,752	40,933	3,802	61,837

1 Mining assets include evaluated mining properties and deferred stripping costs.

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

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

Reviewed condensed consolidated statement of cash flows

1 JANUARY 2024 TO 30 JUNE 2024	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Revenue	51,933	68,652	–	6,556	21	801	127,963
Operating costs and cost of sales ¹	(23,678)	(32,290)	(389)	(7,220)	(12,429)	(2,309)	(78,315)
Marketing, management and auction costs	(6,492)	(8,581)	–	–	15,073	–	–
EBITDA	21,763	27,781	(389)	(664)	2,665	(1,508)	49,648
<i>Add back:</i>							
Change in inventory and purchases	(7,631)	(1,585)	–	2,687	19	708	(5,802)
<i>Add back:</i>							
Costs capitalised to intangible assets	–	–	(6,500)	–	–	–	(6,500)
Tax paid	–	(6,043)	–	–	103	–	(5,940)
Capital expenditure	(3,846)	(22,122)	(1,674)	(47)	(4)	(452)	(28,145)
Free cash flow before working capital movements	10,286	(1,969)	(8,563)	1,976	2,783	(1,252)	3,261
Working capital movements ²	(12,876)	(14,490)	56	(3,776)	(6,493)	(6,097)	(43,676)
Free cash flow³	(2,590)	(16,459)	(8,507)	(1,800)	(3,710)	(7,349)	(40,415)
Cash generated from operations	1,359	11,070	(297)	(1,800)	(3,693)	(6,902)	(263)
Tax paid	–	(6,043)	–	–	103	–	(5,940)
Capital expenditure	(3,846)	(22,122)	(8,174)	(47)	(4)	(452)	(34,645)
Foreign exchange	(103)	636	(36)	47	(116)	5	433
Free cash flow	(2,590)	(16,459)	(8,507)	(1,800)	(3,710)	(7,349)	(40,415)

1 Excluding share-based payments, other fair value losses, inventory provision and impairment charges/reversals.

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 operations less taxation paid, sustaining and expansionary capital expenditure and foreign exchange gains and losses.

Notes to the Interim Condensed Consolidated Financial Statements

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for the six months ended 30 June 2024

3. SEGMENTAL REPORTING CONTINUED

Reviewed condensed consolidated statement of cash flows continued

1 JANUARY 2023 TO 30 JUNE 2023	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Revenue	64,594	80,414	–	8,383	2	226	153,619
Operating costs and cost of sales ¹	(33,050)	(23,734)	(639)	(10,196)	(11,813)	(1,206)	(80,638)
Marketing, management and auction costs	(8,074)	(10,052)	–	–	18,126	–	–
EBITDA	23,470	46,628	(639)	(1,813)	6,315	(980)	72,981
<i>Add back:</i>							
Change in inventory and purchases	2,208	(5,170)	–	5,588	4	100	2,730
<i>Add back:</i>							
Costs capitalised to intangible assets	–	–	(3,046)	–	–	–	(3,046)
Tax paid	(16,002)	(13,345)	–	–	(1,484)	(16)	(30,847)
Capital expenditure	(7,046)	(6,809)	(2,361)	(115)	(18)	(256)	(16,605)
Free cash flow before working capital movements	2,630	21,304	(6,046)	3,660	4,817	(1,152)	25,213
Working capital movements ²	(9,688)	(10,053)	(363)	(2,263)	1,135	(193)	(21,425)
Free cash flow³	(7,058)	11,251	(6,409)	1,397	5,952	(1,345)	3,788
Cash generated from operations	15,019	31,821	(985)	1,868	7,660	(998)	54,385
Tax paid	(16,002)	(13,345)	–	–	(1,484)	(16)	(30,847)
Capital expenditure	(7,046)	(6,809)	(5,407)	(115)	(18)	(256)	(19,651)
Foreign exchange	971	(416)	(17)	(356)	(206)	(75)	(99)
Free cash flow	(7,058)	11,251	(6,409)	1,397	5,952	(1,345)	3,788

1 Excluding share-based payments, other value losses, inventory provision and impairment charges/reversals.

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 operations less taxation paid, sustaining and expansionary capital expenditure and foreign exchange gains and losses.

4. COST OF SALES

	SIX MONTHS ENDED 30 JUNE 2024 (REVIEWED) USD'000	SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED) USD'000
Mining and production costs		
Labour and related costs	17,402	16,053
Mineral royalties and production taxes	10,113	12,237
Fuel costs	13,477	10,351
Repairs and maintenance costs	7,952	7,927
Security costs	5,317	5,042
Camp costs	3,200	2,695
Blasting costs	1,516	1,376
Other mining and production costs	3,173	2,207
Total mining and production costs	62,150	57,888
Change in inventory and cost of goods sold ¹	(5,802)	2,730
Mining and production costs capitalised to intangible assets ²	(6,500)	(3,046)
Depreciation and amortisation ³	18,003	20,899
Total cost of sales	67,851	78,471

1 Refer to Note 3: Change in inventory and cost of goods sold for the split of this balance at period end.

2 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 and evaluation of mineral properties accounting policy*.

3 Depreciation and amortisation expenses were previously solely accounted for under cost of sales. They are now allocated between cost of sales and selling, general and administrative expenses based on their nature. Comparative figures have been adjusted accordingly to reflect this change. This reclassification has no impact on EBITDA or the net result for the current or prior years.

5. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	SIX MONTHS ENDED 30 JUNE 2024 (REVIEWED) USD'000	SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED) USD'000
Labour and related costs	11,762	10,861
Selling, marketing and advertising	6,880	4,235
Professional, legal and other expenses	3,802	3,448
Rent and rates	628	925
Travel and accommodation	1,187	1,054
Depreciation and amortisation ¹	1,077	751
Share-based payments	85	38
Net foreign exchange losses	(433)	99
Other selling, general and administrative expenses	4,990	4,420
Total selling, general and administrative expenses	29,978	25,831

1 Depreciation and amortisation expenses were previously solely accounted for under cost of sales. They are now allocated between cost of sales and selling, general and administrative expenses based on their nature. Comparative figures have been adjusted accordingly to reflect this change. This reclassification has no impact on EBITDA or the net result for the current or prior years.

Notes to the Interim Condensed Consolidated Financial Statements

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for the six months ended 30 June 2024

6. FINANCE INCOME AND COSTS

	SIX MONTHS ENDED 30 JUNE 2024 (REVIEWED) USD'000	SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED) USD'000
Interest received	513	1,319
Finance income	513	1,319
Interest on bank loans and borrowings	(2,211)	(910)
Interest charge on lease liabilities	(239)	(93)
Other finance costs	(450)	(457)
Finance costs	(2,900)	(1,460)
Net finance costs	(2,387)	(141)

7. TAXATION

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated income statement are:

	SIX MONTHS ENDED 30 JUNE 2024 (REVIEWED) USD'000	SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED) USD'000
Current tax		
Taxation charge for the year	13,104	19,747
Deferred tax		
Origination and reversal of temporary differences	(2,667)	(1,533)
Total taxation charge	10,437	18,214

8. UNLISTED EQUITY INVESTMENTS

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

	30 JUNE 2024 (REVIEWED) USD'000	31 DECEMBER 2023 (AUDITED) USD'000	30 JUNE 2023 (REVIEWED) USD'000
Balance at 1 January	4,000	32,000	32,000
Unrealised fair value losses	(4,000)	(28,000)	(13,300)
Balance at period end	–	4,000	18,700

In the 2023 Annual Report, note 12 Unlisted Equity Investments, the Group disclosed that Sedibelo faced significant setbacks, including unplanned production disruptions due to safety incidents, community unrest, and excessive rainfall, as well as the suspension of operations in the West Pit and a halt in East Pit and Underground development projects. These issues, combined with layoffs, a breach of a loan covenant, and the abandonment of its IPO, raised serious doubts about Sedibelo's future performance and ability to sustain production. After engaging an external valuer for the 2023 year-end assessment, a USD 28.0 million write-down was recognised, leaving only USD 4.0 million as the value of the investment. With no further positive news from Sedibelo and ongoing volatility in PGM prices driven by geopolitical and economic factors, management decided to write down the entire balance to NIL.

9. INVENTORY

	30 JUNE 2024 (REVIEWED) USD'000	31 DECEMBER 2023 (AUDITED) USD'000	30 JUNE 2023 (REVIEWED) USD'000
Rough inventory – emeralds and beryl	45,824	38,832	43,225
Rough inventory – rubies and corundum	29,757	28,190	29,313
Fabergé inventory	26,813	26,181	25,165
Cut and polished gemstones	3,397	3,504	3,685
Spares and consumables	15,892	12,950	11,730
Total inventory	121,683	109,657	113,118

The total provision held against inventory at 30 June 2024 was USD 5.2 million (31 December 2023: USD 5.5 million, 30 June 2023: USD 7.1 million).

At 30 June 2024, USD 2.8 million of the rough inventory was carried at net realisable value (31 December 2023: USD 2.3 million, 30 June 2023: USD 3.2 million) and principally relates to beryl, corundum and some specific low-quality gemstones which are typically sold outside of the normal auction programme.

10. TRADE AND OTHER RECEIVABLES

	30 JUNE 2024 (REVIEWED)			31 DECEMBER 2023 (AUDITED)			30 JUNE 2023 (REVIEWED)		
	CURRENT USD'000	NON- CURRENT USD'000	TOTAL USD'000	CURRENT USD'000	NON- CURRENT USD'000	TOTAL USD'000	CURRENT USD'000	NON- CURRENT USD'000	TOTAL USD'000
Trade receivables	71,072	–	71,072	44,022	–	44,022	69,127	–	69,127
Related-party receivables	1,330	3,000	4,330	8,067	3,000	11,067	6,544	3,000	9,544
Other receivables	3,807	46	3,853	3,719	46	3,765	3,295	46	3,341
Financial assets held at amortised cost	76,209	3,046	79,255	55,808	3,046	58,854	78,966	3,046	82,012
VAT receivable ¹	18,853	16,822	35,675	14,288	18,077	32,365	14,837	20,000	34,837
Prepayments	11,007	–	11,007	8,353	–	8,353	5,918	–	5,918
Investments accounted for using the equity method	–	2,009	2,009	–	2,009	2,009	–	–	–
Loan notes from non-equity investment	–	–	–	–	–	–	–	1,423	–
Other assets	675	523	1,198	518	521	1,039	3,372	617	3,989
Total trade and other receivables	106,744	22,400	129,144	78,967	23,653	102,620	103,093	25,086	128,179

¹ The non-current VAT receivables relate to amounts owed to MRM and Kagem, whose collection is expected more than 12 months from the balance sheet date.

Trade receivables

Trade receivables of USD 71.1 million at 30 June 2024 (31 December 2023: USD 44.0 million) primarily relate to MRM auction receivables of USD 53.4 million outstanding from the mixed-quality ruby auction held in June 2024, and Kagem auction receivables of USD 12.1 million outstanding from the higher-quality emerald auctions held in May 2024. Additionally, amounts were due to Fabergé at 30 June 2024 of USD 5.5 million (31 December 2023: USD 5.5 million). At the date of issuance of these financial statements, all auction receivables had been collected.

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 2024.

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10. TRADE AND OTHER RECEIVABLES CONTINUED

Trade receivables continued

The majority of the Group's non-auction receivables are held by Fabergé. Fabergé's business is based on long-standing relationships with a selection of key wholesale and retail customers, with whom emphasis is placed on building partnerships. There is no history of default with these customers. These receivables are assessed for impairment under IFRS 9 on a customer-by-customer basis, taking into consideration the customer's past payment history, Fabergé's relationship with the customer and any other customer-specific factors determined to be appropriate to the assessment. Based on the detailed assessment completed, despite the low credit risk of these customers, USD 0.2 million provision was recorded against Fabergé's trade receivables at 30 June 2024.

Related party receivable

At 30 June 2024, the Group had a USD 4.3 million (31 December 2023: USD 11.1 million) related party receivable due from Mwiriti Ltda ("Mwiriti"), the Group's partner in MRM and Nairobi.

Of the total amount, USD 1.3 million (31 December 2023: USD 8.1 million) of the current receivable relates to MRM and will be recovered from future dividends and fees to be paid by MRM. During the year, a dividend was declared by MRM of which USD 8.1 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. The outstanding amount of USD 1.3 million which is inclusive of interest at the rate of three-month SOFR plus 4% will be offset by management fees payable to Mwiriti on future auctions. Please see Note 15: *Related party transactions* for further details.

The remaining balance of USD 3.0 million (31 December 2023: USD 3.0 million) relates to Nairobi. Nairobi 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 Nairobi 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 year. The Group also holds an outstanding non-current payable of USD 5.0 million (31 December 2023: USD 5.0 million) to Mwiriti in respect of the Nairobi project at 30 June 2024. As such, the Group's credit exposure to Mwiriti at 30 June 2024 in relation to Nairobi was determined to be immaterial.

Other receivables and assets

The Group's other receivables primarily relate to non-trade receivables, third-party and related-party loans. At 30 June 2024, the Group held a provision of USD 2.1 million (31 December 2023: USD 2.1 million) against its loans and 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.

11. BORROWINGS

		INTEREST RATE	MATURITY	30 JUNE 2024 (REVIEWED) USD '000
Current interest-bearing loans and borrowings				
FNB Zambia	USD 21 million overdraft facility	USD SOFR + 2.75%	2025	20,963
ABSA Mozambique	USD 15 million overdraft facility	USD SOFR + 4.00%	2025	15,083
BCI Mozambique	USD 20 million overdraft facility	USD SOFR + 3.75%	2025	19,952
BCI Mozambique	USD 10 million temporary overdraft facility	USD SOFR + 3.75%	2024	1,523
BCI Mozambique	MZN 650 million temporary overdraft facility	15.25%	2024	9,171
Total borrowings				66,692

		INTEREST RATE	MATURITY	31 DECEMBER 2023 (AUDITED) USD '000
Current interest-bearing loans and borrowings				
FNB Zambia	USD 15.0 million overdraft facility	5.50%	2024	12,800
ABSA Zambia	USD 15.0 million overdraft facility	Three-month USD SOFR + 4.5%	2024	7,299
ABSA Mozambique	USD 15.0 million overdraft facility	USD SOFR + 4.00%	2024	11,309
BCI Mozambique	USD 20.0 million overdraft facility	USD SOFR + 3.75%	2024	9,066
Total borrowings				40,474

		INTEREST RATE	MATURITY	31 JUNE 2023 (REVIEWED) USD '000
Current interest-bearing loans and borrowings				
FNB Zambia	USD 15.0 million overdraft facility	5.50%	2024	13,000
ABSA Mozambique	USD 15.0 million overdraft facility	USD SOFR + 4.00%	2024	9,053
BCI Mozambique	USD 15.0 million overdraft facility	USD SOFR + 3.75%	2024	7,020
Total borrowings				29,073

First National Bank Zambia Limited ("FNB Zambia")

In February 2023, Kagem entered into a USD 15.0 million unsecured overdraft facility with FNB Zambia at a 5.50% fixed interest rate, which was increased by USD 6.0 million in first half of 2024. As at 30 June 2024, the outstanding balance under this facility is USD 20.1 million with USD SOFR + 2.75% interest rate.

ABSA Bank Zambia Plc ("ABSA Zambia")

In first half of 2024, Kagem repaid the USD 7.3 million of its USD 15.0 million overdraft facility with ABSA Zambia that was outstanding as at 31 December 2023. The loan remains available, with no utilisation as at 30 June 2024.

Notes to the Interim Condensed Consolidated Financial Statements

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11. BORROWINGS CONTINUED

ABSA Bank Mozambique, SA (“ABSA Mozambique”)

In April 2016, MRM entered a USD 15.0 million unsecured overdraft facility with ABSA Mozambique (formerly Barclays Bank Mozambique SA). The facility has an interest rate of three-month USD SOFR plus 4% per annum. MRM had an outstanding balance of USD 15.1 million as at 30 June 2024 (31 December 2023: USD 11.3 million). Gemfields Limited issued a corporate guarantee for the facility. The facility is renewed annually, with the next renewal expected in March 2025.

Banco Comercial e de Investimentos (“BCI Mozambique” or “BCI”)

In June 2016, MRM entered a USD 15.0 million unsecured overdraft facility with BCI, which was increased to USD 20.0 million in 2023. This is a rolling facility that renews annually, provided that terms and conditions are met, and attracts interest of three-month USD SOFR plus 3.75% per annum. The facility is secured by a blank promissory note undertaken by MRM and a corporate guarantee by Gemfields Group Limited. MRM was granted a temporary limit increase on its existing USD 20 million overdraft facility in first half of 2024 due to extended internal processing times by BCI and a USD shortage in the country, which delayed utilisation of the PP2 term loan. As at 30 June 2024, the total of the overdraft facilities outstanding at MRM was USD 30.6 million (31 December 2023: USD 9.1 million).

12. PER SHARE INFORMATION

Earnings/(Loss) Per Share (“EPS” or “LPS”) and Net Asset Value (“NAV”) are key performance measures for the Group. EPS/(LPS) is based on profit/(loss) for the year divided by the weighted average number of ordinary shares in issue during the year.

Headline Earnings/(Loss) Per Share (“HEPS” or “HLPS”) is similar to EPS/(LPS) except that attributable profit specifically excludes certain items, as set out in Circular 1/2021 “Headline Earnings” (“Circular 1/2021”) issued by the South African Institute of Chartered Accountants.

Adjusted Earnings Per Share (“AEPS”) is similar to HEPS except that attributable profit specifically excludes unrealised fair value losses/(gains) on unlisted equity investments (Sedibelo). This measure is used within Gemfields Group Limited 2023 Long Term Incentive Plan (“LTIP”) as Sedibelo’s performance is outside of Management’s control.

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

Earnings per share

The Group’s EPS is as follows:

	SIX MONTHS ENDED 30 JUNE (REVIEWED) 2024	SIX MONTHS ENDED 30 JUNE (REVIEWED) 2023
Profit for the year attributable to owners of the Parent – USD’000	7,350	9,856
<i>Weighted average number of shares in issue</i>	<i>1,166,695,130</i>	<i>1,214,296,090</i>
Earnings per share – USD cents	0.6	0.8
<i>Weighted average number of dilutive shares</i>	<i>1,655,955</i>	<i>4,089,612</i>
<i>Weighted average number of shares in issue after dilutive shares</i>	<i>1,168,351,085</i>	<i>1,218,385,702</i>
Diluted earnings per share – USD cents	0.6	0.8

At 30 June 2024, the weighted average number of dilutive shares was 908,138 (30 June 2023: 4,089,612). The dilutive shares arise from the March 2017, January 2018, July 2018 and March 2019 schemes, from which 5,578,045, 849,557, 3,035,950 and 60,000 shares (30 June 2023: March 2017, January 2018, July 2018 and March 2019 schemes, from which 5,578,045, 1,699,114, 4,135,950 and 90,000 shares) were exercisable at exercise prices of ZAR3.45, ZAR2.97, ZAR2.30 and ZAR1.91.

Headline earnings per share

The Group's HEPS is as follows:

	SIX MONTHS ENDED 30 JUNE (REVIEWED) 2024	SIX MONTHS ENDED 30 JUNE (REVIEWED) 2023
Profit for the year attributable to owners of the Parent – USD'000	7,350	9,856
<i>Adjusted for:</i>		
Impairment charges related to intangible assets, attributable to owners of the Parent	–	–
	7,350	9,856
<i>Weighted average number of shares in issue</i>	<i>1,166,695,130</i>	<i>1,214,296,090</i>
Headline earnings per share – USD cents	0.6	0.8

Adjusted earnings per share

The Group's AEPS is as follows:

	SIX MONTHS ENDED 30 JUNE (REVIEWED) 2024	SIX MONTHS ENDED 30 JUNE (REVIEWED) 2023
Profit for the year attributable to owners of the Parent – USD'000	7,350	9,856
<i>Adjusted for:</i>		
Unrealised fair value losses from Sedibelo	4,000	13,300
	11,350	23,156
<i>Weighted average number of shares in issue</i>	<i>1,166,695,130</i>	<i>1,214,296,090</i>
Adjusted earnings per share – USD cents	1.0	1.9

NAV per share

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

	30 JUNE 2024 (REVIEWED)	31 DECEMBER 2023 (AUDITED)
Net assets attributable to equity holders of the Company – USD'000	435,257	438,172
<i>Number of shares in issue</i>	<i>1,166,695,130</i>	<i>1,166,695,130</i>
NAV per share – USD cents	37.3	37.6

Tangible NAV per share

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

	30 JUNE 2024 (REVIEWED)	31 DECEMBER 2023 (AUDITED)
Net assets attributable to equity holders of the Company – USD'000	435,257	438,172
<i>Adjusted for:</i>		
Intangible assets attributable to equity holders of the Company	(62,469)	(57,117)
	372,788	381,055
<i>Number of shares in issue</i>	<i>1,166,695,130</i>	<i>1,166,695,130</i>
Tangible NAV per share – USD cents	32.0	32.7

Notes to the Interim Condensed Consolidated Financial Statements

continued

for the six months ended 30 June 2024

13. COMMITMENTS AND CONTINGENCIES

At 30 June 2024, the Group had the following capital commitments:

- USD 5.5 million (31 December 2023: USD 1.1 million) mainly for the purchase of mining equipment and the construction of new staff buildings at the mine site at MRM.
- USD 3.2 million (31 December 2023: USD 4.7 million) at Kagem for the purchase of mining equipment, enhancement of operational assets and the construction of new staff buildings at the mine site.
- USD 0.2 million (31 December 2023: USD 0.8 million) for the purchase of mining equipment and camp improvements at ERM.
- USD 3.6 million (31 December 2023: USD 0.3 million) for the new 100 tph processing plant, and the purchase of mining equipment at CDJ.
- USD 0.5 million (31 December 2023: USD NIL) for drilling services, and environmental and exploration licenses at NRL.
- USD NIL (31 December 2023: USD 0.1 million) for the camp improvements at MML.

In August 2023, MRM, in which the Group holds a 75% interest, entered into a contract with Consulmet (Africa) Limited (“Consulmet”) to construct an additional processing plant at MRM’s ruby mine in Mozambique. The contract is a “lumpsum turnkey contract” based on industry standard International Federation of Consulting Engineers (“FIDIC”) terms, with MRM’s payment obligations agreed in South African Rands and equating to approximately USD 70.0 million (excluding VAT and government levies). The first payment, amounting to 20% of the total cost, was made in August 2023. An additional 20% was paid in February and April 2024, followed by a 10% payment in July 2024. The remaining 50% of the total cost is expected to be incurred in the remainder of 2024 and in 2025, subject to specified milestones.

MRM and Kagem have also provided USD 2.5 million and USD 1.6 million, respectively, in bank guarantees to support operational requirements related to compliance, management, and closure plans.

The Group does not have any significant contingencies.

14. RELATED-PARTY TRANSACTIONS

The Directors are the Key Management Personnel of the Group. Base salaries paid to the Executive Directors in the six-month period to 30 June 2024 were USD 525,653 (2023: USD 504,509).

The amount paid to the Non-Executive Directors for services (Director fees) for the period 1 January 2024 to 30 June 2024 was USD 232,500 (2023: USD 228,750).

The Group also holds a related-party receivable of USD 4.3 million and a related-party payable of USD 5.0 million with Mwiriti, the Group’s partner in MRM and Nairobi. During the period, MRM declared a dividend to Mwiriti of USD 8.1 million, which has been offset against the outstanding receivable balance. MRM made additional advances to Mwiriti of USD 1.4 million during the period under a loan agreement.

A management services agreement between Mwiriti and MRM was signed in May 2024, under which MRM will pay Mwiriti a management fee equivalent to 2% of MRM’s auction revenue, capped at USD 3.0 million per annum. Any management fees payable under this agreement will be offset against any amounts due from Mwiriti to MRM.

15. EVENTS OCCURRING AFTER THE END OF THE PERIOD

Approval of Interim Condensed Consolidated Financial Statements

The Interim Condensed Consolidated Financial Statements were approved by the Directors and authorised for issue on 26 September 2024.

Auction Results

After the reporting period, MRM hosted a commercial-quality sapphire, corundum and commercial-quality ruby auction from 2 September to 4 September 2024 and generated auction revenues of USD 2.3 million. 100% of the 10 lots offered were sold with an average realised price of USD 0.41 per carat.

A commercial-quality auction was hosted by Kagem in Jaipur, India from 27 August to 13 September 2024 and generated revenues of USD 10.8 million. 46 lots were offered for sale, of which 28 were sold (61%) with an average realised price of USD 4.47 per carat.

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 2024 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 15. 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 2024 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 2, 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, 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.

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 for 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 International Standard on Review Engagements (UK) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (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

26 September 2024

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Administration

Company Details

70

Right: Health projects, Mozambique





Company Details

Gemfields Group Limited

Incorporated in Guernsey. Guernsey registration number: 47656

South African external company registration number: 2009/012636/10

Share codes: JSE: GML/AIM: GEM

ISIN: GG00BG0KTL52

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David Lovett

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Bruce Cleaver (Chair)

Kieran Daly

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Above: Operations, Montepuez
Ruby Mining, Mozambique



Above: Responsibly mined Zambian emeralds and Mozambican rubies

GEMFIELDS

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