



# GEMFIELDS

Annual Report 2023





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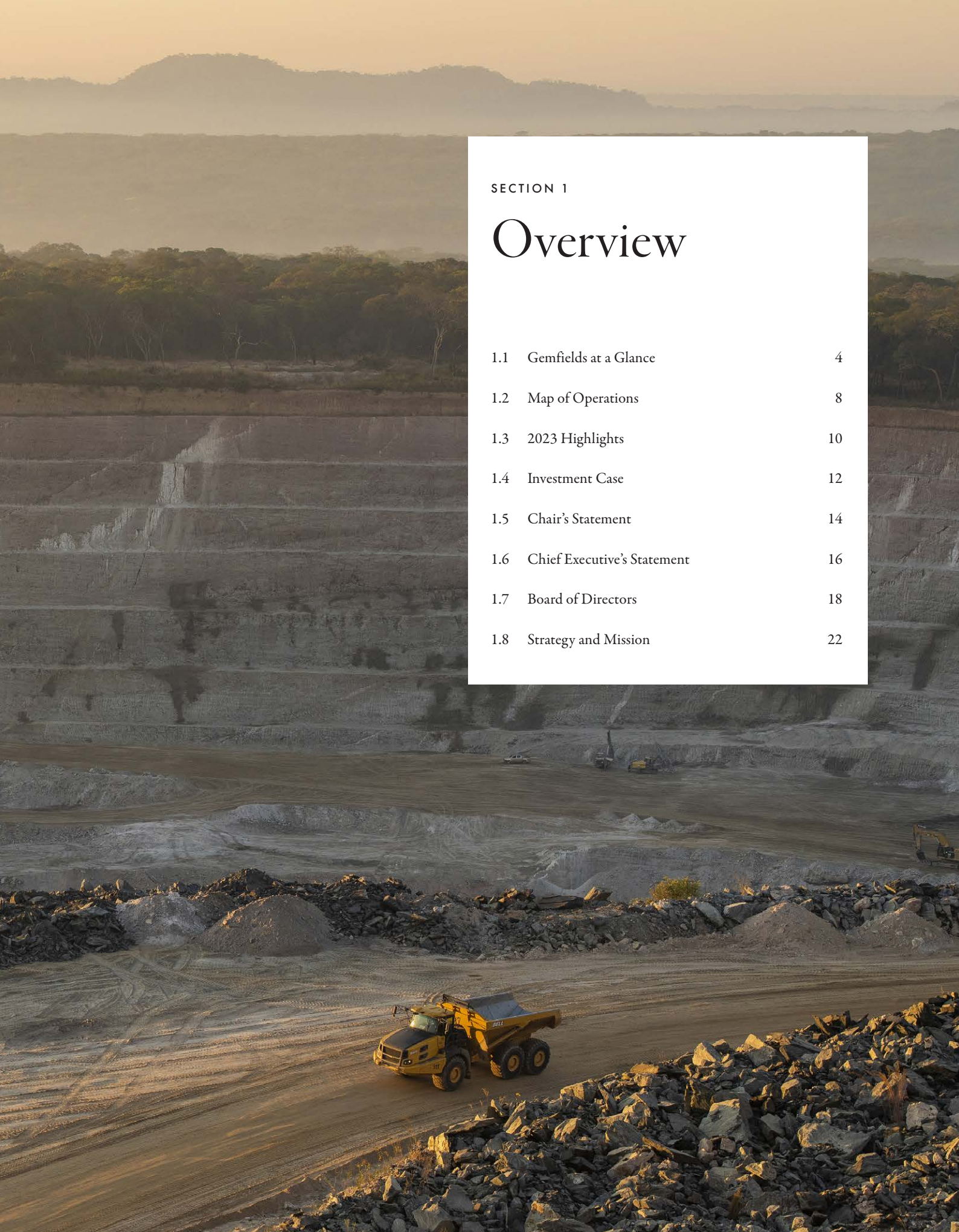
IMAGE

Kagem emerald mine, Zambia

SECTION 1

# Overview

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## SECTION 1.1

# 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**

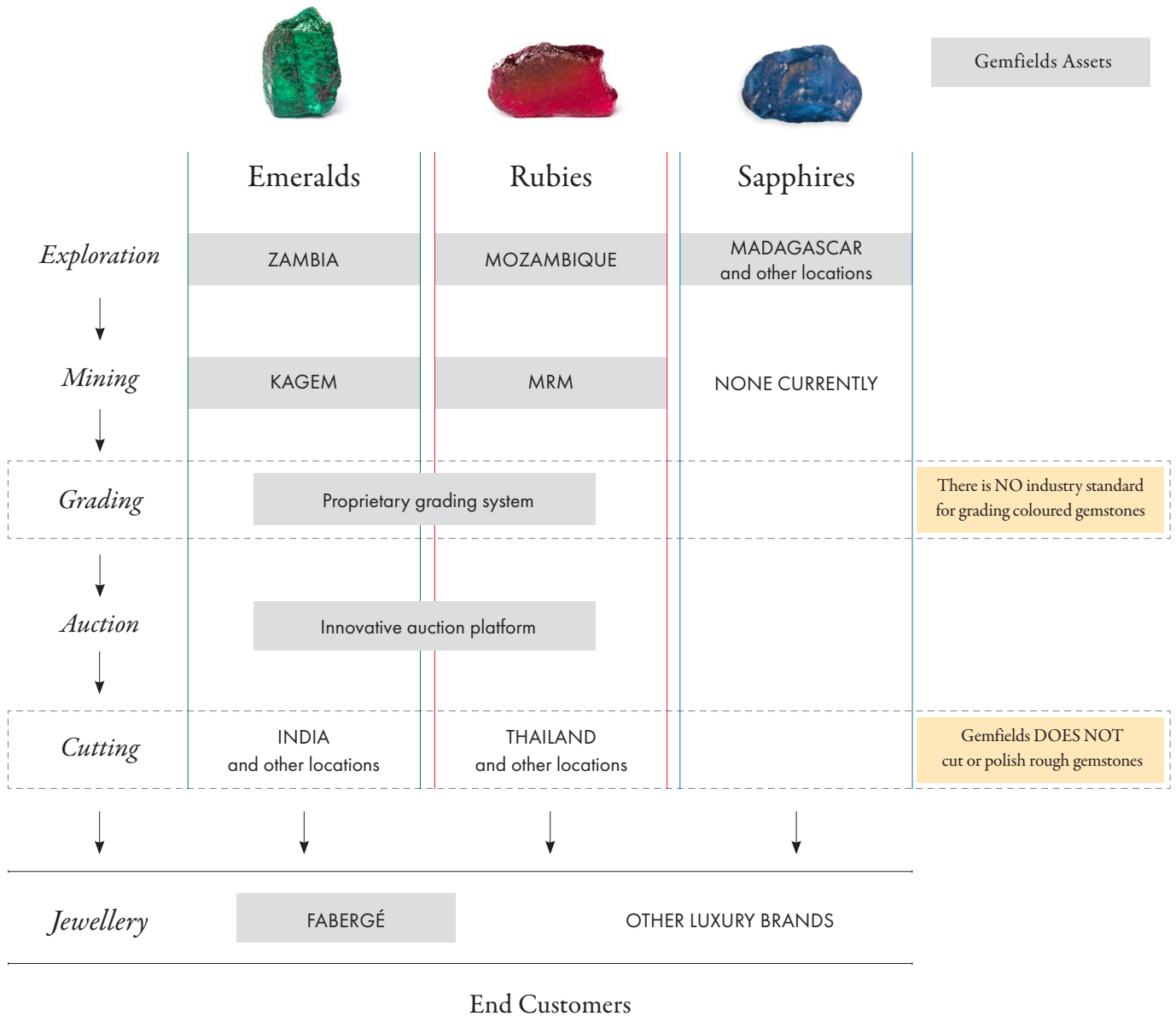
## *Our strategic objective*

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

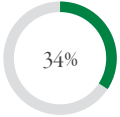

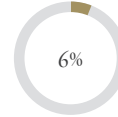
*More details on Gemfields’ business, mission, strategy and values can be found on pages 22 to 27.*



# Our Business Model



## Operations overview and key performance indicators (KPIs)

	KAGEM	MRM	FABERGÉ
<b>Focus</b>	Mining of rough emeralds	Mining of rough rubies	Luxury jewellery brand
<b>Type of operation</b>	Deep open-pit mining and exploration	Shallow open-pit mining and exploration	Design and sale of jewellery
<b>Locations</b>	Zambia	Mozambique	Worldwide, based in London
<b>Source of revenue</b>	Auction and direct sales	Auction and direct sales	Online, concession and wholesale
<b>Typical auction schedule</b>	Two higher-quality / two commercial-quality per year	Two mixed-quality per year	On occasion, via leading auction houses
<b>Cumulative auction revenues</b>	USD989 million	USD1,049 million	–
<b>Total number of auctions</b>	46	21	–
<b>2023 total revenues</b>	USD90 million	USD151 million	USD16 million
<b>% of group revenues<sup>1</sup></b>			
<b>EBITDA margin</b>	14% <sup>2</sup>	51%	–24%
<b>Estimated coloured gemstone market position</b>	~25% global supply of emeralds	~50% global supply of rubies	–
<b>Customer profile</b>	Emerald cutters, mainly found in India	Ruby cutters, mainly found in Thailand	Individuals, globally located, purchased as gifts and heirlooms
<b>Gemfields ownership</b>	75%	75%	100%

1 – Other revenue makes up the remaining 2% of total revenue in 2023

2 – Lower than historic Kagem EBITDA margin due to November 2023's higher-quality emerald auction being withheld

## Mining Metrics – 2023

	KAGEM	MRM	FABERGÉ
Stripping ratio	47	5.9	–
Total carats produced	30,153,000	1,279,000	–
Premium carats produced	156,700	62,390	–
% revenue from premium carats (Three-year average)	+30%	~70%	–
Rock handling cash cost (USD per tonne)	4.11	5.90	–
Current Life-of-Mine	22 years to 2045	6 years to 2029 <sup>1</sup>	–

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



# Company History






## Timetable of Gemfields Group Limited

Gemfields Plc	2009	Kagem Emerald Mine, Zambia – 75% acquired
	2013	Montepuez Ruby Mine, Mozambique – 75% incorporated
	2013	Fabergé – 100% acquired
	2017	Pallinghurst Resources – 49% shareholder of Gemfields plc, converts from a 10-year closed-ended investment fund to an evergreen operating mining company
Pallinghurst Resources	2017	Pallinghurst Resources – Acquired remaining Gemfields plc shares to own 100%
	2017	Pallinghurst Resources – Gemfields plc is delisted from AIM, becomes Gemfields Ltd (Jan 2018)
	2017	Pallinghurst Resources – Board of Gemfields is restructured, Sean Gilbertson becomes CEO and David Lovett becomes CFO
Gemfields Group Limited (“GGL”)	JUNE 2018	Pallinghurst Resources – Shareholders approve name change to Gemfields Group Limited
	FEBRUARY 2020	GGL adds AIM as a secondary listing in the UK
	MARCH 2020	Covid-19 pandemic causes Kagem and MRM mines to temporarily close until March 2021
	MARCH 2021	Phased re-opening of Kagem and MRM
	MAY 2022	Payment of GGL’s first dividend, USD20 million
	SEPTEMBER 2022	Payment of GGL’s second dividend, USD15 million
	MARCH 2023	Announces record revenues for 2022
	MAY 2023	Payment of GGL’s third dividend, USD35 million
	AUGUST 2023	Contract signed to construct second processing plant at MRM, GGL’s largest ever single investment
	OCTOBER 2023	Completion of USD10 million share buy-back, repurchasing ~5% of GGL
	MARCH 2024	Release of 2023 Annual Report with a USD10 million dividend announced




SECTION 1.2

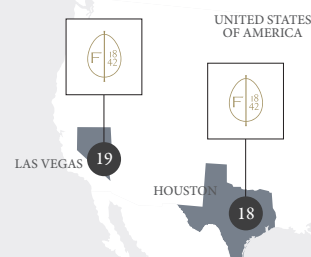
# Map of Operations

KEY

				
OFFICE	MINE	DEVELOPMENT ASSET	RETAIL OUTLET	INVESTMENT

 EMERALD	 RUBY	 GOLD
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KEY ASSETS

- 1 Gemfields Group Limited  
*Guernsey, Channel Islands, Registered Office*
- 2 Gemfields Limited  
*London, United Kingdom, Head Office*
- 3 Kagem Mining Limited  
*Kitwe, Zambia, Mine (emerald)*
- 4 Montepuez Ruby Mining Limitada (MRM)  
*Montepuez, Mozambique, Mine (ruby)*
- 5 Fabergé (UK) Limited  
*London, United Kingdom, Head Office*

EXPLORATION / DEVELOPMENT ASSETS

- 6 Megaruma Mining Limitada (MML)  
*Montepuez, Mozambique, Development Asset (ruby)*
- 7 Eastern Ruby Mining Limitada (ERM)  
*Cabo Delgado, Mozambique, Development Asset (ruby)*
- 8 Campos de Joia Limitada (CDJ)  
*Cabo Delgado, Mozambique, Development Asset (ruby)*
- 9 Nairoto Resources Limitada (NRL)  
*Mozambique, Development Asset (gold)*
- 10 Web Gemstone Mining plc (WGM)  
*Yabelo, Ethiopia, Development Asset (emerald)*
- 11 Oriental Mining SARL  
*Madagascar, Development Asset (gemstones)*

OFFICES

- 12 Gemfields Limited  
*Bangkok, Thailand, Office*
- 13 Gemfields India Pvt Limited  
*Jaipur, India, Office*
- 14 Gemfields South Africa (Pty) Limited  
*Johannesburg, South Africa, Office*
- 15 Gemfields Mauritius Limited  
*Port Louis, Mauritius, Office*

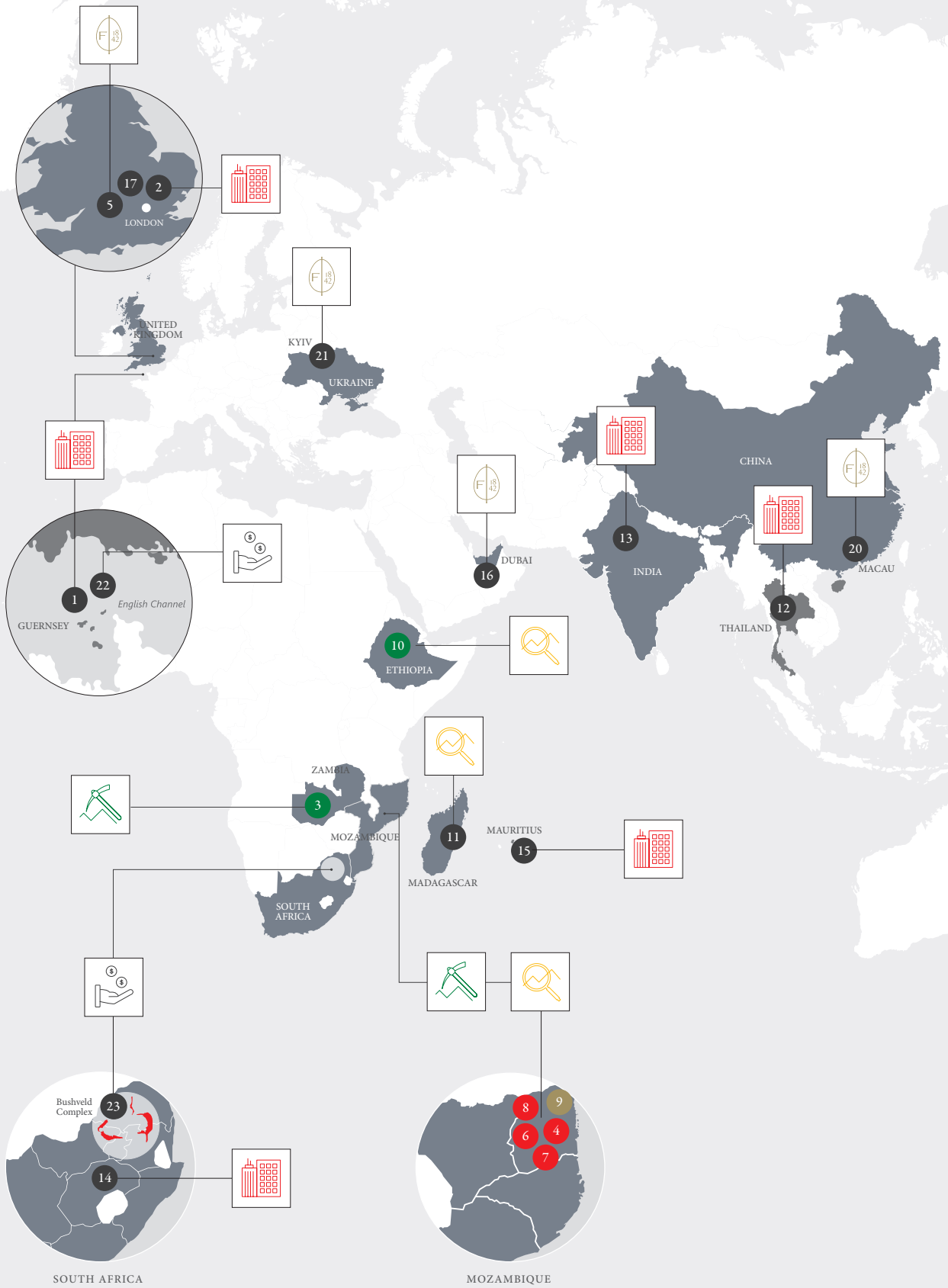
FABERGÉ

- 16 Fabergé Dubai  
*Dubai, United Arab Emirates, Retail Outlet*
- 17 Fabergé London (due to open in 2024)  
*London, United Kingdom, Retail Outlet*

- 18 Fabergé Inc  
*Houston, USA, By Appointment*
- 19 Fabergé Inc  
*Las Vegas, USA, By Appointment*
- 20 Fabergé Inc  
*Macau, China, Retail Outlet*
- 21 Fabergé Inc  
*Kyiv, Ukraine, Retail Outlet*

INVESTMENTS

- 22 Sedibelo Resources Limited  
*Guernsey, Channel Islands, Investment*
- 23 Sedibelo Resources Limited  
*Bushveld Complex, South Africa, Mine (platinum group metals)*



SOUTH AFRICA

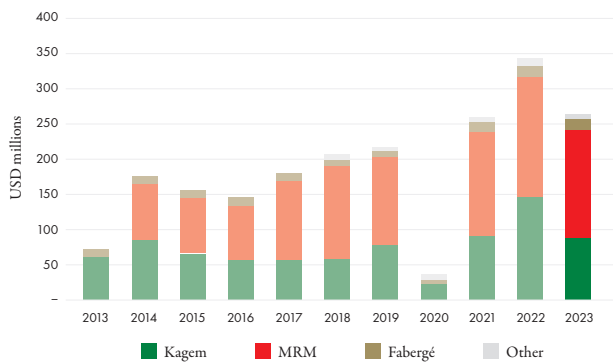
MOZAMBIQUE

SECTION 1.3

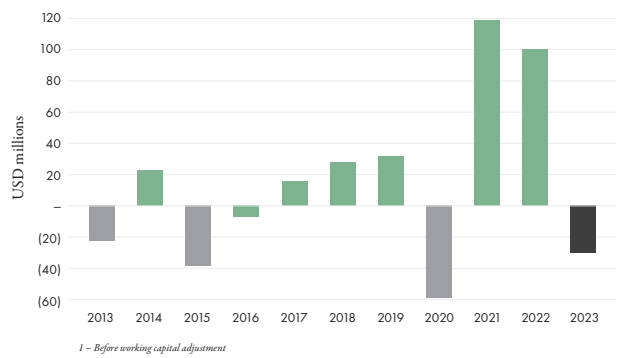
# 2023 Highlights

## FINANCIAL HIGHLIGHTS

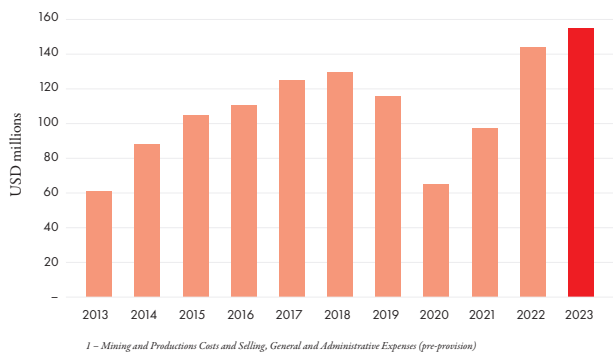
REVENUE | 2023: 262 million



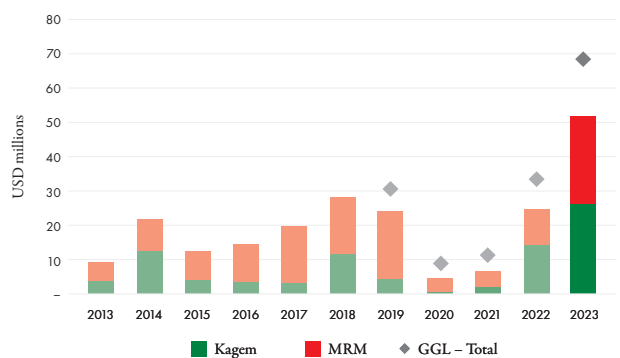
FREE CASH FLOW<sup>1</sup> | 2023: (29.1 million)



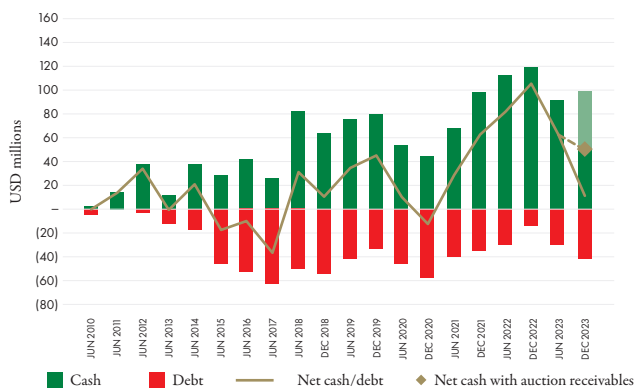
CASH OPERATING COST<sup>1</sup> | 2023: 154 million



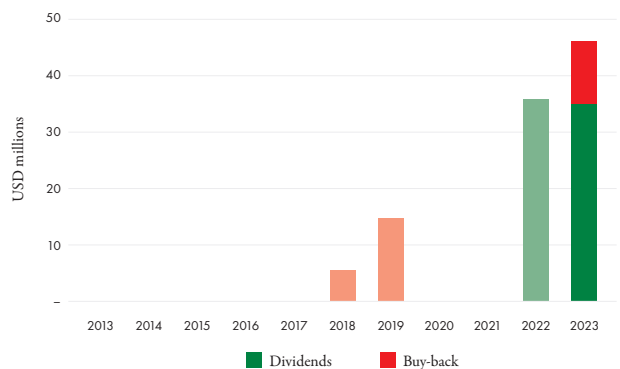
CAPITAL EXPENDITURE | 2023: 68 million



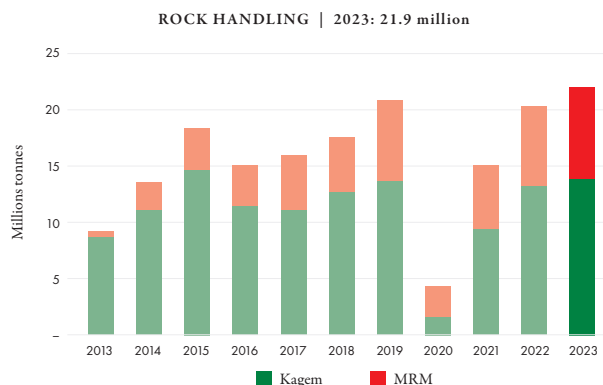
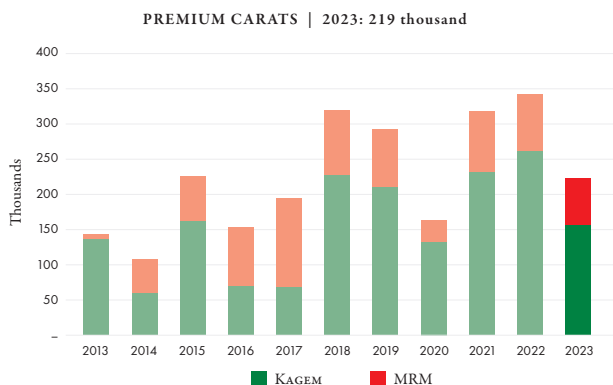
NET CASH POSITION | DECEMBER 2023: 11.1 million



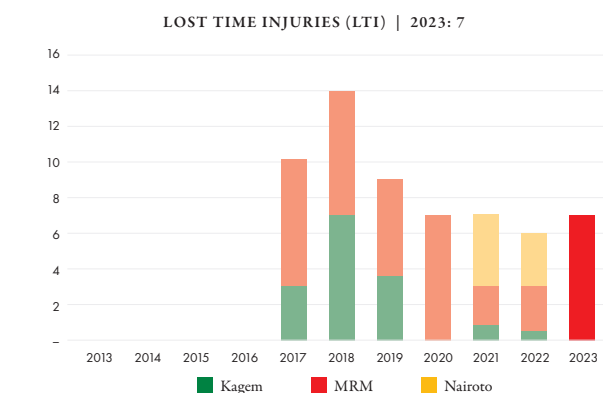
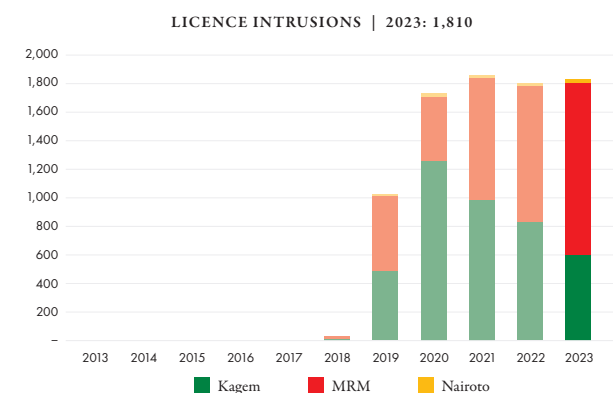
GGL - RETURNS TO SHAREHOLDERS | 2023: 45 million



PRODUCTION HIGHLIGHTS

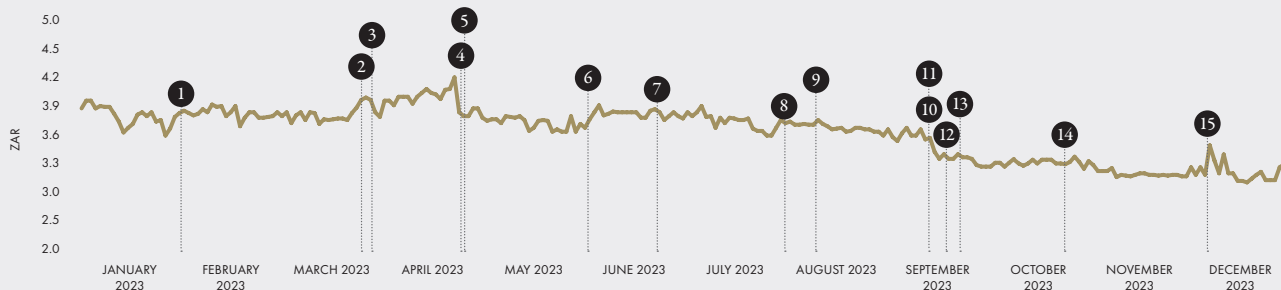


HEALTH AND SAFETY HIGHLIGHTS (DATA FIRST COLLECTED 2018 AND 2017 RESPECTIVELY)



2023 KEY EVENTS

SHARE PRICE – JSE:GML

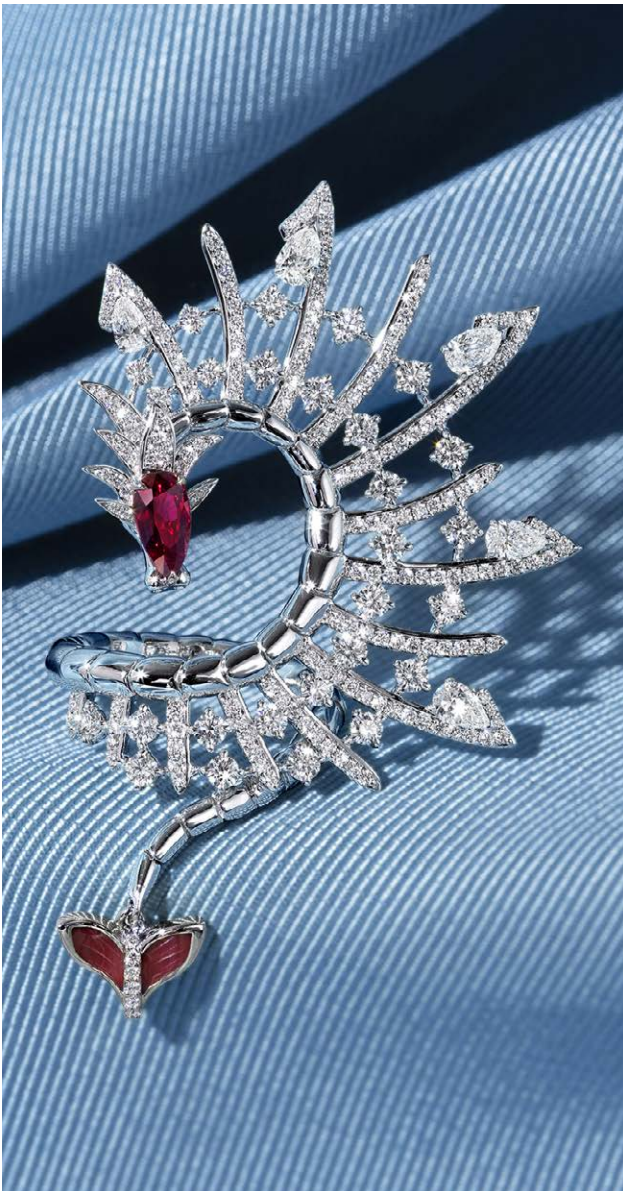


- 1 31 January Operational Update – 31 December 2022
- 2 24 March Annual Results for the 12 months ended 31 December 2022
- 3 27 March Emerald auction results – Commercial-quality (USD21.1 million)
- 4 25 April Ex-dividend date in South Africa ahead of payment of 2022 annual results dividend
- 5 27 April Ex-dividend date in UK ahead of payment of 2022 annual results dividend
- 6 2 June Emerald auction results – Higher-quality (USD43.5 million)
- 7 21 June Ruby auction results – Mixed-quality (USD80.4 million)

- 8 31 July Operational Update – 30 June 2023
- 9 7 August MRM signs second processing plant contract
- 10 13 September Ruby auction results – Mini commercial-quality (USD1.5 million)
- 11 13 September November higher-quality emerald auction withdrawn
- 12 18 September Emerald auction results – Commercial-quality (USD25.3 million)
- 13 22 September Reviewed Interim Results – For the six months ended 30 June 2023
- 14 23 October Completion of Share Buy-back Programme
- 15 6 December Ruby auction results – Mixed-quality (USD69.5 million)

## SECTION 1.4

# Investment Case



Gemfields is a unique investment proposition that offers investors exposure to a global leader in a niche field, with supportive and growing market trends. Committed to transparency, Gemfields is providing investors with the information to make informed decisions in a previously opaque industry.

There are no other freely investable coloured gemstone companies of our scale.

## UNIQUE STRATEGY IN A GROWING MARKET

As one of the only listed coloured gemstone mining companies producing at scale, Gemfields allows exposure to the growing trend towards including colour within jewellery and away from the 'traditional' diamond engagement ring. Each coloured gemstone is unique, with its own inclusions, allowing individuals to feel a stronger connection to what they wear.

The Group operates the 'Mine & Market' strategy, with direct exposure to the luxury jewellery market through its wholly-owned Fabergé business, the iconic luxury jewellery brand, and another key differentiator.

## CONSIDERABLE VALUE GENERATION WITH A COMMITMENT TO SHAREHOLDER RETURNS

Gemfields has grown from nearly no revenues in 2009 to selling over USD2 billion of coloured gemstones at auction to the end of 2023. 100% of auction revenue is repatriated to the host country, with approximately a fifth of revenue paid in taxes, royalties and dividends, driving considerable value to the Zambian and Mozambican governments.

Gemfields' financial performance has strengthened under the current management, and has allowed regular dividends to be

returned to shareholders since 2022, alongside completion of two share buy-backs of USD10 million in 2023 and USD14.4 million in 2019. Including the upcoming annual dividend, a total of USD90 million will have been returned over the last 3 years. This commitment to returning capital focuses the business and is built into the budgeting process, subject to market conditions.

WORLD-CLASS OPERATIONS

Gemfields is the operator and 75% owner of both the Kagem emerald mine in Zambia (believed to be the world’s single largest producing emerald mine) and the Montepuez ruby mine in Mozambique (one of the most significant recently discovered ruby deposits in the world).

Gemfields produces approximately 25% of the global supply of rough emeralds and approximately 50% of the global supply of rubies.

Luxury brands and their customers are increasingly challenging the processes followed to mine coloured gemstones. This may result in luxury brands choosing not to use or buy coloured gemstones from specific producers if they can’t demonstrate their corporate responsibility credentials, and may increase Gemfields’ share of the market. Gemfields actively welcomes supply chain audits, another distinguishing factor.

EMERALD OR RUBY IN A HAYSTACK

Emeralds and rubies are incredibly rare, which leads to their enduring attractiveness and maintains their value. Sources of both coloured gemstones are scarce on a global basis with the historic sources (Colombia for emeralds, Myanmar for rubies) no longer dominating supply.

In 2023:

- ~14 million tonnes of rock were handled to produce 31.3 kilograms of premium emeralds. Over 30% of Kagem revenue comes from premium emeralds.
- ~8 million tonnes of rock were handled to produce 12.5 kilograms of premium rubies. Approximately 70% of MRM revenue comes from premium rubies.

RISK FROM LAB-GROWN GEMSTONES?

Lab-grown or synthetic emeralds and rubies have been in existence since the late 1800s. Through the ‘Verneuil method’ synthetic rubies were first developed in 1883. This long-established process has resulted in a complete bifurcation between natural and lab-grown emeralds and rubies, with wildly different prices reflecting this disconnect.

Natural coloured gemstones are commonly treated, via fracture filling, heating and/or coating, which also provides an affordable alternative for consumers and diminishes the need for a synthetic equivalent.

The value remains in the natural and mined rough emeralds and rubies that Gemfields produces.

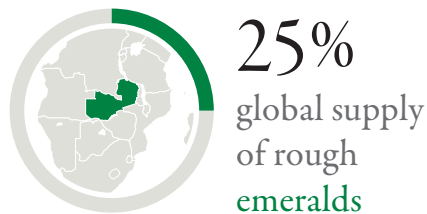
UNTAPPED RESOURCE

Gemfields’ vast-scale licence areas provide the Group with considerable potential for further exploration. Management has a strong expectation that both Kagem and MRM’s existing life-of-mines will be upgraded in the future.

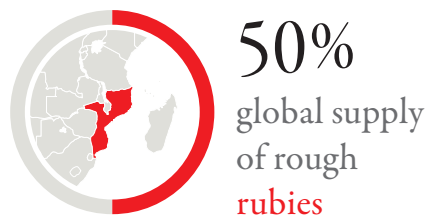
As a comparison, MRM with its 350 square kilometre licence area is almost six times the size of Manhattan and 100 times the size of the City of London’s Square Mile.

Opportunities also lie in the Group’s development assets, with active exploration in further ruby licences in Mozambique, a gold exploration project in the same region and a strong ambition to expand into Madagascar, often nicknamed ‘Gemstone Treasure Island’.

KAGEM



MRM



## SECTION 1.5

# Chair's Statement



## INTRODUCTION

The coloured gemstone market continues to go from strength to strength, with Gemfields perfectly positioned by operating two world-class and market-leading mines, with Kagem, the emerald mine in Zambia and MRM, the ruby mine in Mozambique. Prices paid at auction for the rough coloured gemstones sold by the Group have once again reached new record levels.

Operationally, 2023 has been a mixed year. Following the record revenue generation in 2022, the Group is in a position to invest strongly across the Group for future growth, and in particular signing the contract to construct a second processing plant at MRM. Although the production of premium emeralds and rubies was weaker in parts of the year and resulted in November 2023's higher-quality emerald auction being withdrawn, a record level of rock handling was achieved across both mines. The Group is only able to produce what is available from the ground with natural variability of coloured gemstones in both quality and quantity. It is anticipated that a full schedule of auctions will be run in 2024 as production is expected to improve at both mines based on historic trends.

The health and safety of employees and contractors remains the Group's highest priority. The insurgency in northern Mozambique continues to be a concern for colleagues both in the region and across the Group. There does not seem to be an end in sight, but there were positive signs of more stability during 2023 and the Group strongly hopes this will continue with support from the Mozambican army and other forces in the region.

## CORPORATE RESPONSIBILITY AND ESG EMBEDDED AT THE HEART OF GEMFIELDS

Gemfields' focus is on delivering positive benefits in Africa through gemstones, seeking to improve the coloured gemstone supply chain and, in doing so, return more value to the host countries it operates in, primarily Zambia and Mozambique. In this way, Gemfields aims to set the standard for African emeralds, rubies and sapphires.

The Group's values of transparency, legitimacy and integrity are ingrained across the business and underpin how Environmental, Social and Governance ("ESG") issues are approached. In 2023, the Group established an extensive set of ESG KPIs to assess its performance pursuant to the Group's ESG Strategy Framework. This will be developed further in 2024 with the ambition of linking ESG performance to employee incentives.

To demonstrate the Group's commitment to ESG and human rights in gemstone mining, Gemfields is working towards certification from the Initiative for Responsible Mining Assurance ("IRMA") for both Kagem in Zambia and MRM in Mozambique. This brings together a considerable amount of the ongoing work within the communities the Group operates in and ensures the long-term trackability of such processes and progress.

A solar-plant procurement project is ongoing at MRM to support the power requirements of the second processing plant that is under construction and reduce the reliance on the local electricity grid and diesel generators.

*See further details on Gemfields' ESG strategy and KPIs on pages 80 to 89.*

## BOARD ACTIVITIES AND SHAREHOLDER ENGAGEMENT

At the Group's Annual General Meeting ("AGM"), held in June 2023, shareholders approved all of the resolutions proposed by the Board, including the remuneration policy set out in the 2022 Annual Report and a new Long Term Incentive Plan ("LTIP"). This support of the LTIP scheme is an indication of the maturity of the Company and the closer alignment between shareholder interests and performance incentives for the Group's employees.



2024 is expected to see a number of changes on the Board. Carel Malan has informed the Board that from 1 April he will no longer be deemed as independent, taking a permanent role at Ore & Metal Company Limited, a subsidiary of Assore Holdings. Accordingly, Mary Reilly will assume the role of Chair of the Audit Committee, effective 1 April 2024.

As stated in last year's Notice of AGM, Lumkile Mondli and I have entered our final terms in office on the Board. To ensure a smooth transition, a broad search for both a new independent Chair and a Lead Independent Director is well under way. I look forward to updating shareholders when there is further news.

#### STRATEGIC AND FINANCIAL PERFORMANCE

Kagem, MRM and Fabergé achieved solid results in 2023. The Group's auction revenue from the sale of rough emeralds and rubies was the second-highest on record, despite one fewer higher-quality emerald auction than normal. Total revenue for the Group was USD262 million, down 23% from 2022 but higher than all other years and 47% up on the 2013–22 average. The Group's financial performance was impacted in the year by the withdrawal of November 2023's higher-quality emerald auction and an unrealised write-down of Gemfields' non-core 6.54% equity holding in Sedibelo Resources, the platinum group metals mining company.

Fabergé's path to self-sufficiency continued with no direct funding required from Gemfields for the first time since its acquisition in 2013.

2023 saw the Group's largest capital investment with the construction of a second processing plant at MRM commencing. The estimated cost of USD70 million is due to be funded in part by the business' cash resources and in-country debt, with the first payments made in 2023 and planned to continue into 2025. Eight months since the start of the project, good progress is being made, with the project effectively on budget and on time, and with a targeted completion date in the first half of 2025. The increased processing capacity, from 200 tonnes per hour to 600 tonnes per hour, will be transformative to MRM and the Group. Investment across Kagem and MRM is also heightened after a number of years of lower capital expenditure to place the Group in a strong position to grow for the foreseeable future.

*See further details on Gemfields' financial performance in the Finance Review from pages 30 to 37.*

#### CAPITAL RETURNS

In 2023, the Group returned USD35 million of capital to shareholders through its annual dividend. The Group also completed a USD10 million share buy-back scheme, buying back approximately 5% of the business at what the Board deems to be attractive prices with a volume weighted average price of ZAR3.1739. Although the share price has been lower than this for a number of months, the Board continues to view the business as heavily undervalued, especially considering the Group's strong revenues and growth potential, and considerably below its current Net Asset Value.

As a reflection of its confidence in the ongoing strength of Gemfields, the Board has approved a new annual dividend of USD10 million, continuing its commitment towards capital returns. The merits of further share buy-backs will also be kept under review.

*See further details on Gemfields' capital allocation priorities and dividend policy in the Finance Review from page 37.*

#### OUTLOOK

Looking towards the upcoming months and years, the Board is confident that the Group's excellent work will continue and drive positive growth for all stakeholders. Working with a natural product, there will be variation in both the quality and quantity of the coloured gemstones that the Group produces and the prices paid for the rough gemstones.

The considerable investments the Group has made, and is continuing to make, will result in a weaker cash flow within the financial results for this coming year, but the Board is confident that they will drive strong returns and position the business for growth in the years to come.

Finally, as ever, I would like to thank my fellow Board members and all colleagues throughout the Group for their commitment and effort across 2023 and going forward as we build a stronger coloured gemstone industry and a stronger Gemfields, for the benefit of all.

**Martin Tolcher**  
 Chair of Gemfields Group Limited  
 21 March 2024

## SECTION 1.6

# Chief Executive's Statement



## 2023 IN REVIEW

Gemfields had a year of both achievements and challenges in 2023. The Group recorded its second highest annual revenues and saw healthy prices paid at our auctions of rough emeralds and rubies. Production of gemstones in the premium quality category has been weaker at both Kagem and MRM when compared with 2022 and resulted in one auction of higher quality emeralds being withdrawn from our schedule in November 2023, negatively affecting our results for 2023.

2023 also saw the start of a period of considerable investment across the Group spurred by the position of financial strength prevailing at the end of 2022. We believe that the short-term impact of these investments on our financial performance and position will lead to a stronger and expanded business, particularly at MRM, where construction of a second processing plant – tripling our throughput capacity – is well underway.

*See further details on Gemfields' financial performance in the Finance Review from pages 30 to 37.*

## A WORLD-LEADING RESPONSIBLE MINER AND MARKETER OF GEMSTONES

Our strategy is to be the world-leading responsible miner and marketer of coloured gemstones. We are unique in both the scale of our coloured gemstone mines and our proprietary grading system, which bring predictability and transparency to our direct customers (worldwide cutters and polishers of emeralds and rubies), and ultimately across the entire life-cycle of a coloured gemstone, from mine to market and to end consumers.

## OUR APPROACH TO CORPORATE RESPONSIBILITY

We recognise the importance of working closely with our host-country governments and the local communities we operate in. They gain considerable value through our actions and we are proud of how we focus on delivering positive benefits in Africa

through coloured gemstones and unlocking resources that otherwise may only benefit the few, rather than the many.

It is remarkable that, as evidenced by our G-Factor initiative, over the life of operating our Kagem and MRM mines, we have returned a fifth of our revenue – not profit, but revenue – respectively to our host governments. As we reached the ground-breaking threshold of having sold over USD2 billion of coloured gemstones through our auctions to the end of 2023, this has resulted in over USD450 million paid back to the Zambian and Mozambican governments through direct tax, royalties, dividends and levies.

Then there is also the value provided back to our local communities in terms of jobs, stability, health improvements and skills development. We adhere to clear principles and standards that advance social and environmental goals through our approach to Corporate Responsibility.

*See further details on Gemfields' Corporate Responsibility and 2023 review on pages 80 to 101.*

## OUR OPERATIONS

### *Kagem Mining*

Zambian emeralds are rightly being recognised globally for their beauty, with country of origin for some sizes of our emeralds now irrelevant in terms of price paid. Historically, Colombian emeralds have demanded a premium over Zambian emeralds. However this inequality has been narrowing in recent years and in 2023, showed that it was beginning to equalise.

Through our auction of rough emeralds, Kagem generated good auction revenues of USD90 million in 2023, including our largest ever revenue-earning auction of Zambian emeralds in June 2023.

This total is down from our remarkable USD149 million of revenue in 2022, as weaker production of premium emeralds resulted in management making the commercial decision to withdraw a higher-quality auction from the November 2023 schedule, to ensure we only bring world-class offerings to our customers.

Production has continued to be weaker against the historic trend. However we have seen improvements in more recent times and our ongoing investment strategy is starting to bear fruit. We are particularly excited to see the completion of our processing plant improvements in the near term, which should increase processing capacity at Kagem from an average of 50 tonnes per hour to 75 tonnes per hour and removing a production bottle-neck.

Natural variability in quantity and quality is to be expected when mining an earth-born product and management has confidence that production will return to previous levels.

#### *Montepuez Ruby Mining (“MRM”)*

Gemfields’ support for ruby mining in Mozambique was evident in 2023 as we embarked on our single-largest ever investment, the construction of a second processing plant at MRM. Once completed – anticipated in the first half of 2025 – the project will be truly transformative for both MRM and the entire Group. It is currently on schedule and on budget in all material respects.

Working in the region is not without its difficulties. The presence of illegal miners and the nearby insurgency is of considerable concern and our primary focus remains the health and safety of our colleagues in northern Mozambique and across the globe. The support from local and expatriate armed forces certainly resulted in a calmer and more positive environment through most of 2023. However there have been more flashpoints in early 2024 and we remain on high alert.

Despite these external factors, MRM achieved a remarkable USD151 million of revenue in 2023 through our two regular mixed-quality auctions and one small commercial-quality auction. This is down slightly on 2022 but saw prices paid for our rough rubies reach new highs across a range of sizes and grades.

#### *Fabergé*

Fabergé, the iconic luxury jewellery brand, required no direct funding from Gemfields for the first time since it was acquired in 2013. Revenue achieved was USD15.7 million for 2023, down from USD17.6 million in the previous year, in a softer luxury market.

Fabergé continues to pursue organic growth in order to establish a sustainably profitable business.

#### *Development Assets*

Beyond our three key assets above, we have exciting opportunities that, in time, should add to our revenue and growth.

We are investing in our ruby development projects near Montepuez, besides MRM, with expanding exploration and processing activities.

Madagascar is a country of great coloured gemstone interest and we aim to establish a more material presence there by assessing possible acquisitions.

Our Nairoto gold project in northern Mozambique lies outside of our core focus on coloured gemstones. However it is showing interesting signs of anomalous gold deposits. Our exploration is still relatively limited in a vast licence area, but recent drilling results, externally assessed by SRK Exploration Ltd (“SRK EX”), are exhibiting promise that merits further exploration. We aim to provide an initial inferred gold resource at one of our target areas in the coming months and to progress towards an indicated resource by the end of the year, while continuing exploration at other areas of focus.

#### OUTLOOK

2024 will continue to see considerable investment across our mining and development operations. Our colleagues are hard at work to optimise the value of these investments.

We continue our commitment to return capital to shareholders, with a smaller USD 10 million dividend payable in June 2024.

The market for coloured gemstones can and does shift from year to year. While prices for our emeralds and rubies remain healthy, they are certainly down on the remarkable figures we saw in 2022. We are convinced that we have the right strategy and will continue our efforts of raising the profile and attractiveness of coloured gemstones on a global basis.

Our sincere thanks goes to our team members globally, to our host governments, our business partners, our customers and our shareholders for their ongoing support. 2024’s financial results will naturally be impacted by the scale of the investments we are making, but there is much to be excited about in the coming years across Gemfields’ unique business.

**Sean Gilbertson**

*Chief Executive Officer*

21 March 2024

## SECTION 1.7

# Board of Directors



## Martin Tolcher (60)

CHARTERED FCSI

*Non-Executive Chair*

Martin Tolcher has been involved in the fund administration industry in Guernsey for over 30 years. Mr Tolcher has worked at senior levels for three Guernsey subsidiaries of Bermudan and Canadian international banks, gaining considerable experience in a wide variety of offshore fund and private equity structures.

Mr Tolcher joined Legis Fund Services Limited in 2005 and was appointed Managing Director at the beginning of 2007, a position he held until the end of 2010. He remained a director of that company until September 2011. Since November 2011, Mr Tolcher has been self-employed as an independent Non-Executive Director and holds directorships within a number of other fund structures domiciled in Guernsey, including a number listed on the London Stock Exchange and the International Stock Exchange. Mr Tolcher is a Chartered Fellow of the Chartered Institute for Securities and Investment.

Mr Tolcher is a British citizen and is a resident of Guernsey.



## Sean Gilbertson (51)

BSC (MINING ENGINEERING)

*Chief Executive Officer – Executive Director*

Sean Gilbertson graduated as a mining engineer from Wits University in South Africa, having spent time in the country's deep-level gold and platinum mines. Mr Gilbertson worked as a project financier for Deutsche Bank in Frankfurt and London, specialising in independent power projects and public-private partnerships.

In 1998 Mr Gilbertson co-founded globalCOAL, a company that played a central role in the commoditisation of the thermal coal industry, and was appointed Chief Executive Officer ("CEO") in 2001 when the business was acquired by industry players, including Anglo American plc, BHP Billiton plc, Glencore International AG and Rio Tinto plc. He was also co-founder of the pioneering Spectron eMetals trading platform for category I and II members of the London Metals Exchange.

Mr Gilbertson was a co-founder of the Pallinghurst Group in 2005 and bore responsibility for Pallinghurst's coloured gemstone strategy from 2006 to 2017. After the unbundling of the Pallinghurst Group in 2017/2018, Mr Gilbertson was appointed CEO of Gemfields Group Limited on 31 March 2018 and remains CEO of Gemfields Limited, Fabergé Limited and Kagem Mining Limited, on whose boards he has served for more than a decade.

Mr Gilbertson is a British and South African citizen.



## David Lovett (41)

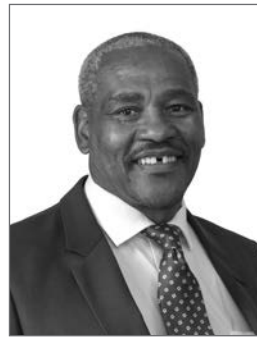
BCOM (ECONOMICS & MARKETING), ACA

*Chief Financial Officer – Executive Director*

David Lovett graduated from Birmingham University’s Business School in 2005 with a Bachelor of Commerce focused on Economics and Marketing. He then joined Grant Thornton in the UK, working across advisory and tax services and becoming a chartered accountant with the Institute of Chartered Accountants in England and Wales (“ICAEW”).

Mr Lovett joined Gemfields’ finance team in 2008. He has acted as a senior financial manager across a number of Gemfields’ operating subsidiaries during his 16-year tenure and has a thorough understanding of the Group’s activities, including Fabergé. Mr Lovett is a director of Gemfields and Fabergé, as well as various related companies.

Mr Lovett is a British citizen.



## Lumkile Mondi (61)

BCOM (HONS) IN ECONOMICS, MA (ECONOMICS)

*Lead Independent Non-Executive Director*

*Chair of the Nomination Committee*

*Member of the Audit and Remuneration Committees*

Lumkile Mondi is a senior lecturer at the School of Economics and Business Science of the University of the Witwatersrand in Johannesburg, South Africa. Mr Mondi is a strategist, an economist and a leader. He has worked extensively on the African continent, undertaking his responsibilities at the Industrial Development Corporation (“IDC”), where he was an executive for 11 years. He is also the chairman of Thelo Rolling Stock Leasing and a non-executive director of Sedibelo Platinum Mines Limited. He previously served on the board of ArcelorMittal South Africa.

Mr Mondi has more than 20 years of postgraduate experience and over eight years working in financial markets in interest rate derivatives and asset and liability management. Mr Mondi is also involved in the Brazil, Russia, India, China, South Africa (“BRICS”) think tanks on institutional strengthening and coordination. He has presented at and participated in various conferences worldwide, including the United Nations, the World Bank, the Brazilian Development Bank and the Organisation for Economic Co-operation and Development (“OECD”).

Mr Mondi is a South African citizen.



## Carel Malan (38)

CHARTERED ACCOUNTANT (SOUTH AFRICA)

*Non-Executive Director (Non-Independent from 1 April 2024)*  
*Chair of the Audit Committee (until 1 April 2024)*  
*Member of the Nomination Committee*

Carel Malan started his career at Ernst & Young where he received his first exposure to the mining industry. After three years with the firm in Gauteng, he requested a transfer to Bermuda, where he spent a further year.

Mr Malan joined Tshipi in January 2012 and was appointed Chief Financial Officer (“CFO”) in May 2014. In October 2015, Mr Malan resigned from Tshipi to pursue other interests. However, his interest in mining and his in-depth knowledge and experience of Tshipi’s business model brought him back to the company, where he was reappointed as CFO. He was part of the executive team growing the Tshipi asset to become the largest exporter of manganese ore from South Africa. In 2018, he was part of the team that listed Jupiter Mines on the Australian Securities Exchange (“ASX”) in what was flagged as the biggest IPO in the last decade on the ASX.

At the Company’s Board meeting on 21 March 2024, Carel Malan confirmed that his one-year role at Ore & Metal Company Limited, a 100% subsidiary of Assore Holding, is due to become permanent from 1 April 2024. As Assore International Holding Limited (that owns 29.2% in Gemfields) is also a 100% subsidiary of Assore Holding, it has been deemed that, from 1 April 2024, Mr Malan will no longer be classed as an independent member of the Gemfields Board. As a non-independent, he will step down from his role as Chair of the Audit Committee from the same date.

Mr Malan is a South African citizen.



## Kwape Mmela (53)

LLB, MPhil (BUSINESS RESEARCH)

*Independent Non-Executive Director*  
*Chair of the Remuneration Committee*  
*Member of the Nomination Committee*

Kwape Mmela is the founder and chairman of ShepherdTree Holdings Ltd and Hlamogolo Capital (Pty) Ltd, which are his family investment vehicles.

He has more than 20 years’ experience in both public and private sectors in South Africa, including stints with the Constitutional Assembly during the drafting of South Africa’s post-apartheid Constitution and with the Land Claims Commission to address past land dispossessions. He served as a director of Sedibelo Platinum Mines Limited for almost ten years. In 2005 Mr Mmela established the Moepi Group (Pty) Ltd, which eventually became the Black Economic Empowerment partner of Sedibelo Platinum Mines.

Mr Mmela is a South African citizen.



## Mary Reilly (70)

BA (HISTORY), ACA, FCA

*Independent Non-Executive Director*  
*Chair of the Audit Committee (from 1 April 2024)*  
*Member of the Audit and Remuneration Committees*  
*Chair of the Risk Council*

Mary Reilly has over 30 years' international experience as a chartered accountant and was a partner in Deloitte, working across various sectors and disciplines including luxury retail, manufacturing, business services, financial services, corporate governance and the public sector. Since retiring from Deloitte, Ms Reilly has had a varied and interesting portfolio of non-executive directorships where she has chaired several Audit and Risk Committees. Her current roles are Mitie plc, a prominent facilities management and professional services company; Essentra plc, a global FTSE 250 company and a leading provider of essential components and solutions; and Cazoo Group Limited, a NYSE-listed company.

Among her charitable interests, Ms Reilly is a Trustee of the People's Dispensary for Sick Animals ("PDSA").

Ms Reilly's past appointments include chairing the London Development Agency, the CBI London Regional Council and the Finance and Audit Committee of London 2012, the organisation that brought the Olympics to London.

Ms Reilly is due to become Chair of the Audit Committee from 1 April 2024, as Carel Malan would no longer be able to be Chair or be a member of the Committee, as he will no longer be deemed as independent.

Ms Reilly is a British and Irish citizen.



## Patrick Sacco (46)

BA (INDUS PSYCH), MA (MARKETING)

*Non-Executive Director*  
*Member of the Remuneration Committee*

Patrick Sacco joined the Assore group in 2003 after completing a master's degree at the University of Colorado (USA). He was appointed as a Director of Ore & Metal, the selling and marketing agent for all of Assmang Ltd's products in 2007, and is currently its Chairman. From 1 January 2019, Mr Sacco was appointed as the Deputy CEO for Assore Holdings. From July 2023, Mr Sacco was appointed as Executive Chairman.

Mr Sacco was appointed director of Assmang Ltd in 2008 and Assore in 2016, and is on the board of Oresteel Proprietary Limited, the ultimate holding company of Assore Holdings. In 2016, Mr Sacco was appointed Chairman of Cato Ridge Alloys Ltd, a 50% owned subsidiary of Assmang Ltd, producing Medium Carbon Ferro Manganese. From January 2021, Mr Sacco was appointed as the Chairman of MARA, the REACH Manganese Consortium, and has been Chairman of the International Manganese Institute since July 2020.

Mr Sacco is a South African citizen.

## SECTION 1.8

# Strategy and Mission

## Who we are

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

This statement can be broken down into three parts:

### Responsible



*'Responsible'* – Increasingly, end customers and luxury brands are not simply asking where coloured gemstones are from – they are looking for suppliers to match their standards and principles, and work in the best interests of the communities and livelihoods involved.

*More details on what 'Responsible' means to Gemfields can be found on page 24.*

### Miner and Marketer



*'Miner and Marketer'* – We mine Zambian emeralds and Mozambican rubies at their primary formation sites, and grade and sort them before selling the rough gemstones at auction. We are able to provide a consistent supply of emeralds and rubies and, together with our marketing efforts and our luxury brand (Fabergé), we work to increase the attractiveness of coloured gemstones.

*More details on what 'Miner and Marketer' means to Gemfields can be found on page 25.*

### Coloured Gemstones



*'Coloured Gemstones'* – We specialise in emeralds from Zambia and rubies from Mozambique, with an ambition to find or access a sapphires deposit. Our proprietary grading system and scale of mines allows consistent supply to support a growing market.

*More details on 'Coloured Gemstones' and their history can be found on page 27.*



## 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.

Corporate responsibility is embedded within who we are as a business, our mission and our strategy.

More details on our approach and strategy for Corporate Responsibility can be found on pages 80 and 89.

## Our strategy

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

Gemfields delivers value to its stakeholders through the following four areas of focus:



### Responsible Mining

*Approach to ESG  
Listed company  
accountability  
Transparent auctions*



### Consistent Supply

*Scale of mines  
Proprietary grading system*



### African Partner of Choice

*G-Factor for  
Natural Resources  
Partnership with  
governments*



### Mine and Market

*Marketing of  
coloured gemstones  
Owner of iconic luxury  
brand Fabergé*



IMAGE Proprietary grading system, Kagem Mining, Zambia



## Responsible mining

Luxury brands and end customers purchasing luxury goods are increasingly demanding to understand the source and processes followed to bring products to market. This is to ensure their values match with the companies involved in the supply of the products, and often requires high levels of accountability and strong governance.

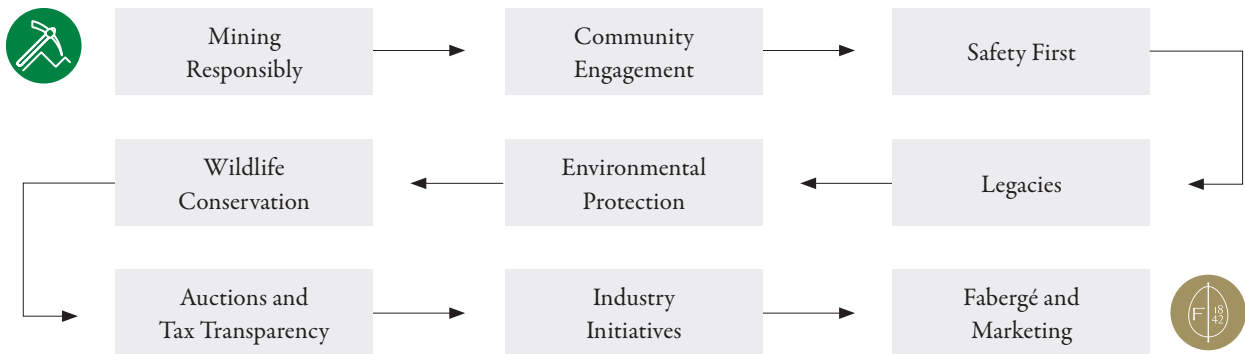
*How is this a differentiating advantage for Gemfields?*

Responsible mining for Gemfields means implementing industry-leading policies and practices across operations, transparency in our auction sales process, an active role in working groups to modernise the sector, projects to improve health, education and livelihoods for the communities around our mines and conservation efforts to protect Africa’s great wildlife and biodiversity.

As a listed company on the Johannesburg Stock Exchange in South Africa and quoted on AIM in the UK, Gemfields has a responsibility to its shareholders, listing venues, regulators, auditors and advisors to follow strong standards of governance. Gemfields sees membership with industry bodies such as the Initiative for Responsible Mining Assurance (“IRMA”) as important milestones and is increasingly being audited or reviewed by luxury brands that use Gemfields gemstones in their products.

*More details on luxury brand audits and the process for IRMA membership can be found on pages 13 and 88.*

*How do we go about responsible mining?*



*Details on each of these steps for our approach to responsible mining can be found on our website at: [www.gemfields.com/sustainability/our-approach/](http://www.gemfields.com/sustainability/our-approach/).*



## Consistent supply

When creating jewellery, luxury brands have to balance the demand from end customers with the availability of the raw materials required. If there is no reliable supply of raw materials, luxury brands are less likely to use such materials because of the sunk costs involved in designing and marketing, as well as the lead time required to bring products to market.

The jewellery industry has no established standards for coloured gemstones, which has been exacerbated by centuries of inconsistent supply and the fact that each gemstone is unique – demonstrating characteristics that can have a dramatic effect on value.

*How is this a differentiating advantage for Gemfields?*

Gemfields solves this issue with our unique and proprietary grading system. By combining this system with our world-class mines, Kagem and MRM, which operate at scale, customers can be confident that they have access to similarly graded rough coloured gemstones consistently over time.



### *African partner of choice*

Coloured gemstone or precious metal deposits are often at risk of losing the economic value of their natural resources through illicit exportation by either unorganised artisanal mining or companies with limited governmental oversight. Alongside the economic loss, this style of mining often leads to negative impacts on society and the environment.

#### *How is this a differentiating advantage for Gemfields?*

Gemfields believes it is vital to have a strong relationship with local governments and the communities in which it operates. Countries of origin receive full tax payments based on the transparently reported revenues at full gemstone value, with both Kagem and MRM 25% owned by the local government or local partners.

To show this value, Gemfields have developed the 'G-Factor for Natural Resources', a measure promoting greater transparency regarding the level of natural resource wealth shared with the governments of host countries, whether from the mining, oil, gas, timber or fishing sectors.

For future coloured gemstone discoveries, Gemfields is well positioned to support partners and governments and becoming the custodians of their precious natural resources.



### *Mine and Market*

There are no vertically integrated participants in the coloured gemstone market because of the wide range of different skills required at each stage as an emerald, ruby or sapphire travels from the ground to end customers in the form of luxury jewellery or products. Whether it is exploration and mining, cutting and polishing, or creating and selling jewellery, the expertise required does not lead to synergies across stages. This can lead to a disconnect between mine operators and the luxury brands that use cut coloured gemstones in their products, with lack of transparency and ability for miners to influence the value of their production.

#### *How is this a differentiating advantage for Gemfields?*

Through its outright ownership of Fabergé, an iconic and prestigious brand of exceptional heritage, Gemfields can optimise the positioning and consumer awareness of coloured gemstones. This 'finger on the pulse' of luxury brands allows Gemfields unique insight into the challenges and customer perception of emeralds, rubies and sapphires. Our marketing, as both Gemfields and Fabergé, can ultimately lead to a higher value for the rough coloured gemstones mined, with more benefit going back to all stakeholders and the local communities of our mines.

*A demonstration of where Gemfields operates within the coloured gemstone industry can be found on page 5.*

## Our values



### Transparency

In an industry famed for 'grey areas' and complexity, Gemfields strives to shine a light and transform the sector for the better.

Transparency for Gemfields means providing complete visibility across our business and processes. We do not accept secrets, corruption or distortion. We work with industry partners to standardise strong, transparent practices and hold the industry accountable, so consumers can make informed decisions when it comes to their gemstone purchase.

Our proprietary grading system has transformed the value and levels of propriety that gemstone-hosting countries in Africa may expect from their gemstone resources and from mining companies (whether foreign or domestic), to deliver the maximum benefit for as many citizens as possible. Today, more value than ever accrues to Mozambique and Zambia from their gemstone resources.



### Legitimacy

We aim to go over and above accepted practices, operating in a way that not only meets international and national laws, but also challenges the sector.

We have set new benchmarks for corporate responsibility, responsible mining and creating a positive impact for stakeholders, including local communities and our international team. We have zero tolerance for corruption and bribery, and uphold policies and processes to guide internal decision making.



### Integrity

We are committed to embedding tangible operational actions, at our mines and beyond, as well as supporting the sales and marketing of our products.

Our internal policies help guide our moral principles and aid honest decision making. Our proprietary grading system provides our partners with trusted evaluation and declaration of treatment. Our community projects give back to our neighbours.



## Coloured gemstones overview

### Emeralds



*Emeralds belong to the mineral family known as beryl, which also includes aquamarine, morganite and heliodor. However, the green emerald is the most prized and valuable.*

- Zambian emeralds were formed over 500 million years ago.
- Zambian emeralds get their intense green colour from the presence of chromium, iron and beryllium; and they're usually lacking in vanadium, resulting in a bluish-green, lively and often eye-clean emerald.
- Zambian emeralds tend to have a higher iron content than other emeralds, which means they are less fragile and need fewer treatments and enhancements.
- Smaller sized, high-quality gems are possible because of the stronger structure and richness in colour. The careful process of recovering emeralds by hand at Gemfields' mine has enabled the safe recovery of some of the largest and most exceptional emeralds ever found.
- Since acquiring the Kagem mine in 2008 in partnership with the Zambian government, Gemfields has pioneered traceability technology; Gübelin's paternity test, for example, allows the traceability of emeralds to their source. Today, the mine supplies around one in four of the world's emeralds.
- Emerald is the birthstone for May.

### Rubies

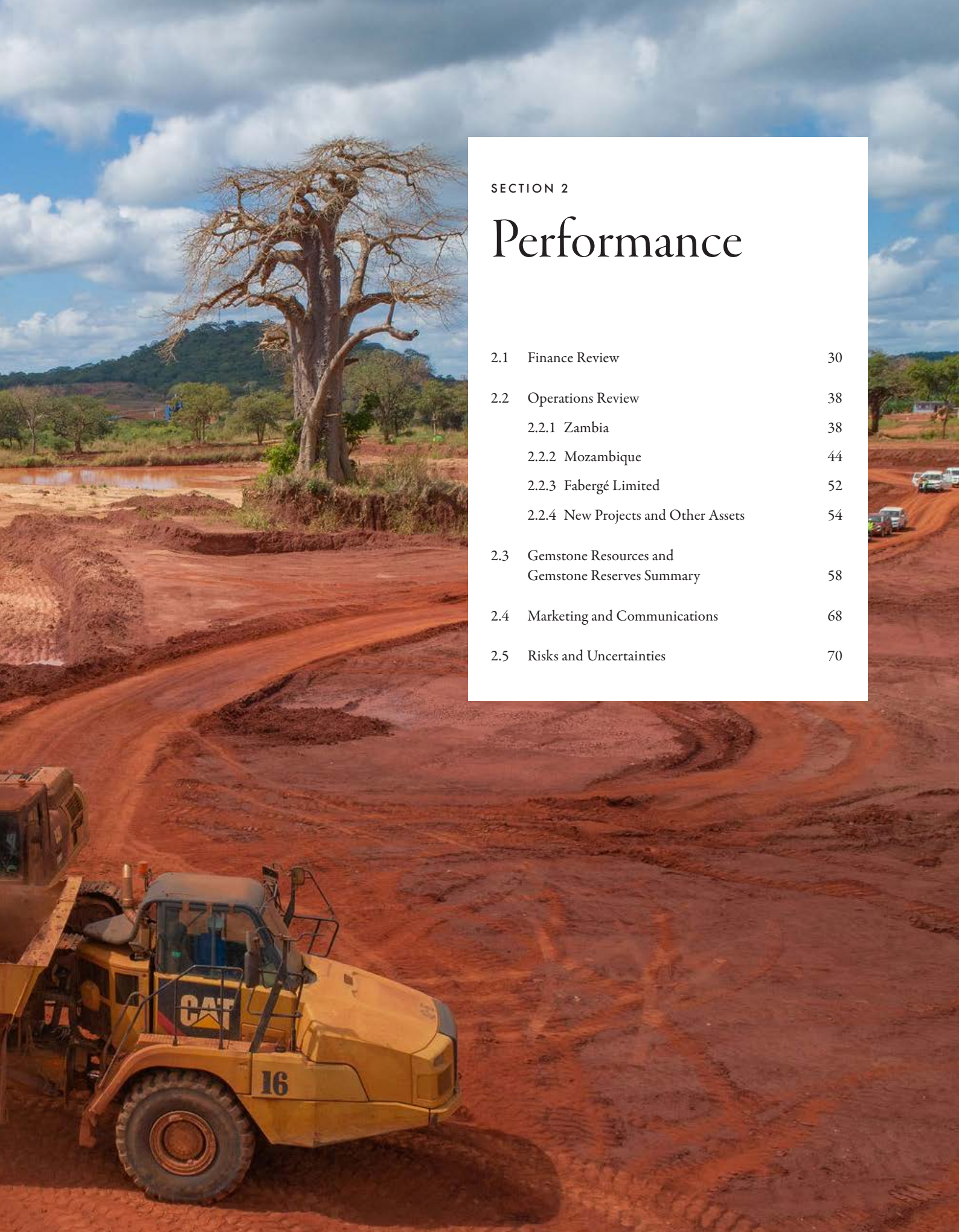


*In the hierarchy of precious materials, the ruby sits at the very top – large natural rubies frequently cost more per carat than colourless diamonds.*

- Over 500 million years old, Mozambican rubies are particularly rare – far rarer than colourless diamonds.
- Rubies and sapphires belong to the mineral family corundum, one of the hardest minerals on Earth.
- Rubies and sapphires share the same characteristics, crystal structure and chemical composition (aluminium oxide). They only differ in the trace element, chromium, from which they get their colour.
- There is no industry-wide agreement on where to draw the line between rubies and pink sapphires. According to an old joke, it depends on whether you're the buyer or the seller.
- The word ruby comes from ruber, Latin for 'red'. Therefore, it is no surprise that rubies' primary hue must be red – the more vivid, the better.
- Rubies vary in colour more than you might expect, from purplish-red to orangey-red, with the most desirable hue being a pure vibrant red. Those found in Mozambique cover all of the known colour ranges. As with all gemstones, the colour should be evenly distributed throughout the gemstone.
- Rubies naturally fluoresce under UV light, and feature pleochroism, which is the appearance of different colours when viewing the gemstone from different angles. Pleochroism in rubies typically appears as red to purplish-red in one crystal direction and orangey-red in the other. It is the role of the gemstone cutter to map these colours in order to achieve the most vivid red hue without losing too much weight from the rough gemstone.
- Ruby is the birthstone for July and rubies are also the gift designated for 40th wedding anniversaries.



IMAGE Operations, Montepuez Ruby Mining, Mozambique



SECTION 2

# Performance

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## SECTION 2.1

# Finance Review



## FINANCE REVIEW

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

IN THOUSANDS OF USD	2023	2022
Revenue	262,019	341,106
EBITDA <sup>1</sup>	83,081	165,771
(Loss)/profit after tax	(2,829)	74,268
Cash generated from operating activities	35,232	119,499
Free cash flow <sup>2</sup> before working capital movements	(29,124)	99,377
Net cash <sup>3</sup>	11,147	104,519

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

In 2023, the Group achieved a total revenue of USD262.0 million, primarily driven by the six rough emerald and ruby auctions held throughout the year, with auction viewings hosted in Bangkok and Jaipur. This figure represents a 23% decrease from the previous year, attributed in part to the cancellation of a higher-quality emerald auction that was scheduled for November 2023, as well as fewer carats sold. The cancellation was prompted by the overall lower quality and quantity of premium emerald production at Kagem. Production has continued to be weaker against Kagem's post covid production profile; however, there have been individual months of improvement.

The 'up and down' nature of emerald mining, as evidenced by Kagem's long history of published production data, provides some comfort that medium to long term prospects are robust.

Despite the setback of the withdrawn auction, 2023 still marked a strong auction performance following the record-breaking revenue of 2022. Gemfields' total auction revenue for 2023 reached USD241.3 million, the second highest in the company's history. Additionally, the year saw Gemfields' cumulative emerald and ruby auction sales reach over USD2 billion. A normal schedule of auctions is expected for 2024.

Strong revenues are being challenged by ongoing inflationary pressures. Although global commodity prices have shown a slight decline in late 2023, concerns about high interest rates and geopolitical tensions persist worldwide, contributing to higher costs. As a result, the Group's operating cost base remains significantly elevated. However, the Group is actively implementing cost optimisation measures aimed at containing 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	2023	2022
Kagem	89,925	148,638
MRM	151,379	166,688
Fabergé	15,653	17,552
Other	5,062	8,228
<b>Total</b>	<b>262,019</b>	<b>341,106</b>

The Group's total auction revenue for the year, made up of six auctions, was USD241.3 million, down by 23% compared to the prior year.

IMAGE David Lovett, Chief Financial Officer



This decline was primarily driven by the withdrawn higher-quality rough emerald auction and fewer carats sold in 2023. However, it is worth noting that the June 2023 higher-quality rough emerald auction witnessed an all-time record average realised price of USD165.55 per carat for any Gemfields emerald auction. Auction revenue accounts for 92% of total Group revenue.

Kagem's commercial-quality rough emerald auction in March 2023 generated USD21.1 million. This was followed by a record-breaking higher-quality rough emerald auction in June 2023, achieving an all-time revenue record for any Kagem emerald auction at USD43.5 million, along with setting a record for the highest price-per-carat paid for a single auction lot. Additionally, the commercial-quality rough emerald auction in September 2023 generated USD25.3 million. Despite the withdrawn auction, Kagem's total auction revenue of USD89.9 million represents the third-best auction year ever for the company, trailing behind the years 2022 and 2021, which yielded USD148.6 million and USD91.8 million respectively.

MRM's mixed-quality rough ruby auction held in June 2023 generated USD80.4 million, while the auction held in December 2023 yielded USD69.5 million. Additionally, a commercial-quality rough ruby auction held in September generated USD1.5 million. In total, the revenue generated from rough ruby auctions was USD151.4 million for 2023. This is 9% lower compared to the prior year and was driven by a lower quantity of carats offered and sold. The auction results for 2023 highlighted the continued robustness of the ruby market, reaffirming the consistent upward trend in ruby prices and demonstrating strong demand.

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 USD15.7 million in the period, 11% below the USD17.6 million achieved in the prior year, due to a softer luxury market.

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

The 2023 total cost base has remained relatively flat compared to the prior year, as inflation continues to exert a significant impact on the world economy. The two primary mining related costs,

labour and fuel, saw increases in excess of 10%. The global inflationary environment is displaying signs of stabilisation but costs remain elevated.

IN THOUSANDS OF USD	2023	2022
Mining and production costs	(98,490)	(86,838)
Mineral royalties and production taxes	(20,703)	(25,339)
Change in inventory and cost of goods sold	(13,346)	(13,017)
Mining and production costs capitalised to intangible assets	8,140	5,549
Selling, general and administrative costs	(55,044)	(55,789)
<b>Total</b>	<b>(179,443)</b>	<b>(175,434)</b>

Mining and production costs (excluding mineral royalties, production taxes, depreciation and amortisation, inventory write-downs) for the Group increased to USD98.5 million (2022: USD86.8 million). Mineral royalties and production taxes, which are calculated as 6% and 10% of emerald and ruby auction revenues, were USD5.6 million for Kagem (2022: USD9.2 million) and USD15.1 million for MRM (2022: USD16.1 million). The change in inventory and cost of goods sold for the year was an expense of USD13.3 million compared to an expense of USD13.0 million for the prior year, representing mining and production costs that are capitalised to inventory offset by cost of goods sold.

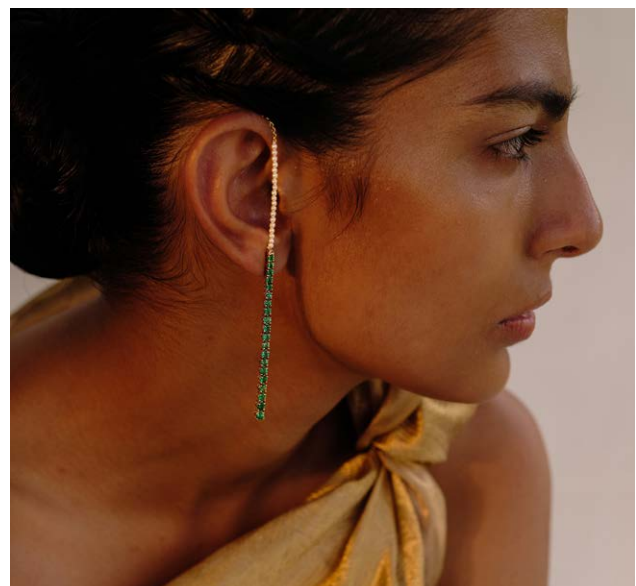


IMAGE The Line x Gemfields Songbird Collection

Mining and production costs capitalised to intangible assets in relation to the Group's development projects were USD8.1 million for the year, as opposed to USD5.5 million capitalised in 2022, due to an increase in activities.

Selling, general and administrative expenses ("SG&A"), excluding share-based payments, depreciation and amortisation, impairments and other asset write-downs, remained relatively flat at USD55.0 million (2022: USD55.8 million) mainly comprising marketing and advertising expenditure, legal costs, professional fees and travel costs across the Group.

#### EBITDA/EBITDA MARGIN

EBITDA for the Group decreased by 50% to USD83.1 million (2022: USD165.8 million), primarily due to the withdrawn emerald auction and fewer carats being sold. This resulted in an EBITDA margin drop from 49% to 32%. Kagem and MRM have EBITDA margins of 14% and 51% respectively with Fabergé at -23%.

#### DEPRECIATION AND AMORTISATION

Depreciation and amortisation for the year remained relatively flat in 2023, totalling USD36.5 million and USD0.4million, respectively (2022: USD37.5 million and USD0.2 million). It is

anticipated that the depreciation charge will rise once the second processing plant becomes operational in the second half of 2025.

#### IMPAIRMENT REVIEW

Impairment charges and reversals include a USD0.6 million charge to slow-moving consumable inventory at Kagem, a USD0.6 million reversal on inventory impairment at MRM, a USD0.3 million inventory provision reversal at Fabergé, and a USD1.5 million inventory impairment related to Gemfields Limited legacy cut and polished gemstones, all of which are recorded within cost of sales. Additionally, a USD0.4 million other asset impairment reversal at MRM is recorded within selling, general and administrative expenses during the year.

#### 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.

The Directors consider the most appropriate valuation methodology for Sedibelo to be a market comparable analysis



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

For 2023, the estimated value of the investment was determined to be USD4.0 million, a decrease of USD28.0 million from prior year (31 December 2022: USD32.0 million). The decrease in the fair value in the current period has most notably arisen from reduced public market valuations for comparable PGM companies, which were generally down by approximately 45% between 31 December 2022 and 31 December 2023, the reduced operating and financial results for Sedibelo over the year due to operating challenges, and a modest pullback in PGM prices. Full details can be found in Note 12: *Unlisted equity investments* to the Consolidated Financial Statements.

#### PROFIT FROM OPERATIONS

Profit from operations for 2023 was USD17.4 million (2022: USD116.5 million). Profit/(loss) from operations at Kagem and MRM were a loss of USD5.1 million (2022: USD55.9 million profit) and profit of USD61.7 million (2022: USD62.6 million profit) respectively, with Fabergé showing a loss of USD3.8 million (2022: USD3.1 million loss).

#### FINANCE INCOME AND COSTS

Net finance costs for the period were USD0.8 million, compared to USD1.9 million in 2022. Finance costs mainly comprised USD2.2 million interest on bank loans and borrowings at Kagem and MRM (2022: USD2.1 million) and other finance costs, including bank charges, of USD0.7 million (2022: USD0.6 million). The finance costs are offset by an increase in interest earned on positive cash balance and interest charged on a related party loan by MRM.

#### TAXATION

IN THOUSANDS OF USD, UNLESS OTHERWISE STATED	2023	2022
Profit before taxation	16,569	114,655
Income tax charge	(19,398)	(40,387)
Effective tax rate %	117.1%	35.2%
Cash tax paid	57,252	39,772

The effective tax rate for the year of 117.1% reflects a tax charge

of USD19.4 million on a profit before tax of USD16.6 million. This tax charge consists of a current tax charge of USD25.1 million (including withholding tax of USD1.8 million on a dividend paid by MRM), and a deferred tax credit of USD5.7 million. In 2022, the USD40.4 million tax charge was made up of a current tax charge of USD53.3 million (including USD1.2 million withholding tax on dividend paid by MRM), and a deferred tax credit of USD12.9 million.

The effective tax rate of 117.1% principally arises from non-deductible fair value loss on the Sedibelo investment as well as non-deductible costs in Kagem and MRM where local tax rates are 30% and 32% respectively, in comparison to 25% in the UK. The disallowed expenses mainly comprise camp costs, legal fees, corporate responsibility expenses and custom duty. The normalised effective tax rate would be 43.5% excluding the fair value loss of USD28.0 million on the Sedibelo investment.

The increase in cash tax paid from USD39.8 million to USD57.3 million was driven by the 2023 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. These resulted in payments totalling USD29.4 million in settlement of 2022 tax liabilities and USD27.9 million on account of 2023 tax liabilities.

#### PROFIT/(LOSS) AFTER TAXATION

The Group made a loss after tax of USD2.8 million in 2023, down by USD77.1 million compared to prior year profit of USD74.3 million, primarily due to the unrealised fair value losses of USD28.0 million from the Group's 6.54% equity holding in Sedibelo, as well the decrease in revenues.

#### EARNINGS/(LOSS) PER SHARE

Basic loss per share for the year was USD cents (0.8), compared to earnings per share of USD cents 4.8 for 2022, reflecting the decrease in profit for the year. The weighted average number of shares in issue was 1,206,076,930 in 2023 (2022:1,185,105,349).

Headline earnings/(loss) 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 2023, headline loss per share was USD cents (0.9) (2022: headline earnings per share of USD cents 4.8).

Adjusted earnings per share (AEPS), as defined as headline earnings per share adjusted for the unrealised fair value losses from Sedibelo, was USD cents 1.5 (2022: USD cents 5.2).

## CASH FLOWS

In 2023, the Group generated USD92.5 million from operations paid USD57.3 million of tax, spent USD74.5 million on investing activities, generated USD24.2 million financing the business, paid USD9.9 million for Group share buy-back programme, and paid dividends of USD35.0 million to GGL shareholders and USD5.0 million to non-controlling interest at Kagem. Tax paid is primarily driven by Kagem at USD16.6 million and MRM at USD39.0 million during 2023. Capital expenditure was USD68.3 million, as discussed later. As a result, free cash flow before working capital movements was a negative USD29.1 million in the period (2022: positive USD99.4 million), and cash and cash equivalents sat at USD51.6 million (31 December 2022: USD118.5 million). As at 31 December 2023 net cash amounts to USD11.2 million (31 December 2022: USD104.5 million), excluding auction receivables of USD38.5 million.



IMAGE Heritage Yellow Gold Diamond & Red Guilloché Enamel Coronation Crown Surprise Locket featuring a Gemfields Zambian emerald and Mozambican ruby

IN THOUSANDS OF USD	2023	2022
EBITDA	83,081	165,771
Change in inventory and COGS <sup>1</sup>	13,346	13,017
Costs capitalised to intangible assets <sup>1</sup>	(8,140)	(5,549)
Tax paid (excluding royalties)	(57,252)	(39,772)
Capital expenditure <sup>2</sup>	(60,159)	(34,090)
Free cash flow before working capital movements	(29,124)	99,377
Working capital movements <sup>1</sup>	(6,775)	(14,946)
Free cash flow	(35,899)	84,431

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 year increased to USD68.3 million, including the USD8.1 million costs capitalised to intangible assets for development assets. This amount consisted mainly of replacement capex at the mines and continued expansion of the development assets as well as the advance payment of USD13.5 million for the construction of the second processing plant at MRM (“PP2”). MRM has also spent USD12.4 million mainly on replacement heavy earth-moving machinery (“HEMM”) and the construction of the new office block, while at Kagem USD26.6 million was predominantly spent on replacement HEMM as the ageing fleet was decommissioned. 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 high as the Group continues to replace ageing HEMM alongside the PP2 project. The addition of the second 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. The contract with Consulmet (Africa) Limited was agreed in South African Rands, equivalent to approximately USD70 million at current exchange rates. The initial 20% of this cost was paid in 2023, with a further 60% expected to be paid in 2024, based on specified milestones.

Total cash utilised in investing activities was USD74.5 million (2022: USD41.0 million), split mainly between USD68.3 million spent on capital goods (2022: USD34.1 million) and USD8.1 million of cash advances made to Mwiriti, the Group’s partner in Mozambique, in lieu of future dividends from MRM (2022: USD6.5 million). A dividend was declared by MRM

during the year of which USD7.5 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 outflow of USD25.6 million (2022: USD55.5 million), mainly driven by the USD35.0 million of dividends paid to shareholders of the parent company together with the USD5.0 million dividend paid to non-controlling interest in Kagem. Furthermore, the completion of the share buy-back programme resulted in the purchase of a total of 58,423,901 Ordinary Shares for USD9.9 million. In 2023, Kagem paid off the revolving credit facility of USD10.0 million with ABSA Zambia and entered into new overdraft facilities with FNB Zambia and ABSA Zambia. As at 31 December 2023, the outstanding balances on these facilities were USD12.8 million with FNB Zambia and USD7.3 million with ABSA Zambia. As at 31 December 2023, MRM had USD9.1 million (31 December 2022: USD4.0 million) outstanding balance on its overdraft facility of USD20.0 million with BCI. Furthermore, MRM utilised USD11.3 million of its ABSA overdraft facility of USD15.0 million.

## FINANCIAL POSITION

The Group's balance sheet is summarised below:

### ASSETS

IN THOUSANDS OF USD	2023	2022
Property, plant and equipment	356,589	336,765
Intangible assets	65,967	56,139
Unlisted equity investment	4,000	32,000
Inventory	109,657	110,625
Auction receivables	38,532	54,919
Cash and cash equivalents	51,621	118,526
Other assets, including deferred taxation	71,525	65,151
<b>Total assets</b>	<b>697,891</b>	<b>774,125</b>

As at 31 December 2023, the Group's non-current assets mainly comprise property, plant and equipment ("PPE") of USD356.6 million (31 December 2022: USD336.8 million), intangible assets of USD66.0 million (31 December 2022: USD56.1 million), unlisted equity investment of USD4.0 million (31 December 2022: USD32.0 million), deferred tax assets of USD6.1 million (31 December 2022: USD6.3 million) and other non-current assets of USD23.7 million (31 December 2022: USD14.1 million). Other non-current assets primarily

consists of long-term VAT receivables of USD18.1 million (31 December 2022: USD9.1 million), related party receivables of USD3.0 million from Mwiriti (31 December 2022: USD3.0 million), the Group's other investment of USD2.0 million (31 December 2022: USD1.4 million) and the remainder mainly comprising deposits paid.

PPE predominantly relates to the mining assets (evaluated mining properties and deferred stripping costs) of USD262.4 million (31 December 2022: USD280.8 million). Of the total mining assets, USD246.3 million (31 December 2022: USD260.1 million) relates to the recognition of the fair values of Kagem and MRM at the date that GGL acquired Gemfields Limited in July 2017. These assets are amortised on the unit-of-production basis over the life of the mine. Intangible assets of USD66.0 million mainly consist of USD28.5 million (31 December 2022: USD28.5 million) representing the Fabergé trademarks and brand, and USD37.0 million (31 December 2022: USD27.3 million) related to unevaluated mining assets across the Group.

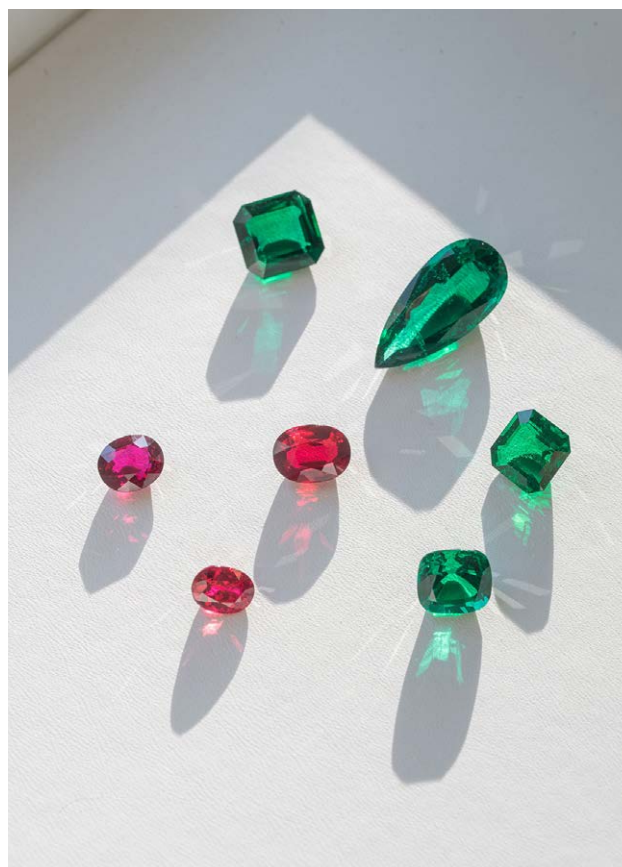


IMAGE Responsibly mined cut and polished Zambian emeralds and Mozambican rubies

The unlisted equity investment relates to the Group's 6.54% equity holding in Sedibelo. The valuation of this investment is discussed in Note 12: *Unlisted equity investments* of the Consolidated Financial Statements.

The Group's current assets mainly comprise inventory of USD109.7 million (31 December 2022: USD110.6 million), trade and other receivables of USD79.0 million (31 December 2022: USD99.6 million), USD1.4 million of current tax receivable (31 December 2022: Nil) and cash and cash equivalents of USD51.6 million (31 December 2022: USD118.5 million). USD38.5 million of trade and other receivables arose from auction receivables (31 December 2022: USD54.9 million).

The auction receivables outstanding of USD38.5 million at 31 December 2023 mainly relates to the mixed-quality rough ruby auction held in December 2023 with USD37.9 million outstanding. As at the issuance date of this report, all outstanding auction receivables had been collected.

Inventory decreased by USD1.0 million from USD110.6 million to USD109.7 million. Decreases in rough emerald inventory and cut and polished gemstone inventory were largely offset by increases in rough ruby inventory, Fabergé jewellery and mining-related spares.

IN THOUSANDS OF USD	31 DECEMBER 2023	31 DECEMBER 2022
Rough inventory – emeralds and beryl	38,832	45,908
Rough inventory – rubies and corundum	28,190	23,702
Fabergé inventory	26,181	25,884
Cut and polished gemstones	3,504	5,242
Spares and consumables	12,950	9,889
<b>Total inventory</b>	<b>109,657</b>	<b>110,625</b>

Trade and other receivables, excluding the auction receivables of USD38.5 million, primarily consist of USD5.5 million of non-auction trade receivables (31 December 2022: USD8.2 million), USD14.3 million of short-term VAT receivables (31 December 2022: USD21.7 million) predominantly from MRM and Kagem, related party receivables of USD8.1 million (31 December 2022: USD7.1 million) held with Mwiriti, USD8.4 million of prepayments (31 December 2022: USD4.7 million) and reminder mainly comprising deposits paid. Total short-term and long-term VAT receivables of USD32.4 million (31 December 2022: USD30.8 million) is mainly the consequence of delayed processing and repayment of claims by the relevant overseas tax authorities.

## LIABILITIES

IN THOUSANDS OF USD	2023	2022
Deferred tax liability	70,877	76,780
Trade and other payables	47,930	44,158
Current tax payable	–	33,351
Provisions	5,913	17,400
Lease liabilities	1,170	2,332
Borrowings	40,474	14,007
Other liabilities	8,034	5,000
<b>Total liabilities</b>	<b>174,398</b>	<b>193,028</b>

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.

The net deferred tax liability decreased in the year by USD5.9 million due principally to a net reduction of USD5.4 million in mining assets and inventory because of amortisation. The remaining USD0.5 million is due to the impact of the net increase in deferred tax assets that are netted against deferred tax liabilities.

Trade and other payables had increased by USD3.8 million to USD47.9 million at 31 December 2023. This is primarily attributed to the increase in payables to vendors resulting from capital expenditure spending at Kagem and development assets and an increase in other taxes payable at MRM.

The current tax payable is nil (2022: USD33.4 million) with a receivable of USD1.4 million recorded as at 31 December 2023. This is a result of the full settlement of prior year tax liabilities in the year and the substantial payments on account in relation to the estimated 2023 tax liabilities.

Provisions of USD5.9 million (31 December 2022: USD17.4 million) predominantly include USD2.7 million (31 December 2022: USD2.3 million) of environmental provisions for the rehabilitation and restoration of mined areas at Kagem and MRM, USD1.2 million (31 December 2022: USD1.4 million) of resettlement action plan provisions, and USD2.0 million (31 December 2022: USD13.7 million) of other provisions for future legal claims and fees, including MRM's OGM scheme, and employee end-of-contract benefits. The decrease is primarily attributed to the closure of the original MRM OGM scheme, which has now been replaced by OGM 2.0. All historical cases related to alleged incidents occurring between 1 January 2012 and

31 December 2018 have been addressed through a rapid close mechanism.

#### BORROWINGS AND NET CASH

IN THOUSANDS OF USD	2023	2022
Cash and cash equivalents	51,621	118,526
Current borrowings	(40,474)	(14,007)
Net cash	11,147	104,519

The decrease in net cash in the year mainly reflects the cash outflows from dividend and tax paid during 2023, as well as the Group's share buy-back programme and capital expenditure. At 31 December 2023, the Group held USD40.5 million in borrowings, an increase of USD26.5 million from 31 December 2022, due to the utilised borrowings explained in the 'Cash Flows' section. MRM is currently in the process of securing two additional debt facilities to finance the construction of the second processing plant. Consequently, the Group's borrowing is expected to increase in 2024.

#### GOING CONCERN

The 2023 Consolidated Financial Statements have been prepared on the going concern basis. The Group's base case model for the period to September 2025 shows that the Group has sufficient available funds to meet its liabilities as and when they fall due. The expectation of continued operations through the going concern period and the absence of significant disruptive factors reinforces the Group's confidence in maintaining its ongoing viability and growth trajectory.

#### 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's performance and market conditions allow, at the Board's discretion and following assessment of Gemfields' capital allocation priorities.

#### DIVIDEND AND CAPITAL ALLOCATION

The Board announces a new annual dividend of USD10 million, or approximately USD cents 0.857 per share, due to be paid to shareholder on 24 June 2024.

This follows the Group's maiden dividend of USD20 million in May 2022, an interim dividend of USD15 million in November 2022, and after the strong 2022 results an annual dividend of USD35 million in May 2023.

In the year, Gemfields completed a USD10 million share buy-back scheme, re-purchasing 58.4 million shares at an average price of ZAR3.1739. This represented 4.83% of the issued Ordinary Shares on the date of the original general authority granted on 30 November 2022.

#### SUMMARY AND OUTLOOK

The Group achieved excellent auction results in the first half of 2023 and despite withdrawing Kagem's November higher-quality auction, 2023 represents the second highest annual revenue performance in the Group's history. A full slate of both emerald and ruby auctions is anticipated for 2024. Looking forward, the Group is poised for significant capital expenditure in 2024, notably driven by the ongoing construction of the second processing plant at MRM. Representing the single largest capital investment undertaken by Gemfields, the new plant will bring a scale of production that has not been seen before in the coloured gemstone industry. While the inflationary environment is displaying signs of stabilisation, costs remain elevated. Cost management and efficiency continue to be key focus across the Group.

**David Lovett**  
*Chief Financial Officer*  
 21 March 2024



IMAGE Kalki Kanmani wearing House of Meraki x Gemfields Earrings, featuring Gemfields Zambian emeralds at the ELLE Sustainability Awards

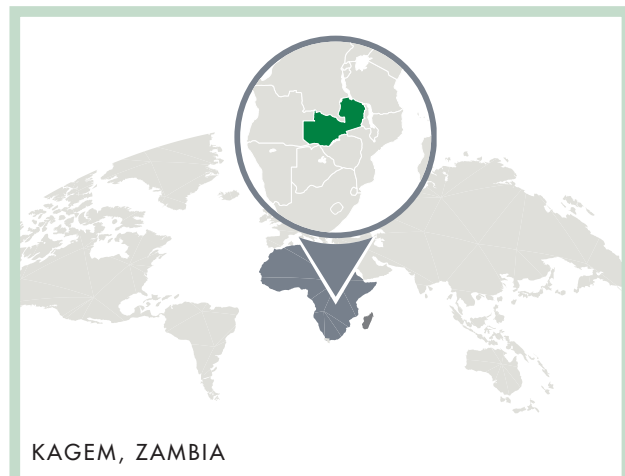
SECTION 2.2.1

# Operations Review

*Kagem (Zambia)*

**OPERATIONS IN ZAMBIA COMPRISE THE FOLLOWING:**

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 three 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).



KAGEM, ZAMBIA

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

1 – Absent of any future exploration or additions.

**AUCTION RESULTS**

In 2023, Kagem held two commercial-quality and one higher-quality auction generating total auction revenues of USD89.9 million.

**MARCH — JUNE — SEPTEMBER**

Commercial-quality USD21.1 million	Higher-quality USD43.5 million	Commercial-quality USD25.3million
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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.

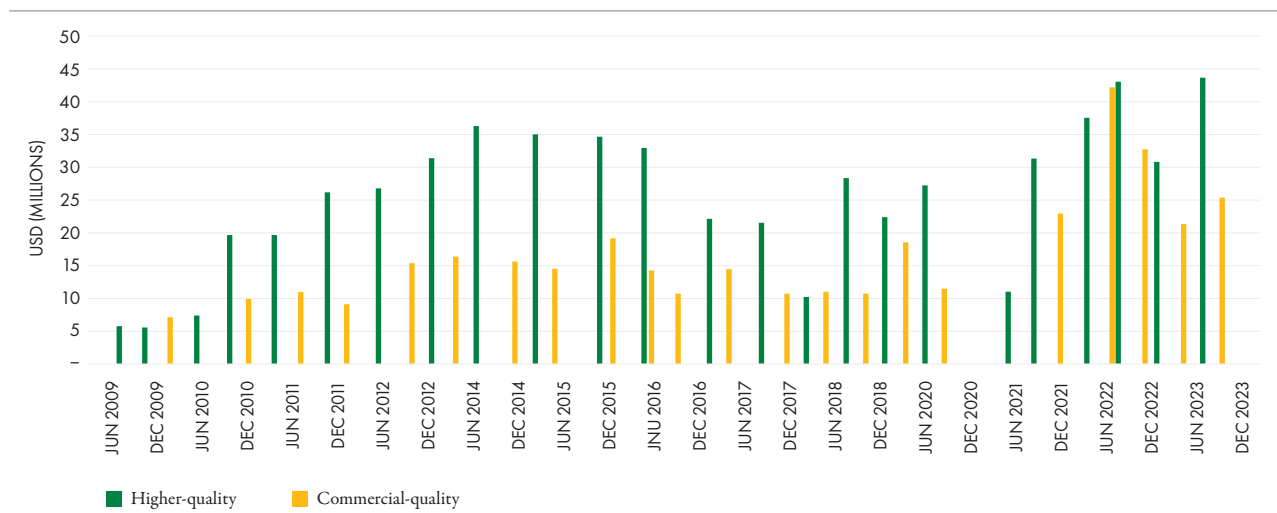
The first commercial-quality auction of the year, was held in Jaipur, India from 6 to 24 March 2023, saw 45 companies placing bids and generated revenues of USD21.1 million, with an average realised price of USD7.13 per carat. These results were solid but continued to reflect a normalisation of the prices compared to the high levels seen in the first half of 2022. Out of 29 lots offered, 25 were sold (86%).

The higher-quality auction for 2023 was held in Bangkok from 15 May to 1 June 2023 and generated all-time record revenues of USD43.5 million with an average realised price of USD165.55 per carat, the highest average price per carat achieved at any Kagem emerald auction. Hosted less than three months after the commercial-quality auction, this auction saw a material step up in prices even beyond those of the first half of 2022. All 35 lots offered were sold (100%).

The second commercial-quality auction took place in Jaipur, India from 29 August to 15 September 2023, saw 50 companies placing bids and generated revenues of USD25.3 million.



## ALL EMERALD AND BERYL AUCTIONS HELD BY KAGEM SINCE ACQUISITION



This demonstrated that the emerald market was in excellent condition ahead of the important trade show season. All 43 lots offered were sold (100%) with a higher than usual proportion of lower-value grades within the auction, achieving an average realised price of USD7.51 per carat.

Due to the generally lower quality and quantity of emerald production at Kagem in the summer months of 2023, the higher-quality emerald auction planned for November 2023 was withdrawn. The higher-quality production available for that auction is expected to be offered at auction in 2024.

The 46 auctions of Kagem gemstones held since July 2009 have generated USD989 million in total revenue.

### 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.*

### KAGEM PRODUCTION SUMMARY

	12 MONTHS TO 31 DECEMBER 2023	12 MONTHS TO 31 DECEMBER 2022
<b>Mining / Processing</b>		
Total rock handling – <i>in thousand tonnes</i>	13,885	13,233
Waste mined – <i>in thousand tonnes</i>	13,637	13,002
Ore production (reaction zone) – <i>in thousand tonnes</i>	248	232
Stripping ratio	47	52
<b>Gemstone production</b>		
Premium emerald – <i>in thousand carats</i>	156.7	259.5
Emerald and beryl – <i>in million carats</i>	30.1	37.2
Grade (emerald and beryl/ore processed) – <i>in carats/tonnes</i>	121.6	160.8



During 2023, Kagem focused on exposing the emerald-bearing zones and waste removal at three main areas of the Chama pit (F10, Fwaya-Fwaya and FF-Mboyonga) and three production areas at Chibolele pit (M1, M2 and M3).

The Fwaya-Fwaya sector of Chama pit was under continuous development and yielded quality production for the first time. A 50-metre wall pushback around the F10 contact point, nicknamed Junction, took place in 2023, with the ambition to expose more of the historically high-quality emeralds from this section. As there was previous waste material above the F10 contact point, this needed to be re-handled to allow the wall pushback.

Kamakanga, another licence area within Kagem, does not have any proven resource and reserve. Bulk sampling commenced in January 2022 and in 2023 two in-situ litho contacts were exposed towards the south-west and south-east corners of the Jai Ambe pit, which showed minor incidences of emerald and beryl, giving confidence to consider formal mining in the future.

Total rock handling in 2023 was 13.8 million tonnes (2022: 13.2 million tonnes), an all-time record at Kagem.

### *Processing*

Work commenced in July 2023 to improve and upgrade the processing plant, to upscale the production efficiency from a targeted 50 to 75 tonnes per hour. This resulted in a reduction of 40% in processing tonnage during the year as plant and picking belts were rebuilt. The first phase is complete, with the second phase continuing ahead of an expected completion date of late March, during which production was limited to 50%.

In total, 177.6 thousand tonnes were processed in 2023, at a rate of 40 tonnes per hour, compared to 180.3 thousand tonnes at 49 tonnes per hour in 2022. From this, 14.2 million carats of emerald and beryl were realised, compared to 18.2 million carats in 2022.

Of the total production for the period, 53% has come directly from the pit and 47% from run-of-mine material processed at the processing plant. This showed a lower proportion from processed material compared with historic trends due to the processing plant's reconstruction.

A new night shift is planned at the processing plant in 2024 as part of the project to increase efficiency.

### *Production*

During 2023, Kagem achieved 30.1 million carats of production at a grade of 122 carats per tonne, with 156.7 carats of premium emerald. This was materially down from 2022, when a total of 37.1 million carats was produced with 259.5 thousand carats of premium emeralds.

Operations in the first half of 2023 were focused on expediting the more productive sections of the Chama pit to replenish inventory levels, while a key production point within Chama was underwater for a longer period of 2023 than in previous years, following Zambia's wet season (November to April).

The quality and quantity of the emeralds being produced in July and August was lower than Gemfields would expect in order to run an optimal auction, which resulted in management making the decision to no longer hold November 2023's planned higher

quality auction. Production has continued to be weaker against Kagem's historic trend, however there have been individual months of improvement. The 'up and down' nature of emerald mining, as evidenced by Kagem's long history of published production data, provides some comfort that medium to long term prospects are robust.

From the 30.1 million carats of production, Chama pit contributed 23.4 million carats, Chibolele contributed 6.6 million carats and Kamakanga 0.1 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 2023 were USD57.0 million (2022: USD56.9 million), giving a cash rock handling unit cost (defined as total cash operating costs divided by total rock handled) of USD4.10 per tonne (2022: USD4.30 per tonne).

The significant increase in costs reflects inflationary pressures on input costs experienced across the globe, with fuel, labour, spare parts and service costs rising substantially across the year. Kagem is looking at various ways to contain these costs and reduce its exposure to such pressures. Prices also rose in Zambia as the local currency (Kwacha) devalued against USD as the Zambian government restructured its debt.

The total operating costs for the twelve months to 31 December 2023 were USD91.2 million (2022: USD102.2 million).

During 2023, Kagem spent USD26.6 million of capital expenditure primarily on the replacement of mining and ancillary equipment, infrastructure improvements to staff accommodation and the processing plant upgrade. This was split into approximately 60% sustaining capex and 40% expansionary capex.

#### *Infrastructure*

Infrastructure development projects were focused on improving the living conditions of the employees on site. Kagem is in the process of building in excess of 150 new rooms to reduce living density and provide accommodation for employees for the new night shift in the processing plant.



### *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.

The exploration campaign in Kagem’s licences was resumed in June 2022 to facilitate the in-house upgrading of the resource and reserve estimates based on SRK modality for some portion of Chama and Chibolele pits. The exploration campaign also continues at Kamakanga with an objective to confirm the host lithology and to establish the resources in the near future to enhance Kagem’s overall production profile.

A new SRK Resources and Reserves Statement is planned for 2024, ahead of the publication of the next full year results in March 2025.

### *Protection services*

A Domain Awareness Centre was successfully implemented in 2023 to enhance the production services department’s efficiency as a central command centre for CCTV surveillance, drone and mobile patrols and static guarding deployment.

Attempted theft of rough emeralds continues to present a challenge, alongside intrusions onto Kagem’s licence area for illegal mining. In the year, 34 illegal miners were arrested on the licence area. A total of 28 illegal pits were recorded and closed.

### *Health and Safety*

Our commitment to safe and responsible mining goes beyond our organisational and legal obligation. Kagem continues to champion a ‘zero-harm’ culture, a culture free of injury and damage to the environment in its mining operations.

A zero-harm culture is furthermore extended to our business partners (suppliers, contractors, visitors etc.) who undergo General Site Induction prior to commencement of their work. Employees are subjected to a Behaviour Based Safety programme, which has been implemented as a tool to reinforce safe behaviours and eliminate unsafe behaviours, with the ultimate goal of achieving zero incidents.

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

Kagem mine recorded no lost-time injuries in 2023.

### *Human resources*

As of 31 December 2023, 1,524 people (2022: 1,334) were employed by Kagem, of which 960 (2022: 949) were directly employed and 473 (2022: 385) were employed through contractors.

During the year 2023, 107 sessions of different courses such as health and safety, environment protection, and trade-related refresher courses were conducted which resulted in a total of 1,723 participants of which some employees attended more than one course in line with their job requirements. These trainings were conducted by both external and in-house trainers with the majority of the workforce being trained at the Mine site and some being trained off-site within Zambia. Seven Zambian students were engaged as interns at Kagem with three in the Mining department, three in the Production department and one in the Finance department.

Kagem fostered steps towards gender equality in the workplace by adopting new recruitment efforts, which culminated in the employment of 24 female employees across departments and levels of seniority.

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

## CORPORATE RESPONSIBILITY

Kagem’s corporate responsibility activities aim to position the company in good standing with local communities, and to ensure that its policies provide a positive impact in the communities and complement Government efforts in reducing poverty levels. Kagem’s approach to community engagement and participation is consistent with the Sustainable Development Goals and Government policy.

In November 2023, Kagem Mining Limited became the first company in Africa to be certified to Environmental, Social and Governance (“ESG”) Clarity platform. The assessment was completed and verified by Bureau Veritas and represents a first step to allow external review of Kagem’s ESG processes.

As a continuation of Gemfields’ commitment to advance access to education amongst local communities, a newly constructed block with three classrooms and a fully equipped solar-powered

Raspberry Pi computer lab was handed to Lufwanyama's Kapila Primary School, with high-speed internet connectivity for computer-based learning.

In a tripartite Public Private Partnership, Kagem signed a Memorandum of Understanding ("MOU") with the Government of Zambia's Ministry of Technology and Science and the Ministry of Agriculture to fund the construction and development of the Chapula Vocational Training Centre ("VTC") in Lufwanyama, which is estimated to cost ZMW52.75 million (USD2.5 million) and will enable local men and women to acquire vocational skills to improve their employability.

Kagem also signed MOUs with the University of Zambia and Copperbelt University to sponsor and support the best-performing students in the schools of Mining Engineering and Geology.

Kagem continues to support agriculture through various cooperatives as a way of sustaining livelihoods for the community members. Through agriculture, community members can realise legitimate income leading to increased household incomes to sustain themselves and their families. Agriculture also contributes to the reduction in incidences of illegal mining by proving alternative income-generating activities. Kagem facilitated training for all the cooperatives it is supporting during the pre-farming season to make them more efficient and effective.

In 2023, Kagem returned to supporting the Zambia Carnivore Program ("ZCP") with their work protecting Zambia's famous wildlife, which supports the country's tourism sector. Kagem's donation also supports ZCP's work to enable women to access employment in conservation. This commitment of support is for five consecutive years from 2023.

#### *Operational Grievance Mechanism*

Kagem established an Operational Grievance Mechanism ("OGM") in 2022 as part of its ongoing commitment to engage with local communities. The OGM was publicised widely in local communities around Kagem from March 2023.

The OGM did not receive any human rights grievances during 2023 and most of the contacts have been employment requests, requests for new community initiatives and requests concerning on-going projects. During the year, the OGM received 638 contacts, the majority of which came through a toll-free number.

*More details on OGMs can be found on pages 86 and 87.*

#### *Environment*

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

To enhance its environmental management, Kagem is progressively rehabilitating its waste dumps and monitoring the quality of emissions. Furthermore, a biodiversity study was successfully completed by the Copperbelt University and biodiversity management plans are being implemented that will help reduce Kagem's carbon footprint.

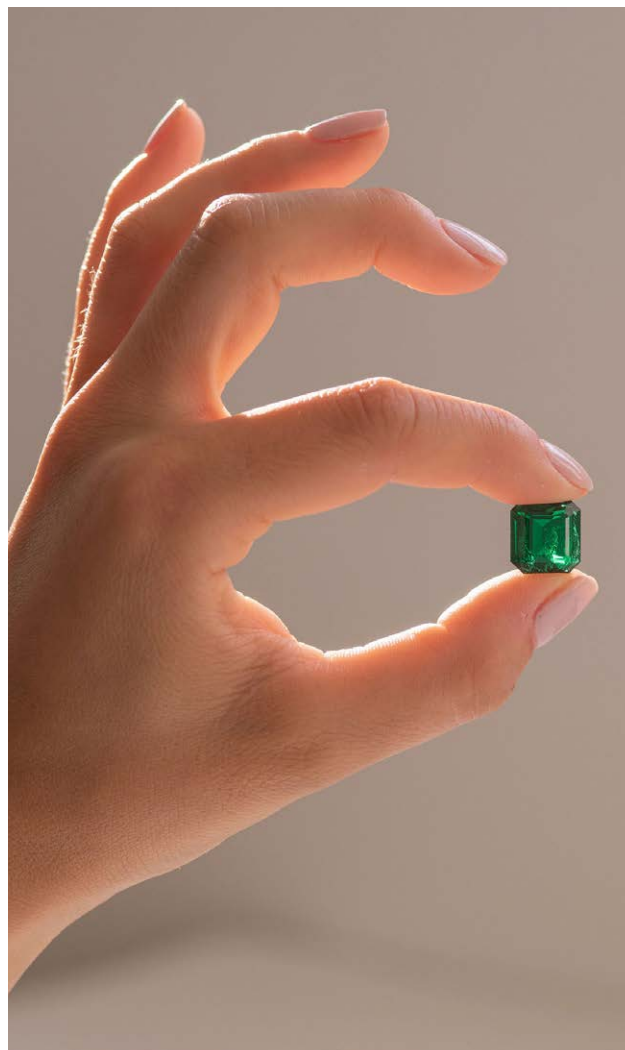


IMAGE Responsibly mined cut and polished Zambian emerald

SECTION 2.2.2

# Operations Review

*MRM and Other Projects (Mozambique)*

## MONTEPUEZ RUBY MINING LIMITADA (“MRM”)

MRM is accessing the Montepuez ruby deposit, which is in northeast 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 2023, MRM held two mixed-quality auctions and one small commercial and low-quality auction generating total auction revenues of USD151.4 million (2022: USD166.7 million).

The 21 ruby auctions held by Gemfields since starting in June 2014 has now accumulated over USD1.05 billion in total revenue, with USD257 million paid in mineral royalties and corporation taxes to the government of Mozambique.

**JUNE — SEPTEMBER — DECEMBER**

Mixed-quality USD80.4 million	Commercial-quality USD1.5 million	Mixed-quality USD69.5 million
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The auction lots were made available for in-person and private viewings by customers in Bangkok. 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.

The first mixed-quality auction of the year, was held in Bangkok, Thailand from 5 to 20 June 2023, saw 51 companies placing bids and generated revenues of USD80.4 million. The revenues from this auction were up 20% from the previous ruby auction in December 2022 and signalled that the step-change seen in market pricing for rubies in 2022 had been notably enhanced.



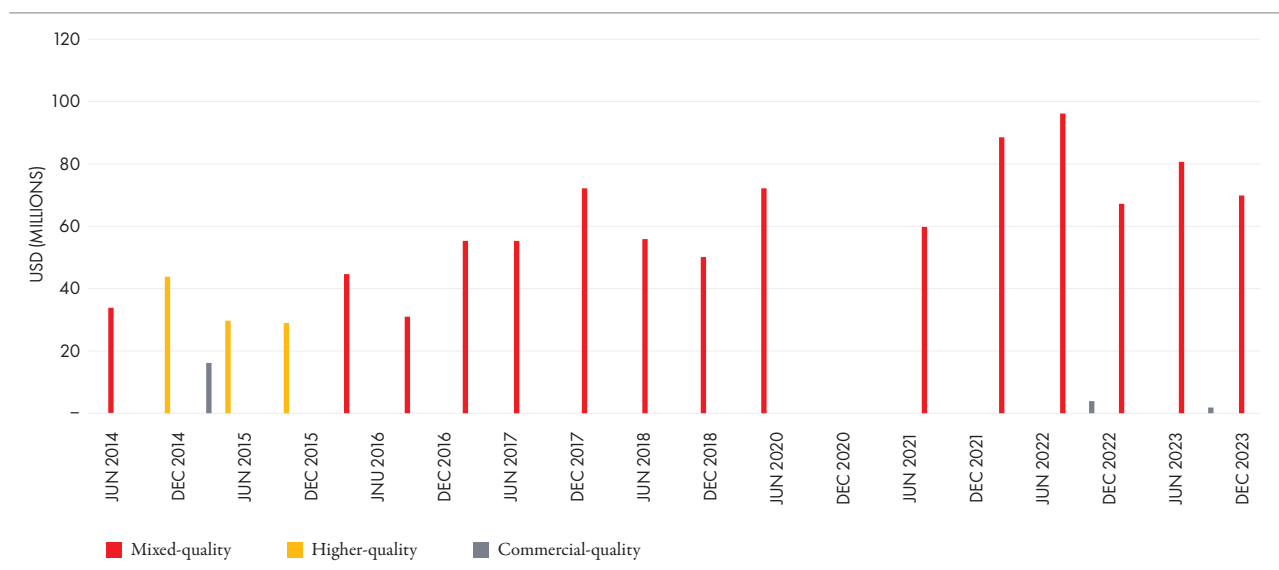
<b>Location</b>	Cabo Delgado province, Mozambique
<b>Inception by Gemfields</b>	November 2011
<b>Ownership structure</b>	75% Gemfields 25% Mwiriti Limitada (local partner)
<b>Gemstones</b>	Ruby and corundum
<b>Mining method</b>	Shallow open-pit
<b>Current life-of-mine<sup>1</sup></b>	6 years to 2029

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.

The auction saw 91 of the 94 lots offered for sale sold (97%), with an average realised price of USD265.99 per carat. This was significantly higher than previous auctions as one lower value lot representing some 30% of the total weight offered at the auction remained unsold.

MRM hosted a small auction for commercial and low-quality ruby from 11 to 13 September 2023 and generated auction revenues of USD1.5 million. All 8 lots offered were sold (100%) with an average realised price of USD1.70 per carat. This auction included a parcel of 134,030 carats that was unsold at the June mixed-quality auction.

## ALL RUBY AUCTIONS HELD BY MRM SINCE INCORPORATION



The second mixed-quality auction was held in Bangkok, Thailand from 20 November to 5 December 2023, saw 53 companies placing bids and generated revenues of USD69.5 million. All 97 lots offered for sale were sold, with an average realised price of USD290.02 per carat.

Ruby prices continue to go from strength to strength, with these auctions showing that the demand and pricing for rough rubies is decidedly healthy.

### 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. 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 waste is backfilled into mined-out areas, which are then revegetated, thereby returning the area to its natural aesthetic.*

## MRM PRODUCTION SUMMARY

	12 MONTHS TO 31 DECEMBER 2023	12 MONTHS TO 31 DECEMBER 2022
<b>Mining / Processing</b>		
Total rock handling – in thousand tonnes	7,965.8	7,025.7
Waste handled – in thousand tonnes	6,922.2	5,818.9
Ore production (primary and secondary) – in thousand tonnes	1,043.6	1,206.8
Ore processed (primary and secondary) – in thousand tonnes	1,109.4	1,147.2
Stripping ratio	5.9	4.1
<b>Gemstone production</b>		
Premium ruby – in thousand carats	62.4	78.4
Ruby and corundum – in million carats	1.3	2.6
Grade (ruby and corundum/ore processed) – in carats/tonnes	1.2	2.3

Mining at MRM in 2023 focused on the Mugloto Block (83%) in order to extract higher-quality ruby-bearing ore, with the remainder coming from the Maninge Nice Block (11%), Glass Block (3%) and newly opened pit Natete (3%).

Total rock handling increased in 2023, up 13% to 8.0 million tonnes (2022: 7.0 million tonnes), while ore production fell by 14% to 1.0 million tonnes (2022: 1.2 million tonnes). In the second half of the year, ore production was considerably lower while waste mined rose, as space was cleared for the construction of MRM's second processing plant and new areas were prepared for future ore storage. In total, 6.9 million tonnes of waste material was handled, up 19% (2022: 5.8 million tonnes) with an overall stripping ratio of 5.9.

### *Processing*

In 2023, MRM processed marginally more ore than it mined, with 1.11 million tonnes going through the existing processing plant, down 3% (2022: 1.15 million tonnes). On average, the plant processed 92,447 tonnes per month, (2022: 95,597 tonnes per month).

MRM continues to have a considerable stockpile of ruby-bearing ore that has not been processed due to the constraints on processing capacity at the current plant. It is estimated to have over one year's worth of mined ore ready for processing should there be capacity.

### *MRM – Second processing plant*

On 7 August 2023, Gemfields announced that MRM had entered into a contract with Consulmet (Africa) Limited ("Consulmet") to construct an additional processing plant at MRM's ruby mine in Mozambique.

The addition of the second 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.

The Consulmet team completed initial site inspection, ground survey and geotech work before commencing construction in September 2023. Good progress has been made with the project keeping up with the projected timeline and budget so far. The new processing plant is expected to become operational during the first half of 2025.

The contract is a 'lump-sum turnkey' contract based on industry standard International Federation of Consulting Engineers

("FIDIC") terms, with MRM's payment obligations agreed in South African rand, equating to approximately USD70 million at foreign exchange rates from the time of the August 2023 announcement, excluding VAT and government levies.

The first payments for the processing plant were made in 2023 and early 2024, with the project running on schedule. Initial payments used the Group's cash resources, with the future payments expected to be funded through a mixture of cash resources and new in-country debt. In addition, MRM expects a modest expansion of its mining fleet through 2025, with notable additional capacity being added in 2026.

*See 'Operating costs and capital expenditure' for more details on the capital expenditure schedule for the second processing plant.*

To support the power for the second processing plant, Gemfields is in discussion with a possible supplier to construct a 12.47 Megawatt peak ("MWp") solar power plant and 20 Megawatt hour ("MWh") battery energy storage system.

### *Gemstone Production*

With MRM's current constraints on processing, the focus continues to be on the higher-quality but lower-incidence ore. The production of premium rubies in 2023 was down 20% to 62.4 thousand carats (2022: 78.4 thousand carats). Total gemstone production was down 52% to 1.3 million carats (2022: 2.6 million carats). The disconnection between total carats produced and premium rubies is a reminder of the uneven nature of coloured gemstones occurrence, and how rare premium rubies are, making up only 5% of total gemstone production by number of carats.

The overall grade achieved in the period (total production divided by ore processed) of 1.2 carats per tonne ("cpt") is down 46% (2022: 2.3 cpt), whereas the premium grade (premium ruby production divided by ore processed) of 0.06 cpt is down 18% (2022: 0.07 cpt). This does not take into account the value that different carats may have, and the overall reduction has been driven primarily by less production of the lowest quality/value material such as low sapphires.

### *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 were USD47.0 million (2022: USD46.1 million), giving a rock handling cash unit cost of USD5.90 per tonne (2022: USD6.57 per tonne).

Costs at MRM are rising through inflation with high cost of fuel, labour, spare parts and additional security elements put in place as a preventive measure on account of insurgency activities in the region. Inflation cooled in the second half of 2023, with costs remaining at heightened levels.

The total operating costs in the period were USD94.9 million (2022: USD96.6 million).

Total cash capital expenditure in 2023 was USD25.9 million in the period (2022: 10.5 million), with a split of 28% sustaining capex and 72% expansionary capex. USD13.2 million of the total spend in 2023 was the first payment for the construction of MRM's second processing plant. A second payment of USD6.7 million was made in February 2024.

Capital expenditure will remain at heightened levels in 2024, as payments continue for MRM's second processing plant with a further

USD42 million expected to be paid in the year (expected total project cost of USD70 million at exchange rates at August 2023 announcement) and with final payments totalling USD7 million in 2025, alongside other sustaining and expansionary capex.

### *Geology and exploration*

The MRM concession is located within the Mozambique belt, a region known for its complex geological history characterised by multiple tectonic events, including continental collisions and rifting, leading to the formation of diverse geological structures and mineralisation processes.

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 CPR is then updated and published each year, accounting for an increase in exploration and completed mining. With the increase in processing capacity



IMAGE Ruby wash plant, Montepuez Ruby Mining, Mozambique

from the current 200 tph to 600 tph by June 2025, the new LoM plan has been reduced to six years to 2029. The ongoing exploration activities are aimed at increasing the resource base, and the LoM as well, with plans for a new third-party Resources and Reserves report to be conducted in 2025, alongside the launch of the second processing plant.

The rubies around Montepuez are found in two types of deposits: primary mineralisation hosted within amphibolite and secondary placer type found in gravel beds. The Montepuez Ruby Mine primarily exploits secondary deposits, which consist of alluvial and colluvial deposits formed from the weathering and transport of primary ruby-bearing rocks. Primary rubies from amphibolite sources are typically tabular and hexagonal crystals with a strong basal plane and a pinkish red to light pink colour – often classified as sapphires, usually highly fractured with specific inclusions and produce a relatively large volume of stones of low-quality.

Two new bulk sampling pits were opened during the year, Glass A Pit 2 and Natete Pit 1, in March and September 2023 respectively to expand MRM's operational areas as well as to upgrade resources. Pit development planning is ongoing for both pits.

#### *Protection services*

Illegal artisanal mining activity for 2023 saw a significant increase compared to 2022, particularly in the second half of the year with the early onset of rains in November. The numbers of incursions increases during the rainy seasons when water is available to wash the gravel to uncover the rubies. However, this increased water availability in turn increases the considerable risk involved in artisanal mining. MRM works closely with the Mozambican authorities and local communities to raise awareness about the dangers of such unsafe mining activities, tackle ruby smuggling and reduce the exploitation of vulnerable groups such as juveniles by organised syndicates. In early 2024, there has been a noticeable increase in the aggression shown by illegal miners on MRM's licence area, and is being closely monitored by MRM's management.

There continues to be a large number of displaced people in Cabo Delgado province in northern Mozambique due to the ongoing insurgency in the region, which remains a concern. Sporadic insurgency incidents took place in 2023 within the northern part of the province, but it was quieter than previous years and had no direct impact on MRM's operations. Insurgent activities escalated towards the end of the year in the north coastal region of the province.

The health and safety of MRM and all Gemfields employees and contractors is the Group's highest priority. MRM is continuously in a state of high alert and maintains regular dialogue with

government authorities, coordinating with Mozambican security agencies, armed forces, third-party independent advisors and security experts to assess the risks of operating in the region.

#### *Health and Safety*

As reported previously, the Group was greatly saddened by the loss of an on-duty protection services officer while crossing a body of water. He will be remembered for his dedication to his role, while we support his family and teammates following this devastating loss. Safety remains the Group's highest priority and in the weeks that followed, a third-party investigation into the incident was concluded, subsequent risk analysis conducted, and an independent health and safety audit initiated, strengthening the company's approach.

In the year, there were seven other lost-time injuries at MRM. These injuries were due to lack of coordination during mechanical and electrical work, a vehicle accident, unsafe lifting practices and related to slips, trips and falls. The health and safety policies and procedures continue to evolve at MRM.

As part of a safety improvement plan, a third-party consultant was engaged to conduct regular external audits on the health and safety management systems in place on the mine. MRM operates a 'Zero-Harm Programme', with new training in the year to identify hazards and improve risk perception and mitigation.

Unfortunately, in December 2023, a third-party fatality occurred when a contractor vehicle ran over a member of the local population during the construction of a community road. Following this, a full investigation was conducted while the construction was halted, with corrective measures established for the contractor to implement in coordination with MRM's community engagement process.

#### *Human resources*

As at 31 December 2023, 1,558 people were employed by MRM, up 10% (2022: 1,421), comprises of 729 direct employees and 829 contractors.

A new clinic was built in the MRM camp and has been in use since October 2023. A third-party is providing medical practitioners and suitable equipment to raise standards of medical care available on site.

The annual leave policy for expatriates and out of province national employees was revised to a uniform eight weeks-on, three weeks-off roster, from a previous 10-3 week and 11-2 week policy respectively.



## 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 aligned with the policies of the Government of Mozambique.

The Resettlement Action Plan ("RAP") for the Nthoro community and established Wikhupuri village continues, with an external entity hired to speed up the implementation of a Livelihoods Restoration Programme through day-to-day assistance. There have been challenges with encroachers disturbing some resettled villages, with engagement ongoing to resolve the issues.

MRM signed a seven-year implementation MoU with Universidade Rovuma ("UNIROVUMA") aiming to grant scholarships to 30 students per year with intermediate or professional technical levels completing or attending higher education in the Montepuez District, and to foster MRM professionals in technological innovation processes.

New projects in 2023 included a training programme for local community members as heavy earthmoving equipment operators at the Group's Vocational Training Centre, the commencement of IT lessons at the MRM-sponsored computer lab at Montepuez

Secondary School and the tarring of the road that passes through Namanhumbir village. During the year, 29 thousand mobile clinic consultations were carried out, a service that supports 10 surrounding villages.

### *Operational Grievance Mechanism*

MRM established an Operational Grievance Mechanism ("OGM") in February 2021 to allow local communities to raise historic and ongoing grievances relating to MRM's operations. The original OGM followed a quasi-judicial model and ended in July 2023 after recognising that grievances were not being addressed in a sufficiently timely manner.

In the light of the above, the OGM was redesigned using expert human rights consultants and following an intensive period of intensive community engagement, including two independently mediated sessions. This culminated in the executive of a Community Mediation Agreement on 30 June 2023 which provided for the agreed close-out in bulk of all historical grievances (pre-1 January 2019), collective remedies and new system for resolving grievances in relation to the period from 1 January 2019. The new OGM, known as "OGM 2.0", follows a dialogue and mediation-based approach with direct communication between claimants and MRM representatives and also follows the United Nations Guiding Principles on Business

and Human Rights (“UNGPs”). The performance of OGM 2.0 will continue to be assessed periodically by independent monitors.

*More details on OGMs can be found on pages 86 and 87.*

### Environment

As part of the road map for ISO 9001, ISO 14001 and ISO 45001 (Quality, Environmental and Occupational Health and Safety Management Systems) certification, a gap analysis has been conducted ahead of its implementation.

The rehabilitation of mined-out areas continues across MRM, with three and a half hectares being replanted with locally grown saplings.

In December 2023, a third regulatory independent environmental audit was conducted on MRM’s Environmental Impact Assessment (“EIA”) and Environmental Management Plan (“EMP”) compliance. A third-party consultant was engaged to conduct a cultural heritage study in coordination with the local community members. The result of the study indicated the presence of three sensitive sites which resulted in the mapping of such sites and suitable protection methods have been established.

### 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 exploration for 2023 is summarised in the table below.

Exploration and evaluation of MML’s concession continued in 2023, with bulk sampling ongoing in limited areas around the Namhaca block to detect ruby incidences. A total of 452 metres of auger drilling was completed in May 2023, and out of 93 boreholes drilled, 3 evidenced ruby mineralisation of tumble ruby and corundum and resulted in modest recovery of low-quality ruby of varying grades.

Across the year, a total of 23.9 thousand carats of ruby and corundum were produced, with 21 carats being premium ruby.

In the year, MML applied for a Category A EIA/EMP environmental licence, dated 9 May 2023, as required for future development and expansion of the operations. An extension of land use rights (“DUAT”) for three areas covering the Namhaca block were made, dated 27 March 2023, and the approval remains pending.

Additional mining fleet is being procured under a leasing arrangement with CDJ, another Mozambican company of the Group, to continue its exploration into 2024.

### 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, sharing a northern boundary with the existing MRM licence and covering approximately 190 square kilometres.*

Exploration activities on concession 7049C were deferred in 2020 due to force majeure conditions resulting from the local

### MML PRODUCTION SUMMARY

	12 MONTHS TO 31 DECEMBER 2023	12 MONTHS TO 31 DECEMBER 2022
<b>Mining / Processing</b>		
Total rock handling – <i>in thousand tonnes</i>	461.5	399.8
Waste handled – <i>in thousand tonnes</i>	421.4	354.5
Ore production (secondary) – <i>in thousand tonnes</i>	40.1	45.3
Ore processed (primary and secondary) – <i>in thousand tonnes</i>	35.7	49.3
Stripping ratio	8.9	7.0
<b>Gemstone production</b>		
Ruby and corundum – <i>in thousand carats</i>	23.9	0.3

security situation preventing free access to most parts of the licence area. However measures and processes are in place to ensure that local statutory requirements are complied with in the intervening period.

Force majeure was lifted from NMML in April 2023, paving the way for the renewal of the Environmental Licence (Category B), originally lodged in December 2020. The licence has since been received and is valid for 5 years until 4 December 2028.

Exploration activities will be resumed in 2024.

#### 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.*

The establishment of an ERM camp has been completed, with key employees now staying on site. Further construction continues to formalise the facilities, including building a workshop. The contract to build a new 100 tonnes-per-hour processing plant, with dense media separation and basic sorting facilities is expected to be awarded shortly and the plant's construction is aimed to commence in 2024.

A considerable number of illegal artisanal miners and traders are working within the licence area. Managing this has been a key focus in 2023 and also going forward. The expanded presence at ERM's camp and increased mining activities will support this in partnership with the local armed forces and police.

A total of 572 metres of auger drilling had been completed before the end of 2023, with 239 boreholes covering an area of eight squared kilometres, with 0.05 grams of tumble ruby found. Trenching and bulk sampling has commenced to establish the economic validity of the project.

An Environment Licence (Category A) has been applied for and is expected to be received in 2024, ahead of larger-scale mining connected with the bulk sampling and new processing plant.

#### 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 northwest 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.*

The Environmental Licence (Category B) for 7427C is valid until July 2024, allowing for exploration activities and bulk sampling. The land use rights ("DUAT") application, which was filed in June 2019, has been approved at both the district and provincial level, and the application is currently in the process of final approval. As part of the DUAT application, an asset survey has been completed and public consultation meetings are in progress.

To date, a total of 2,500 metres of auger drilling has been completed, with 616 boreholes drilled in a diamond pattern covering three sub-blocks. Of 490 boreholes, 399 intersected with secondary ore and 91 intersected with clay, laterite and weathered gneiss. A total of 67.2 tonnes of auger drilling samples were processed and 14.2 tonnes of concentrate were transported to MRM for processing. Through the analysis of the 490 boreholes, four recovered ruby and tumble ruby incidences of 0.01 and 0.14 grams respectively, while four recovered 0.31 grams of low ruby, sapphire and low sapphire.

In an extended area of CDJ, contractual auger drilling started in December 2022 for a total of 800 metres and 221 boreholes with samples processed. A total of 0.8 carats of varied quality rubies were recovered from 5 boreholes and 23.55 carats of garnet were recovered from 9 boreholes.

CDJ is being developed as an exploration company capable of providing exploration services to other Group companies in the region on a contractual basis. Registration for operatorship under CDJ was completed and a licence has been received, valid for five years until October 2027, to carry out exploration activities in ERM's 8277C licence area. Registration with other Gemfields Group companies will be commenced in the future.

CDJ will provide support to MML on a leasing basis, providing mining equipment and a processing plant. The licence requirements and an inter-company agreement were achieved in February 2024.

Demarcation of the licence boundary for Novo Campos de Joia Lda 1, 2 and 3 (6114L, 9059L and 9060L) were received in July 2022 and is due to expire in the first quarter of 2024. An application has been made to for a three-year renewal. An EIA/EMP Category B licence for the same licence areas was awarded in August 2022 and is valid for five years until 25 July 2027. Further exploration activities in these licence areas will continue this year.

## SECTION 2.2.3

# 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

For the twelve months to 31 December 2023, Fabergé directly operated two points of sale: a concession in the Harrods Fine Jewellery Room, London, UK and mono-brand boutiques located in the world-famous Dubai Mall, Dubai, UAE.

Fabergé products were also available in Australia, Austria, Albania, Andorra, Azerbaijan, Bahrain, Belgium, Canada, Mainland China, Cyprus, Czech Republic, France, Germany, Greece, Holland, Hungary, Hong Kong, India, Indonesia, Iraq, Ireland, Italy, Japan, Jersey, Jordan, Kuwait, Macau, Malta, Moldova, New Zealand, Norway, Poland, Portugal, Qatar, Romania, Saint Martin, Saudi Arabia, Singapore, South Africa, Spain, Switzerland, Thailand, United Arab Emirates, United Kingdom, Ukraine and the USA, through its network of retail partners.

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

The total number of Fabergé points of sale increased from 128 to 145 during the period.

## FINANCIAL PERFORMANCE

In 2023, Fabergé achieved revenue of USD15.7 million (2022: USD17.6 million). The decrease in revenue was driven by a reduction in wholesale sales and the one-off sale of the Fabergé x Game of Thrones egg objet in 2022.

During the same period, Fabergé recorded an EBITDA loss of USD3.7 million (2022: EBITDA loss of USD1.5 million), with operating expenses of USD9.8 million (2022: USD9.2 million).

## PRODUCT DEVELOPMENT

For the year ending 31 December 2023, Fabergé expanded its chic, contemporary Colours of Love collection (which champions the use of Gemfields gemstones across a variety of products), including an extension to the Cosmic Curve rings with the addition of a rainbow bracelet, necklace and earrings.

As part of the Maison's mission to celebrate 'A Life in Colour', and reach a younger demographic with product category extensions, Fabergé added a series of neon egg pendants to the Essence collection. Available in two different egg sizes, the lacquered egg pendants are available in neon shades of pink, orange, green, blue and yellow.

The Fabergé x Game of Thrones high jewellery collection expanded to include two new rings, with one of the pieces, featuring Gemfields Mozambican rubies, debuting at Gemfields' Paris Couture showcase in July for ruby month.

Fabergé extended the 'Fabergé in Bloom' series of limited-edition, floral-inspired egg objets, with the addition of Wild Rose, Twin Flower, Anemone and Cactus egg objets.

The best-selling Heritage surprise lockets received some new additions to the collection, including two new surprises (a Crown and State Coach) to commemorate the coronation of King Charles III, as well as two new animal surprises – a Turtle and a Bee, the latter of which donates a portion of sales to the Prince Albert II of Monaco Foundation.

## MARKETING AND COMMUNICATIONS

During the period, Fabergé placed a strong focus on celebrity dressing opportunities, showcasing Fabergé and coloured

gemstones on the red carpet and at major events. Celebrities who wore Fabergé in 2023 include Adeel Akhtar, Andreea Cristea, Audra McDonald, Becky Hill, Carrie Underwood, Charli XCX, Demmy Ladipo, Kate Beckinsale, Kim Petras, Marrion Areola Valette, Mary Fitzgerald, Munroe Bergdorf, Nam Laksanakarn, Nastia Liukin, Natalie McQueen, Precious Mustapha, Rina Sawayama, Sabrina Elba, Sofía Reyes, Therica Wilson-Read, Usher and Utkarsh Ambudkar.

Fabergé also continued to promote and sell its creations and deliver its key messaging through leading jewellery trade shows and exhibitions such as Vicenzaoro, Italy, Inhorgenta, Germany, Houlden, UK and the Jewellery & Watch show, Abu Dhabi.

March 2023 saw the grand unveiling of the Fabergé mono-brand boutique in Macau, which was opened in partnership with MGM Cotai. Antony Lindsay, Fabergé CEO, attended a series of VIP and media events to commemorate this moment. As part of the celebrations, the Fabergé x Game of Thrones Egg Objet, and complementary high jewellery collection, was displayed for the first time in China.

In May 2023 Fabergé hosted a wholesale conference in London, flying in over 60 guests from a host of the top Fabergé authorised retailers globally. Guests were accommodated at The Londoner Hotel, and a two-day showcase was set up in one of the hotel's private rooms. A gala dinner was hosted at the White Tower at the Tower of London, just two days before the Coronation of King Charles III. During this private dinner, guests were given a world-first, under-embargo, preview of the Fabergé x 007 collection, which launches on 25 March 2024.

From June to September, Fabergé partnered with the Ritz-Carlton Beijing on a Fabergé themed afternoon tea. A media event was hosted to kick off and promote the partnership.

Fabergé's partnership with Regent Seven Seas Cruises reached a crescendo in December 2023 with a spectacular gala event in Miami. Sarah Fabergé christened Regent's newest ship, *Seven Seas Grandeur* and, as godmother of the ship, she also unveiled the one-of-a-kind Fabergé x Regent 'Journey in Jewels' Egg Objet. This unique objet d'art is the pièce de résistance of Regent's 1,600-piece art collection now on display aboard *Seven Seas Grandeur*, and is the first Fabergé egg to permanently reside at sea.

Fabergé is a certified member of the Responsible Jewellery Council, thereby demonstrating its commitment to responsible business practices. The company was recertified for three years following an independent audit in October 2023.

*More details can be found in the ESG Report on page 88.*

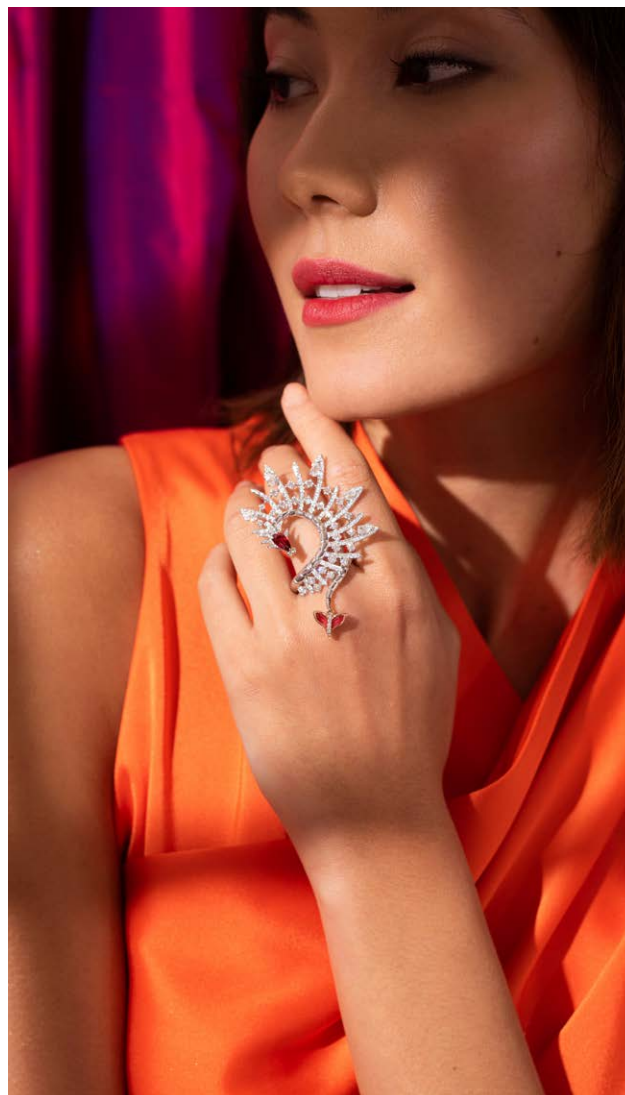


IMAGE Model wears Fabergé x Game of Thrones White and Rose Gold Ruby and Diamond Dragon Skeleton Wrap Ring featuring a Gemfields Mozambican ruby

## SECTION 2.2.4

# Operations Review

*New Projects and Other Assets*

## ETHIOPIA

*Gemfields owns 75% of Web Gemstone Mining plc (“WGM”), a company that holds a 148.6 square kilometre emerald exploration licence in southern Ethiopia.*

Exploration activity began in June 2015 in an area in the northern part of the licence, called the Dogogo Block. The area was selected based on conducive geological settings and evidence of past artisanal activity. The licence area was evacuated in June 2018 after the operational and residential areas of the project were invaded by an armed mob. Gemfields has not yet returned to the licence area in an operational capacity due to ongoing instability, which has led to significant delays to WGM’s Return-to-Work (“RTW”) plan.

The Ethiopian Federal Ministry of Mines terminated WGM’s exploration licence in October 2022, stating, incorrectly, that no exploration work had been carried out in the nine years since the licence was issued. There was no acknowledgement of the extensive exploration programme the company had conducted, nor of the considerable investment made to develop the licence, nor of the 2018 licence invasion and subsequent force majeure circumstances that prevented the company from resuming operations. The company challenged the termination on the grounds that it was based on inaccurate information and because due process was not followed in the cancellation of the licence. The Ministry of Mines has subsequently engaged in dialogue to revoke the termination letter and reinstate the licence, and a letter was issued to that effect by the Ministry of Mines in December 2023 and the company is preparing to submit a renewal application.



IMAGE Birdhichand Ghanshyamdas Jewellers featuring Gemfields Zambian emeralds



## 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 been finalising its plans to set up a full-time presence in Madagascar and aims to have an office and team established in-country by the end of Q2 2024. This team will be in a position to immediately start technical due diligence of several acquisition targets and exploration opportunities.

## 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.*

Operations were discontinued briefly in the project in the last week of November 2022 due to an evacuation of the camp that was triggered as a measure of precaution in response to insurgent activity in the forest about 15 kilometres south of the NRL camp. The operations resumed in the first week of December. Another evacuation took place on 13 February 2023 due to the insurgent activity that occurred at the Nairoto Village, about 15 kilometre to the southwest of the camp. Unfortunately, the operations remained suspended until last week of April, when the area was adequately secured by the state forces for the employees to return to site. Most of the licence areas have been placed under force majeure since February 2023 and remain at this status until further notice. During the year three Mining Concessions were demarcated as part of the ongoing DUAT process to obtain the environmental permit for mining operations to commence.

SRK Exploration Ltd. ("SRK EX") engaged to provide advisory and technical support with an initial focus on secondary gold resources, leading to the identification and evaluation of the primary source. SRK EX has completed this exercise for all 12 licences and the



outcome is encouraging. In total, 63 prioritised targets have been generated within the NRL licence areas. A decision was made in early 2023 to carry out Reverse Circulation (“RC”) drilling in the TL5 area in which mineralised zones were delineated in trenches excavated earlier in 2021 and 2022. Regional soil and infill sampling in rest of the licences continued throughout 2023.

SRK EX collaboratively with SRK Consulting (South Africa) (Pty) Ltd. have carried out a review of exploration activities of NRL including the extensive regional soil sampling, RC drilling and associated analytical results, leading to production of an Independent Technical Report (“ITR”). SRK EX carried out field visits in November 2023 for this review.

This reassessment was conducted based upon new data gathered by NRL during the 2022/2023 exploration programmes and resulted in 18 priority targets, within 8 of the 12 NRL tenements, being defined. These priority targets, considered to hold the highest potential to host Au mineralisation, formed part of the 63 targets identified in the 2022 study.

SRK further carried out a 3-D geological model based on the RC drilling data to decipher the disposition of the gold mineralised bodies, and provided an outline for further drilling programme in the area.

The bulk of the exploration work conducted during 2022 and 2023 was the regional and infill soil sampling programmes. All samples have been submitted to ALS Global in South Africa for multi-element analysis. By the end of 2023, all 12 licences had had the regional soil sampling completed, amounting to 17,697 samples. Results are outstanding from two exploration licences 8531L and 8533L. Regional soil sampling is conducted on grids with spacings of between 200 metres by 200 metres and 400 metres by 800 metres depending on the SRK priority, host lithology and structural complexity. The regional sampling identified two types of gold anomalies for follow-up infill sampling:

- **CATEGORY A:** Multi-point anomalies displaying elevated Au values and a degree of clustering and continuity. Anomalies that fall over geologically complex areas or follow geological features such as shear zones or fold axes. These are prioritised for immediate follow-up. 64 anomalies have been identified.
- **CATEGORY B:** Single-point anomalies or multi-point clusters with low Au values, less clustering and a lesser degree of continuity. These are prioritised for later follow-up. 97 anomalies have been identified.

Follow-up sampling commenced during the 2023 field season and to date 10,600 samples have been collected on nine licences.

Phase 1 follow-up grids vary between 50 metres by 100 metres and 200 metres by 200 metres; to date, the first phase of sampling has been completed on 9 licences and all the results have been received. Phase 2 infill sampling is conducted on phase 1 grids that show good continuity in the gold mineralisation. By the end of 2023, phase 2 infill soils had been completed on three licences and results returned from one licence.

Target Area (“TLs”) trenching activities during 2023 are summarised below:

- Trenching was conducted on licence 9786C during 2023 on targets TL10 and TL11. In total, 987 metres were excavated from 12 trenches. 351 samples were submitted to ALS Global for analysis. Results are pending.
- Trenching was also conducted on 9783C on the TL5 and TL5N prospect area. In total, 1,173 metres were excavated from 15 trenches. 1,538 samples were submitted to ALS Global for analysis. Results have been received confirming that the TL5N area has sub-surface gold mineralisation of sub-economic grades.

RC drilling was also initiated in 2023 at the TL1, TL5 and TL5 North prospect areas. Drilling commenced at TL1 to test the shallow potential of gold mineralisation under a stream that is host to economic alluvial gold extraction. 306 metres of drilling was completed from 10 shallow drill holes. Results suggest that no further detailed exploration be carried out on this target and it remains an attractive site for the extraction of alluvial and colluvial gold due to the close proximity to the pilot plant.

At TL5, 1,498 metres of drilling was completed from 18 drill holes and positive results have been returned from 13 drill holes. At TL5 North, 55 metres of drilling was completed from 1 drill hole.

Areas of focus for 2024 that are under consideration include:

- Complete the infill soils programmes on all licences.
- Complete the drone magnetic survey across selected targets.
- Trenching of new gold in soil anomalies defined from infill soil sampling.
- RC drilling of new targets defined from trenching.
- Continued shallow RC drilling at the TL5 prospect to further evaluate the deposit.
- 1,000m of diamond drilling at TL5 to test the depth extensions to the gold.

Operations at the Nairoto pilot plant were put on hold from 4 February to 22 April 2023 due to the insurgency issues and evacuation of the camp. With a single-shift operating system, the

plant was restarted in late April and the following sample material was processed for the year:

- TL1 trench: 1,814 tons at 0.01 g/t.
- TL5 & TL5N trench: 2,480 tons at 0.02 g/t.
- TL10 trench: 762 tons at 0.01 g/t
- TL1 River: 2,957 tons at 0.3 g/t.

The total feed for the year through the plant was 8,013 tons. A total of 582 grams of concentrate was produced, which generated 401.7 grams of gold doré with the estimated in situ ore grade being 0.12g/t. The plant utilisation in general was over 80% on a single-shift operation.

NRL is considering a project to set up a 50 tph alluvial gold treatment plant to support the exploration activity more effectively. If constructed, it is planned to be a modular-cum-mobile treatment plant that can be moved to different exploration locations as required.

As part of its social responsibility initiative, NRL carried out the following activities, among others:

- Financial support for Quirimbas National Park, which aims to reinforce its patrolling capacity and support internal community development plans.
- Support to Nairoto Health Centre with basic medicines, with special focus on an anti-malarial drive.
- Installation of a solar power system at the maternity centre of the Nairoto Health Centre.
- Installation of a solar-powered streetlight system mounted on poles at Nairoto.
- Handover of offices built for Nairoto primary school.
- Distribution of vegetable seeds for small farmers in three communities surrounding NRL.
- Support to repairing 3 water hand pumps in Nacololo, 2 in Namoro, and 3 in Namagico.



## SECTION 2.3

# Gemstone Resources and Gemstone Reserves Summary

This section is a condensed overview of GGL's Gemstone Resources and Gemstone Reserves Report 2023, which contains a comprehensive review of the Gemstone Resources and Gemstone Reserves for Kagem and MRM as at 31 December 2023 and details the location, geology, mining, processing and operational statistics at Kagem and MRM. The complete Gemstone Resources and Gemstone Reserves Report effective at 31 December 2023 and the Competent Person's Report ("CPR") for Kagem and MRM for 2019, from which the 2023 Report was compiled, are available online at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com).

GGL's attributable Gemstone Resources and Gemstone Reserves are reported according to, and in compliance with, the SAMREC Code (2016 edition), with special reference to sections 60 to 72 of SAMREC related to the reporting of results for diamond and other gemstone properties.

At the Effective Date of 31 December 2023, GGL had total attributable mineral resources of 1,130 million carats ("Mct") of combined emerald and beryl at an average value of USD2.90/ct, which is lower than previous years due to being based on only one higher-quality emerald auction in the year following the withdrawal of the planned November 2023 auction, and 497 Mct of ruby and corundum at an average value of USD23.46/ct (average 2014–2023).

All Gemstone Resources are inclusive of the Gemstone Reserves.

## COMPETENT PERSONS AND CONSENT

The Competent Persons ("CPs") in terms of SAMREC who take responsibility for the reporting of Gemstone Resources and Gemstone Reserves for Kagem and MRM in this report are respectively:

- Hemant Azad, Head of Geology, Kagem, PE & MSc (Geology), MAusIMM, & MAIG is the Competent Person responsible for reporting of Gemstone Resources and Gemstone Reserves at Kagem in this report. Hemant was Head of Geology with Montepuez Ruby Mining Limitada

until October 2021 before transferring to Kagem. He has more than ten years' relevant experience in this style of mineralisation.

The Competent Person's address is Kagem Mining Ltd, PO Box 21657, Plot 6374, Corner Dr. Aggrey and Kariba Roads, Light Industrial Area, Kitwe, Zambia.

- Murlidhar Gautam, Head of Geology, MRM, MTech (Applied Geology), MAusIMM, is the Competent Person responsible for reporting Gemstone Resources and Gemstone Reserves at MRM in this report. Murlidhar Gautam was Head of Production and Exploration with Kagem Mining Ltd until October 2021 before transferring to MRM. He has over 21 years' experience in Exploration and Mining different commodities, such as diamond, emerald, copper, bauxite and ruby. He has relevant experience in this style of mineralisation.

The Competent Person's address is Montepuez Ruby Mining Lda, Avenida Eduardo Mondlane, No. 178, Edificio Cruz Vermelha, Cidade De Pemba, Cabo Delgado, Mozambique.

The address of the Australasian Institute of Mining and Metallurgy is Ground/204 Lygon St, Carlton VIC 3053, Australia.

The CPs have confirmed to GGL in writing that the contents of this report are consistent with the CPR for Kagem and MRM and operational records for the period 1 July 2019 to 31 December 2023, and comply with the requirements of Section 12 of the JSE Rules and the SAMREC Code.

The CPs further consent to the disclosure of the 2023 Gemstone Resource and Gemstone Reserve Statement in the form and context in which it is presented.

This report contains statements of a forward-looking nature, which involve various uncertainties that may cause the actual results to differ materially from those presented.

Rounding off of figures in this report may result in minor computational discrepancies. Where these occur, the CPs do not consider them to be material.

#### ABRIDGED REVIEW PER OPERATION

##### *Kagem*

Kagem is located in the Ndola Rural Emerald Restricted Area (“NRERA”) within the Kafubu area of the Zambian Copperbelt Province. Kagem operates in terms of a large-scale gemstone licence 14105HQ LSGL over an area of 42.4 square kilometres issued on 27 April 2010. The licence was renewed on 10 December 2019 for a further 25 years and is now valid until 26 April 2045. A large-scale mining licence 8749HQ LML for the Chibolele mine was renewed on 30 August 2019 for 25 years and transferred to Kagem on 1 October 2019.

The emerald deposits are hosted by talc-magnetite schists (“TMS”) of the Muva Supergroup. The Gemstone Resources are reported within an optimised pit shell using the same input parameters as those in the mining study, but with a 30% mark-up on the anticipated prices to reflect an optimistic view. All grades quoted reflect beryl and emerald, expressed as carats per tonne.

Conventional open-pit mining using drill-blast-load-haul methods is done with Kagem-owned in-house fleet and contractor provided labour.

The steeply dipping reaction zones (“RZs”) are mined using manual intensive methods with the assistance of hydraulic excavators under close supervision during daylight hours. All large and high-quality coloured gemstones are hand-sorted at the mining face and are placed in a drop-safe-type container that is tagged and closed with security-controlled locks. The remaining

RZ material is loaded into trucks and transported directly to the processing facility.

Open-pit optimisations determined the economic pit shells, which were used for mine design and production scheduling.

The processing/wash plant (capacity 330 ktpa ore) processes RZ material mined directly from the open pit through a simple series of comminution, screening, washing and sorting facilities.

The wash plant products, together with the high-quality product recovered directly from the mine, are essentially hand-sorted in a secure sort house facility where gemstones are upgraded using manual methods to produce emerald (subdivided into premium emerald and emerald) and beryl (subdivided into beryl-1, beryl-2, specimen and fines categories).

The life-of-mine (“LoM”) plan provides for plant feed of 146 thousand tonnes per annum (“ktpa”) with an average feed grade of 201 ct/t through to 2044. Kagem forecasts to recover 750 Mct over the LoM.

The auctions in 2023 realised USD43.5 million from the sale of 0.264 Mct of higher-quality emeralds and USD46.4 million from the sale of 6.36 Mct commercial-grade quality emeralds.

For the year ended 31 December 2023, Kagem recovered 30.0 Mct from 248 thousand tonnes (“kt”) of RZ ore at an average grade of 122ct/t.

The cash rock handling unit cost for 2023 of USD4.10/t ore (2022: USD4.30/t).

*Further details on Kagem’s performance in 2023 are available in the Operations Review on pages 38 to 43, which also includes Kagem’s approach to corporate responsibility.*



## KAGEM GEMSTONE RESOURCES AND GEMSTONE RESERVES ESTIMATES

The Kagem Gemstone Resources and Gemstone Reserves estimate (75% basis) for 31 December 2023 is set out below. Resources are reported at a bottom screen cut-off of 3 mm and are inclusive of the Gemstone Reserves. No Inferred Gemstone Resources are included in the LoM plans, which support the Gemstone Reserve declaration.

*Kagem Attributable Gemstone Resource and Gemstone Reserve Estimate at 31 December 2023*

GEMSTONE RESOURCE ATTRIBUTABLE TO GGL	TONNAGE (kt)	B+E GRADE (ct/t)	CONTAINED B+E (Mct)	GEMSTONE RESERVES ATTRIBUTABLE TO GGL	TONNAGE (kt)	B+E GRADE (ct/t)	CONTAINED B+E (Mct)
<b>Chama</b>				<b>Chama</b>			
Measured	216	282	61	Proved	173	187	32
Indicated	3,257	270	879	Probable	2,606	218	568
<b>Total Measured + Indicated</b>	<b>3,473</b>	<b>271</b>	<b>940</b>	<b>Total Gemstone Reserve</b>	<b>2,778</b>	<b>216</b>	<b>600</b>
Inferred	–	–	–				
<b>Fibolele</b>				<b>Fibolele</b>			
Measured	–	–	–	Proved	–	–	–
Indicated	92	160	14	Probable	69	139	10
<b>Total Measured + Indicated</b>	<b>92</b>	<b>160</b>	<b>14</b>	<b>Total Gemstone Reserve</b>	<b>69</b>	<b>139</b>	<b>10</b>
Inferred	900	160	144				
<b>Libwente</b>							
Measured	–	–	–				
Indicated	–	–	–				
<b>Total Measured + Indicated</b>	<b>–</b>	<b>–</b>	<b>–</b>				
Inferred	150	46	7				
<b>Stockpiles</b>				<b>Stockpiles</b>			
Measured	469	139	65	Proved	469	139	65
Indicated	–	–	–	Probable	–	–	–
<b>Total Measured + Indicated</b>	<b>469</b>	<b>139</b>	<b>65</b>	<b>Total Gemstone Reserve</b>	<b>469</b>	<b>139</b>	<b>65</b>
Inferred	–	–	–				
<b>Chibolele</b>				<b>Chibolele</b>			
Measured	397	160	63	Proved	317	128	41
Indicated	259	180	47	Probable	207	160	33
<b>Total Measured + Indicated</b>	<b>656</b>	<b>157</b>	<b>110</b>	<b>Total Gemstone Reserve</b>	<b>524</b>	<b>141</b>	<b>74</b>
Inferred	413	200	83				
<b>Total M+I Gemstone Resources</b>	<b>4,690</b>	<b>241</b>	<b>1,130</b>	<b>Total Gemstone Reserves</b>	<b>3,841</b>	<b>195</b>	<b>749</b>
<b>Total Inf Gemstone Resources</b>	<b>1,463</b>	<b>160</b>	<b>234</b>				

GEMSTONE RESOURCE GRADE AND VALUE	RECOVERED GRADE IN 2023 (ct/t)				2023 PARCEL VALUE (USD/ct)
	Chama	Fibolele	Chibolele	Libwente	
Premium Emerald	0.88	–	0.89	–	231.81
Emerald	39.14	–	124.80	–	8.28
Beryl-1	50.50	–	245.60	–	0.14
Beryl-2	47.35	–	478.25	–	0.01

Note: The 'Emerald' category is sold via three sales channels: higher-quality auctions, commercial-quality auctions, and direct sales. This price is the weighted average of (a) auction revenue per carat for 'Emerald' lots at higher-quality auctions, (b) auction revenue per carat for 'Emerald' lots at commercial-quality auctions, and (c) Export prices per carat for direct sale 'Emerald' grades, whereas weighted average of direct sale export prices per carat for Beryl-1 (<16mm) and Bery-1 (>16mm) and Beryl-2. Kagem assumes an allowance of three months between a stone coming out of the ground and becoming available for auction (cleaning, grading, quality control, shipping, viewing, etc.), hence we have used the auction revenue figures for the 12-month period from October 2022 to September 2023.

The comparative Kagem Gemstone Resource and Gemstone Reserve estimate attributable to GGL (75% basis) at 31 December 2022 is set out on the following page. The key differences between the 2022 and 2023 attributable Gemstone Resource and Gemstone Reserve estimates are explained as follows:

#### Gemstone Resources:

- The base data used of mining and production at Chama, where RZ (519 Kt) mined and produced carats (105 million carats) from July 2019 to December 2023, which cater confidence and reference for the upgrade of the resource, a material value for a conservative consideration.
- The base data used was actual bulk sampling mining and production at Chibolele, where RZ (278 Kt) mined and produced carats (34 million carats) from December 2017 to December 2023, which cater confidence and reference for the upgrade of the resource, a material value for a conservative consideration.
- Upgrade in Gemstone Resource category at Chama due to additional oriented drilling as recommended.
- Ore depletion in Chama and Chibolele and addition of Measured Gemstone Resources in surface stockpiles in Chama.

#### Gemstone Reserves:

- Small increase in the Proved Gemstone Reserves at F10 sector of Chama due to additional oriented drilling.
- Maiden declaration of Proved and Probable Gemstone Reserves at Chama and Chibolele. Drilling conducted to confirm the geological understanding and the Measured Resources converted into Proved Reserves; and
- Ore depletion in Chama and Chibolele and addition in Chama of Proved Gemstone Resources in surface stockpiles.



IMAGE Responsibly mined rough Zambian emeralds

*Kagem Attributable Gemstone Resource and Gemstone Reserve Estimate at 31 December 2022*

GEMSTONE RESOURCE ATTRIBUTABLE TO GGL	TONNAGE (kt)	B+E GRADE (ct/t)	CONTAINED B+E (Mct)	GEMSTONE RESERVES ATTRIBUTABLE TO GGL	TONNAGE (kt)	B+E GRADE (ct/t)	CONTAINED B+E (Mct)
<b>Chama</b>				<b>Chama</b>			
Measured	170	282	48	Proved	173	187	32
Indicated	3,188	270	861	Probable	2,606	218	568
<b>Total Measured + Indicated</b>	<b>3,357</b>	<b>269</b>	<b>903</b>	<b>Total Gemstone Reserve</b>	<b>2,778</b>	<b>216</b>	<b>600</b>
Inferred	–	–	–				
<b>Fibolele</b>				<b>Fibolele</b>			
Measured	–	–	–	Proved	–	–	–
Indicated	92	160	14	Probable	69	139	10
<b>Total Measured + Indicated</b>	<b>92</b>	<b>160</b>	<b>14</b>	<b>Total Gemstone Reserve</b>	<b>69</b>	<b>139</b>	<b>10</b>
Inferred	900	160	144				
<b>Libwente</b>							
Measured	–	–	–				
Indicated	–	–	–				
<b>Total Measured + Indicated</b>	<b>–</b>	<b>–</b>	<b>–</b>				
Inferred	150	46	7				
<b>Stockpiles</b>				<b>Stockpiles</b>			
Measured	417	139	58	Proved	417	139	58
Indicated	–	–	–	Probable	–	–	–
<b>Total Measured + Indicated</b>	<b>417</b>	<b>139</b>	<b>58</b>	<b>Total Gemstone Reserve</b>	<b>417</b>	<b>139</b>	<b>58</b>
Inferred	–	–	–				
<b>Chibolele</b>				<b>Chibolele</b>			
Measured	442	160	71	Proved	354	128	45
Indicated	259	180	47	Probable	207	160	33
<b>Total Measured + Indicated</b>	<b>701</b>	<b>167</b>	<b>117</b>	<b>Total Gemstone Reserve</b>	<b>561</b>	<b>139</b>	<b>78</b>
Inferred	413	200	83				
<b>Total M+I Gemstone Resources</b>	<b>4,567</b>	<b>240</b>	<b>1,098</b>	<b>Total Gemstone Reserves</b>	<b>3,732</b>	<b>201</b>	<b>750</b>
<b>Total Inf Gemstone Resources</b>	<b>1,463</b>	<b>160</b>	<b>233</b>				



GEMSTONE RESOURCE GRADE AND VALUE	RECOVERED GRADE IN 2022 (ct/t)				2023 PARCEL VALUE (USD/ct)
	Chama	Fibolele	Chibolele	Libwente	
Premium Emerald	1.44	–	0.24	-	138.29
Emerald	52.21	–	30.87	-	9.68
Beryl-1	55.20	–	42.02	-	0.11
Beryl-2	58.14	–	70.61	-	0.01

Note: The 'Emerald' category is sold via three sales channels: higher-quality auctions, commercial-quality auctions, and direct sales. This price is the weighted average of (a) auction revenue per carat for 'Emerald' lots at higher-quality auctions, (b) auction revenue per carat for 'Emerald' lots at commercial-quality auctions, and (c) Export prices per carat for direct sale 'Emerald' grades, whereas weighted average of direct sale export prices per carat for Beryl-1 (<16mm) and Bery-1 (>16mm) and Beryl-2. Kagem assumes an allowance of three months between a stone coming out of the ground and becoming available for auction (cleaning, grading, quality control, shipping, viewing, etc.), hence we have used the auction revenue figures for the 12-month period from October 2022 to September 2023.

## MRM

MRM is located in Cabo Delgado province in northeastern Mozambique, approximately 170 kilometres west of Pemba. MRM is the world's single-largest producing ruby mine. The single mining licence 4703C Ref. 1588/CM/INAMI/2015 (combining the two initial licences 4702 and 4703) covering an area of 34,996 ha was issued by the Government of Mozambique to MRM in December 2015, valid until 11 November 2036.

The Montepuez ruby deposit is hosted by the Montepuez Complex, a strongly ductile-deformed, wedge-shaped, metamorphic terrane.

Ruby and corundum mineralisation is found in two styles: primary amphibolite, and a secondary gravel bed. The main source of rubies and corundum is secondary mineralisation, although mining has also occurred from the primary mineralisation. The gravel bed horizon is generally less than two metres thick, with an average thickness of 0.45 metres.

Grade control is constrained to visual inspection and mining of the mineralised zones is only undertaken during daylight hours. Geologists on site direct the mechanical loader from within the pit area to ensure that the gravel bed is mined correctly. An owner-operated fleet undertakes all material movement.

A processing plant including a scrubber, rated at 200 tph of RoM feed, and a dense medium separation plant ("DMS"), rated at 83 tph of washed -25 mm+1.6 mm material, was commissioned in December 2016. A new thickener was installed in 2019–20 to meet the operating capacity. The wash plant flowsheet incorporates wet scrubber screening to remove

-1.6 mm solids, followed by a log washer to break up clay balls and a double deck wet screen to remove +25 mm stone fraction and -1.6 mm fines.

An additional processing plant is currently being constructed at MRM. This will increase the processing capacity from 200 tonnes per hour to 600 tonnes per hour. The project is expected to be completed in the first half of 2025.

*More details on MRM's second processing plant are available on pages 46 and 47.*

After washing and separation in the plant, the resulting gravity concentrate is sorted by hand in the high-security area under strict supervision incorporating automatic colour sorting machines.

The current life-of-mine ("LoM") plan production requires a ramp-up from 7.7 Mtpa total ore and waste to 20 Mtpa by 2026, with ore mining increasing to 3.8 Mtpa by 2026, and is projected to extend to 2029 (LoM of 6 years). The future LoM plan expects to achieve an overall stripping ratio of 4.3 over the LoM.

For the year ended 31 December 2023, MRM recovered 1.3 Mct from 1,044 kt ore at an average grade of 1.2 ct/t. The rock handling cash unit cost was USD5.90/t in 2023 (2022: USD6.57/t).

The auctions in 2023 realised USD151.4 million from the sale of 1.41 Mct of mixed- and commercial-quality rubies.

*Further details on MRM's performance in 2023 are available with in the Operational Review on pages 44 to 51, which also includes MRM's approach to corporate responsibility.*

## MRM GEMSTONE RESOURCES AND GEMSTONE RESERVES ESTIMATES

The MRM Gemstone Resources and Gemstone Reserves estimate attributable to GGL (75% basis) at 31 December 2023 is set out below. Gemstone Resource grades are quoted with a bottom cut-off stone size of 1.6 mm and are inclusive of Gemstone Reserves. The stockpile grades are derived from the reported grades for the respective source materials. No Inferred Gemstone Resources are included in the LoM plans, which supports the Gemstone Reserve declaration.

*MRM Attributable Gemstone Resource and Gemstone Reserve Estimate at 31 December 2023*

GEMSTONE RESOURCE ATTRIBUTABLE TO GGL	TONNAGE (kt)	RECOVERED GRADE (ct/t)	CONTAINED (Mct)	GEMSTONE RESERVES ATTRIBUTABLE TO GGL	TONNAGE (kt)	RECOVERED GRADE (ct/t)	CONTAINED (Mct)
<b>Maninge Nice</b>				<b>Maninge Nice</b>			
Indicated – Primary	849	99.4	84.4	Probable – Primary	837	99.4	83.2
Indicated – Secondary	215	56.0	12.0	Probable – Secondary	215	55.6	12.0
<b>Total Indicated</b>	<b>1,064</b>	<b>90.6</b>	<b>96.4</b>	<b>Total Probable Reserve</b>	<b>1,052</b>	<b>90.4</b>	<b>95.2</b>
Inferred – Primary	180	97.9	17.6				
Inferred – Secondary	9,994	12.7	127.0				
<b>Inferred – Total</b>	<b>10,174</b>	<b>14.2</b>	<b>144.7</b>				
<b>Mugloto</b>				<b>Mugloto</b>			
Indicated – Primary	–	–	–	Probable – Primary	–	–	–
Indicated – Secondary	6,624	3.0	19.9	Probable – Secondary	6,531	2.89	18.9
<b>Total Indicated</b>	<b>6,624</b>	<b>3.0</b>	<b>19.9</b>	<b>Total Probable Reserve</b>	<b>6,531</b>	<b>2.89</b>	<b>18.9</b>
Inferred – Secondary	13,800	14.8	203.6				
<b>Glass</b>				<b>Glass</b>			
Indicated – Secondary	5,073	2.4	12.14	Probable – Secondary	5,066	2.20	11.2
<b>Total Indicated</b>	<b>5,073</b>	<b>2.4</b>	<b>12.1</b>	<b>Total Probable Reserve</b>	<b>5,066</b>	<b>2.20</b>	<b>11.2</b>
Inferred – Secondary	5,670	0.9	5.1				
<b>Stockpiles</b>				<b>Stockpiles</b>			
Indicated – Primary	28	112.8	3.2	Probable – Primary	28	112.8	3.2
Indicated – Secondary <sup>1</sup>	460	10.7	4.9	Probable – Secondary <sup>1</sup>	460	10.7	4.9
<b>Total Indicated</b>	<b>488</b>	<b>16.6</b>	<b>8.1</b>	<b>Total Probable Reserve</b>	<b>488</b>	<b>16.6</b>	<b>8.1</b>
<b>Total Indicated Gemstone Resources</b>	<b>13,249</b>	<b>10.3</b>	<b>136.5</b>	<b>Total Probable Gemstone Reserves</b>	<b>13,138</b>	<b>10.1</b>	<b>133.3</b>
<b>Natete<sup>2</sup></b>							
Inferred – Secondary	18,140	0.3	5.3				
<b>Nathapo</b>							
Inferred – Secondary	3,915	0.5	2.0				
<b>Total Inf Gemstone Resources</b>	<b>51,699</b>	<b>7.0</b>	<b>360.6</b>				

1 – Combination of material from Maninge Nice, Mugloto and Glass.

2 – Previous name was 'Nakete', but now it is 'Natete'.

GEMSTONE GRADE AND VALUE	RECOVERED GRADE (ct/t)			AVERAGE PARCEL VALUE (2014–2023) <sup>1</sup> (USD/ct)	AVERAGE PARCEL VALUE 2023 (USD/ct)
	Maninge Nice	Mugloto	Glass (1)		
Premium Ruby	0.011	0.058	0.016	1,210.94	1,503.78
Ruby	0.504	0.445	0.161	55.38	89.63
Low Ruby	6.656	0.075	0.332	3.35	1.77
Corundum	0.341	0.033	0.394	0.96	–
Sapphire	1.295	0.034	0.077	0.24	–
Low Sapphire	10.331	0.344	1.696	0.08	–
–4.6mm	–	–	–	10.55	–
Reject with some Low Sapphire	n/r	n/r	n/r	0.05	–
Weighted Average Value (USD/ct)				23.46	107.22

1 – Average parcel value for 2014 to 2023 applied.

The comparative MRM Gemstone Resource and Gemstone Reserve statement attributable to GGL (75% basis) at 31 December 2022 is set out on the following page. The key differences between the 2022 and 2023 Gemstone Resource and Gemstone Reserve estimates are explained as follows:

#### Gemstone Resources:

- The Maninge Nice Primary and Secondary resource and reserve decreased due to mining depletion, and the grade of Maninge Nice Secondary rose slightly due to the mining of comparatively lower-grade ore from Maninge Nice Pit 6;
- A reduction in tonnage, grade and contained gemstones in Indicated Gemstone Resources at Mugloto, due to mining depletion;
- No change in tonnage, grade, or contained gemstones from the Inferred Gemstone Resources of Maninge Nice, Glass, Nathepo, and Mugloto;
- A small decrease in tonnage and contained carats from Glass Indicated Resources due to mining depletion; and
- Slight reduction in Natete Inferred resources tonnage and contained carat due to the mining depletion, whereas no upgradation of Natete Inferred resources to Indicated.

#### Gemstone Reserves:

- Maninge Nice grade increased slightly since only secondary material at lower grade was mined.
- A reduction in tonnage and contained gemstones in Probable Gemstone Reserves at Mugloto, due to mining depletion mainly from secondary material.

- A small decrease in tonnage and contained gemstones at Glass is due to mining depletion.
- The calculation of mined ore in stockpiles was changed to reflect the difference between total ore mined and total ore processed for the financial year, with a small addition recorded. Total contained carat of stockpile reduced despite tonnage addition, due to a changed split of primary and secondary stockpiled material.



IMAGE Fabergé x Gemfields Colours of Love Rings featuring Gemfields Zambian emeralds

*MRM Attributable Gemstone Resource and Gemstone Reserve Estimate at 31 December 2022*

GEMSTONE RESOURCE ATTRIBUTABLE TO GGL	TONNAGE (kt)	RECOVERED GRADE (ct/t)	CONTAINED (Mct)	GEMSTONE RESERVES ATTRIBUTABLE TO GGL	TONNAGE (kt)	RECOVERED GRADE (ct/t)	CONTAINED (Mct)
<b>Maninge Nice</b>				<b>Maninge Nice</b>			
Indicated – Primary	855	99.5	85.0	Probable – Primary	843	99.5	83.8
Indicated – Secondary	294	54.3	15.9	Probable – Secondary	294	53.8	15.8
<b>Total Indicated</b>	<b>1,148</b>	<b>87.9</b>	<b>100.9</b>	<b>Total Probable Reserve</b>	<b>1,137</b>	<b>87.6</b>	<b>99.7</b>
Inferred – Primary	180	97.9	17.6				
Inferred – Secondary	9,994	12.7	127.0				
<b>Inferred – Total</b>	<b>10,174</b>	<b>14.2</b>	<b>144.7</b>				
<b>Mugloto</b>				<b>Mugloto</b>			
Indicated – Primary	–	–	–	Probable – Primary	–	–	–
Indicated – Secondary	7,275	2.8	20.5	Probable – Secondary	7,182	2.7	19.5
<b>Total Indicated</b>	<b>7,275</b>	<b>2.8</b>	<b>20.5</b>	<b>Total Probable Reserve</b>	<b>7,182</b>	<b>2.7</b>	<b>19.5</b>
Inferred – Secondary	13,800	14.8	203.6				
<b>Glass</b>				<b>Glass</b>			
Indicated – Secondary	5,093	2.4	12.2	Probable – Secondary	5,087	2.2	11.2
<b>Total Indicated</b>	<b>5,093</b>	<b>2.4</b>	<b>12.2</b>	<b>Total Probable Reserve</b>	<b>5,087</b>	<b>2.2</b>	<b>11.2</b>
Inferred – Secondary	5,670	0.9	5.1				
<b>Stockpiles</b>				<b>Stockpiles</b>			
Indicated – Primary	23	91.8	2.1	Probable – Primary	23	91.8	2.1
Indicated – Secondary <sup>1</sup>	514	9.6	5.0	Probable – Secondary <sup>1</sup>	514	9.6	5.0
<b>Total Indicated</b>	<b>537</b>	<b>13.2</b>	<b>7.1</b>	<b>Total Probable Reserve</b>	<b>537</b>	<b>13.2</b>	<b>7.1</b>
<b>Total Indicated Gemstone Resources</b>	<b>14,054</b>	<b>10.0</b>	<b>140.8</b>	<b>Total Probable Gemstone Reserves</b>	<b>13,944</b>	<b>9.9</b>	<b>137.5</b>
<b>Natete*</b>							
Inferred – Secondary	18,167	0.3	5.3				
<b>Nathepo</b>							
Inferred – Secondary	3,915	0.5	2.0				
<b>Total Inf Gemstone Resources</b>	<b>51,726</b>	<b>7.0</b>	<b>360.7</b>				

1 – Combination of material from Maninge Nice, Mugloto and Glass.

GEMSTONE GRADE AND VALUE	RECOVERED GRADE (ct/t)			AVERAGE PARCEL VALUE (2014–2022) <sup>1</sup> (USD/ct)	AVERAGE PARCEL VALUE 2022 (USD/ct <sup>2</sup> )
	Maninge Nice	Mugloto	Glass (1)		
Premium Ruby	0.053	0.071	–	1,172.87	1,196.51
Ruby	0.650	0.480	0.316	51.75	60.07
Low Ruby	2.395	0.176	1.319	3.56	1.26
Corundum	0.391	0.051	0.577	0.96	0.91
Sapphire	0.327	0.030	1.550	0.24	0.27
Low Sapphire	4.665	0.598	8.501	0.08	0.05
–4.6mm	–	–	–	10.55	–
Reject with some Low Sapphire	n/r	n/r	n/r	0.05	–
<b>Weighted Average Value (USD/ct)</b>				<b>20.74</b>	<b>8.81</b>

1 – Average parcel value for 2014 to 2022 applied.



## SECTION 2.4

# Marketing and Communications

*In 2023, we dialled up colour and collaborations, celebrating the verdant month of May with lush new emerald-green jewellery pieces, followed by fiery ruby-red options for the sultry days of July. Our marketing efforts maintained a clear focus on driving demand for coloured gemstones, and the team worked towards securing greater international presence and building a pipeline of strategic activations to educate consumers, lead the sector and increase visibility of emeralds and rubies.*

Our marketing and communications efforts have remained focused on the now well-established pillars of education, leadership and visibility, as these continue to serve our aim of driving demand for coloured gemstones. To maximise impact, the activations undertaken in 2023 spoke to all three pillars, we benefited from digital optimisation informed by prior campaigns to enhance reach and engagement in target audiences, and our activations featured localised adaptations to improve relevance and recall.

The year's activity centred on three key moments: emerald month (May) and ruby month (July) – in a bid to cut through a crowded marketplace with an owned moment in these birthstone months – and gifting season (October – December): to capitalise on the elevated consumer interest during this time.

May – emerald month, associated with hope, growth and new beginnings – saw a product-led promotional campaign, with new jewellery pieces prominently featuring Zambian emeralds created by our jewellery brand partners. In an emerald-focused creative, the pieces were digitally advertised in international magazine titles, offering consumers direct-purchase opportunities. Social media efforts took an educational tone and Gemfields provided point-of-sale materials, including vibrant window decals, to Fabergé vendors to promote emeralds directly to consumers. House of Meraki closed the month with the launch of a new emerald-focused fine jewellery collection.

July – ruby month, associated with passion and prosperity – saw the year's biggest activation, with a magnificent array of new

jewellery pieces unveiled in Paris at the Journées de la Haute Joaillerie. Over the week, international fashion and jewellery editors, key opinion leaders and influencers visited the Gemfields suite at Hotel Plaza Athénée and shared the treasures on display. An illuminated baobab tree provided the backdrop for show-stopping emerald and ruby rings, and brand-specific plinths provided further opportunity to showcase gemstone creations. A ruby-focused digital media campaign ran throughout the period, optimised thanks to the lessons learned during emerald month, Fabergé points of sale featured ruby imagery, and Ruth Tomlinson launched a series of ruby rings. Our 'How to Buy' and 'How to Style' messaging remained woven throughout, particularly evidenced in press interviews, further embedding these considerations.

Our focus on the China market continued in 2023, building on the success of prior in-market masterclasses and consumer research projects. We are now sharpening our gaze on landing ruby as the gemstone of choice in this market, assisted by Chinese consumers' growing unease with lab-grown diamonds and their long-standing fondness for the colour red. In partnership with GUILD, and broadcast where possible via livestream, we continued our masterclass series, with ruby sessions in Chengdu in March and Beijing in April, which laid the foundations of growing affinity for the red gem amongst high-profile media attendees.

In May, representatives from Chinese media titles joined journalists from Dubai and India on a press trip to Bangkok, to experience the selling process first-hand. In September, we co-



hosted and sponsored the Aurora Awards in Shenzhen with GUILD, garnering volumes of press coverage for coloured gems. October saw three further ruby masterclasses, held for the first time in Tier 2 cities: Xi'an, Wuhan and Hangzhou.

All the while, behind the scenes, the team was readying 2024's activations for the China market. These include: a second consumer research report, providing qualitative and quantitative insights into Chinese consumer attitudes towards rubies; a virtual influencer activation, embodying the romance of ruby; and a new jewellery brand partnership with a Chinese brand. All are due to launch in the first half of 2024.

Visibility for coloured gemstones was enhanced by the many beautiful new jewellery pieces created by our jewellery brand partners throughout the year. We amplified pieces by Donna Hourani in Dubai; supported US-based Sandy Leong's Bloomingdale's pop-up; launched The Line's collection of contemporary Indian jewellery in Mumbai, and then in Dubai; and launched IVY New York's gem-boasting collection to an international audience. Close collaboration with Fabergé enabled an emerald and ruby presence at press days in London and New York, as well as at the Savill's Summer Showcase at the Bulgari Hotel in London. International press coverage targeted digital advertising and coordinated own-channel utilisation drove awareness for the jewellery pieces, which were also the focus of our Q4 gifting media campaign.

Industry-focused moments included prominent positioning at Van Cleef & Arpel's 'Garden of Emeralds' exhibition in Dubai in December, where the magnificent Goliath emerald cluster sparked an interest in Zambian gems. Throughout the year, Gemfields maintained a colourful presence at the ICA congress in Dubai, CIBJO congress in Jaipur, JewelleX in South Africa, September's jewellery and gem show in Hong Kong and across India's IIJS, JJS and JAS, where the company supported the Jewellery Eminence Awards. The company also supported the Elle Sustainability Awards in India, bringing the topic of responsible business practices to the fore.

Communications efforts in Zambia and Mozambique increased during 2023, with MRM taking an active role in MMEC, Beira Business Forum and FACIM. Improving communication with local communities and conveying important messages, such as the dangers of illegal mining practices, remained a high priority. This was achieved by utilising a variety of channels such as local press, radio stations, SMS messaging and community meetings to improve liaison.

Looking ahead to 2024, our marketing and communications will build on the learnings of 2023. We will be looking to evolve emerald (May) and ruby (July) month campaigns and to celebrate the versatility of coloured gemstones through jewellery brand partnerships. We look forward to realising our China-focused projects and evolving the playful, meaningful and colourful aesthetic that is unequivocally Gemfields.

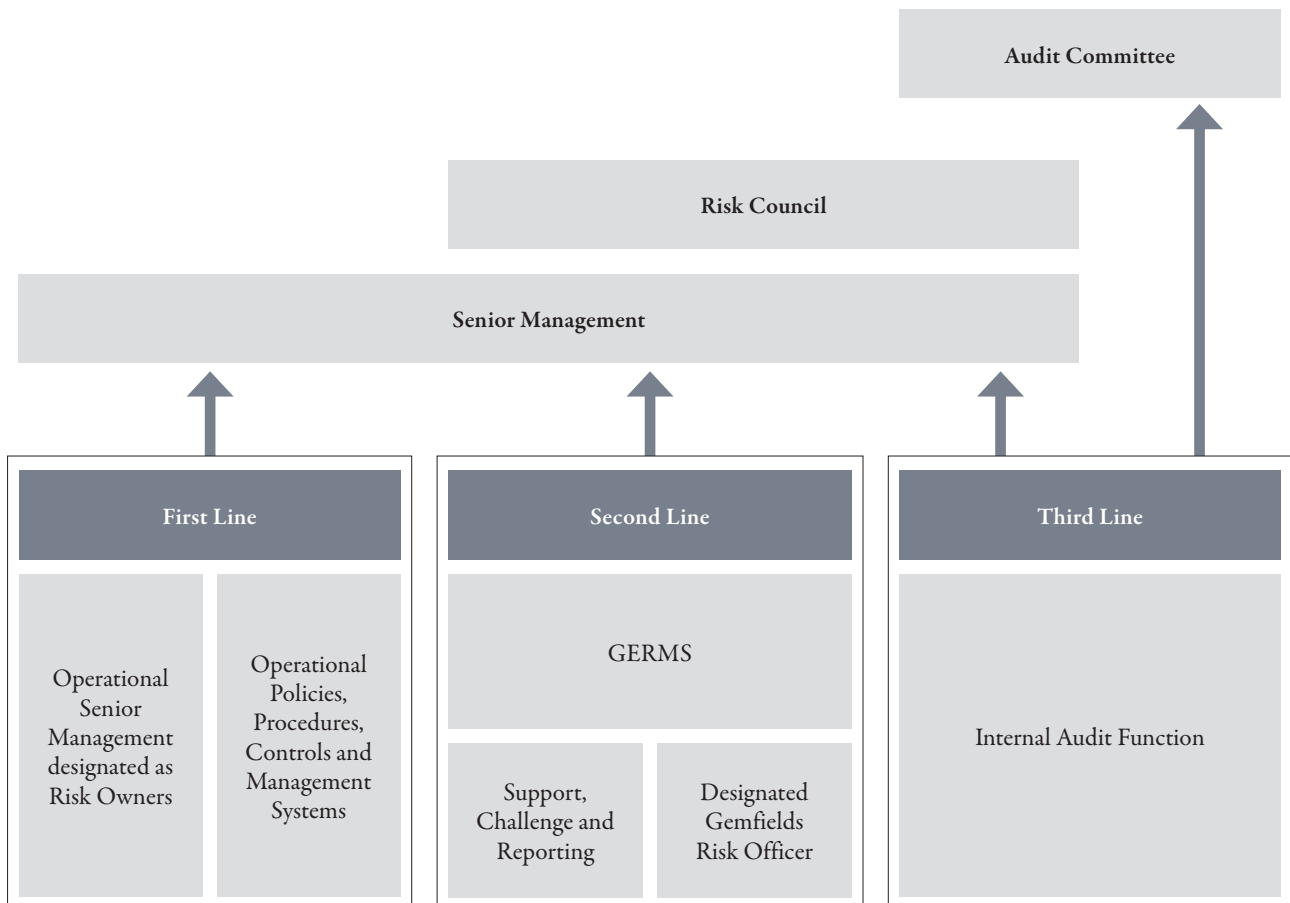
SECTION 2.5

# Risks and Uncertainties

Gemfields accepts that the sector in which it operates is one that contains a considerable variety of risks. Having a good understanding of the risks, and ensuring that we have sufficient levels of operational control in place to manage or capitalise from these risks, is critical to our continued growth and success. We have a well-established and functioning enterprise risk management system that has been developed over a period of time and is fully managed within the business without any external support. The following sections provide information on the risk framework and risk governance.

## RISK MANAGEMENT FRAMEWORK

The Gemfields Board is the ultimate body responsible for the oversight of risk across the Group. This oversight is primarily provided at the strategic level. Risk management is operationalised through the management line using a 'three lines' model and as such a variety of assigned roles is provided to management and the business units to manage risks arising in each area of the Group. Information and considerations of risk flow between the three lines is outlined below.





First line: Specific risks are assigned to the Group's operational senior management who is responsible for managing the risks through the introduction and maintenance of a range of operational controls, policies, procedures and management systems, within operational sites and functional areas.

Second line: The Group Head of Risk and Assurance has been designated as risk officer and facilitates the Gemfields Enterprise Risk Management System ("GERMS"). Risks are assigned to local risk owners (first line). The second line primarily supports the risk management efforts of the first line while also challenging risk ratings and mitigation measures. Corporate reporting on risks is a feature of the second line, and the Group's Risk and Ethics Council sits within the second line.

Third line: A Group-level internal audit function provides independent assurance on the effectiveness of governance, risk management and internal controls, including the first two lines of defence. The internal audit function is independent and reports functionally to the Chair of the Audit Committee. The diagram below demonstrates how the three lines interact with the relevant governance structures within the Company.

#### RISK APPETITE STATEMENT

The Gemfields Risk Appetite Statement as approved by the Board is as follows:

*Gemfields operates in a sector and locations that are inherently high-risk. In particular, we are exposed to key macro-level risks such as the global economic outlook and political instability. More directly, risks such as geology, financing the expansion of operations and exploration sites, social licence to operate, safety, climate change, environmental compliance, security, and the demand for rough gemstones and jewellery are important factors affecting the Group's operations. We aim to balance a high inherent risk appetite against a low appetite for risks which will materially impact the business such as bribery, corruption or human rights risk. We will support this*

*inherently high-risk appetite with a pragmatic level of investment, and policies and controls that are suitable for a business of our size. These policies and controls will facilitate growth and decision-making, support the entrepreneurial culture we value and help us drive an acceptable return on investment.*

#### STRATEGIC RISK CATEGORY PROFILE

The performance of the Group's investments, primarily the extraction and sale of coloured gemstones, is fundamental to the Group's long-term commercial prospects. Before investing in the Group, prospective investors should consider the Group's strategic risk categories, which are described below. These have been considered by the Board as those most significant to the Group's strategy and long-term performance. The table below provides a description of each strategic risk category and the mitigations in place. The Board's rating of each strategic risk category, considered over a forward-looking period of six months to one year, is shown as a red, amber, or green rating to signify whether the risk is considered high, medium or low respectively. The movement of the Board's view of risk compared to the Board's view of the same principal risk in the previous period is also shown.

#### ONGOING INSUREGENCY IN CABO DELGADO, MOZAMBIQUE

While military presence in northern Mozambique has increased stability in Cabo Delgado province, sporadic insurgent activity persists, though on a smaller scale than in 2022. Gemfields' Mozambican operations remain largely unaffected by the insurgency although security controls at the operations remains at a heightened level. An increase in insurgent attacks in the province was observed from late November 2023. Risks associated with the insurgency are not limited to a single strategic risk category. These risks primarily relate to 'Health, Safety and People Protection', 'Illegal Miners and Trespassers' and 'Security, Infrastructure and Asset Protection' but are not exclusive to these.

STRATEGIC RISK CATEGORY	RISK DESCRIPTION	RISK MITIGATION	RISK RATING
<b>Communication, Reputation, Ethics</b>	<p>Gemfields is publicly listed and has a distinctive and well-known brand identity. It is a high-profile operator in the industry both as a mining company and as owner of the jewellery brand Fabergé. The Company must uphold this identity while actively championing and communicating responsibly sourced coloured gemstones, low-impact mining and supply chain transparency in line with the Company's values. The Group's exposure to unethical practices such as bribery, corruption and security-related risk is high in its countries of operation. The Group's failure to be aware of such risks and manage these could erode reputation or contribute to legal or financial penalties, even if entirely unfounded and unproven.</p>	<ul style="list-style-type: none"> <li>• Well-established head office functions such as communications, legal, risk and assurance, HR and teams at site level;</li> <li>• Extensive suite of policies and standard operating procedures established for the Group and replicated at site level;</li> <li>• Independent systems in place to handle ethics issues including internal whistle-blowing, internal and external grievances and incident, accident and near-miss reporting;</li> <li>• A strong tone from the top, instilling a culture of transparency and accountability to meeting internal policies and procedures and external regulations and laws; and</li> <li>• Appointment of marketing and communications agencies to promote the company; and</li> <li>• At our principal operations in Mozambique and Zambia, various industry brand partners conducted several audits and assessments, validating Gemfields' commitment and actions to champion responsibly sourced coloured gemstones.</li> </ul>	<p>No change</p>
<b>Community and Social</b>	<p>The Group's operating mining sites in Africa require the continuous management of stakeholder relations to maintain a social licence to operate. Acceptance and support of a wide range of local community stakeholders most significantly includes the communities in and around operations. Failure to engage with stakeholders and create opportunities for long-term sustainable development around our operations may contribute to or exacerbate negative sentiment, tensions or at worst lead to strikes, disruptions or incursions to our operations. Long-term, these failures may undermine our ability to operate unhindered, regardless of the legal rights we may have.</p>	<ul style="list-style-type: none"> <li>• Local community teams at site, specifically responsible for stakeholder relations, engagement and sustainable development projects;</li> <li>• Head office functions specialising in corporate responsibility, risk management, health, safety and policy;</li> <li>• Policies replicated with site-specific procedures that focus on community and sustainable development;</li> <li>• Grievance management systems to record and remedy community complaints, grievances and allegations;</li> <li>• Annual use of operational budget for investment in community projects; and</li> <li>• Emergency response and relief to community at times of crisis or weather-related disaster.</li> </ul>	<p>No change</p>

STRATEGIC RISK CATEGORY	RISK DESCRIPTION	RISK MITIGATION	RISK RATING
<b>Environmental, Climate, Weather</b>	<p>The Group's operations cause impacts to, and are impacted by, the environment. Environmental, climate and weather-related risks arise in different ways both outside and inside the Group's control. Risks affecting the company include climate-related extreme weather events (such as hurricanes or cyclones), unseasonal or extreme levels of rainfall and higher than average humidity and heat. Risks caused by the company's operation include water and waste management, greenhouse gas emissions, land-use changes and biodiversity impacts. The Company can be subject to compliance fines for failing to plan and operate in accordance with prevailing environmental laws. Failure to plan strategically for changing environmental laws may increase the Group's operating costs.</p>	<ul style="list-style-type: none"> <li>• Contingency plans to respond to extreme weather emergencies;</li> <li>• Physical preparation and protection of site assets and mine plans in accordance with geology and effects of corrosion, groundwater and slippages;</li> <li>• Consideration for the realistic use of renewable energy and fuel-efficient measures at operations to reduce operating costs and use of fossil fuels;</li> <li>• External reporting to be transparent in the disclosure of greenhouse gas emissions;</li> <li>• Safety, health and environmental teams responsible for site operational environmental compliance, management plans and execution of projects; and</li> <li>• Introduction of integrated safety, health and environmental management systems.</li> </ul>	<p>No change</p>
<b>Financial, Economic, Markets, Business</b>	<p>The demand for gemstones may fall during times of economic uncertainty or hardship. Changes in the macro-economic environment may also result in creditors delaying or failing to pay the Company on time. Reduced sales resulting from an economic downturn can have an adverse effect on the profitability and cash flow of the business as experienced during the pandemic. The Company may need to go to the market to raise capital funds or debt, which may not be available on favourable terms. Failure to address falls in revenue or to stem the costs of production will result in the Group experiencing significant losses and the Group may be forced to curtail or suspend some or all of its capital projects and/or operations.</p> <p>The ongoing conflict with Russia and Ukraine may have the undesired impact of increasing input costs like fuel and spares and may also have an adverse impact on the prices of our goods.</p>	<ul style="list-style-type: none"> <li>• Proprietary grading system developed as a transparent and reliable system for the market to value gemstones;</li> <li>• Long-developed relationships with authorised auction partners;</li> <li>• Partnerships with luxury brands to market coloured gemstones to end consumers;</li> <li>• Active financial management and consideration by management of different financing options;</li> <li>• Ability to run sequential online mini auctions that offer an alternative sales platform to physical in situ auctions; and</li> <li>• Resilient financial modelling and risk processes to allow flexibility and ability to action any cash conversation or mitigate global economic woes.</li> </ul>	<p>No change</p>

STRATEGIC RISK CATEGORY	RISK DESCRIPTION	RISK MITIGATION	RISK RATING
<b>Health, Safety and People Protection</b>	<p>A company operating in the resource extraction sector is exposed to a range of health and safety risks, and the protection of employees is an inherent feature of the mining industry. Employees are operating in often hazardous operational environments and at development sites that are more remote. They are also exposed to other safety and security risks. Failure to maintain adequate health, safety and security standards may result in a significant incident, a deterioration in safety performance and at worst the injury or death of employees.</p> <p>Lost time disruption to the mining operations can affect the ability of the Company to continue to produce efficiently.</p>	<ul style="list-style-type: none"> <li>• Locally developed teams at site specifically responsible for HSE risk management and training;</li> <li>• Our principal operations in Mozambique and Zambia are staffed (internally and externally) by highly skilled and sophisticated Protection Services teams that provide high-quality security and protection services;</li> <li>• Development of integrated HSE management systems to meet international standards;</li> <li>• HSE measures, training and compliance against policies and procedures continuously reviewed and implemented with management support;</li> <li>• Internal system for reporting of incidents, accidents and near-misses; and</li> <li>• Security measures and systems are constantly reviewed and revised in order to minimise the risk.</li> </ul>	<p>No change</p>
<b>Illegal Miners and Trespassers</b>	<p>Theft, as a result of both internal collusion and illegal mining, is an inherent risk factor in the gemstone industry. Organised criminals can exploit situations of poverty, creating indebted servitude. Artisanal miners can gain easy access to sites where physical barriers on large concessions are not viable and they operate without licences to illegally extract gemstones which would otherwise be retrieved and sold by the Company. This situation presents the opportunity for gemstones finding their way out of the country illegitimately and onto the black market. Failure to protect the site from this loss of gemstones from the licence area consequently impacts the profitability of the Company. Furthermore, the presence of illegal miners and security forces who protect the assets can contribute to security risks arising from the conflict of interest between illegal miners and the Company.</p>	<ul style="list-style-type: none"> <li>• Security measures and systems are constantly reviewed and revised in order to minimise the risk;</li> <li>• Multi-layered security approach across our operations with a mix of internal and external providers working with the local police and security forces in each geography, technology and system;</li> <li>• Security measures constantly reviewed and implemented in order to minimise the risk;</li> <li>• Engaging local authorities, communities and security and police forces in seeking to protect the Company's employees, equipment and mining assets; and</li> <li>• Community relations and grievance management systems in place to record and remedy community relations issues.</li> </ul>	<p>No change</p>

STRATEGIC RISK CATEGORY	RISK DESCRIPTION	RISK MITIGATION	RISK RATING
<b>IT, Digital and Data</b>	<p>The Group has complex communications infrastructure and IT systems between head office and the sites. Due to the locations in which the Group operates, these systems can be subject to attempted breaches, deliberate damage, outages and delays. The Group also has a proprietary database and IT system that is used as a combination of customer relationship management, online sales, inventory management, incident reporting system, employee data management and a depository for key company documents. Failure to protect the company from breaches of the security and communications systems can result in the loss of data and communications or simply weaken the security system requiring improvements to be made.</p>	<ul style="list-style-type: none"> <li>• Well-established and experienced head office IT team;</li> <li>• Site-level IT functions responsible for implementation and management of IT risk at site level;</li> <li>• IT policies and standard operating procedures;</li> <li>• Multifaceted IT security system that undergoes continuous assessment and improvement; and</li> <li>• Adoption of cyber security standards and systems.</li> </ul>	No change
<b>Legal, Legislative, Regulatory, Governance</b>	<p>Emerging markets are generally subject to greater risk and may be affected by legal and legislative changes. These may result in changes in legal requirements, mineral royalty rates, taxation policies or restrictions on the export of currency or gemstones, which may have a material adverse impact on the Company's operations or future development. Failure to prepare for renewal or continuance of appropriate surface and/or subsurface use contracts, licences, permits, regulatory approvals or consents may result in delays to the Group's operations, or in extreme circumstances, may require withdrawal.</p> <p>In addition, in the ordinary course of business, particularly given the industry the Group operates in, it will always be susceptible to legal actions and complaints on a wide range of issues.</p>	<ul style="list-style-type: none"> <li>• Team highly experienced in operating in Africa;</li> <li>• Active and open engagement with the relevant Government bodies and ministries;</li> <li>• Regular reviews of commercial arrangements and regulatory requirements;</li> <li>• Internal controls, policies and procedures to ensure we can meet regulatory changes; and</li> <li>• External advice sought to supplement the skills and experience of our internal teams.</li> </ul>	No change
<b>Mining, Geology and Processing<sup>1</sup></b>	<p>The Group's exploration and mining operations are dependent upon the grant, renewal or continuance in force of appropriate surface and/or subsurface use contracts, licences, permits, regulatory approvals and consents, which may only be valid for a defined period and may be subject to limitations. Geology of gemstone occurrences is relatively more complex, rendering it less predictable. It is not possible, for example, to predict the quality and quantity of gems in the host rock. Processing of ore can therefore be significantly affected, and the production of high-value gemstones can fluctuate, which has an effect on what can be sold at auction and therefore on revenue. Failure to retain data, knowledge and expertise regarding gemstone geology or adequately extract and process the ore will affect the Group's success.</p>	<ul style="list-style-type: none"> <li>• A Group portfolio of projects and licence areas that carry a range of differing technical and commercial opportunities;</li> <li>• Assessment of a wide range of potential growth opportunities, from both the internal portfolio and external opportunities;</li> <li>• Retention of a vast body of historical data on gemstone mining to increase confidence levels in production; and</li> <li>• Team of highly qualified geologists and mine engineers at each site.</li> </ul>	No change

STRATEGIC RISK CATEGORY	RISK DESCRIPTION	RISK MITIGATION	RISK RATING
<b>Organisation, Culture, Training, Succession, Employment</b>	The Group's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Group must retain employees and attract additional highly qualified management and technical personnel. In addition, it must continue to put in place practices and systems for managing its people to encourage retention and lower employee turnover. Embedding a consistent culture across the Group ensures that all employees in the Company contribute to long-term success. Failure to continuously monitor and communicate with its people and improve the practices and systems in place for its people may result in loss of key personnel and knowledge for the Company.	<ul style="list-style-type: none"> <li>Well-established head office HR function;</li> <li>Site-level HR functions responsible for employment, culture, training at local level;</li> <li>Use of recruitment companies to search for and engage high-quality talent;</li> <li>Policies and standard operating procedures for employment contracts and protections including full unionisation where appropriate;</li> <li>Employee relations and engagement with unions for negotiations of remuneration and benefits; and</li> <li>Succession and retention plans for key positions.</li> </ul>	No change
<b>Political, Government<sup>2,3</sup></b>	Political instability, including changes in Government, may also result in a major disruption to the functions at state, provincial or district level Government. This can directly affect the Group's operations but also can result in civil unrest, labour disputes or the withdrawal or variation of existing agreements, mining licences and permits as resource management can be politicised. Resource nationalisation is a possibility in our countries of operation and pressure to hand back licences or parts of licences to the state is a risk that is monitored. Failure to engage with relevant Government departments can affect the Company's prospects in a range of ways and directly adversely affect operations.	<ul style="list-style-type: none"> <li>Team highly experienced in operating in Africa;</li> <li>Active and open engagement with the relevant Government bodies and ministries; and</li> <li>Internal controls, policies and procedures to ensure we can meet regulatory changes.</li> </ul>	No change
<b>Security, Infrastructure and Asset Protection</b>	Resource and asset protection is a significant challenge in remote areas. Protecting the Company is a constant activity for internal security with the support of third-party contractors and the police who investigate acts committed against the Company by both external and internal parties. Plant, equipment and consumables are all easily stolen or at risk of loss. Infrastructure may be deliberately damaged and sites can attract trespassers who enter the licence area. Failure to protect the site internally and externally with measures to protect assets or people can result in increased costs associated with replacement and repairs.	<ul style="list-style-type: none"> <li>Security measures and systems are constantly reviewed and revised in order to minimise the risk;</li> <li>Engaging local authorities, communities and security and police forces in seeking to protect the Company's equipment and mining assets;</li> <li>Multi-layered security approach across our operations with a mix of internal and external providers working with the local police and security forces in each geography, technology and system;</li> <li>Security measures constantly reviewed and implemented; and</li> <li>Internal system for reporting of incidents, accidents and near-misses including security incidents.</li> </ul>	No change

1 – Premium gemstone production was lower in 2023 than in 2022, which is not uncommon due to the unpredictable nature of gemstone deposits. Auction pricing in 2023 partly offset this production decline. Expansions in Mozambique and Zambia are expected to benefit Gemfields in 2024, while a substantial increase in processing capacity at MRM and production from additional licences in Mozambique is expected to significantly boost production from 2025.

2 – In early 2024 it was observed that Zambia's online cadastre portal showed certain other licences overlapping with portions of Kagem licence areas. Gemfields has raised these issues with the Zambian Ministry of Mines and Mineral Development.

3 – In May 2023, Gemfields reported to the British authorities an alleged bribery attempt by the then chief of staff to the President of Madagascar and an accomplice. The pair was subsequently arrested by the UK's National Crime Agency.

OPERATIONAL RISK PROFILE OF THE GROUP

GERMS is the operational level management system for risk that sits within the second line yet is used and applied through all three lines. The system was developed by the Company and is hosted in G-TRAC (Gemfields’ internal knowledge base system), granting access to those participating in the process, as well as any other staff members. Risk owners are assigned risks in GERMS and are responsible for continuously reviewing and updating their risks, controls and actions on a continuous basis as the risk landscape changes. These risks are reviewed by their line managers and local-entity Board members for their review and approval. GERMS aims to achieve an integrated view of all risks faced by the group, assigning, inter alia, projects, events, incidents, accidents, near-misses, grievances, trainings and press/media releases to individual risks, thereby providing a realistic view of the operational risks at any given time. These risks are deliberated during the quarterly Risk Council meetings.

The diagram to the right is a summary of the operational risk profile of the Group, allocating the circa 500 specific risk ratings according to the combined likelihood and impact scores (which are rated 1–5 in ascending order of likelihood and impact, and then multiplied). By way of example, the diagram shows that at the end of the year there were 26 specific risks rated as very high (a total combined risk score of between 20 and 25), of which three have been rated as the very highest (a total combined risk score of 25). In contrast, 21 risks were rated with the lowest

likelihood of occurring and lowest impact on the business (a total combined risk score of 1).

High Likelihood	4	3	5	6	3
	1	5	16	34	17
Low Likelihood	3	19	63	66	8
	5	39	64	62	7
	21	16	11	14	13
	Low Impact			High Impact	

In total there are 67 risk types within GERMS, under the 12 strategic risk categories. These 67 risk types can then be applied to any of the Gemfields Group companies to create specific risks particular to those companies. The risk likelihood and impact scores of specific risks are reviewed by each risk owner on a continuous basis. By the end of the period, there were circa 500 specific risks across the Group and the GERMS system therefore also represents a consolidated risk register for the Group.



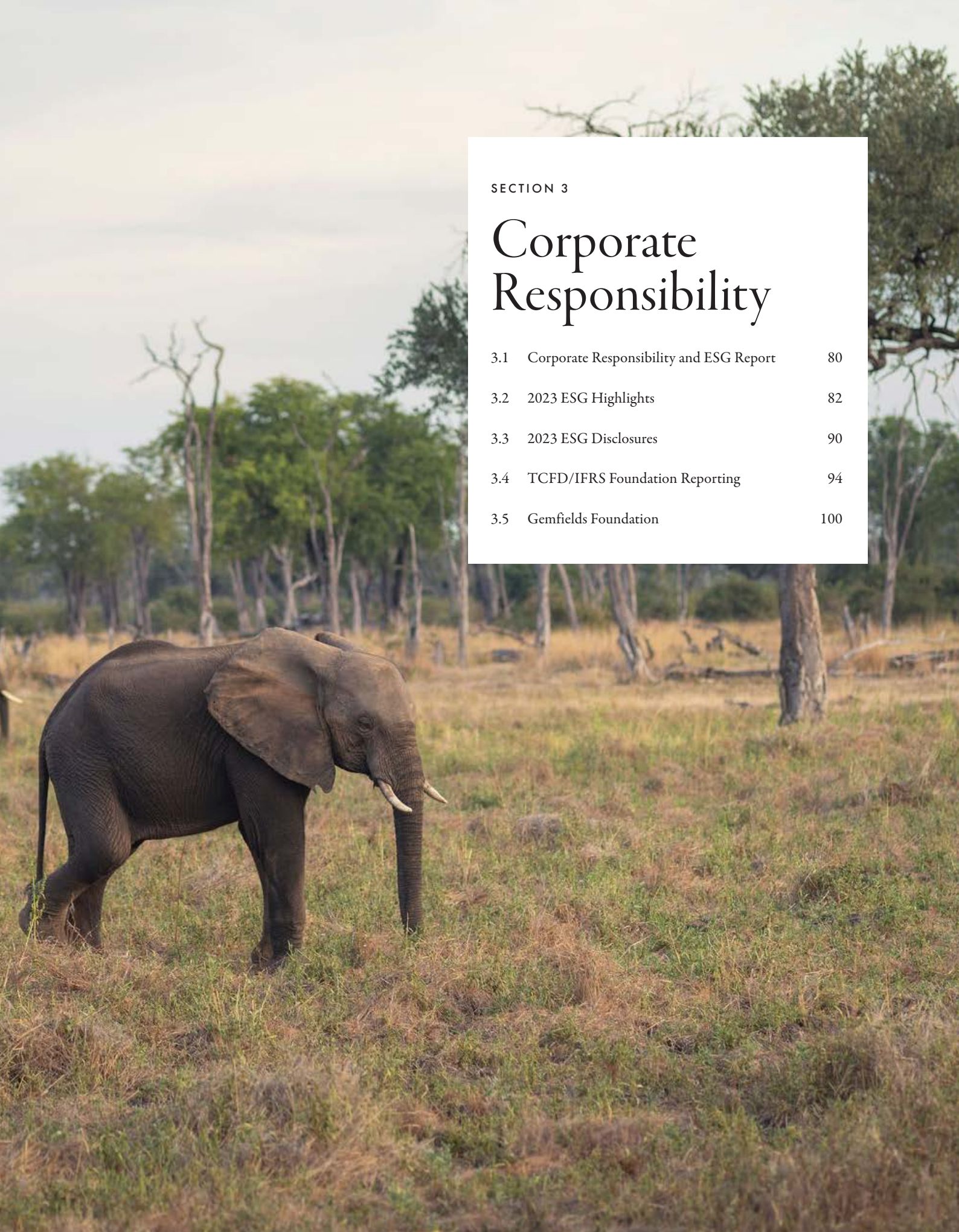




SECTION 3

# Corporate Responsibility

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## SECTION 3.1

# Corporate Responsibility and ESG Report

## INTRODUCTION

Gemfields is focused on delivering positive benefits in Africa through gemstones, by seeking to improve the coloured gemstone supply chain and, in doing so, return more value to the host nations it operates in, primarily Zambia and Mozambique.

Throughout 2023, Gemfields progressed and refined its aims to follow responsible practices and demonstrate its commitment to ESG issues by adhering to principles and standards that advance social and environmental goals, and protect human rights.

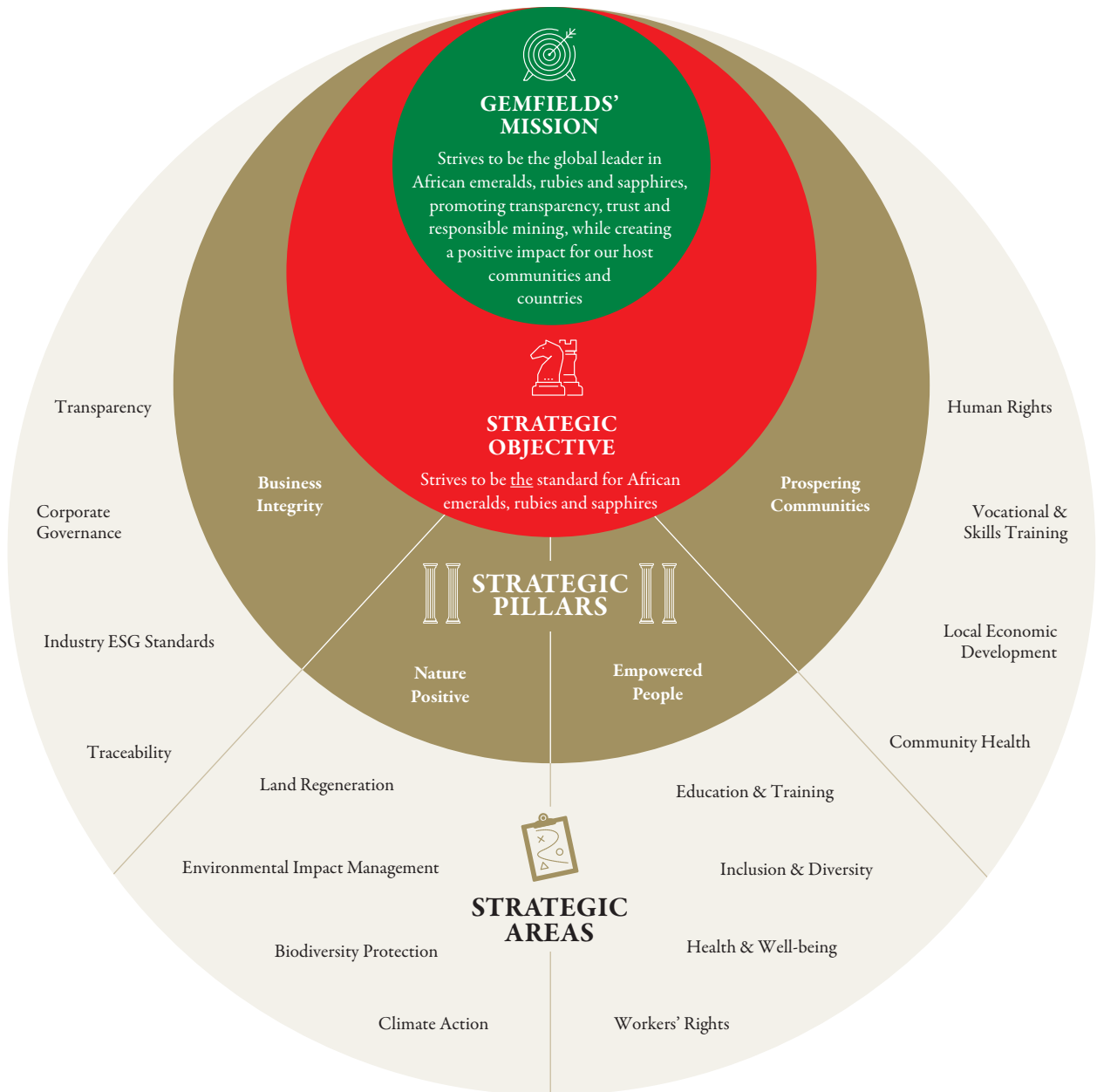
This was done by focusing on two clear workstreams – one working to align the business with internationally recognised voluntary sustainability standards and the second developing and implementing the Group ESG Strategy Framework, launched in

2023, and monitored by management and the ESG & Ethics Committee.

The committee, which revised its name to include ethics, comprises senior management from across the Group, with meetings held on a quarterly basis throughout 2023. Toby Hewitt, Group General Counsel and Company Secretary, is Chair of the committee. A new Corporate Responsibility (“CR”) Manager joined the CR Director in September 2023 with a remit to support aligning the business with the Responsible Jewellery Council (“RJC”) Code of Practices standard for Fabergé, and the Initiative for Responsible Mining Assurance (“IRMA”) standard for Gemfields’ mining operations. Both members of the team are based in London with considerable travel to operations at Kagem and MRM working with the CR team, and other teams, in Africa.



GEMFIELDS' ESG STRATEGY FRAMEWORK



Gemfields' ESG Strategy Framework, as approved by the Gemfields' Board, is set out above.

Following the establishment of the Mission, Strategic Objective, the four Strategic Pillars and the 16 Strategic Areas, Gemfields and the CR Team, along with Management and HODs in

London, Mozambique and Zambia, defined and established a series of targets and KPIs (42 in total for 2023) to demonstrate adherence to the strategy. These were reviewed periodically throughout the year and results are detailed in the ESG Highlights section, alongside one highlighted KPI per each Strategic Pillar.

## SECTION 3.2

# 2023 ESG Highlights

## Nature Positive

### Highlighted KPI for 2023



#### KPI

Emissions from static plants (sort house/processing plant/lighting towers/residential camps)



#### Target

Reducing reliance on diesel generators by:

A: extension of grid power at MRM

B: advancing plans for captive solar power plants at MRM by end of 2023



#### Result

Grid extended to Maninge Nice pit in December 2023 and Sierra camp in August 2023. Extension to Ntoro security camp and Mugloto parking area underway, expected end of February 2024

Progression of captive solar power plant. Next steps in March 2024 after a review by an external third-party auditor

### CLIMATE ACTION

Recognising the critical work needed to reduce Gemfields' impact on the environment, a series of targets were set to demonstrate positive actions taken. Actionable information on Scope 3 emissions from business travel was collected at both MRM and Kagem to allow for increased reporting. The main contributor is from travel on leave cycles by expatriate and local employees at the mining operations. Scope 3 emissions from a limited selection of suppliers was gathered in 2023, with the ambition to collect data from a wider range of suppliers in 2024 and incorporate this within our disclosures.

*See data on Gemfields' ESG Disclosures with GHG emission disclosure on pages 90 to 93.*

The necessary use of diesel-powered Heavy Earth Moving Machinery ("HEMM") and Light Motor Vehicles ("LMV"), as

part of the Gemfields mining vehicle fleet, is the largest contributor to Gemfields' GHG emissions. However, viable alternatives using renewable energy are not commercially available at this time. Data was gathered to set the baseline for current GHG emissions from the current mining fleet allowing for reduction targets per rock handling to be considered in 2024.

Another material source of emissions is from static plants at MRM such as the Processing Plant, Lighting Towers and Residential Security Camps, which are reliant on diesel generators due to their remote location away from the main grid run by Electricidade de Moçambique ("EDM"), the Mozambican electricity supplier. A project managed by MRM's Engineering Department worked to reduce these emissions by extending the electricity grid power to remote camps, establishing more solar-powered lighting options and progressing plans for a new solar power plant.

The electricity grid was successfully extended to Maninge Nice Pit in December 2023, reducing the use of diesel for the security lighting towers, which are now 95% powered by renewable energy from the grid. The grid was also successfully extended to Sierra camp in August 2023, which reduced reliance on diesel to only 8–10% of previous levels. A similar project to extend grid power to Ntoro security camp was completed in February 2024, and the contractor is now working on extending power to the Mugloto parking area. To further reduce diesel emissions in both areas when the electricity grid is not functioning, a solar-powered container Battery Energy Storage System (“BESS”) solution is under discussion as a backup. Additionally, MRM introduced three solar-powered lighting plants, which were successfully tested and commissioned.

The project to commission a captive solar power plant at MRM progressed well and has grown to be a 12.47 MWp plant and a 20 MWh BESS plant on a 15-year Power Purchase Agreement (“PPA”) with a partner that will develop, finance, own and operate the project. A project report and commercial proposal were completed in 2023 by the partner and the next steps are set for March 2024 after a review by an external third-party auditor.

#### LAND REGENERATION

Gemfields set three targets at its producing mine sites for land regeneration, which pushed the teams to achieve a greater level of rehabilitation of land disturbed by the mining process. MRM achieved a 280% increase in rehabilitated land, improving from 1 hectare (10,000 square metres) to 3.8 hectares (38,000 square metres). Kagem increased the number of trees planted by 10,000 in the year to a total of 17,500 as part of their rehabilitation programme, though the total land area rehabilitated within the year decreased by 28% to 2.67 hectares (26,712 square metres), as there was a larger focus on rock handling and addressing production challenges.

MRM is more heavily involved with backfilling, or reclamation, of disused pits than Kagem due to the shallow nature of mining on the concession. The team increased the area of inactive pits reclaimed in 2023 by almost four times, from 13.74 hectares (137,400 square metres) to 53.17 hectares (531,700 square metres). Kagem set targets to revegetate 5 hectares (50,000 square metres) of waste dumps and achieved a total of 5.5 hectares (55,168 square metres).

#### BIODIVERSITY PROTECTION

The need to protect the biodiversity found within Gemfields concessions and under our influence is an increasing focus for the company. Both mines commission biodiversity surveys annually and

implement the resulting action plans. The main themes shared by both mines were to increase community engagement in the importance of protecting flora and fauna found on the concessions and in the surrounding areas, to increase education to employees about the importance of biodiversity, and to work with governments to make sure the local laws are enforced.

Both Kagem and MRM have established relationships and work to support local conservation NGOs focusing on wildlife conservation and biodiversity. Kagem has made a 5-year pledge to the Zambian Carnivore Program and MRM supports Quirimbas National Park. Quirimbas, the only UNESCO Biosphere Reserve in Mozambique, is under particular threat due to insurgent activities.

#### ENVIRONMENTAL IMPACT PROTECTION

MRM completed a comprehensive new water conservation project that captured 544.5 megalitres of water in 2023, ahead of a target of 310 megalitres. Conscious of the negative health effects of dust caused by mine vehicles on the local communities, MRM started construction of a new tarmac surface on the 1.2 kilometre road that runs through Namanhumbir village from the MRM Mine Camp to the main national road. It is scheduled to be completed before June 2024.

Zero environmental non-compliances is set as an annual expectation at Gemfields’ mining and exploration operations. None were identified at Kagem in 2023. One non-compliance regarding the commissioning of the new fuel storage and pump station installed by Puma was raised in July at MRM. It was addressed and the correct licence was issued in September.



IMAGE Seedling nurseries, Kagem Mining, Zambia

# Empowered People

## Highlighted KPI for 2023



### KPI

Delivery of programmes to employ and develop more women at the operations



### Target

Year-on-year increase in the number of women employed at both Kagem and MRM



### Result

Kagem  
48% increase

MRM  
26% increase

## INCLUSION & DIVERSITY

Allowing for whistle-blowing and dealing effectively with grievances cultivates a culture of transparency and integrity within an organisation. Without discouraging the use of the whistle-blowing and grievance procedures in place, Gemfields set a target of reducing the number of instances in 2023 compared with 2022. This was achieved at Kagem, while MRM saw an increase (four HR-related cases using the SeeHearSpeakUp service compared with two in 2022) that was attributed to more promotion and trust in using the procedure. All issues raised were resolved by December 2023.

Both mines achieved a higher proportion of host country nationals versus expatriates in management positions within the business. MRM saw an 80% increase to 157 while Kagem achieved a 6.2% increase to 103.

Encouraging greater female participation at MRM and Kagem remains challenging but significant progress was made. MRM attracted 26% more women in 2023 than in 2022, and women represented 6% of the total workforce of 1,558 at year-end. Kagem achieved a 48% increase to 59 women in the workforce of 1,542. Management acknowledges that more work needs to be done in breaking down certain barriers in rural African society to attract more women to work at Kagem and MRM.

## HEALTH & WELL-BEING

MRM completed a mental health outreach programme that started in May and lasted for 31 weeks. A total of 5,114 calls were made to staff.

Considering the availability of social and recreational facilities to improve the mental well-being of employees, Kagem completed a

new gym and badminton and volleyball courts for staff. The mine also launched a very successful Intra-Department Soccer Tournament, with the final won by the HR team, cheered on by HOD Dr Wesley Chishimba and CEO Sean Gilbertson. MRM's Civil Engineering team are currently working on the design, tender and approval of an on-site supermarket, barber shop and coffee shop.

Another method to improve the mental and physical health and well-being of staff is to implement campaigns to educate employees about better health. MRM conducted a total of 104 awareness campaigns on HIV, malaria, typhoid, cholera and Covid-19. Kagem's HR team worked with the Medical and SHEQ teams to sensitise all employees to several non-communicable and communicable diseases such as ergonomics, fatigue, workplace stress, Covid-19 and cholera, and provided workplace health tips on personal hygiene, workplace well-being and wellness, mental health and the importance of sleep.

## EDUCATION & TRAINING

MRM's 2023 staff training plan was 88% fulfilled and the 2024 plan comprises 37 training courses with a goal to reach 90–100% completion. Kagem's development and implementation of an annual training plan did not materialise due to changes in the senior management team in Q1 2023, which made it difficult to know the training needs of the departments.

Both mines have MOUs with local universities to enable career progression into Gemfields operations for suitably trained host country nationals. MRM has also established a strong relationship with Field Ready, a UK-based organisation, with whom MRM designs employability programmes for Mozambican nationals. Organised with Field Ready, there are currently

31 trainees (7 women, 24 men) following internships in different departments at MRM from November 2023 to March 2024. Kagem had a target to train 300 more HEMM operators in 2023, of which only 65 were trained. 2023 was challenging for the Kagem operations due to lower production and so it proved difficult for the mining department to release the operators to attend anything other than legally required trainings.

#### WORKER'S RIGHTS

98% of Kagem's direct employees are unionised and there was zero participation by workers in any industrial action. At MRM 67% of the direct employees are unionised and no legal industrial action was taken, though there was one period of withdrawn labour when new union management did not follow any legally required steps.

In 2023 Kagem engaged a third-party external consultant to audit HR workstreams, documentation and policies to ensure compliance with relevant local laws and workers' employment rights, which will be completed by May 2024. Internal audits took place in November. At MRM, Internal Audits are taking place in February 2024 and one external HR audit took place in January 2024, along with a Finance audit. MRM's HR team are scheduling a third-party audit focused on payroll, processes and procedures in 2024.

Ensuring employees enjoy their right to a safe, harassment-free, inclusive and collegiate workplace culture is critical to Gemfields' success and all group employees are inducted in all relevant workplace culture policies and procedures.



# Prospering Communities

## Highlighted KPI for 2023

 <p><i>KPI</i></p>	 <p><i>Target</i></p>	 <p><i>Result</i></p>
<p>Number of people from the local area employed in Gemfields’ mining operations</p>	<p>Material increase in local people hired in 2023 at both Kagem and MRM</p>	<p>Kagem 235% increase in headcount from Lufwanyama</p> <p>MRM 14.5% increase in headcount from Montepuez</p>

### LOCAL ECONOMIC DEVELOPMENT

Supporting local economic development, and leaving a lasting positive legacy, is a key part of Gemfields’ ESG Strategy. Both mines support several agricultural cooperatives run by local community members that supply produce to the mine’s kitchens. Kagem launched the Lumpuma Multi-Purpose Co-operative Society (“LMPCS”) in November 2022 and implemented Phases 1 and 2 in 2023. Phase 3 has been developed and the project will be relocated in 2024 to improve access and build capacity.

Artisanal and Small-scale Mining (“ASM”) is a particular challenge and opportunity in Africa, and Gemfields, as a large-scale miner, has a role to play. Gemfields and Kagem commissioned an ASM Feasibility Study for emerald mining communities around its concession. The consultant commenced the project in November, with completion expected within six months.

### VOCATIONAL & SKILLS TRAINING

MRM’s Vocational Training Centre (“VTC”) was inaugurated in 2019 and introduced a Machine Operator Training course for 60 trainees (20 women, 40 men) on Articulated Dump Trucks (“ADTs”) in 2023. Additionally, 90 trainees completed the first training cycle of the year (13 women, 77 men), 61 completed the second cycle (11 women, 50 men), and 42 trainees were enrolled for the third cycle (4 women, 38 men) working on plumbing, electricity, painting, construction and metalwork. 28 machine operators passed their theory exams and will progress for practical experience with MRM.

Kagem took major strides forward to establish a VTC in Lufwanyama, with the signing of an MOU with the Government

of Zambia in September 2023. The Chapula VTC has an estimated project cost of ZMW52.75 (USD2.5 million). It is aimed at providing skills training to improve economic sustainability and reduce unemployment in Lufwanyama as well as provide increased employability for local communities at Kagem.

Defining and tracking Kagem’s benefit to local communities by employment data is challenging as traditionally many local community members who become employees move to the nearby cities after employment, thereby negating their local status. However, Kagem identified 67 employees from the immediate surroundings of Lufwanyama District at the end of 2023, a 235% increase compared with 2022. Similarly, the headcount from Montepuez District around MRM increased by 14.5%, while the headcount from Cabo Delgado increased by only 4.7% and the expatriate headcount increased by only 2.5%.

### HUMAN RIGHTS

In May 2023 Gemfields was formally ratified as a full member of the Voluntary Principles Initiative (“VPI”), which promotes the implementation of the Voluntary Principles on Security and Human Rights (“VPSHR”). The VPSHR are principles for companies conducting comprehensive human rights risk assessments in their engagement with public and private security providers, to ensure human rights are respected.

Both operations now have functioning Operational Grievance Mechanisms (“OGM”), compliant with the United Nations Guiding Principles on Business and Human Rights (“UNGPs”). Kagem’s OGM, which was established in November 2022 as part of its ongoing commitment to engage with the local community, was widely promoted and sensitised throughout 2023.



An Independent Monitor is performing independent external reviews of the Kagem OGM to ensure its effectiveness under the UNGPs. His first Independent Report can be found on Gemfields' website here: [www.gemfieldsgroup.com/assets/kagem-mining-limited-emerald-mines/](http://www.gemfieldsgroup.com/assets/kagem-mining-limited-emerald-mines/)

MRM's OGM was launched in February 2021. Following the completion of its two-year mandate in February 2023, Gemfields and MRM sought to explore learnings in how the OGM could be strengthened to enhance its success. The companies engaged human rights consultancy Human Level to assist with the exercise. After extensive community engagement, it was agreed to proceed to offer the claimants and community members a new approach to remedy, whereby the existing claims between 1 January 2012 and 31 December 2018 would be closed by way of a collective, mostly non-financial, remediation plan, a refreshed structure that would facilitate effective remediation through a dialogue-based approach named OGM 2.0, and a broader ecosystem of remedy to strengthen its relationship with local communities. After a two-month community engagement approach, the communities were clear about wanting to adopt the new approach.

Under the Community Remediation Agreement, MRM and Gemfields agreed to a series of actions including the closure of OGM 1.0 and implementation of a new remodelled OGM 2.0, all of which the company worked on through the second half of 2023.

## COMMUNITY HEALTH

Kagem continued supporting the health sector by donating assorted medical supplies to the Lufwanyama District Health Office in response to the increase in communicable diseases in children during that period.

Kagem is facilitating access of the vulnerable communities of Pilala and Sandawana to the Nkana Health Centre. Between October and December 2023, Kagem supported the transportation of 409 residents from the two communities to the clinic.

MRM's mobile clinics have now carried out over 234,000 consultations covering ten villages since 2017. However, the number of people coming forward for consultations at the clinics dropped from 34,795 in 2022 to 28,879 in 2023, despite a KPI to deliver an increase. There are a number of reasons why this happened, including potentially improved community health access following the opening of a new clinic in Namahaca, partly paid for by MRM's tax contributions.

MRM worked hard to improve access to clean water for local communities and delivered and installed 23 rehabilitated boreholes and 5 new boreholes in 2023. The company also improved access to sanitation with the construction of 500 improved latrines for 1,000 families around Namanhumbir.



# Business Integrity

## Highlighted KPI for 2023



*KPI*

Maximise the percentage of rubies and emeralds that are fully traceable from mine to auction customers



*Target*

Ensure 100% of rough gem quality rubies and emeralds are fully traceable from mine to auction customer



*Result*

All Gemfields mined gemstones are logged on a blockchain and are fully traceable

## CORPORATE GOVERNANCE

In striving to comply with all applicable laws, regulations, and listing rules relating to integrity, Gemfields identified no material non-compliance in 2023. A comprehensive review and consolidation of the Group Policy Manual was performed in 2023 to achieve a single, authoritative source of all Group policies and standard operating procedures, which was completed in 2023 and approved by Gemfields' CEO in February 2024. Gemfields Internal Audit team, in line with the Audit Committee's approval, established an enhanced internal process for auditing, detecting and monitoring of potential non-conformances with Group policies and standard operating procedures on a risk-based strategic approach basis.

An annual statement is published on the Group's website to detail its compliance with the King IV Corporate Governance Code.

See the Corporate Governance section of this report for more details from pages 108 to 112.

## TRANSPARENCY

G-Factor continues to be a critical part of Gemfields' approach to transparency and it was promoted widely by the senior management team, internally and externally to multiple stakeholders including the Governments of both Zambia and Mozambique.

## TRACEABILITY

All of the emeralds and rubies sold through Gemfields' rough gemstone auctions can be fully traced from the customer back to the mine, with all gemstones added to an internet blockchain provided by Provenance Proof.

## INDUSTRY ESG STANDARDS

Gemfields' core Corporate Responsibility activity is to align all its operations with suitable industry standards. This enables the business to demonstrate, through third-party verification, alignment to best practices and set pathways to continuous improvement as those standards are developed and improved. For our jewellery manufacturing and retailing operations, the Responsible Jewellery Council is the leading Voluntary Sustainability Initiative ("VSI"), having been in operation since 2005 with the Code of Practices available to businesses for benchmarking their management policies and processes since 2008. The CR Team formed and ran the recertification process for Fabergé, and after a third-party audit in October by SGS UK Ltd, the company was recertified against the 2019 Code of Practices for a further term of three years until December 2026.

A decision was taken in mid-2023 to change mines and seek verification with the Initiative for Responsible Mining Assurance ("IRMA") at MRM instead of Kagem. This was done mainly due to the increasing capabilities and desire of the team at MRM and the ability to combine the project with the expansion created by the new processing plant. The initial self-assessment was completed in Q4 followed by the development of a management system and delivery team by the London CR Team working in conjunction with MRM management. IRMA is not a pass-or-fail standard, but instead uses points to score or grade each criterion. Our target is to achieve an initial alignment of IRMA 50, which means we 'substantially meet' or 'fully meet' all Critical Requirements (of which there are ~35) within IRMA's Standard for Responsible Mining, and acquire 50% or more of available points from remaining non-critical requirements (of which there are ~300 relevant to MRM). Verification against the IRMA standard is progressing steadily and is expected to be achieved by the end of 2024. IRMA defines best practices for what responsible mining should look like at the industrial scale.



IMAGE Responsibly mined rough rubies, Montepuez Ruby Mining, Mozambique

## SECTION 3.3

# 2023 ESG Disclosures

## INTRODUCTION

Gemfields aims to follow responsible practices and demonstrate its commitment to Environmental, Social and Governance (“ESG”) issues by adhering to principles and standards that advance social and environmental goals and protect human rights.

GHG EMISSIONS – METRIC TONNES OF CARBON DIOXIDE EQUIVALENT (“tCo<sub>2</sub>e”)

	2023	2022 <sup>1</sup>	2021 <sup>1</sup>
<b>Gemfields London</b>			
Scope 1 (Gas)	30	27	21
Scope 2 (Electricity)	27	22	14
Scope 3 (Business Travel)	712	503	N/A
<b>Total</b>	<b>769</b>	<b>552</b>	<b>35</b>
<b>Kagem</b>			
Scope 1	28,631	27,209	20,371
Scope 2	3,463	3,404	2,776
Scope 3 (Business Travel)	719	N/A	N/A
Scope 3 (Diesel consumption by 3 <sup>rd</sup> parties)	149	81	–
<b>Total</b>	<b>32,962</b>	<b>30,694<sup>1</sup></b>	<b>23,147<sup>1</sup></b>
<b>MRM</b>			
Scope 1	17,101	14,885	11,895
Scope 2	3,948	3,657	3,592
Scope 3 (Business Travel)	1,313	N/A	N/A
Scope 3 (Diesel consumption by 3 <sup>rd</sup> parties)	46	–	–
<b>Total</b>	<b>22,408</b>	<b>18,542</b>	<b>15,487</b>
<b>Other Mozambique</b>			
Scope 1	1,530	1,381	548
Scope 3 (Business Travel)	95	N/A	N/A
<b>Total</b>	<b>1,625</b>	<b>1,381</b>	<b>548</b>
<b>GROUP TOTAL</b>	<b>57,764</b>	<b>51,169</b>	<b>39,217</b>

1 – Scope 3 (Business Travel) was not disclosed or consistent on the same basis as in 2023, and was therefore not included.



## GHG EMISSIONS INTENSITY

INTENSITY (CO <sub>2</sub> E/T ROCK HANDLED)	2023	2022	2021
Kagem	0.002	0.002	0.002
MRM	0.003	0.003	0.003
Other Mozambique	0.004	0.003	0.002
<b>Group Total</b>	<b>0.003</b>	<b>0.002</b>	<b>0.003</b>

## ENERGY MIX

	2023 (KWH)	%	2022 (KWH)	%
<b>Kagem (2023)</b>				
Solar energy consumption	63,422	1.7	45,245	1.2
Total power consumed through ZESCO	3,477,299	95.1	3,417,965	91.5
Total power consumed through diesel generators	113,987	3.1	272,183	7.3
<b>MRM (2023)</b>				
Solar energy consumption	1,440	0.0	None. Solar power projected starting in 2024.	
Total power consumed through EDM	3,964,465	57.5	3,635,510	58.8
Total power consumed through diesel generators	2,937,243	42.5	2,551,866	41.2

The majority of grid supply from ZESCO and EDM is hydroelectric power.

## WATER USAGE

MEGALITRES		2023	2022	2021
Kagem	Surface water	53.9	46.6	41.5
MRM	Groundwater	459.4	558.6	574.9

No water stress was experienced at MRM and Kagem in 2023 (2022: None).

FRESHWATER CONSUMPTION ('000 m <sup>3</sup> )/ROCK HANDLED	2023	2022	2021
Kagem water intensity	0.004	0.004	0.004
MRM water intensity	0.058	0.080	0.101
<b>Total water intensity</b>	<b>0.023</b>	<b>0.030</b>	<b>0.041</b>



## UK STREAMLINED ENERGY AND CARBON REPORTING (“SECR”)

GEMFIELDS GROUP ENERGY USAGE DISCLOSURE TABLE (2020 – 2023)						
	UNIT	2023	2022	2021	2020	TOTAL
<b>Gemfields Limited (UK)</b>						
Electricity	MWh	143	113	54	68	378
Natural Gas	MWh	90	125	98	78	391
<b>Kagem</b>						
Diesel	MWh	110,095	99,404	74,325	24,488	308,311
Electricity <sup>1</sup>	MWh	3,477	3,418	2,787	1,925	11,607
Petrol	MWh	6.8	7.8	4.4	7.6	26.6
<b>MRM</b>						
Diesel	MWh	62,079	54,574	42,698	19,465	178,817
Electricity <sup>1</sup>	MWh	3,964	3,673	3,607	2,205	13,450
Charcoal	MWh	703	877	937	589	3,106
<b>Other Mozambique sites</b>						
Diesel	MWh	5,828	5,281	2,148	2,008	15,265
Charcoal	MWh	56.9	16.7	6.7	-	80.3
<b>Total (Global)</b>	<b>MWh</b>	<b>186,443</b>	<b>167,490</b>	<b>126,666</b>	<b>50,834</b>	<b>531,433</b>

1 – Electricity usage data included in the table above relates to power consumed by Kagem from ZESCO and MRM from EDM.

## METHODOLOGY

In accordance with the UK Streamlined Energy and Carbon Reporting (“SECR”) framework, we have calculated our energy consumption for the UK and on a global basis. The reporting methodology and conversion factors used are the Greenhouse Gas Protocol and the UK Government’s Greenhouse Gas reporting conversion factors for 2023 and prior years.

## ACTIVITIES TAKEN ON ENERGY EFFICIENCY IN 2023

Activities to reduce fossil fuel consumption and improve energy efficiency in 2023 can be found within the Corporate Responsibility section of this report, available from pages 82 and 83, under ‘Climate Action’.



IMAGE Planting seedlings, Montepuez Ruby Mining, Mozambique

## SECTION 3.4

# TCFD/IFRS Foundation Reporting

The Task Force on Climate-related Financial Disclosures (“TCFD”) aimed to improve and increase reporting of climate-related financial information to allow the market to better understand the impacts of climate change. It fulfilled its remit and as of October 2023 had been disbanded by the Financial Stability Board (“FSB”) that created TCFD in 2015. The FSB have asked the IFRS Foundation to take over the monitoring of the progress of companies’ climate-related disclosures.

TCFD has been used to inform the structure and focus of the Group’s reporting and disclosure on climate-related risks. Gemfields will adapt its disclosure and approach as TCFD is incorporated into the International Sustainability Standards Board’s (“ISSB’s”) IFRS Sustainability Disclosure Standards.

Gemfields set out the following strategy in 2023 to improve the Group’s climate-related financial planning and disclosure:

- a. Identify key climate-related risks
- b. Form a climate strategy
- c. Gather relevant historic data and incorporate emission analysis within future budgeting
- d. Consider emission targets based on CO<sub>2</sub> equivalent per tonnes of rock handling

Currently the Group has completed stage a), with b) and c) in process and focus for 2024.

In respect of the TCFD’s key recommendations, the table below outlines an updated response for this period to each aspect, with signposts to where other relevant information can be found elsewhere in the report.





TCFD THEME	TCFD RECOMMENDATION	GEMFIELDS GROUP RESPONSE
GOVERNANCE	a) Describe the Board's oversight of climate-related risks and opportunities.	<p>Climate change risk and opportunity is delegated from the Gemfields Board to the Risk Council which is a sub-committee of the Audit Committee. The Risk Council is chaired by an Independent Non-Executive Director. The CEO and CFO are permanent members of this Council, together with other senior management. The Board is duly updated by the Chair of the Risk Council on matters of a material nature that are raised within the Risk Council across climate change and the Group's actions relating to it. The CEO, CFO and Group General Counsel may also provide management's comments to the Board for further discussion.</p> <p>The Risk Council meets on a quarterly basis with a set agenda item to address any changes or updates to material risks for the Group. Material risks include those set as a principal risk within the Risks and Uncertainties section of this report. The relevant risk for climate-related risks and opportunities is 'Environmental, Climate, Weather' with further details available on page 73.</p> <p>It should be noted that this strategic risk is the lowest rated of all 12 strategic risk categories recognised within the Group's principal risks and it is not perceived to have a material impact on Gemfields as a business within the next 3-6 months.</p>
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	<p>Management takes a role in assessing climate-related risks by reviewing the operational risk register scores for environmental and climate risks. These risks are assigned to relevant risk owners and, as part of the GERMS, are monitored on a periodic basis, within the Risk Council cycle, in particular.</p> <p>Management is tasked with considering the types of projects that contribute to the Group's own GHG emissions mitigation activities, as well as carrying out assessments of the physical resilience of the Group's presence in countries that can be affected by climate-related risk (such as the increased likelihood of extreme weather events).</p> <p>Beyond the Group's reporting to the Risk Council, a Group ESG Committee, made up of senior management across the business, meets quarterly. These meetings are used to collaborate and assess the performance of ongoing activities that relate to all ESG matters, including the Group's action on climate change. Should there be any relevant and material matters raised at the ESG Committee, these are then escalated and reported to the Risk Council.</p>
STRATEGY	a) Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term.	<p>In 2022, Gemfields has established definitions of each time horizon, with short term being 2023–2025 (three years from previous annual reporting period), medium term 2026–2036 and long term 2037–2055. These time horizons have been established to align with international climate commitments such as the Paris Agreement and Science Based Targets initiative (SBTi) and will roll on, each year. Although both Kagem and MRM have established life-of-mines plans, the time horizons set above have not been adjusted to be aligned. This is because life-of-mines change depending on the speed of mining and exploration, rather than being related to climate change risk and opportunities, and there is an expectation of upgrades in the future at both mines.</p> <p>In 2023, Gemfields completed an internal assessment of the risks and opportunities that the Group may face in each time horizon within two categories:</p> <ul style="list-style-type: none"> <li>• 1) Climate-related risks as defined in the Group's Risks and Uncertainties report available on pages 70 to 77.</li> <li>• 2) Potential other climate-related risks that could be considered as having an impact on Gemfields.</li> </ul> <p>1) The climate-related risks that were identified within the Group's Risks and Uncertainties report are within the 'Environmental, Climate, Weather' principal risk as shown on page 73. A number of climate-related risks that could impact the Group have been identified, which include:</p> <ul style="list-style-type: none"> <li>• Extreme weather events (such as hurricanes or cyclones)</li> <li>• Unseasonal or extreme levels of rainfall</li> <li>• Higher than average humidity and heat</li> </ul>

TCFD THEME	TCFD RECOMMENDATION	GEMFIELDS GROUP RESPONSE																																																														
STRATEGY (cont.)		<p>2) The potential other climate-related risks that could be considered as having an impact on Gemfields are:</p> <ul style="list-style-type: none"> <li>• Water scarcity</li> <li>• Increased energy costs</li> <li>• Regulatory changes</li> <li>• Reputation and social licence to operate</li> </ul> <p>Each of the risks listed above that relate to weather across both categories could be seen as opportunities should climate change result in more favourable weather conditions for our operations. An example would be reduced rainfall or shorter rainy seasons, simplifying the mining operations during that period, as long as it does not result in water scarcity issues or other forms of disruption.</p> <p>Here is a materiality table setting out the Group’s view on the likelihood and level of impact in which each risk and opportunity could result:</p> <table border="1" data-bbox="584 748 1444 1156"> <thead> <tr> <th rowspan="2">Climate related Risks</th> <th colspan="2">Short Term (2023–2025)</th> <th colspan="2">Medium Term (2026–2036)</th> <th colspan="2">Long Term (2037–2050)</th> </tr> <tr> <th>Likelihood</th> <th>Impact</th> <th>Likelihood</th> <th>Impact</th> <th>Likelihood</th> <th>Impact</th> </tr> </thead> <tbody> <tr> <td>Extreme weather events (such as hurricanes or cyclones)</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>Unseasonal or extreme levels of rainfall</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>Higher than average humidity and heat</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>Water scarcity</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Yellow</td> </tr> <tr> <td>Increased energy costs</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>Regulatory changes</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>Reputation and social licence to operate</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> </tbody> </table> <p style="text-align: right;">Legend <span style="display: inline-block; width: 15px; height: 10px; background-color: green; margin-right: 5px;"></span> Low <span style="display: inline-block; width: 15px; height: 10px; background-color: yellow; margin-left: 15px; margin-right: 5px;"></span> Medium <span style="display: inline-block; width: 15px; height: 10px; background-color: red; margin-left: 15px; margin-right: 5px;"></span> High</p> <p>The possible financial impacts that may relate to these climate related risks are challenging to quantify, particularly for ‘Regulatory changes’ and ‘Reputation and social licence to operate’. Both are ongoingly mitigated against, beyond items related to the climate.</p> <p>With ‘Increased energy costs’, it is noticeable how energy prices globally rose in 2022 and 2023. There are a number of factors behind this and climate change’s cost cannot be isolated.</p> <p>Both ‘Energy costs’ and ‘Regulatory changes’ could result in higher costs for the Group, should the transition to greener energy be sped up. Should access to fossil fuels be restricted (and therefore their cost rise) before technology is available that can help replace fossil fuel consuming equipment, this could increase operating costs at both Kagem and MRM. The Group is actively exploring all options to move away from fossil fuel consuming equipment where possible.</p>	Climate related Risks	Short Term (2023–2025)		Medium Term (2026–2036)		Long Term (2037–2050)		Likelihood	Impact	Likelihood	Impact	Likelihood	Impact	Extreme weather events (such as hurricanes or cyclones)	Green	Green	Green	Yellow	Yellow	Yellow	Unseasonal or extreme levels of rainfall	Green	Green	Green	Yellow	Yellow	Yellow	Higher than average humidity and heat	Green	Green	Green	Yellow	Yellow	Yellow	Water scarcity	Green	Green	Yellow	Yellow	Red	Yellow	Increased energy costs	Yellow	Red	Red	Red	Red	Red	Regulatory changes	Yellow	Red	Red	Red	Red	Red	Reputation and social licence to operate	Yellow	Red	Red	Red	Red	Red
	Climate related Risks	Short Term (2023–2025)		Medium Term (2026–2036)		Long Term (2037–2050)																																																										
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Increased energy costs	Yellow	Red	Red	Red	Red	Red																																																										
Regulatory changes	Yellow	Red	Red	Red	Red	Red																																																										
Reputation and social licence to operate	Yellow	Red	Red	Red	Red	Red																																																										
b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning.	<p>Climate change is referenced in the Group’s risk appetite statement and is recorded together with environmental risk as one of the Group’s principal risks (see Section 2.5, Risks and Uncertainties, for full details of the Group’s principal risks). However, the Group’s Board of Directors currently rate environmental and climate-related risk as a low risk to the Group, primarily due to the time frame in which the Board is considering the status of these principal risks (between six months and one year).</p>																																																															

TCFD THEME	TCFD RECOMMENDATION	GEMFIELDS GROUP RESPONSE
STRATEGY (cont.)		<p>The Group recognises that, increasingly, investors and other stakeholders are interested in the Group’s longer-term approach to climate risk and the impact that it may have on the Group’s physical and financial resilience.</p> <p>The largest direct impact on business, strategy and financial planning that the Group faces is being prepared to continue operating in periods of extreme rainfall. Flooding in our pits can be an operational hazard as well as reduce the ability to successfully produce coloured gemstones. In Kagem, preparation begins before the rainy season to allow water to collect away from production points and to pump out excess water. Limited amounts of capital expenditure were used to add a second water pump in 2023 and this is considered alongside all other aspects of mining operations on an ongoing basis.</p> <p>In Mozambique, increased rainfall can attract more illegal miners to our licences, as it is easier to wash the gravel to expose rubies and corundum. The Group actively engages with the local community on illegal mining issues and aims to provide locals with employment.</p> <p>Gemfields’ climate-related strategy is focused on four areas:</p> <ol style="list-style-type: none"> <li>1) <i>Diversity of energy sources</i> → To address reliance on power grids/diesel and increased energy costs</li> <li>2) <i>Water management</i> → To address the risk of excessive rainfall and scarcity in case of drought</li> <li>3) <i>Heat management</i> → To address adverse working conditions in extreme heat/humidity environments</li> <li>4) <i>Incorporation of emission analysis within future budgeting</i> → To address our impact on the climate through our future operations</li> </ol>
	<p>c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.</p>	<p>Gemfields has ambitions to undertake a climate scenario analysis by identifying relevant climate-related scenarios, including one consistent with a 2 °C or lower scenario. Any analysis would incorporate how resilient Gemfields’ strategy is to the different climate scenarios, and how the strategy may be adapted accordingly based on the outcomes from the analysis, while considering the Group’s life-of-mine plans.</p> <p>Relevant sources may be used to inform the Group’s strategy under different climate-related scenarios, including: the IPCC Assessment Report 5 (IPCC, 2014)<sup>1</sup>, the 2011 World Bank Climate Change Scenario report for Mozambique (obtained from the World Bank Climate Change Knowledge Portal <a href="https://climateknowledgeportal.worldbank.org/">https://climateknowledgeportal.worldbank.org/</a>) and the 2020 First Biennial Update report for Zambia (<a href="https://unfccc.int/documents/267111">https://unfccc.int/documents/267111</a>).</p>

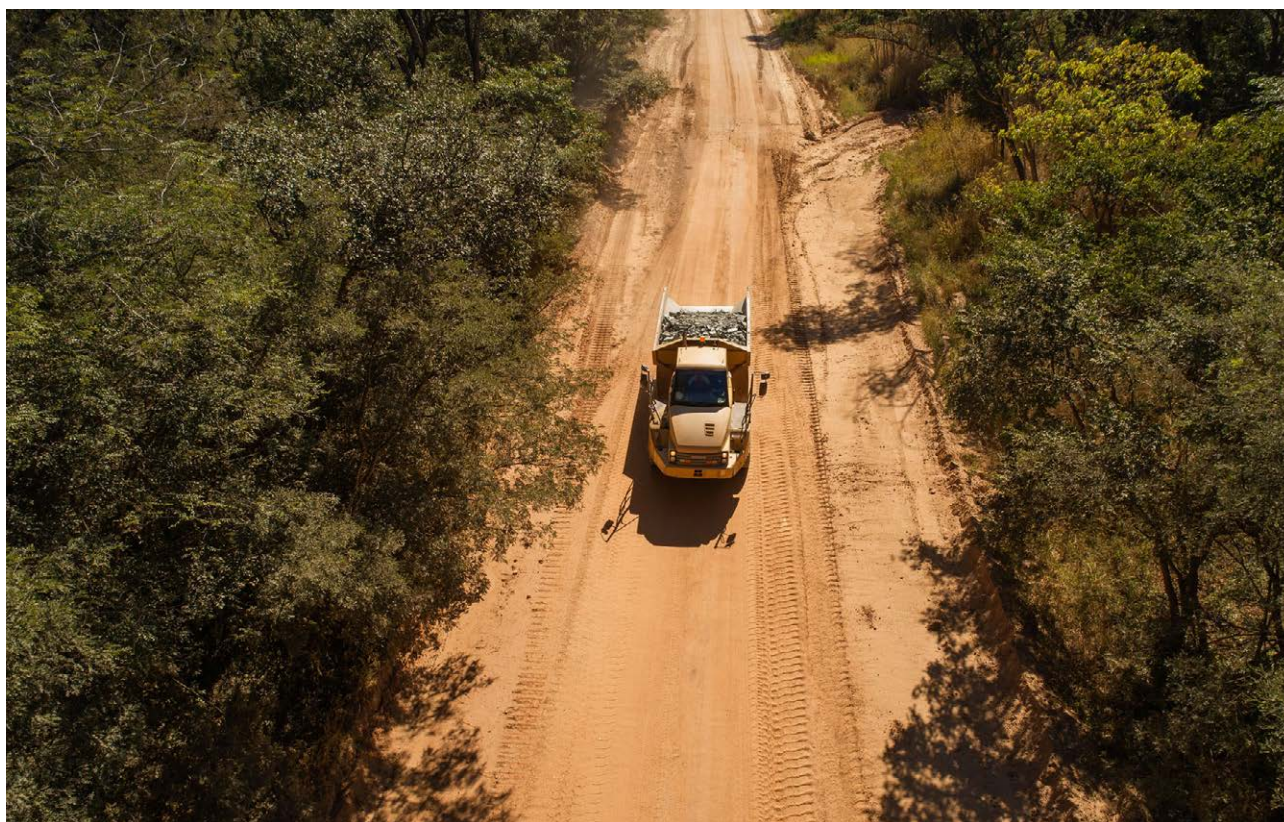


IMAGE Montepuez ruby mine, Mozambique

TCFD THEME	TCFD RECOMMENDATION	GEMFIELDS GROUP RESPONSE
RISK MANAGEMENT	a) Describe the organisation's processes for identifying and assessing climate-related risks.	<p>A description of the Group's approach to identifying and assessing all risks, including climate-related, can be found in Section 2.5, 'Risks and Uncertainties' on pages 70 to 77 of this report.</p> <p>The Group's Board and management have identified and assessed climate risk at the strategic and operational level. The Group's Head of Risk and Assurance completed an assessment of climate-related risks in 2023, using the internal GERMS as set out in the response to Strategy (a) part of this section.</p>
	b) Describe the organisation's processes for managing climate-related risks.	<p>Due to the physical nature and location of the Group's mining operations, there are relatively few options available (other than off-sets) to manage or strategically adapt to climate change, other than for more minor environment-related actions.</p> <p>Under the Group's new ESG strategy framework, under the pillar 'Nature Positive', it has been described how steps have been taken at both Kagem and MRM to investigate ways to reduce our dependence on fossil fuels used in our operations, such as diesel, primarily focused on the establishment of a solar power plant at MRM. This is investigated because of the direct connection between fossil fuels and the negative impacts that can result from climate change. More details can see seen on pages 82 and 83.</p> <p>Currently the technology is not available for alternatives to diesel for the yellow-goods equipment used on site in Kagem and MRM. As previously stated, the business prepares for strong rainfall each year through the rainy season to limit disruption. However, some extreme weather cannot be mitigated, such as flash floods or cyclones.</p>
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	<p>Climate change is one of the master operational risks assessed by the relevant operational risk owners on a periodic basis within the GERMS. Climate risk is reviewed over the same time horizon as other operational risks for the purposes of operational risk management. It is recognised that the timeframe is most likely too short to provide a meaningful risk-based assessment of identification or consideration of risks due to the long-term, chronic implications of the different climate change scenarios, with the recent assessment completed in 2023 a first step to consider longer-term risks.</p>
METRICS AND TARGETS	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>The Group captures and reports Greenhouse Gas ("GHG") data on an absolute and intensity basis, and these are reported within this Annual Report on pages 90 and 91. In addition, the Group reports GHG emissions by different entity and source. The Group also reports on water usage because of its importance at both processing plants at Kagem and MRM. Finally, the Group reports alongside the UK Streamlined Energy and Carbon Reporting requirements on page 93, which sets out the energy used across the mines.</p> <p>Internally, the Group actively assesses fuel usage to improve efficiency and reduce emissions where possible. Projects are live to reduce fuel usage, in particular the establishment of a solar power plant discussed on pages 46 and 83. The Group also assesses fleet usage, including how this changes during periods of extreme weather and any impact it may have.</p>
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	<p>The Group's GHG emissions data for Scope 1 and Scope 2 can be found on page 90. Scope 3 is also available for business travel, with business travel disclosed for Kagem and MRM for the first time in 2023. This travel primarily involves expatriates returning to and from the mine during the off-periods and is expected to be the most material source of emissions. Initial data was collected in 2023 from suppliers to expand the scope of Scope 3 emissions. Further collection will be completed in 2024, with an ambition to incorporate it within future disclosure. As discussed in the 2022 report, 2020 was not a representative year for GHG emissions as Kagem and MRM were closed for the majority of the year due to the Covid-19 pandemic, therefore 3 years of data is presented where possible.</p>

TCFD THEME	TCFD RECOMMENDATION	GEMFIELDS GROUP RESPONSE
METRICS AND TARGETS (cont.)	<p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>Gemfields has an ambition to determine targets aligned with TCFD recommendations, primarily focusing on greenhouse gas emissions and a broader emissions strategy. Any Group-level targets are expected to be based on CO<sub>2</sub> equivalent per tonnes of rock handling, as the diesel used by our yellow-goods equipment is the largest contributor to the Group’s direct emissions.</p> <p>The setting of targets is subject to relevant detailed studies being completed (climate change scenarios under short-, medium- and long-term time frames, identification, assessment and management of risk in different contexts, the financial investments and implications required). For now, the GHG report provides a breakdown of the Group’s contribution to climate risk via its own emissions with an ambition to incorporate emission analysis within future budgeting.</p> <p>The Group’s current focus for setting targets to manage climate-related risks and opportunities is incorporated within the ESG KPIs the Group has established and assessed in 2023. In total, 42 KPIs/targets were set in 2023 across a broad range of ESG areas, with seven identified to relate to our mitigation of or adaptation to climate change. An example of a KPI and the target set can be seen on page 82, relating to reducing emissions from static plants (sort house, processing plant, lighting towers and residential camps). The set of KPIs that the Group will assess in 2024 is being currently developed and will be refined to ensure their ongoing relevance.</p>

1 – IPCC, 2014: Summary for policymakers. In: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Field, C.B., V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L. White (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 1–32.



## SECTION 3.5

# Gemfields Foundation

*Year three for the Gemfields Foundation saw a focus on the completion of already initiated projects and a need to identify new sources of income. In Zambia, we built a solar-powered computer lab, and in Madagascar, we carried out two construction projects at primary schools, providing classrooms and materials to further the education of young people.*

In February 2023, the Foundation trustees decided to partner with REXMA NGO again to benefit the Ecole la Bénédiction, a primary school in rural Madagascar that received Foundation funding for improvements in 2022. Located in the village of Antanetibe, within the municipality of Ankadinandriana, the school was due to be closed down by the governing body on the grounds that the buildings were not up to standard. With the Foundation having rehabilitated the school's classrooms, kitchen and canteen, a well and ablutions in 2022, this second project delivered a block of primary school classrooms, expanding the school's ability to meet local demand.

In April 2023, computers donated by the Foundation – from funds raised at an event run by Fabergé and the Correa Family Foundation in Houston in 2021 – were successfully installed at the Chapula Secondary School in Zambia. The Raspberry Pi desktop computers provide students with (restricted) internet access to facilitate learning via the Khan Academy.

In September 2023, the Foundation provided funds to construct a new classroom block for a primary school known as EPP Antanibe, Urban Commune Arivonimamo, in Madagascar. The school is located some 45 kilometres east of the capital city, Antananarivo, and serves a mostly rural community, despite being classified as an urban school. It was originally built in 1970 and in need of repair. The classroom construction is the first, and most urgent, of the project's three phases. Before the construction project, the school's six classes were taught in the three existing classrooms, as well as outside and in the director's office. The new block provides four new classrooms, complete with tables and benches, to enhance student learning. The building was completed in December 2023.

So far, in Madagascar, the Foundation has carried out the following primary school projects:

- 1 – Ankadikely, Antsahamarofoza – we rehabilitated a primary school here in 2021, which comprised classrooms, canteen, a well and ablutions.
- 2 – Ecole la Bénédiction, Antanetibe – we rehabilitated classrooms, kitchen and canteen, a well and ablutions here in 2022, and rebuilt a second block of primary school classrooms in early 2023.
- 3 – EPP Antanibe, Urban Commune Arivonimamo – we built a new block, providing four new classrooms in 2023.

In November 2023, we completed construction of a new three-classroom block to house a solar-powered computer lab and an early-learning classroom at Kapila Primary School. Started in Zambia in September 2022, this project continued into 2023, and was funded by Gemfields Group Limited shareholder, Assore International Holdings and Kagem. The inauguration, held in November 2023, saw students taking computer lessons at the desktop computers for the first time.

In December, Gemfields and Fabergé staff kindly donated money to help fund meals for students attending primary schools, in collaboration with REXMA NGO. One of the Foundation trustees also pledged to fund the purchase of kitchen equipment for the EPP Antanibe school in Madagascar in 2024.

Gemfields' fine jewellery brand partnership with designer Sandy Leong continued into 2023. Leong once again pledged to donate a percentage of the revenue from sales of select jewellery pieces, featuring Gemfields' Zambian emeralds and freshwater pearls, to children's educational projects and initiatives to empower women to contribute to the economy.

Looking ahead to 2024, Foundation trustees are seeking funds to build multiple solar-powered computer labs in rural areas, focusing on forming partnerships with likeminded companies. The Foundation maintains its focus on bringing benefit to communities and conservation efforts in sub-Saharan Africa.

The Foundation submits a separate annual report to the UK Charity Commission and will have its accounts independently reviewed as required.



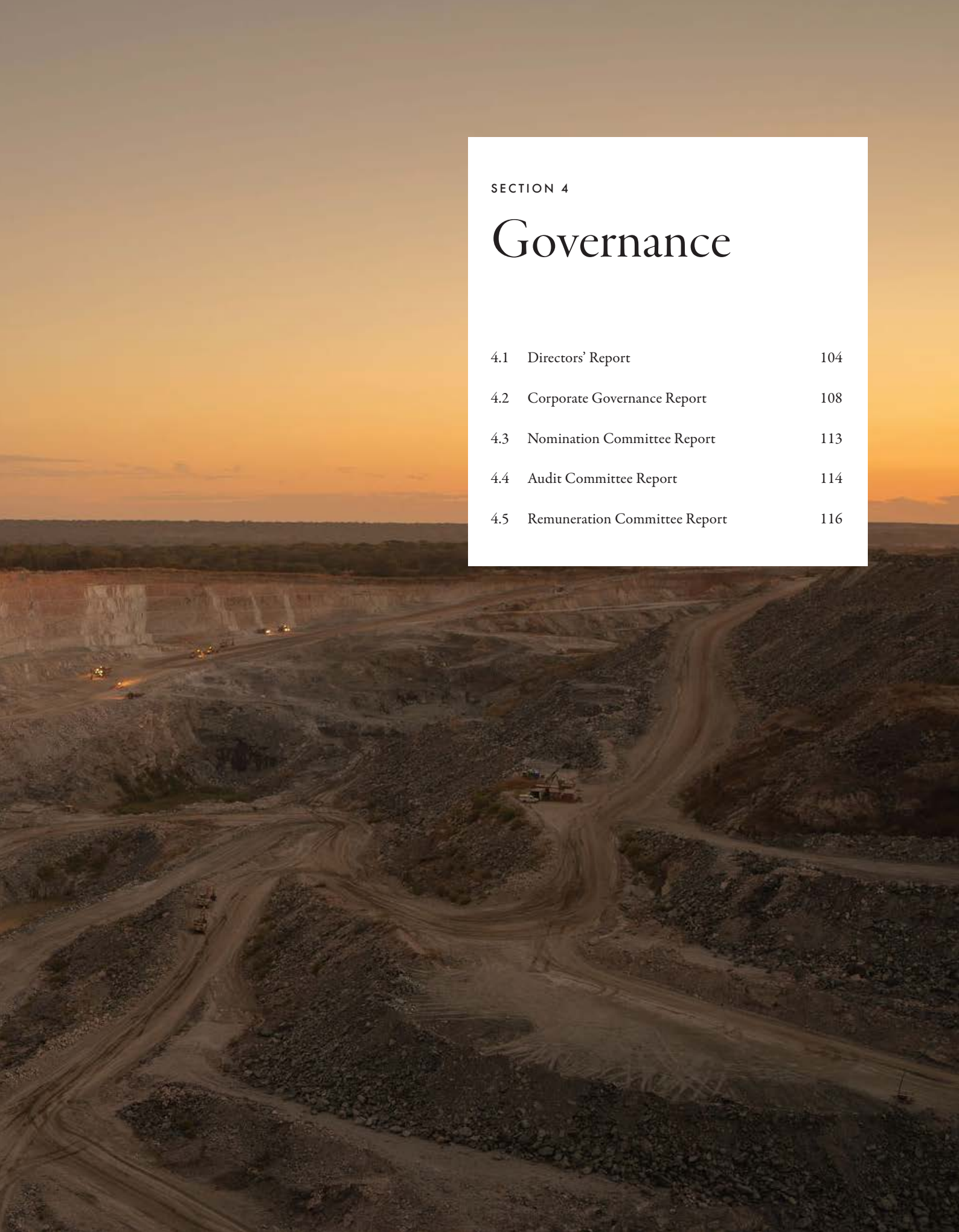




SECTION 4

# Governance

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## SECTION 4.1

# Directors' Report

The Directors are pleased to present the Group's Annual Report and Consolidated Financial Statements for the year ended 31 December 2023.

## NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Gemfields was incorporated in Guernsey on 4 September 2007 as Pallinghurst Resources (Guernsey) Limited and was listed on the BSX on 26 September 2007. The Group subsequently listed on the JSE (as a primary listing) on 20 August 2008, followed by a dual listing on AIM (as a secondary listing) on 14 February 2020. The Company changed its name from Pallinghurst Resources Limited to Gemfields Group Limited on 26 June 2018. The Company de-listed from trading on the BSX effective from 1 July 2020.

The Group is an operating mining group and has prepared its financial statements as an operating mining group. The Company is listed on the Mining sector of the JSE Main Board and quoted on the AIM in London.

The Directors, and their respective designations and appointment dates, are detailed in the table below.

## BOARD COMPOSITION

DIRECTOR	DESIGNATION	APPOINTMENT DATE
Mr Martin Tolcher	Independent Non-Executive Director – Chair	25 November 2008 (appointed Chair on 25 November 2019)
Mr Sean Gilbertson	Executive Director – Chief Executive Officer	17 July 2017 (appointed CEO on 31 March 2018)
Mr David Lovett	Executive Director – Chief Financial Officer	31 March 2018
Mr Lumkile Mondli	Lead Independent Non-Executive Director	29 October 2015
Mr Kwape Mmela	Independent Non-Executive Director	31 July 2017
Mr Carel Malan	Independent Non-Executive Director	9 January 2019 (no longer deemed as Independent from 1 April 2024)
Ms Mary Reilly	Independent Non-Executive Director	4 December 2020
Mr Patrick Sacco <sup>1</sup>	Non-Executive Director	11 October 2021

1 – Mr Kieran Daly was appointed as an alternative director to Patrick Sacco on 12 November 2021.

## CORPORATE GOVERNANCE

The Group subscribes to the King Code of Governance Principles and the King Report on Governance (“King IV”). The Company publishes an annual statement on its compliance with King IV on an apply-and-explain basis. The Directors carried out an assessment of the principles and recommendations of King IV during the year and fully support its implementation across the Group.

## FINANCIAL RESULTS

The results for the year are shown in the Consolidated Statement of Comprehensive Income. The Directors declare the payment of a final dividend in the amount of USD10 million, equivalent to USD cents 0.85712 per ordinary share, due to be paid on 24 June 2024.

## RETIREMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Incorporation, Mary Reilly and Kwape Mmela will offer themselves for re-election at the Annual General Meeting (“AGM”) to be held on 25 June 2024.



#### DIRECTORS WHO RETIRED DURING THE YEAR

No directors retired or resigned during the 12-month period to 31 December 2023.

#### SHAREHOLDER MEETINGS

The Company's Annual General Meeting ("AGM") was held on 27 June 2023. All of the following resolutions were passed:

##### *Special resolutions:*

1. General authority to issue ordinary shares for cash
2. General authority to acquire (repurchase) ordinary shares
3. General authority to cancel shares
4. Approval of a new Long Term Incentive Plan

##### *Ordinary resolutions:*

1. The adoption of the Company's Annual Report and Consolidated Financial Statements for the year ended 31 December 2022.
2. To re-elect Martin Tolcher, who retired by rotation, as a Director of the Company.
3. To re-elect Lumkile Mondi, who retired by rotation, as a Director of the Company.

4. To re-elect Lumkile Mondi (subject to his re-election as a Director pursuant to ordinary resolution 3) to the Company's Audit Committee.
5. To re-elect Mary Reilly to the Company's Audit Committee.
6. To re-elect Carel Malan to the Company's Audit Committee.
7. To appoint Ernst & Young LLP as the Company's auditor (until the conclusion of the 2024 annual general meeting) and to authorise the Directors to fix their remuneration.

##### *Non-binding advisory votes:*

1. To endorse the Company's Remuneration Policy (as set out within the Remuneration Committee Report).
2. To endorse the Company's Remuneration Implementation Report (as set out within the Remuneration Committee Report).

The Group's next AGM is scheduled for 25 June 2024. Full details will be set out in the Notice of Annual General Meeting and will be distributed to shareholders accordingly. The Directors consider that passing the resolutions to be proposed at the AGM will be in the best interests of the Company and shareholders as a whole, and unanimously recommend that shareholders vote in favour of each of them, as they intend to do in respect of their own holdings.

## INDEPENDENT AUDITOR

Ernst & Young LLP (“EY”) continue as the Company’s independent statutory auditor and was reappointed by shareholders until the conclusion of the 2024 Annual General Meeting (“AGM”) and to authorise the Directors to fix their remuneration, at the Group’s 2023 AGM, with 99.99% of votes for.

The Audit Committee has recommended to the Board that EY should be re-appointed as the Company auditor for the year commencing after the completion of the Group’s 2024 AGM. The Board agreed with this recommendation and, accordingly, an ordinary resolution will be included within the forthcoming AGM for the reappointment of EY as independent auditors, and to authorise the Directors to fix their level of remuneration.

## DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Company holds Directors’ and Officers’ liability insurance. The level of cover and cost of the insurance are reviewed on an annual basis.

## GOING CONCERN

As a result of the assessment made, the Directors believe that the Group has sufficient cash to meet its obligations as they fall due and, consequently, the Consolidated Financial Statements have been prepared on the going-concern basis.

*More details on Going Concern can be found in the Finance Review on page 30 and in the Notes to the Financial Statements on pages 133 to 136.*

## OMISSION OF COMPANY-ONLY FINANCIAL INFORMATION FROM THE CONSOLIDATED FINANCIAL STATEMENTS

The Financial Statements are presented on a consolidated basis as required by the International Financial Reporting Standards (“IFRS”). The Directors believe that the Group’s results as presented provide all material and relevant information for users of the Consolidated Financial Statements and are satisfied that the provision of Company-only financial information would not contain any significant additional information that would be of interest. Accordingly, Company-only financial information has been omitted from the Consolidated Financial Statements, as permitted by Section 244(5) of The Companies (Guernsey) Law, 2008, and Sections 8.19(b) and 8.62(i) of the JSE Listings Requirements.

## DIRECTORS’ RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation, fair presentation and integrity of the Annual Report and Consolidated Financial Statements, in accordance with IFRS as issued by the International Accounting Standards Board



(“IASB”), UK Adopted International Accounting Standards, and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the “FRSC Pronouncements”), the JSE Listings Requirements, the AIM Rules for Companies and The Companies (Guernsey) Law, 2008.

The Directors are responsible for the following:

- Maintaining adequate accounting records and an effective system of risk management;
- The consistent selection and application of appropriate accounting policies;
- Making reasonable accounting judgements and estimates;
- Safeguarding shareholders’ investments and the assets of the Group;
- The presentation of information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- The provision of additional disclosures when compliance with the specific requirements of the IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- Preparing the Consolidated Financial Statements on a going-concern basis unless it is inappropriate to presume that the Group will continue in business.

The Audit Report is set out in the Consolidated Financial Statements section of this document. The auditors have unrestricted access to all accounting records and to the Audit Committee.

Having considered the Group’s current financial position, risks and opportunities, the Directors consider it appropriate that the Consolidated Financial Statements be prepared on a going-concern basis.

#### JSE-REQUIRED ATTESTATION STATEMENT

Each of the Directors, whose names are stated below, hereby confirm that:

- (a) the Consolidated Financial Statements, set out on pages 126 to 193, are true and fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Consolidated Financial Statements false or misleading;

- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the Consolidated Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.

#### AUDITOR CONFIRMATION

Each of the Directors, at the date of approval of the Consolidated Financial Statements, confirms that:

1. So far as the Director is aware, there is no relevant audit information of which the Group’s auditor is unaware; and
2. Each Director has taken all steps he ought to have taken to make himself aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249(2) of The Companies (Guernsey) Law, 2008.

#### APPROVAL OF ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

The Annual Report and Consolidated Financial Statements for the year ended 31 December 2023 were approved by the Directors on 21 March 2024 and will be presented to shareholders at the AGM on 25 June 2024. The Consolidated Financial Statements are signed on the Directors’ behalf by:

**David Lovett**  
*Chief Financial Officer*  
21 March 2024

**Sean Gilbertson**  
*Chief Executive Officer*  
21 March 2024

## SECTION 4.2

# Corporate Governance Report

## APPROACH TO CORPORATE GOVERNANCE

The Board is the focal point of the Group's corporate governance and is ultimately accountable and responsible for the affairs of the Group. The JSE Listings Requirements and the AIM Rules for Companies include certain mandatory requirements relating to corporate governance. This Corporate Governance Report explains how the Group adheres to these requirements. In addition, the Group adheres to the principles of King IV on an apply-and-explain basis. A register of how the Group complies with the principles of King IV (the King IV Register) is maintained on the Company's website, [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com). This details how compliance with each separate principle has been achieved. The Board is satisfied that the Group predominantly complies with the principles and recommendations of King IV. The Board believes that the Company complies with the Guernsey Companies Law and the Company's Articles of Association.

## BOARD RESPONSIBILITIES

The Board's responsibilities include providing strategic direction and overseeing the performance of the Group. This includes reviewing the performance of the Group and evaluating potential acquisitions and divestments. The Board is also responsible for determining policies and processes that seek to ensure the integrity of the Group's risk management and internal controls, for implementing and maintaining the Group's communication strategy, and for ensuring the integrity and effectiveness of the Group's governance processes.

## BOARD COMPOSITION

King IV recommends that a Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. There are eight Directors on the Board, of whom six are Non-Executive Directors. Five of the Non-Executive Directors are independent.

Mr Tolcher has served on the Board for a tenure of more than nine years and, as per the recommendations of King IV, the Board is required to review his independence. As Mr Tolcher has no significant interests in the Group and his remuneration is reasonable and in line with the market level of remuneration for a non-executive chair for a company such as Gemfields, the Board has concluded that his independent classification should remain for the foreseeable future. A further review of the independence of the Non-Executive Directors will be undertaken each year by the Board. Mr Sacco is not considered independent in the context of King IV as a result of his shareholding in the Company (through his ownership of Assore International Holdings). From 1 April 2024, Mr Malan will not be considered as independent, due to his new permanent role at Ore & Metal Company Limited, a subsidiary of Assore Holdings.

The roles of the Chair and the Chief Executive Officer are formalised, separate and clearly defined. This creates a balance of power and authority and means that no individual is able to exercise unrestricted power. King IV recommends that the Board should be led by an independent Non-Executive Chair who should not be the Chief Executive Officer of the Company. The offices of Chair and Chief Executive Officer are separate. The Chair of GGL, Mr Tolcher, became Non-Executive Chair effective 25 November 2019 in order to further align the Company with the principles of King IV.

The other members of the Board believe that the Chair's wealth of knowledge and experience means that he is best placed to provide overall leadership to the Board. Mr Tolcher stated in the Group's Notice of AGM 2023 that he has entered his final term in office on the Board, with a broad search for a new Chair under way.

Mr Mondy is the Company's Lead Independent Non-Executive Director ("LID") and his main responsibilities are to chair any meeting in which the Chair has a conflict of interest and to give stakeholders a point of contact separate from the Executive Directors. Mr Mondy also stated in the Group's Notice of AGM 2023 that he has entered his final term in office on the Board.

A search for a new Non-Executive Director has also commenced.

DIVERSITY POLICY

When considering the balance of the Board or the nomination of new members or the appointment of senior executives, the range of skills, knowledge, experience and diversity of existing incumbents is taken into account, including gender and race. The Company seeks to promote diversity at Board level, although it does not set targets in respect of race, age, sexual orientation or gender when making appointments to the Board. The key factors considered are those that will result in the appointment of the best-qualified individuals who can best serve the interests of all the stakeholders of the Company.

The Nomination Committee seeks to ensure that the Board has the right balance necessary to carry out its responsibilities in keeping with robust standards of governance.

EXECUTIVE DIRECTORS

The Executive Directors, Mr Sean Gilbertson (CEO) and Mr David Lovett (CFO), are responsible for the Group’s strategic direction and everyday management. The Executive Directors often act as Directors of the Group’s subsidiaries. For example, Mr Gilbertson and Mr Lovett are Executive Directors of Gemfields and Fabergé and a number of other subsidiaries in the Group. The Executive Directors attend each of the Company’s Board meetings.

BOARD MEETINGS

Board meetings are scheduled on a quarterly basis each year in order to consider the Group’s strategy, performance, operations and other issues. Additional Board meetings may be convened on an ad hoc basis. Directors endeavour to be present at Board meetings and to participate fully, frankly and constructively. Matters are decided at Board meetings by a majority of votes. In the case of an equality of votes, the Chair has a second or casting vote. Four quarterly Board meetings were held during 2023.

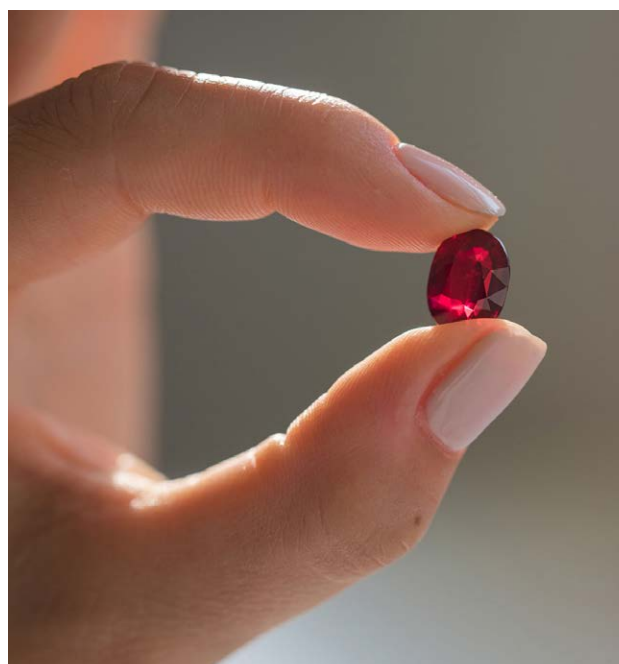
ATTENDANCE AT BOARD MEETINGS

Below is a list of the Directors and their attendance record in respect of the scheduled meetings of the Board and, where they were members thereof, its committees during 2023:

	BOARD	AUDIT	REMUNERATION	NOMINATION
Mr Martin Tolcher	4/4	n/a	n/a	2/2 <sup>2</sup>
Mr Sean Gilbertson	4/4	n/a	1/1	n/a
Mr David Lovett	4/4	2/2	1/1	n/a
Mr Lumkile Mondli	4/4	2/2	6/6	3/3
Mr Kwape Mmela	4/4	n/a	6/6	3/3
Mr Carel Malan	4/4	2/2	n/a	3/3
Ms Mary Reilly	4/4	2/2	5/6	1/1 <sup>3</sup>
Mr Patrick Sacco	4/4	n/a	3/4 <sup>1</sup>	n/a

- 1 – Mr Patrick Sacco joined the Remuneration Committee in March 2023.
- 2 – Mr Tolcher attended a Nomination Committee meeting in January 2023 as an observer. He also attended in March 2023 and provided an update on an external Board Performance Evaluation.
- 3 – Ms Reilly attended a Nomination Committee meeting in September 2023 as an observer.

Attendances set out above include attendance in person or by remote access.



IMAGE

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## BOARD COMMITTEES

The Board has established certain committees to assist in discharging its responsibilities. Reports from the Audit Committee, Remuneration Committee and Nomination Committee are included in this Annual Report.

The Company does not currently have a Social and Ethics Committee as historically the nature and size of the Company has made such a committee unnecessary but instead has established the Risk Council, which is chaired by Ms Mary Reilly. Its principal purpose is to monitor current and emerging strategic, operations and ethics risks and challenges facing the Group. It has its own terms of reference, and its members are made up of a cross-section of senior employees across the head office in London. The Risk Council meets quarterly, and its recommendations are reported to the Audit Committee in advance of its own committee meetings. When the Audit Committee does not meet, the Risk Council reports to the Board. Ethics and Risk are standing agenda items at the quarterly Board meetings.

Separately, recognising that the importance of the ESG agenda to companies has never been greater, the Company has established an Environmental, Social and Governance and Ethics Committee (“ESG Committee”), comprising senior management from around the Group. Mr Toby Hewitt, Group General Council and Company Secretary, chairs the ESG Committee and its inaugural meeting was held on 19 May 2022. Meetings are held every quarter. The Company has implemented an ESG Strategy Framework and established a set of ESG KPIs for 2023 that fit under the four focus areas of the Strategy Framework: Nature Positive, Prospering Communities, Empowered People and Business Integrity.

*Please refer to the Corporate Responsibility and ESG Report on pages 80 and 81 for further information on the Group’s ESG strategy and approach.*

## CHIEF INFORMATION OFFICER

King IV recommends that the Board should govern technology in a way that supports the Company in setting and achieving its



strategic objectives. The Board is collectively responsible for information technology (“IT”) governance. Mr Dewald Blom is the Group’s Chief Information Officer, having been appointed on 6 December 2018.

#### ROTATION OF DIRECTORS

The Company’s Articles of Incorporation specify that one-third of the Non-Executive Directors shall retire from office at each AGM, by rotation. Any Director appointed since the previous AGM also retires from their office. However, a retiring Director can be re-elected at the same AGM and, if re-elected, is deemed not to have vacated their office.

As previously noted under ‘Board Composition’, GGL’s Chair, Mr Tolcher, and Lead Independent Non-Executive Director, Mr Mondy, stated in the Group’s Notice of AGM for 2023 that they do not intend to seek re-election on the Board. A broad search for a new Chair and Non-Executive Director has commenced.

#### COMPANY SECRETARY

Following Board approval, Mr Toby Hewitt, Group General Counsel, was appointed as Company Secretary on 27 September 2018. Mr Hewitt is supported by Mourant Governance Services (Guernsey) Limited (“Mourant”) and the Company’s in-house legal and company secretarial team. The Company Secretary and the Board also engage external legal counsel and other advisors as necessary.

The Company Secretary presents the Board with a governance update at each scheduled meeting. The update usually includes corporate, legal and ESG issues, such as compliance with the UK Bribery Act, the JSE Listings Requirements and the AIM Rules for Companies. Other issues are raised as appropriate. The Company Secretary also considers non-binding codes, rules and standards, assesses the impact thereof, and recommends a suitable course of action to the Board. The Board takes responsibility for deciding whether to follow the recommendations of the Company Secretary and for ensuring compliance with applicable laws.

The Board is required to consider and satisfy itself on an annual basis of the competence, qualifications and experience of the Company Secretary (as a consequence of the Company’s JSE listing). The Board believes that it is best served by employing Mr Toby Hewitt as Company Secretary, who has access to support from Mourant and external legal counsel and other advisors, as necessary. The Board is satisfied that the Company Secretary has the requisite competence, qualifications and experience to carry out the required responsibilities.

#### RISK MANAGEMENT

The Directors are responsible for the Group’s system of internal controls, which is designed to provide reasonable assurance against material misstatement and loss. The Group’s system of internal controls is also designed to provide assurance on the maintenance of proper accounting records, and on the completeness and accuracy of financial information used by the Board for decision-making and provision to shareholders. The internal control system includes the following elements:

- Risk Registers, which are monitored and updated on an ongoing basis;
- An organisational structure and division of responsibilities; and
- Policies, procedures and systems for monitoring controls.

As mentioned earlier, the Risk Council is a subcommittee of the Audit Committee and was established in December 2019.

#### INVESTMENT VALUATIONS

The Directors are collectively responsible for the estimation of the fair value of the Group’s investments in each reporting period. The valuation of each investment as determined by the Directors has been prepared using a methodology and approach which is reasonable and compliant with the concept of fair value under FRS.

#### CORPORATE RESPONSIBILITY AND ESG

The Directors recognise the importance of corporate responsibility. The Company has an integrated corporate responsibility and ESG strategy, with initiatives across the Group. Where possible, the Board also uses its influence on the Group’s subsidiaries to ensure that independent assurance is provided on their corporate responsibility and ESG reporting. However, a wholly separate public corporate responsibility report is not produced by the Group or by the Group’s subsidiaries.

#### SHAREHOLDER COMMUNICATION WITH THE BOARD

Shareholders are able to communicate with the Board either by attending the AGM in person or by submitting proxy voting forms. The Directors regularly meet with analysts, shareholders and the media. Gemfields also communicates with its shareholders regarding the Group’s financial performance and strategy through the Stock Exchange News Service (“SENS”), the London Stock Exchange Regulatory News Service (“RNS”) and via the website, [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com). The Board communicates with other stakeholders as appropriate. The



Company ensures communication with smaller shareholders located in South Africa who lack access to electronic media by way of publishing financial results in a main South African daily newspaper.

#### INTERNAL AUDIT

King IV recommends that all companies implement an internal audit function that is insured to some degree. The Gemfields Internal Audit function, is the responsibility of the Head of Risk and Assurance and reports functionally to the Chair of the Audit Committee, thereby ensuring its independence. In January 2023, the Company appointed a new Group Manager – Internal Audit with over thirty years of hands-on internal audit experience. The Internal Audit Function is assisted by external advisers as is necessary. The Audit Committee is satisfied that the Group’s internal financial controls and the arrangements for internal audit were working effectively during the period and were predominantly adequate and fit for purpose.

#### DEALING IN SECURITIES

GGL has a defined policy for the conduct of Directors and employees in relation to dealing in the Company’s shares. The JSE Listings Requirements and the UK Market Abuse Regime (“MAR”) define closed periods, which are around the time of the annual results or interim results, or around the release of any other major announcements, or during price-sensitive negotiations, acquisitions or disposals, or pending the release of any other price-sensitive information. Directors (and their close family members), as well as employees who are classified as insiders, are prohibited from trading in the Company’s shares during these prohibited periods. Directors and employees can trade in the Company’s shares outside of these periods after first obtaining the necessary approval in writing in accordance with the Company’s share dealing policy. Any dealings in the Company’s shares by Directors, persons discharging managerial responsibilities (“PDMRs”) or their closely associated persons are announced via SENS and RNS, published on the Company’s website and notified to the UK’s Financial Conduct Authority (“FCA”).

## SECTION 4.3

# Nomination Committee Report

## ROLE OF THE NOMINATION COMMITTEE

The Nomination Committee is pleased to present its report for the year ended 31 December 2023, as recommended by King IV. The Nomination Committee assists the Board in setting and administering the Company's Nominations and Succession Policy. The Committee is constituted by the Board and is accountable both to the Board and to shareholders. The Committee assists the Board in its oversight of the following areas:

- Reviewing the structure, size and composition of the Board on an ongoing basis, with the recommendation of any changes to the Board as necessary;
- Considering diversity, including gender and race, when assessing suitable candidates for appointment to the Board;
- Identifying suitable candidates for appointment to the Board;
- Overseeing the reappointment process in respect of all Directors at the point of their retirement by rotation in accordance with provisions in the Company's Articles of Incorporation; and
- Reviewing the succession planning for Directors, including the identification, mentorship and development of future candidates.

## COMPOSITION

The Committee comprises the following Non-Executive Directors, who have the requisite skills and experience to fulfil the Committee's duties:

- Mr Lumkile Mondli (Chair);
- Mr Kwape Mmela; and
- Mr Carel Malan.

## MEETINGS

The Nomination Committee meets as often as required, but not less than twice per year. Three formal meetings were held during 2023, although the Committee deliberated on matters, as necessary, on an ad hoc basis.

## DUTIES CARRIED OUT IN 2023

During the year ended 31 December 2023, the Committee carried out its duties as required by King IV and its terms of reference. The Committee performed the following duties:

- Confirmed that the reappointment process that was undertaken for the Company's 2023 AGM was in line with the provisions in the Company's Articles of Incorporation;
- Reviewed the Nomination Committee Report included in the Company's previous Annual Report;
- Oversaw the completion of the Board performance evaluation process commenced in 2022;
- Reviewed Director independence and the composition of Board Committees;
- Commenced succession planning in relation to the Chair of the Board and the Lead Independent Non-Executive Director; and
- Conducted interim succession planning for the Chief Financial Officer.

## MEETINGS

The Committee is satisfied that it considered and discharged its responsibilities in accordance with its mandate and its terms of reference during 2023. Accordingly, this report was recommended by the Nomination Committee and was approved by the Board on 21 March 2024.

**Lumkile Mondli**

*Chair of the Nomination Committee*

21 March 2024

## SECTION 4.4

# Audit Committee Report

## ROLE OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present its report for the year ended 31 December 2023, as recommended by King IV. The Committee is constituted by the Board, has an independent role, and is accountable to both the Board and shareholders.

The Committee's mandate is set out in its terms of reference and includes the following responsibilities:

- Monitoring the accuracy and integrity of the Group's financial and other reporting;
- Monitoring the effectiveness of risk management processes and internal controls;
- Recommending the appointment of external auditors to shareholders on an annual basis;
- Reviewing the independence of the external auditor;
- Reviewing the scope, results and cost-effectiveness of independent accounting and valuation services; and
- Reviewing the expertise and experience of the Chief Financial Officer.

## COMPOSITION

The Committee comprises the following Independent Non-Executive Directors who have the requisite skills and experience to fulfil the Committee's duties:

- Mr Carel Malan<sup>1</sup> (Chair);
- Mr Lumkile Mondli; and
- Ms Mary Reilly.<sup>1</sup>

<sup>1</sup> – Mr Malan is due to become non-independent from 1 April 2024 due to his employment status. Ms Reilly will assume the role of Chair of the Audit Committee from that date.

## MEETINGS

In addition to the Committee members, the CFO may attend meetings by invitation. The Chair of the Committee usually meets separately with both the CFO and the external auditor before Committee meetings. The Committee may meet with the external auditor either formally or informally throughout the year; the audit partner has access to the Committee via the Chair. The Chair of the Committee decides whether to convene any ad hoc meetings and who should be invited to such meetings. Two formal Audit Committee meetings were held during 2023.

## INTERNAL AUDIT

King IV recommends that all companies implement an internal audit function that is insourced to some degree. The Gemfields Internal Audit function, is the responsibility of the Head of Risk and Assurance and reports functionally to the Chair of the Audit Committee, thereby ensuring its independence. In January 2023, the Company appointed a new Group Manager – Internal Audit with over thirty years of hands-on internal audit experience. The Internal Audit Function is assisted by external advisers as is necessary. The Audit Committee is satisfied that the Group's internal financial controls and the arrangements for internal audit were working effectively during the period and were predominantly adequate and fit for purpose.

## EXTERNAL AUDIT

The Committee is satisfied that Ernst & Young LLP ("EY"), as external auditor to the Company, is entirely independent of the Group.

The Committee is satisfied with the policies and controls in place that address the provision of non-audit services received from EY.

The Committee was satisfied with the performance of EY as appointed external auditor to the Company in the 12-month period to 31 December 2023.

## RISK COUNCIL

A Risks Council was established in December 2019 as a subcommittee of the Audit Committee. Its principal purpose is to monitor current and emerging strategic operations and ethics risks and challenges facing the Group. It has its own terms of reference. Its members are made up of a cross-section of senior employees across the head office in London and it is chaired by Ms Mary Reilly. The Risk Council meets quarterly and its recommendations are reported to the Audit Committee in advance of its own committee meetings. When the Audit Committee does not meet, the Risk Council reports to the Board. The Risk Council's primary focus in 2023 was the monitoring of the Company's Enterprise Risk Management Framework and ongoing assessment and mitigation of group-wide risks. Such risks and issues are detailed in the Risks and Uncertainties section of this report.

## DUTIES CARRIED OUT IN 2023

During the year ended 31 December 2023, the Committee carried out its duties as required by King IV and its terms of reference.

The Committee performed the following statutory duties:

- Considered the qualifications, independence and objectivity of EY;
- Reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm have complied with the suitability requirements of the JSE;
- Considered the appropriateness of the Group's going-concern assessment;
- Approved the fees paid to EY during 2023, which were for both audit and non-audit services; and
- Ensured that the independence of EY has not been compromised for any reason.

In addition, the Committee performed the following duties in line with its mandate:

- Reviewed the Group annual and interim Consolidated Financial Statements for compliance with the IFRS, the JSE Listings Requirements and The Companies (Guernsey) Law, 2008;
- Reviewed significant judgements and unadjusted differences resulting from the audit and interim review;
- Reviewed and recommended to the Board for approval the valuation of the Group's investments;
- Ensured that the Group's accounting policies are suitable and considered the adoption of new and amended accounting standards;

- Considered the performance of the Group's accounting function;
- Considered paragraph 3.84(k) of the JSE Listings Requirements, which require the CEO and CFO to prepare a responsibility statement – in particular, the requirement for the Executive Directors to confirm the adequacy of internal financial controls, disclose any deficiencies in design and operational effectiveness of the Audit Committee, and confirm that the annual Consolidated Financial Statements are true and fair and respects the financial position, financial performance and cash flows of the Company in terms of IFRS;
- Reviewed the performance of the CFO, and was satisfied that the CFO continues to possess the appropriate expertise and experience to carry out his responsibilities as CFO; and
- Reviewed the Audit Committee Report included in the Company's previous Annual Report.

## ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

The Committee has reviewed this Annual Report and the Consolidated Financial Statements and has concluded that they comply in all material respects with the IFRS, the JSE Listings Requirements, the AIM Rules for Companies and The Companies (Guernsey) Law, 2008. The Committee has therefore recommended the approval of the Annual Report to the Board.

## CONCLUSION

The Committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and its terms of reference during 2023. Accordingly, this report was recommended by the Audit Committee and was approved by the Board on 21 March 2024.

**Carel Malan**

*Chair of the Audit Committee*

21 March 2024

## SECTION 4.5

# Remuneration Committee Report

## ROLE OF THE REMUNERATION COMMITTEE

The Remuneration Committee is pleased to present its report for the year ended 31 December 2023, as recommended by King IV. The Committee is constituted by the Board, has an independent role, and is accountable both to the Board and to shareholders. The Committee's mandate is set out in its terms of reference and includes the following responsibilities:

- Determining levels of remuneration for each member of the Board;
- Determining levels of remuneration for senior members of management or staff; and
- Monitoring and maintaining the Company's Remuneration Policy.

## COMPOSITION

The Committee comprises the following Non-Executive Directors, the majority of whom are independent, and who have the requisite skills and experience to fulfil the Committee's duties:

- Mr Kwape Mmela (Chair);
- Mr Lumkile Mondli;
- Ms Mary Reilly; and
- Mr Patrick Sacco.

## MEETINGS

The Committee meets as often as is required, but not less than twice a year. Six formal meetings were held during 2023, although the Committee deliberated on matters, as necessary, on an ad hoc basis. Members of the Remuneration Committee do not participate when the level of their personal remuneration is considered.

## GEMFIELDS GROUP LIMITED REMUNERATION POLICY

### *Elements of Executive Director Remuneration*

Executive Director remuneration is broken down into two key elements: fixed compensation and performance-related awards. The fixed remunerative elements comprise the base remuneration and employee benefits. The performance-related awards include short- and long-term incentives.

### *Elements of Non-Executive Director remuneration*

Chair and Non-Executive Director remuneration comprises fixed cash fees for the role of Chair and Non-Executive Director and additional cash fees for the role of Lead Independent Director, and chairing and membership of sub-committees of the Board.

Further detail on the Company's remuneration policy is set out later in this report.

## AGM VOTING, SHAREHOLDER ENGAGEMENT AND COMMITTEE ACTIONS IN 2023

The Board, with input from the Remuneration Committee, developed a Remuneration Policy (the "Remuneration Policy") and a Remuneration Implementation Report (the "Implementation Report"), which were put to shareholders, as non-binding advisory votes, at the Company's AGM on 27 June 2023. Both votes were passed.

In addition, a special resolution to approve the Company's Long Term Incentive Plan ("LTIP") was put to shareholders at the AGM, which was also duly passed. A summary of the LTIP's terms was included in the 2023 notice of AGM.

On 25 August 2023, shareholders were advised that the Company had awarded a total of 11,823,851 performance shares in the form of nominal cost options (“Performance Shares”) under the LTIP to the two Executive Directors and a small number of senior employees including ‘Persons Discharging Managerial Responsibilities’. The vesting of all the Performance Shares is conditional on meeting performance conditions measured over a three-year period as detailed below. The awards will vest on the third anniversary of grant and are subject to a two-year post-vesting holding period and to conventional malus and clawback provisions.

#### *Performance conditions:*

These performance conditions will be measured from 1 January 2023 to 31 December 2025 (“Performance Measurement Period”).

#### **1. Cumulative Adjusted Earnings Per Share (“AEPS”) Target**

Up to 50% of the total Performance Shares will vest dependent upon the achievement of a cumulative AEPS target over the Performance Measurement Period, determined as follows:

CUMULATIVE AEPS FOR THE THREE YEARS TO 31 DECEMBER 2025	% OF SHARES SUBJECT TO THE AEPS TARGET VESTING <sup>1</sup>
Below USD 0.09	No vesting
USD 0.09	25%
USD 0.12 or higher	100%

1 – Straight line vesting for AEPS between USD0.09 and USD0.12.

AEPS is defined as Headline Earnings Per Share adjusted for unrealised fair value gains and losses. This removes any gains or losses that may relate to revaluations of the Company’s 6.54% stake in Sedibelo Resources and was first reported in within the Group’s Interim Results 2023 and will be included going forward. Any adjustments made to the AEPS target for the purposes of the performance condition shall be applied at the sole discretion of the Remuneration Committee and may include, without limitation, charges for share-based payments, the amortisation of acquired intangible assets, and extraordinary one-off items. Such adjustments will be applied on a transparent and consistent basis.

#### **2. Total Shareholder Return (“TSR”) Target**

Up to 50% of the total Performance Shares will vest dependent upon the performance of the Company’s TSR measured over the Performance Measurement Period, determined as follows:

COMPOUND AVERAGE TSR GROWTH FOR THREE-YEAR PERIOD TO 31 DECEMBER 2025	% OF SHARES SUBJECT TO THE TSR TARGET VESTING <sup>1</sup>
Below 10.0%	No vesting
10.0%	25%
15.0%	100%

1 – Straight line vesting for compound average TSR growth between 10.0% and 15.0%.

The base share price for this performance condition is USD19.40 cents, being the volume weighted average price of the Company’s shares traded on AIM for the 30 trading days (“30 Day VWAP”) immediately prior to the start of the Performance Measurement Period of 16.03 pence translated into USD, using the average last exchange rate over the period of the 30 Day VWAP, of USD1.2105 per GBP1.

This base will be compared with the TSR at the end of the performance period on 31 December 2025, as calculated using the AIM 30 Day VWAP until 31 December 2025 translated into USD using the same basis as above, multiplied by one share plus any additional shares or fraction of a share that could have been acquired by re-investing any net dividends, using the AIM closing price on the ex-dividend date applicable to each dividend, paid during the Performance Measurement Period.

The Remuneration Policy and Remuneration Implementation Report will be put to shareholders, again as non-binding advisory votes, at the Company’s next AGM to be held on 25 June 2024.



IMAGE Fabergé x Game of Thrones White and Rose Gold Ruby and Diamond Dragon Ear Cuff featuring Gemfields Mozambican rubies

## EXECUTIVE DIRECTOR REMUNERATION

	COMPONENT	OBJECTIVE	LINK TO BUSINESS STRATEGY	POLICY
Element 1: Guaranteed pay and benefits	<b>Base compensation</b> Akin to a salary, base compensation is received monthly, based on an annual figure decided by the Remuneration Committee.	To engage the best talent at Executive Director level.	Ensures market competitiveness, helps to attract and retain key talent, and provides fair reward for individuals.	Executive Director base compensation was initially determined by former holders of the equivalent office within Gemfields plc, and at prevailing market rates.  Future reviews will be based on skill, experience, responsibilities and market rates, with particular emphasis on shareholder engagement.
	<b>Insurance benefits</b> Executive Directors receive life insurance, medical and dental insurance, and travel insurance policies for themselves and their families.	The benefits package is comparable with others on the market, the aim being to attract and retain the best talent.	The Company recognises the need for a holistic approach to an Executive Director's guaranteed pay package.	Insurances are comparable with those offered to the wider employee base within the Group, and are reviewed annually.
Element 2: Short- and long-term incentives	<b>Annual bonus</b> At the end of each calendar year, Executive Directors may receive a cash bonus dependent on the success of their work over the previous year, based on the value of their base compensation.	To encourage performance over each one-year operating cycle.	Rewards Executive Directors for a measurable contribution to the Company.	A balanced scorecard approach has been adopted from 1 January 2022.  Performance across the various metrics is compared against previous years' performance.  Outside exceptional circumstances, the maximum annual cash bonus will remain capped at 100% of base remuneration.
	<b>New LTIP</b> Annual awards of performance shares vesting after three years subject to continued employment and meeting objective three-year performance conditions.  Awards to Executive Directors subject to a two-year post-vesting holding period.	To retain, motivate and attract key individuals and align them with long-term company performance.	Aligns Executive Director interests with those of shareholders, with growth in the share price, and with key group targets reflected in performance targets.  Rewards Executive Directors for delivering tangible successes.	Normal maximum annual award for Executive Directors at 150% of salary, maximum in exceptional circumstances, such as for recruitment, 300% of salary.  Award levels for performance shares will be determined in H1 2024.
	<b>Share options</b> At instatement, Executive Directors were granted share options, which they can exercise at set dates over the subsequent four years.	The incentive is twofold: retention of key talent, and incentivising delivery of excellent performance in the long term.	Aligns Executive Director interests with those of shareholders, and with growth in the share price year on year. Motivates long-term performance.  Rewards Executive Directors for their tangible successes.	Share options are exercisable in set tranches per year, and at a predetermined date.  The Company does not expect to make further awards of this type to Executive Directors and this incentive is intended to be replaced by the new LTIP.



### *Non-Executive Directors*

At the Company's 2022 AGM, shareholders approved a resolution to increase the maximum amount payable to Non-Executive Directors from USD100,000 to USD150,000. In 2022, the Chair's fee was increased from USD100,000 to USD130,000. Effective 1 January 2022, the structure of the remuneration of the Non-Executive Directors was changed to simplify it and raise it towards more competitive levels. Non-Executive Directors without any committee memberships and who do not chair committees or councils will receive a fee of USD50,000. Non-Executive Directors who sit on up to two committees or council memberships, and one chair of a committee/council, will receive USD65,000 per annum. The Lead Independent Non-Executive Director role is equivalent to one committee membership. Non-Executives with additional roles beyond this will receive an additional USD7,500 per annum per additional chair of a committee or council and USD5,000 per annum per additional committee or council membership.

#### EVALUATION OF WHETHER THE REMUNERATION POLICY MEETS ITS OBJECTIVES

When developing the Remuneration Policy, the Remuneration Committee focused on three key areas.

1. The elements of Director remuneration are a good foundation for both the short- and long-term success of the Company;
2. The fixed remunerative elements (base compensation, benefits and Non-Executive Director fees) are competitively set to both attract and retain the key talent required by the Company; and
3. The performance-related elements of variable remuneration (annual bonuses and share options) ensure that the interests of the shareholders are at the forefront of the minds of Executive Directors, all of whom would stand to benefit by short- and long-term growth of the Company's business and the share price.

### *Shareholder engagement*

Shareholder engagement has been key to developing and revising the Remuneration Policy and applying it to Executive Director remuneration. Shareholder advisory votes are a key means of shareholder feedback from which the Committee can tailor both practical remuneration and the Remuneration Policy. Consequently, the Company commits to engaging shareholders about remuneration each financial year.

Should any shareholder advisory vote conclude in a result of less than 75% in favour of the remuneration matter under

vote, the Committee will re-examine the matter. Where possible, the Committee will engage in direct discussion with shareholders in order to understand the motivation behind such a vote – that is, to better understand their concerns. However, a number of shares are held anonymously, thus creating an obstacle to shareholder engagement. The Committee will also consider communicating with shareholders individually, also via the Company's website and via SENS and RNS, encouraging shareholders to come forward should they believe their view is yet to be represented. This is what occurred during 2023.

### *King IV standard*

The Committee is satisfied that the Remuneration Policy complies with the King IV Code and that the robust principles of governance encouraged by King IV have been implemented.

### *Remuneration Policy availability*

A link to the GGL Remuneration Policy is available online at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com).

#### REMUNERATION IMPLEMENTATION REPORT

### *Fixed Compensation*

Effective 1 January 2023, the salary of the CEO was USD610,000 and the salary of the CFO USD399,000.

#### PERFORMANCE-RELATED AWARDS

### *Annual Cash Bonus*

In accordance with the workings of annual bonus under the Remuneration Policy and reflecting solid performance during the year as detailed earlier in this Annual Report, bonuses equal to 65% of salaries will be paid to the Executive Directors in respect of 2023.

Since 1 January 2021, Gemfields has applied a balanced scorecard structure. The Company reviewed the workings of annual bonus after its first year of operation in order to assess its functioning and suitability, and concluded that the structure had worked effectively.

The central methodology for this structure is an assessment of performance improvement across 11 Key Performance Indicators ("KPIs") against performance in the previous year and performance over the previous three years. These KPIs are, in order of weighting:

1. Free Cash Flow – 17.5%;
2. Revenue – 15%;
3. Total Cash Operating Cost – 15%;
4. HSEC (Health, Safety, Environment, Community) – 12.5%;
5. Total Premium Carats Produced – 12.5%;
6. Total Rock Handling – 7.5%;
7. Fabergé Cash Consumption from the Gemfields Group – 5%;
8. Balance Sheet (net cash/net debt, treasury, financing, tax) – 5%;
9. Strategy/Business Development/Development Projects/Organic Growth – 5%;
10. Leadership/Organisational/People Development/Staff Turnover – 2.5%; and
11. Financial and Shareholder Reporting/Auditors/Accounting/Controls – 2.5%.

Performance against each KPI was scored in a matrix against previous performance, including negative scoring, which the Committee then assessed.

All bonus payments are at the discretion of the Remuneration Committee. Under the structure, the Committee has an overriding discretion to adjust bonus payments from formulaic outcomes in light of the Committee's overall assessment of (1) overall performance and (2) HSEC matters.

In determining bonus payments in respect of 2023, the Committee disregarded 2020 performance, which was severely negatively impacted by the Covid-19 pandemic, comparing 2023 performance to 2022, 2021 and 2019.

#### LONG TERM INCENTIVE PLAN ("LTIP")

On 27 June 2023, Sean Gilbertson exercised 5,578,042 share options, granted under a previous share option scheme, at an

exercise price of ZAR3.45 per ordinary share of USD0.00001 each in the company ("Ordinary Share"). Mr Gilbertson exercised these share options on a 'retain' basis, meaning that Mr Gilbertson paid the exercise cost of ZAR19,244,245 to the Company and retained all 5,578,042 Ordinary Shares. Following the above transaction, Mr Gilbertson owns 17,548,327 Ordinary Shares, representing 1.5 per cent of the Company's issued shares.

The table below illustrates the number of options issued and forfeited/lapsed during the year in respect of the Executive Directors.

#### *Share options for employees of the wider Group*

In 2018, the Group established a share option programme for the employees of the wider Group within the parameters of the scheme approved by shareholders on 26 June 2017. In the same manner that the Company has used share options as a long-term incentive for its Executive Directors, the Board extended this benefit to a wider number of its employees.

Under the terms of the plan, the Company can issue a maximum of 167,341,278 options but the Company does not intend to issue any new share options under the plan, following the implementation of the new LTIP.

All share options vest over a four-year period in tranches of 20%. One-fifth of the options granted vest immediately, with the remaining 80% vesting equally annually on the grant date over the following four years, during which the grantee has to remain in employment. Three-fifths of awards lapse on the fifth anniversary of grant, with the balance lapsing in equal tranches on the sixth and seventh anniversaries of tranche, and so have a three-year exercise window before lapsing.

LTIP	OPTIONS HELD AT 1 JANUARY 2023	ISSUED DATE	EXERCISE PRICE	OPTIONS GRANTED DURING THE YEAR	OPTIONS FORFEITED/LAPSED DURING THE YEAR	OPTIONS EXERCISED DURING THE YEAR	OPTIONS HELD AT 31 DECEMBER 2023
Sean Gilbertson	11,156,087	September 2017	ZAR3.45	–	–	5,578,042	5,578,045
Sean Gilbertson	–	August 2023	Nominal - Performance Shares under the new LTIP	3,749,093	–	–	3,749,093
David Lovett	–	August 2023	Nominal - Performance Shares under the new LTIP	2,043,563	–	–	2,043,563

At 31 December 2023, the following share options had been granted, including to Executive Directors, and were outstanding in respect of the ordinary shares:

ISSUE DATE	EXERCISE PRICE	OUTSTANDING AT 1 JANUARY 2023	GRANTED	FORFEITED/LAPSED	EXERCISED	OUTSTANDING AT 31 DECEMBER 2023
September 2017	ZAR3.45	11,156,088	–	(1)	(5,578,042)	5,578,045
January 2018	ZAR2.97	5,980,315	–	(2,387,121)	(2,365,457)	1,227,737
July 2018	ZAR2.30	9,939,114	–	(960,164)	(5,953,000)	3,035,950
March 2019	ZAR1.91	318,108	–	(10,103)	(218,000)	90,000
August 2023	Nominal - Performance Shares under the new LTIP	–	11,823,851	–	–	11,823,851
<b>Total</b>		<b>27,393,620</b>	<b>11,823,851</b>	<b>(3,357,389)</b>	<b>(14,114,499)</b>	<b>21,755,583</b>



To provide information to shareholders in relation to the level of dilution arising from the existing awards, the Company sets out the following summary points.

- As at 31 December 2023, 21,755,583 share options were outstanding, representing circa 1.86% of the Company's current shares in issue as at 31 December 2023;
- While this percentage is material, dilution may be lower given the structure of the awards (including exercise price, lapsing profile and performance criteria);
- 5,578,045 share options (circa 0.48% of the outstanding awards) have a ZAR3.45 exercise price. These options will lapse in September 2024. These share options are all held by the Chief Executive Officer; and
- 14,104,499 share options were exercised by Group employees during the year ending 31 December 2023.

#### DIRECTORS' REMUNERATION TABLE (NOT INCLUDING LTIP AWARDS)

1 JANUARY 2023 TO 31 DECEMBER 2023	BASE COMPENSATION USD'000	BENEFITS USD'000	PENSION USD'000	BONUS USD'000	TOTAL USD'000
Sean Gilbertson	610	11	30	397	1,048
David Lovett	399	8	20	259	686
<b>Total</b>	<b>1,009</b>	<b>19</b>	<b>50</b>	<b>656</b>	<b>1,734</b>

The fees payable to Non-Executive Directors for the year ended 31 December 2023 are as follows:

1 JANUARY 2023 TO 31 DECEMBER 2023	GROUP DIRECTOR FEES USD'000	BOARD COMMITTEES USD'000	LEAD INDEPENDENT DIRECTOR USD'000	TOTAL USD'000
Martin Tolcher	130	–	–	130
Lumkile Mondli	50	15	10	75
Kwape Mmela	50	15	–	65
Carel Malan	50	15	–	65
Mary Reilly	50	15	–	65
Patrick Sacco	50	11	–	61
<b>Total</b>	<b>380</b>	<b>71</b>	<b>10</b>	<b>461</b>

#### REMUNERATION IN 2024

##### *Benchmarking*

The Company commissioned h2glenfern Remuneration Advisory to prepare a benchmarking report covering Executive and Non-Executive remuneration in early 2023. The comparator companies comprised international resources-orientated companies of a broadly similar profile and size by equity value, revenue, earnings and assets to Gemfields. In response to shareholder feedback, they include companies based in South Africa and quoted on the Johannesburg Stock Exchange as well as companies quoted on the London and

Toronto Stock Exchanges. They comprise Alhamin Resources, DRD Gold, Kenmare Resources, Afrimat, Pan African Resources, Tharisa, Sylvania Platinum, Lucara Diamonds, Caledonia Resources, Petra Diamonds, Merafe Resources, Shanta Gold and Gem Diamonds. Executive salary levels at Gemfields were found to be from around the median to the upper quartile of the comparator group companies. Annual bonus was found to be in line with market levels. The long-term incentive structure used by the majority of comparator group companies is an annual award of performance shares at a specified percentage of salary vesting after three years subject to meeting objective performance targets.

### *Salaries*

Effective 1 January 2024, the salary of the CEO was increased by 3.4% to USD630,740 and the salary of the CFO was increased by 5.4% to USD420,546. The Committee seeks to set salary levels for these Executives at between the median and the upper quartile in view of its assessment of their experience, skills and performance.

### *Annual bonus*

Annual bonus is expected to operate in 2024 in a similar manner to 2023 based on a balanced scorecard and with a normal maximum amount set at 100% of salary.

### *Non-Executive Director remuneration*

There will be no changes to the level of structure of Chair or Non-Executive Director remuneration for 2024. As such, the fee levels will be as disclosed earlier in this report.

### APPROVAL OF THE REMUNERATION COMMITTEE REPORT FOR 2023

All decisions undertaken in the 2023 financial year were compliant with the Remuneration Policy as determined by the Committee. Accordingly, this report was recommended by the Committee and was approved by the Board on 21 March 2024.

**Kwape Mmela**

*Chair of the Remuneration Committee*

21 March 2024

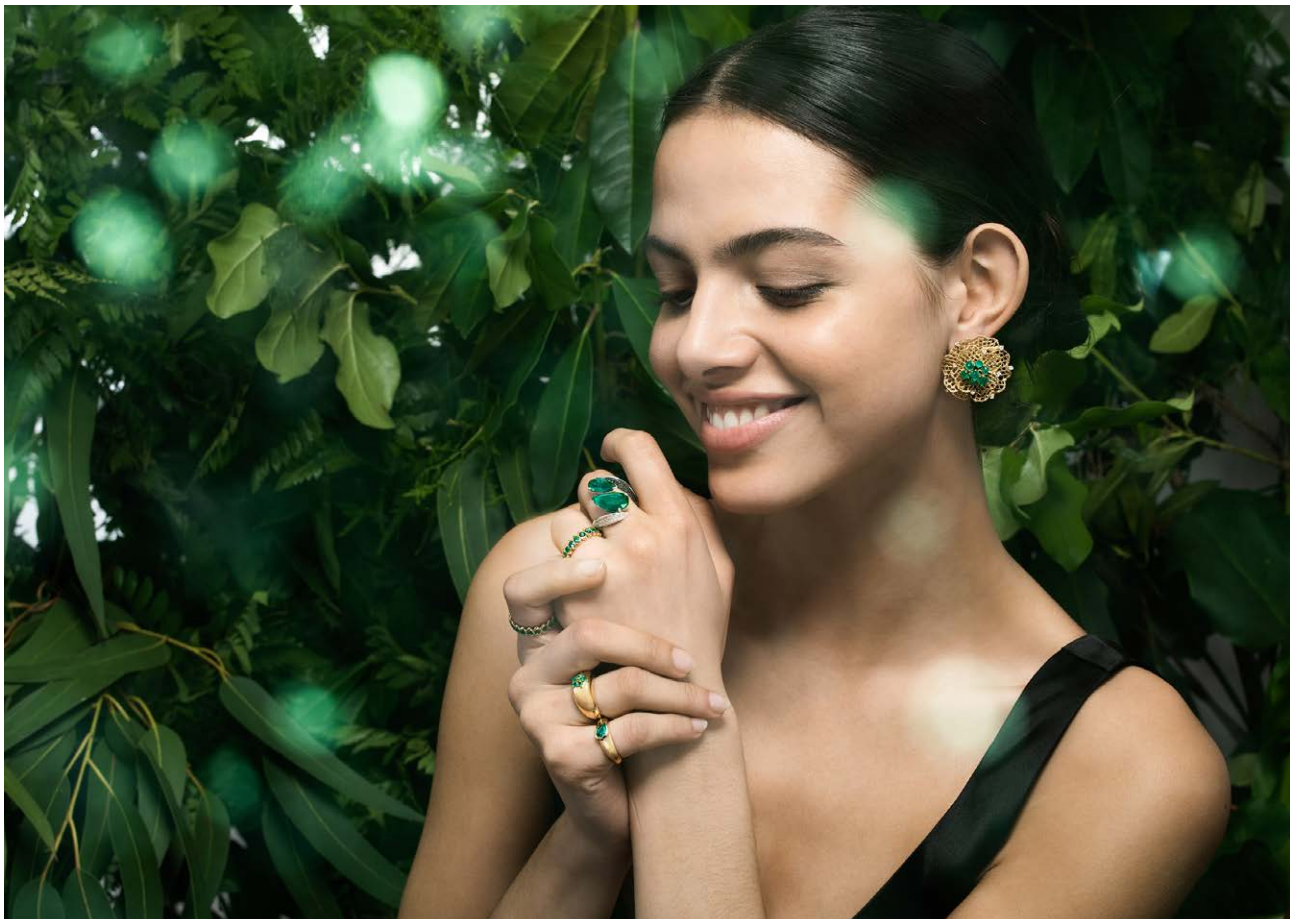




IMAGE Responsibly mined cut and polished Mozambican rubies, Zambian emeralds and sapphires.



# Financial Statements

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## SECTION 5.1

# Consolidated Income Statement

*for the year ended 31 December 2023*

	NOTES	2023 USD'000	2022 USD'000
Revenue	3	262,019	341,106
Cost of sales	4	(160,651)	(159,365)
<b>Gross profit</b>		<b>101,368</b>	<b>181,741</b>
Unrealised fair value losses on unlisted equity instruments	12	(28,000)	(5,200)
Selling, general and administrative expenses	5	(56,486)	(60,097)
Other income		505	99
<b>Profit from operations</b>	3	<b>17,387</b>	<b>116,543</b>
Finance income	8	2,204	1,259
Finance costs	8	(3,022)	(3,147)
<b>Profit before taxation</b>		<b>16,569</b>	<b>114,655</b>
Taxation	9	(19,398)	(40,387)
<b>NET (LOSS)/PROFIT AFTER TAXATION</b>		<b>(2,829)</b>	<b>74,268</b>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the parent		(10,090)	56,779
Non-controlling interest		7,261	17,489
		<b>(2,829)</b>	<b>74,268</b>
<b>(Loss)/earnings per share attributable to the parent:</b>			
Basic – USD cents	21	<b>(0.8)</b>	<b>4.8</b>
Diluted – USD cents	21	<b>(0.8)</b>	<b>4.8</b>

*The accompanying notes form part of these Financial Statements.*



## SECTION 5.2

# Consolidated Statement of Comprehensive Income

*for the year ended 31 December 2023*

	2023 USD '000	2022 USD '000
<b>(Loss)/profit after taxation</b>	<b>(2,829)</b>	<b>74,268</b>
<b>Other comprehensive income/(loss):</b>		
Items that have been/may be reclassified subsequently to profit or loss:		
Exchange gain/(loss) arising on translation of foreign operations	424	(1,977)
<b>Total other comprehensive income/(loss)</b>	<b>424</b>	<b>(1,977)</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME</b>	<b>(2,405)</b>	<b>72,291</b>
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the parent	(9,638)	54,773
Non-controlling interest	7,233	17,518
	<b>(2,405)</b>	<b>72,291</b>

## SECTION 5.3

# Consolidated Statement of Financial Position

*as at 31 December 2023*

	NOTES	2023 USD'000	2022 USD'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	356,589	336,765
Intangible assets	11	65,967	56,139
Unlisted equity investments	12	4,000	32,000
Deferred tax assets	9	6,064	6,307
Other non-current assets	14	23,653	14,124
<b>Total non-current assets</b>		<b>456,273</b>	<b>445,335</b>
<b>Current assets</b>			
Inventory	13	109,657	110,625
Trade and other receivables	14	78,967	99,639
Current tax receivable		1,373	–
Cash and cash equivalents		51,621	118,526
<b>Total current assets</b>		<b>241,618</b>	<b>328,790</b>
<b>Total assets</b>		<b>697,891</b>	<b>774,125</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	9	70,877	76,780
Lease liabilities	18	755	1,166
Provisions	17	3,442	6,544
Other non-current payables	15	8,034	5,000
<b>Total non-current liabilities</b>		<b>83,108</b>	<b>89,490</b>
<b>Current liabilities</b>			
Trade and other payables	15	47,930	44,158
Current tax payable		–	33,351
Borrowings	16	40,474	14,007
Lease liabilities	18	415	1,166
Provisions	17	2,471	10,856
<b>Total current liabilities</b>		<b>91,290</b>	<b>103,538</b>
<b>Total liabilities</b>		<b>174,398</b>	<b>193,028</b>
<b>Net assets</b>		<b>523,493</b>	<b>581,097</b>
<b>EQUITY</b>			
Share capital	19	12	12
Share premium	19	486,688	494,483
Cumulative translation reserve		3,681	3,229
Option reserve	20	4,295	4,911
Retained deficit		(56,504)	(12,126)
<b>Attributable to equity holders of the parent</b>		<b>438,172</b>	<b>490,509</b>
Non-controlling interest	22	85,321	90,588
<b>Total equity</b>		<b>523,493</b>	<b>581,097</b>

The Financial Statements were approved and authorised for issue by the Directors on 21 March 2024 and were signed on their behalf by:

David Lovett  
Director

Sean Gilbertson  
Director

*The accompanying notes form part of these Financial Statements.*

## SECTION 5.4

# Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	NOTES	2023 USD'000	2022 USD'000
<b>Cash flow from operating activities</b>			
Profit for the year before tax		16,569	114,655
<i>Adjustments for:</i>			
Unrealised fair value losses	12	28,000	5,200
Other fair value losses		–	35
Depreciation and amortisation	3	36,931	37,671
Write down of inventory and other assets	3	729	6,172
Share-based payments	5	96	150
Net finance expenses	8	818	1,888
Net foreign exchange losses	5	2,832	978
Profit on sale of fixed assets		(535)	–
<i>Change in operating assets and liabilities:</i>			
Decrease/(increase) in trade and other receivables		12,053	(18,987)
Increase in trade and other payables		5,070	5,112
Decrease/(increase) in inventory		851	(278)
(Decrease)/increase in provisions		(10,930)	6,675
<b>Cash generated from operations</b>		<b>92,484</b>	<b>159,271</b>
Tax paid		(57,252)	(39,772)
<b>Net cash generated from operating activities</b>		<b>35,232</b>	<b>119,499</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(10,368)	(6,322)
Purchase of property, plant and equipment		(57,931)	(27,768)
Disposal of property, plant and equipment		535	–
Interest received		1,832	481
Cash advances and loans made to related parties	14	(8,100)	(6,500)
Increase in investment in an associate		(499)	(857)
<b>Net cash utilised in investing activities</b>		<b>(74,531)</b>	<b>(40,966)</b>
<b>Cash flows from financing activities</b>			
Cash paid in Group share buy-back programme		(9,870)	–
Issue of shares		2,075	6,080
Proceeds from borrowings	16	40,474	15,242
Repayments of borrowings	16	(14,007)	(35,970)
Cash payments of principal on leases	18	(1,432)	(1,639)
Interest paid		(2,870)	(2,752)
Dividends paid to shareholders of the parent company		(35,000)	(35,000)
Dividends paid to non-controlling interest in Kagem		(5,000)	(1,500)
<b>Net cash utilised in financing activities</b>		<b>(25,630)</b>	<b>(55,539)</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(64,929)</b>	<b>22,994</b>
Cash and cash equivalents at the beginning of the year		118,526	97,720
Net foreign exchange loss on cash		(1,976)	(2,188)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>51,621</b>	<b>118,526</b>

The accompanying notes form part of these Financial Statements.

## SECTION 5.5

# Consolidated Statement of Changes in Equity

*for the year ended 31 December 2023*

	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
<b>Balance at 1 January 2023</b>	12	494,483	3,229	4,911	(12,126)	490,509	90,588	581,097
Profit for the year	–	–	–	–	(10,090)	(10,090)	7,261	(2,829)
Other comprehensive income/(loss)	–	–	452	–	–	452	(28)	424
<b>Total comprehensive income/(loss)</b>	–	–	452	–	(10,090)	(9,638)	7,233	(2,405)
Share options recognised during the year	–	–	–	96	–	96	–	96
Share options exercised during the year	–	2,075	–	(597)	597	2,075	–	2,075
Share options lapsed/ forfeited during the year	–	–	–	(115)	115	–	–	–
Share buy-back	–	(9,870)	–	–	–	(9,870)	–	(9,870)
Dividends declared	–	–	–	–	(35,000)	(35,000)	(12,500)	(47,500)
<b>Total contributions to owners</b>	–	(7,795)	–	(616)	(34,288)	(42,699)	(12,500)	(55,199)
<b>Balance at 31 December 2023</b>	12	486,688	3,681	4,295	(56,504)	438,172	85,321	523,493

*The accompanying notes form part of these Financial Statements.*

	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
<b>Balance at 1 January 2022</b>	<b>11</b>	<b>488,404</b>	<b>5,235</b>	<b>7,303</b>	<b>(36,447)</b>	<b>464,506</b>	<b>79,695</b>	<b>544,201</b>
Profit for the year	-	-	-	-	56,779	56,779	17,489	74,268
Other comprehensive income/(loss)	-	-	(2,006)	-	-	(2,006)	29	(1,977)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>(2,006)</b>	<b>-</b>	<b>56,779</b>	<b>54,773</b>	<b>17,518</b>	<b>72,291</b>
Share options recognised during the year	-	-	-	150	-	150	-	150
Share options exercised during the year	1	6,079	-	(1,194)	1,194	6,080	-	6,080
Share options lapsed/forfeited during the year	-	-	-	(1,348)	1,348	-	-	-
Dividends declared	-	-	-	-	(35,000)	(35,000)	(6,625)	(41,625)
<b>Total contributions to owners</b>	<b>1</b>	<b>6,079</b>	<b>-</b>	<b>(2,392)</b>	<b>(32,458)</b>	<b>(28,770)</b>	<b>(6,625)</b>	<b>(35,395)</b>
<b>Balance at 31 December 2022</b>	<b>12</b>	<b>494,483</b>	<b>3,229</b>	<b>4,911</b>	<b>(12,126)</b>	<b>490,509</b>	<b>90,588</b>	<b>581,097</b>

*The accompanying notes form part of these Financial Statements.*

## SECTION 5.6

# Notes to the Consolidated Financial Statements

*for the year ended 31 December 2023*

## 1. BASIS OF PREPARATION

Gemfields Group Limited (or “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 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 38 to 57.

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 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), UK Adopted International Accounting Standards, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa (the “FRSC Pronouncements”). IFRS as adopted by the UK differs in certain respects from IFRS as issued by the IASB. However, the differences have no impact on the Group’s Consolidated Financial Statements for the years presented. The Consolidated Financial Statements also comply with the JSE Listings Requirements, the AIM Rules for Companies and The Companies (Guernsey) Law, 2008 and show a true and fair view.

The significant accounting policies applied in preparing these Consolidated Financial Statements are set out in Note 2: *Accounting Policies*. These policies have been consistently applied throughout the period.

The Consolidated Financial Statements have been prepared under the historical cost convention except as where stated.

### *Foreign currency*

The Consolidated Financial Statements are presented in United States Dollars (“USD”), rounded to the nearest thousand (USD’000), except where otherwise indicated. This means that these financial statements can be compared with those of similar companies.

### *Basis of consolidation*

The Consolidated Financial Statements incorporate the financial information of Gemfields Group Limited as well as its subsidiary undertakings made up to 31 December each year. The results of subsidiaries acquired or disposed during the year are included in profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other Group entities and within these Consolidated Financial Statements.

All significant intercompany transactions and balances between Group entities are eliminated on consolidation.

## 1. BASIS OF PREPARATION (CONTINUED)

### *New and amended standards which are effective for these Consolidated Financial Statements*

Certain new and amended accounting standards and interpretations have been applied by the Group for the first time for the annual reporting period commencing on 1 January 2023. These have not had any material impact on the disclosures or on the amounts reported in these Consolidated Financial Statements, nor are they expected to significantly affect future periods.

- IFRS 17 Insurance contracts
- Amendments to IAS 8 Definition of accounting estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of accounting policies
- Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction
- International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

### *New and amended standards which are not yet effective for these Consolidated Financial Statements*

The following new and amended accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2023, nor have they been adopted early by the Group. There are no other standards, amendments or interpretations in issue but not yet adopted that the Directors anticipate will have a material impact on the Group's Consolidated Financial Statements in the current or future reporting periods.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

### *Climate change*

Management has considered the impact of climate change on Group's business models, cash flows, financial position and financial performance, and does not think the effect of climate-related matters is material. The Group does not have any assets or liabilities for which measurement is directly linked to climate change performance. Further information on the impact of climate-related risks and opportunities on the Group's business activities, strategy and financial planning can be found within Section 2.5 of this Annual Report.

### *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 2.2. The financial performance and position of the Group, its cash flows and available debt facilities are described in the Finance Review on pages 30 to 37.

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 2023 the Group generated revenues of USD262.0 million (USD241.3 million in auction revenues, USD3.8 million in direct sales, USD15.7 million in Fabergé sales, and USD1.2 million in cut and polished sales). Directors remain confident in the current high level of market demand for gemstones. The Group's gross cash position lands at USD51.6 million in December 2023 with USD38.5 million auction receivables (USD0.6 million from Kagem and USD37.9 million from MRM). All auction receivables had been fully collected by the date of these Consolidated Financial Statements. As at 31 December 2023, the Group had outstanding debt of USD40.5 million (MRM USD20.4 million and Kagem USD20.1 million), with available facilities of USD24.5 million.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 1. BASIS OF PREPARATION (CONTINUED)

#### *Going Concern* (continued)

In relation to the existing borrowings and available facilities, in the first half of 2023, Kagem repaid the USD10.0 million revolving credit facility with ABSA Zambia Plc that was outstanding as at 31 December 2022. A new agreement with ABSA Zambia was entered into during the period, for a USD15.0 million overdraft facility at an interest rate of 4.5%+ three-month SOFR. Under this facility USD7.3 million was outstanding as at 31 December 2023. In addition, in February 2023, Kagem entered into a USD15.0 million overdraft facility with FNB Zambia Ltd at a 5.5% fixed interest rate. As at 31 December 2023, the outstanding balance under this facility was USD12.8 million. These facilities are not subject to any covenants.

Furthermore, in 2016, MRM entered into unsecured overdraft facilities with ABSA Mozambique SA (USD15.0 million) and BCI (USD15.0 million, increased to USD20.0 million on 5 July 2023). The outstanding overdraft balance as at 31 December 2023 was USD20.4 million, comprised of USD11.3 million at ABSA and USD9.1 million at BCI. There are no covenants attached to these overdrafts except that the overdrafts should be cleared to nil at least once a year during the renewal period.

MRM is in the process of securing two additional debt facilities to finance the construction of a second processing plant. In August 2023, MRM entered into a contract with Consulmet (Africa) Limited (“Consulmet”) to construct this second processing plant for approximately USD70.0 million; the first payment of 20% of the total cost was made on 11 August 2023. 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 debt facilities will be available in 2024 as Management is confident of securing these loans based on ongoing communications with financial institutions. In the remote case of not being able to secure one of the additional facilities the Group will be able to manage its cash flows with saving measures that are within the Group’s control.

Given the lower investment during 2020 and 2021 due to COVID-19, Kagem invested in mining equipment in 2023 and will continue with steady capital spend in 2024. MRM will also focus on mining fleet replacements and capital repairs in 2024 as well as investment in the second processing plant.

The Group has also resumed the investment programme for the development assets in Mozambique (MML, ERM, CDJ and NRL). 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, jewellery sales and inaugural gold and ruby sales by development assets. Capital expenditures mainly comprise investments in mining equipment and infrastructural development. All existing debt facilities are 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. All mitigations resulting from the cancellation of the emerald auction have been taken into account, including measures related to managing certain costs and expenses. 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 30 September 2025; and (ii) insurgency scenario assuming four insurgency months in May and June of 2024 and 2025.



## 1. BASIS OF PREPARATION (CONTINUED)

*Going Concern* (continued)*(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 (Madagascar, MML, ERM and NRL).
- 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 USD44.1 million in the going-concern period (January 2024 to September 2025), 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 four months in the going-concern period. In this case, the Directors have assumed the following:

- Operations at MRM cease for four months May–June 2024 and May–June 2025, referred to as “insurgency months”.
- MRM auction revenues reduce by 10% compared to the base case in FY24 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 at Kagem and MRM was also performed. In the remote event that Kagem and MRM auction revenues drive total Group revenue to drop below USD214.9 million in 2024 (which represents a decrease of 18% and 37% from the actual Group revenue achieved in 2023 and 2022 respectively), additional measures may be required, including the implementation of cost optimisation and savings without curtailing production capability and further financing.

**Summary**

The Board 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 September 2025 by applying cash-saving actions that are fully 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 test to be highly implausible considering the significant drop in revenue and positive trend seen in prices over the last year.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 1. BASIS OF PREPARATION (CONTINUED)

#### *Going Concern* (continued)

Considering the analysis above, the Directors concluded that no material uncertainties are present at the date of signing these Consolidated Financial Statements that would cast significant doubt over the Group's ability to continue as a going concern. The Directors have therefore adopted the going-concern basis within these Consolidated Financial Statements.

### 2. ACCOUNTING POLICIES

#### 2.1 *Critical accounting judgements, estimates and assumptions*

In preparing these Consolidated Financial Statements in conformity with IFRS, the Directors are required to make necessary judgements, estimates and assumptions about the carrying amounts of assets and liabilities where information is not readily available from other sources. Judgements are based on the Directors' best knowledge of the relevant facts and circumstances, having regard to prior experience. Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may, however, differ from these judgements and estimates.

The estimates and underlying assumptions applied are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgements, key assumptions and sources of estimation uncertainty concerning the future that arise mainly from the nature of the Group's mining operations and which the Directors believe are likely to have the greatest effect on the amounts recognised in the Consolidated Financial Statements. The qualitative disclosures regarding these sources of estimation uncertainty are presented because the Directors consider these to be relevant and useful in understanding the Financial Statements of the Group.

#### 2.1.1 **Critical accounting judgements**

##### *Revenue recognition*

The critical accounting judgement surrounding revenue recognition relates to the identification of the specific performance obligations arising on sales of rough gemstones, from which the Group's revenue is predominantly derived. Revenue is recognised at the point at which such specified performance obligations are determined to have been met.

Rough gemstone sales are transacted through a competitive auction process and the performance obligation is determined to be satisfied at the point at which an auction is awarded to a buyer. Each individual customer enters into a sale agreement with the Group once a winning bid is awarded. The transaction price is determined as the winning bid price per parcel sold. Once the sales contract has been agreed by both parties, gemstones are placed with a custody agent who is legally bound by the sale agreement to deliver the goods to the buyer once they are paid for. If the customer does not pay the auction price by the specified due date, the Group has the right to sue the customer for payment, but may also choose to sell the gems to another party. The Group determines control to have passed to a buyer at the point at which an auction is awarded and goods have been invoiced at an amount agreed between the parties. In particular, in line with the terms and conditions of the Group's auction contracts, the Group considers the ability of the customer to prevent the Group from accessing the gemstones after the auction date and the ability of the Group to sue for payment in the event payment is not made by the due date to be the most substantive rights under the contract. The ability of the Group to sell the gemstones to another party, which arises only if payment is not made by the due date, is considered a right that primarily protects the Group's credit risk and does not give the Group ongoing control of the goods.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 *Critical accounting judgements, estimates and assumptions* (continued)

The Group also generates revenues from the sales of cut and polished gemstones and retail, wholesale and web sales, the accounting policies for which are detailed in the Significant Accounting Policies section below. Refer to Note 3: *Segmental reporting* for further details of revenue by segments.

#### 2.1.2 Key sources of estimation uncertainty

##### *Estimation of cash flows included in going-concern assessment*

In forming its opinion on going concern, the Board prepares a working capital forecast based upon its assumptions related to the future trading performance of the Group, as well as taking into account available borrowing facilities in line with the capital management policies referred to in Note 16: *Borrowings*. The Board also prepares a number of alternative scenarios, modelling the business variables and key risks and uncertainties. Full details of the going-concern assessment are set out in Note 1: *Basis of Preparation*.

##### *Determination of the recoverable value of the Group's cash-generating units*

Recoverable value is determined as the higher of fair value less costs to sell and value-in-use of a cash-generating unit ("CGU"), which is calculated on the basis of discounted future cash flows. The determination of recoverable value therefore requires management to make estimates and assumptions about a number of key factors that are subject to risk and uncertainty, including: expected production and sales volumes; gemstone prices (considering current and historical prices, price trends and related factors); reserves; operating costs; closure and rehabilitation costs; the life of mine; future capital expenditure; economic and regulatory climates; and the applicable discount rate.

The Directors consider the critical estimates in determining these recoverable values to be the future estimates of the rough emerald and beryl prices and ruby and corundum prices, as well as the discount rate applied to the calculations. Any changes to the assumptions adopted in the calculation of the recoverable amount, individually or in aggregate, would result in a different valuation being determined.

There is inherent judgement in the estimation of rough emerald and rough ruby prices as they are not traded on a public exchange, with most transactions occurring in private auctions. The Group therefore determines future prices based on the historic price and product mix trends for each commodity.

Further details on the key estimates relating to the valuation of the Group's CGUs and details of the impairment assessment completed at 31 December 2023 are disclosed in Note 10: *Property, plant and equipment*.

##### *Determination of ore reserves and mineral resources*

The estimation of ore reserves primarily impacts the depreciation charge of evaluated mining assets, referred to in Note 10: *Property, plant and equipment*, which are depreciated based on the quantity of ore reserves at the respective mining operation. Reserve volumes are also used in calculating whether an impairment charge should be recorded where an impairment indicator exists.

The Group estimates its ore reserves and mineral resources based on information, compiled by appropriately qualified persons, relating to geological and technical data on the size, depth, shape and grade of the ore body and related to suitable production techniques and recovery rates. The estimate of recoverable reserves is based on factors such as gemstone prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body.

There are numerous uncertainties inherent in estimating ore reserves and mineral resources. Consequently, assumptions that are valid at the time of estimation may change significantly if and when new information becomes available.

The Gemstone Resources and Gemstone Reserves Report 2019, which contains a thorough review of the gemstone resources and gemstone reserves at 31 December 2019, and details the location, geology, mining, processing, operating statistics, and changes at the applicable mining operations and projects, is available online at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com). This report was completed by a third party and the Competent Person's Reports can also be found at [www.gemfieldsgroup.com](http://www.gemfieldsgroup.com). In 2023 and 2022, internal competent persons conducted a review of the detailed 2019 report. The condensed version of the 2019 report, updated for 2023 and 2022 activity, can be found on page 60 of this report for Kagem and on page 64 for MRM.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.1 *Critical accounting judgements, estimates and assumptions* (continued)

##### *Valuation of the Fabergé cash-generating unit, including the Fabergé trademarks and brand*

The Fabergé trademarks and brand are a significant asset in the Consolidated Statement of Financial Position. The Directors have determined that the asset has an indefinite useful life, as it is probable that the future economic benefits that are attributable to the asset will flow to the entity indefinitely, and therefore, in accordance with IAS 36 Impairment of Assets, the asset is considered for impairment on an annual basis.

Trademarks are inherently complex to value, with several alternative valuation methodologies considered under IAS 36 Impairment of Assets. For the year ended 31 December 2023 and consistent with the prior year, the Directors applied a Market Approach – Revenue Multiple method to the valuation of the Fabergé. The key estimate applied in the valuation is the basis of the determined future revenues for the CGU. The estimate considers historic realised sales data over a 12-month look-back period, management's forecast revenues for next 12 months based on the latest Board-approved budget. Additionally, IFRS revenues over a three-year look-back period are used for sensitivity analysis.

While the Directors remain optimistic regarding the performance of the CGU, future revenues of the CGU remain uncertain. This therefore directly impacts the estimation uncertainty surrounding the valuation of the Fabergé CGU at 31 December 2023.

Changes to the assumptions adopted in the calculation of the fair value of the CGU, individually or in aggregate, could result in a different valuation being determined. Refer to Note 11: *Intangible assets* for further details of the key estimates relating to the valuation and details of the impairment assessment completed at 31 December 2023.

##### *Assessment of fair value of the Group's unlisted equity investments*

The Group holds an unlisted equity investment in Sedibelo Resources Limited (previously Sedibelo Platinum Mines Limited) ("Sedibelo" or "SPM"). As the investment in Sedibelo is unlisted, it falls under Level 3 of the fair value hierarchy prescribed by IFRS 13 Fair Value Measurement, meaning that the valuation cannot be based on observable market data. Inputs to measure fair value of assets falling under Level 3 of the hierarchy are inherently complex due to the judgements, estimates and assumptions applied by the Directors across a range of key factors.

For the year ended 31 December 2023 and consistent with the prior year, the Directors applied a Market Approach – Trading Multiples methodology to the valuation of Sedibelo. Through this a number of different financial and non-financial metrics were considered, with a different weighting applied to each in determining the final fair value of the investment. Key sources of estimation uncertainty applied to the valuation included: future revenue and EBITDA estimates; mineral reserve, mineral resource and production estimates; the weighting applied to each of the financial and non-financial metrics; and the level of discount applied for lack of marketability.

Changes to the assumptions adopted in the calculation of the fair value of Sedibelo, individually or in aggregate, could result in a different valuation being determined. Refer to Note 12: *Unlisted equity investments* for further details of the key estimates relating to the valuation and details of the fair value assessment completed at 31 December 2023.

##### *Inventory valuation*

The Group reviews the net realisable value of, and demand for, its inventory on a bi-annual basis in order to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include competitor actions and economic trends. The Directors use their experience, market data and trend analysis when undertaking these reviews. Refer to Note 13: *Inventory* for further details.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.1 *Critical accounting judgements, estimates and assumptions* (continued)

#### *Inherent uncertainties in interpreting tax legislation*

The Group is subject to uncertainties relating to the determination of its tax liabilities and the timing of the recovery of tax refunds. Mozambican and Zambian tax legislation and practice are in a state of continuous development and, therefore, are subject to varying interpretations and changes which may be applied retrospectively. The Directors' interpretation of tax legislation as applied to the transactions and activities of the Group may not coincide with that of the tax authorities. As a result, the tax authorities may challenge transactions and the Group may be assessed with additional taxes, penalties and fines or be refused refunds, which could have a material, adverse effect on the Group's financial performance or position.

Historical tax years relating to various companies within the Group remain open for inspection during a future tax audit. Consequently, the tax figures recorded in the Consolidated Financial Statements for these years may be subject to change.

The Directors believe that the Group is in substantial compliance with the tax laws promulgated in all the jurisdictions in which it operates, and with any contractual terms entered into that relate to tax which affect its operations, and that, consequently, no additional, material tax liabilities will arise. However, due to the reasons set out above, the risk remains that the relevant tax authorities may take a different position with regard to the interpretation of contractual provisions or tax law (inclusive of corporate income taxes, value-added tax and subsoil-use legislation). The resulting effect of any positions taken by the tax authorities that differ from those of the Directors is that additional tax liabilities may arise, or that the timing of refunds due may take longer than expected or may be refused.

Due to the range of uncertainties described above, the Directors have made their best efforts to estimate the financial effect of potential additional tax liabilities, if any, together with any associated penalties and charges, for which the Group may be liable, but cannot include every eventuality.

### 2.2 *Significant accounting policies*

#### **Foreign currencies**

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the Group's Consolidated Financial Statements, the results and financial position of each Group company are expressed in USD, which is the functional currency of the Company and the presentational currency for the Consolidated Financial Statements.

Transactions entered into by Group companies are recorded in their functional currencies at the exchange rate on the day of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised in the Income Statement. On consolidation, all assets and liabilities of overseas operations are translated into USD at the rate ruling at the reporting date.

Where the functional currency of a subsidiary is not USD, the exchange differences that arise on translating i) the closing net assets at the closing rate at the balance sheet date, and ii) the income statement results at average exchange rates (unless these average rates are not reasonable approximations of the cumulative effect of the prevailing rate transaction dates, in which case actual rates are used) are recognised directly in equity in the cumulative translation reserve.

Exchange differences recognised in the Income Statement of the Group's subsidiaries' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the cumulative translation reserve on consolidation.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.2 *Significant accounting policies* (continued)

The key exchange rates impacting these Consolidated Financial Statements are detailed in the table below.

	2023		2022	
	SPOT	AVERAGE	SPOT	AVERAGE
Mozambican metical (MZN)	63.20	63.20	63.20	63.20
Zambian kwacha (ZMW)	25.76	20.43	18.05	17.01
UK pound sterling (GBP)	0.79	0.80	0.83	0.81
South African rand (ZAR)	18.28	18.43	16.97	16.35

#### Subsidiaries

The Group is deemed to control an investee if it has all of the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the Group's returns.

If these three criteria are not met, then the investee is determined to not be a subsidiary of the Group and its results will not be consolidated into these financial statements.

Subsidiaries are consolidated into the Group's financial statements on a line-by-line basis. They are deconsolidated from the date on which control ceases.

IFRS 3 *Business Combinations* gives the choice, on a transaction-by-transaction basis, to initially recognise any non-controlling interest in the acquiree that is a present ownership interest and entitles its holders to a proportionate share of the entity's net assets in the event of liquidation at either acquisition date fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. Other components of non-controlling interest such as outstanding share options are generally measured at fair value.

The total comprehensive income of non-wholly-owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

#### Revenue

The Group recognises revenue at the point at which performance obligations related to the sale are determined to have been met. The Group recognises revenue under the following categories:

- i) Rough gemstones – the performance obligation is met at the point at which the auction is awarded to the customer. Refer to the Critical Accounting Judgements section above for further details.
- ii) Cut and polished gemstones – the performance obligation is met through the supply of goods to the customer and control is determined to have passed at the point of delivery.
- iii) Retail, wholesale and web sales – the performance obligation is met through the supply of goods to the customer and control is determined to have passed at the point of delivery.

The transaction price is determined as per the individual contracts or agreements, including final winning bids. There is no variable consideration included in the Group's contracts, and payment terms within the Group are usually less than 120 days.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 *Significant accounting policies* (continued)

#### **Investment income and expenses**

*Unrealised fair value gains and losses* – these amounts are movements in the carrying value of investments during the period. Foreign exchange gains and losses on investments are included within these fair value gains and losses.

*Realised gains and losses* – these amounts may arise on divestments, acquisitions, equity-for-equity swaps, loan conversions and similar transactions. The gains/losses usually represent the difference between the fair value of the consideration received and the fair value of the assets disposed of as part of the transaction. Realised is used to describe gains or losses on transactions where assets are either realised in return for cash or cash equivalents, or for other assets such as new equity interests or similar.

#### **Mineral royalties and production taxes**

The Group recognises mineral royalties and production taxes following the sale of rough gemstones at auction. Mineral royalties and production taxes are based on the fixed percentage of the final sales price achieved at auction applicable at the time.

#### **Taxation**

Taxation for the year comprises current and deferred tax. Current and deferred tax is charged or credited to the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case the taxation effect is recognised in equity.

##### *Current taxation*

The current tax expense or credit is the amount of taxes estimated to be payable or recoverable in respect of the taxable profit or loss for a period, as well as adjustments to estimates in respect of previous periods. It is calculated on the basis of the tax laws and rates enacted or substantively enacted at the balance sheet date in countries where the Group operates and generates taxable income.

##### *Deferred taxation*

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the temporary differences can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax assets/(liabilities) are recovered/(settled) and taking account of the expected manner of recovery/(settlement) of the associated asset/(liability).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group companies which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

The Group has applied the exemption in IAS 12 Income Taxes to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.2 *Significant accounting policies* (continued)

##### **Property, plant and equipment**

Property, plant and equipment is stated at historic cost less accumulated depreciation and accumulated impairment losses. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Evaluated mining properties are amortised on the basis of ore mined in the year set against the total probable ore reserves, as detailed in the section below. Depreciation is provided on all other items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives and is recognised within cost of sales. It is applied at the following rates:

<b>Tangible asset</b>	<b>Depreciation rate</b>
Buildings	5% per annum straight-line
Plant, machinery and motor vehicles	20–25% per annum straight-line
Fixtures, fittings and equipment	20–33% per annum straight-line
Evaluated mining properties	Unit of production based on the estimated reserves

Useful lives are based on management's estimates of the period over which an asset is expected to be available for use by the Group, or the amount of production expected to be obtained from the asset by the Group. The useful lives and residual values (where applicable) of the tangible assets are reviewed annually.

The carrying value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Any reversal of the impairment is determined using the depreciated historic cost of the specific asset.

##### *Mining assets – evaluated mining properties*

Following the determination of the commercial and technical viability of a mining project the relevant expenditure, including licence acquisition costs, is transferred from unevaluated mining properties within intangible assets to evaluated mining properties within property, plant and equipment. Exploration expenditure transferred to property, plant and equipment is subsequently depreciated using a unit-of-production method. The Group calculates depreciation based on the ratio of ore mined during the period to the total brought-forward ore reserve, based on the proven and probable estimated reserves. Expenditure deemed to be unsuccessful is written off to the Consolidated Income Statement.

##### *Deferred stripping costs*

Stripping costs incurred in the development of a mine or pit before production commences are capitalised as part of the cost of constructing the mine or pit and subsequently amortised over the life of the mine on a unit-of-production basis.

Production stripping costs related to accessing an identifiable component of the ore body to realise benefits in the form of improved access to the ore to be mined in the future are capitalised as a separate asset (deferred stripping asset) within property, plant and equipment.

Deferred stripping assets are amortised over the identified component of the ore body that becomes more accessible as a result of the stripping activity. Specifically, the calculation of amortisation for deferred stripping costs is the ratio of ore mined within the reaction zone (the ore body that becomes more accessible as a result of the stripping activity) to the total ore estimated and identified within the reaction zone exposed by the stripping activity. The judgements made are supported by technical data.



## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 *Significant accounting policies* (continued)

Where stripping is undertaken alongside ongoing, continuous mining, the related costs are expensed to the Consolidated Income Statement as mining and production costs during the period in which the costs have been incurred.

#### **Intangible assets**

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic life. Amortisation is recognised within cost of sales.

Trademarks, which have an indefinite useful economic life, are initially recognised at fair value and reviewed for impairment annually. An intangible asset is deemed to have an indefinite life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group.

An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. The amounts attributed to such intangibles are arrived at using appropriate valuation techniques.

The useful economic lives of significant intangibles recognised by the Group are as follows:

<b>Intangible asset</b>	<b>Useful economic life</b>
Trademarks and Fabergé brand	Indefinite
Software	3 years
Fabergé customer list	6 years

The useful lives and residual values (where applicable) of the intangible assets are reviewed annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

#### *Unevaluated mining properties*

The Group follows an accounting policy for exploration and appraisal assets that is based on the successful-efforts accounting method.

Initial exploration and evaluation expenditure incurred in relation to project areas to which the Group's licences and rights relate are capitalised on a project-by-project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses, but not general overheads. Where a licence is relinquished or a project is abandoned, or it is considered to be of no further commercial value to the Group, the related costs are written off to the Consolidated Income Statement.

If a mining development project is successful, the related expenditures are transferred to property, plant and equipment, at which point they are assessed for impairment. Subsequently, costs are amortised over the estimated life of the commercial ore reserves using a unit-of-production method. The calculation is based on proved and probable ore reserves attributable to the specific asset.

#### **Impairment**

Impairment tests on intangible assets with indefinite useful economic lives are undertaken on an annual basis.

Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may be different from their recoverable amount. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value-in-use and fair value less costs to sell), the asset is written down. Where the carrying value of an asset is below its recoverable amount, any historic impairment charged in respect of the asset is reversed accordingly.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.2 *Significant accounting policies* (continued)

##### **Investments**

If an equity interest held by the Group is under 20%, it is recognised in the Statement of Financial Position as an investment and accounted for at fair value in accordance with IFRS 13 through the provisions under IFRS 9.

All equity investments with a holding of less than 20% are initially recognised at their fair value, with any subsequent changes in the assessed fair value being recognised in the Income Statement as unrealised fair value gains or losses.

Dividends are recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends are recognised in other income in the Income Statement.

##### *Unlisted equity investments*

A number of different valuation methods can be used when assessing the fair value of the Group's unlisted equity investments. Appropriate methods include the discounted cash flow or earnings of the underlying investment, a market-based approach applying comparable company valuation multiples or valuing the investment in line with the price of a recent third-party, arm's-length transaction. Discounts for illiquidity may be applied to valuations where appropriate, in accordance with the relevant accounting standards. The Group engages the services of independent third-party valuation experts to assist with the valuation of its unlisted equity investments where the valuations are particularly complicated or subjective.

##### **Inventory**

Inventory relating to rough gemstones has been valued at the lower of cost, determined on the weighted-average basis, and net realisable value. Cost includes direct production costs, depreciation of mining equipment and amortisation of the mining asset, and deferred stripping costs. Net realisable value of rough gemstones is the estimated market value, split by grade and based on past auctions, less estimated costs to sell. Due to the nature of the Group's operations, in the event that mining operations become temporarily suspended for a prolonged period of time, certain direct production costs will still be incurred by the Group. In such an event, production costs are not capitalised to inventory during the period of non-operation but are expensed directly to the Consolidated Income Statement as and when incurred.

During the process of extracting emeralds and rubies, beryl and corundum are also produced. This production is treated as a by-product and is measured at net realisable value. The net realisable value is accounted for as a contribution to the costs of producing emeralds and rubies in the equivalent period. Upon sale of the by-products, the sale is recognised as revenue, with any profit over its previous carrying value being recognised within gross profit in the period of sale.

Cut and polished gemstones, retail inventory and Fabergé inventory are initially recognised at cost, and, subsequently, at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on expected sales price, less estimated costs to sell.

##### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 *Significant accounting policies* (continued)

#### *Provision for decommissioning and restoration*

A provision for decommissioning and restoration costs is recognised at the commencement of mining. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements and based on management's best estimate of the future potential costs. The estimated future cash flows are then discounted to their present value using a risk-free discount rate, which is based on the Group's current market assessment of the time value of money relevant to the country of operation of the associated cash-generating unit.

A corresponding evaluated mining property asset is also recorded within property, plant and equipment at an amount equivalent to the provision and is subsequently depreciated as part of the associated evaluated mining property. Any change in the present value of the estimated future expenditure is reflected and adjusted against the provision and evaluated mining property, unless the asset to which the provision relates has been impaired, in which case the reversal of the provision is taken through the Consolidated Income Statement.

#### **Share-based payments**

The Company may issue equity-settled share-based payments in the form of share options to certain Directors. Equity-settled share-based payments are measured at fair value at the date of grant, using a Black–Scholes valuation model and Monte Carlo simulation. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest, with the corresponding credit being recorded in the option reserve.

At the end of each reporting period the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to the option reserve.

#### **Financial Instruments**

##### *Financial assets*

Financial assets are initially recognised at fair value, usually being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification. The group classifies its financial assets in the following categories:

- Financial assets measured at amortised cost; and
- Financial assets measured at fair value through profit and loss.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group's policy with regard to credit risk management is set out in Note 23: *Financial instruments*.

##### *Measurement*

###### *i) Financial assets measured at amortised cost*

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less any provision for impairment.

###### *ii) Financial assets measured at fair value through profit and loss*

Financial assets are recognised in this category when the asset does not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income. Such assets are carried on the balance sheet at fair value with gains or losses recognised in the income statement. This classification is only relevant for the Group's investments, as discussed in the Investments section above.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.2 *Significant accounting policies* (continued)

##### *Impairment*

Credit risk arises from the Group's financial assets which are carried at amortised cost, including cash and cash equivalents and outstanding receivables with auction and retail customers. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired based on the credit loss model set out in IFRS 9 Financial Instruments.

##### *i) Impairment – trade receivables*

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default in order to determine the lifetime expected credit loss for the trade receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses are presented as net impairment losses within operating profit/(loss).

##### *ii) Impairment – loans and other receivables*

Impairment provisions for other receivables and loans are recognised based on the IFRS 9 credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. Credit risk is assessed on an asset-by-asset basis. A key indicator that there has been a significant increase in credit risk is a failure to make contractual payments for a period of greater than 120 days past due. For financial assets where credit risk has not increased significantly since initial recognition, 12-month expected credit losses ("ECLs") along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime ECLs along with the gross interest income are recognised.

##### *iii) Impairment – related party receivables*

The Group also applies the IFRS 9 credit loss model to its related party loans. Both the 12-month ECL model and the lifetime ECL model require the Group to assess the probability of counterparty default and the expected loss given default.

The expected loss rates are based on management's assessment and understanding of the credit risk attached to the related party receivable and the expected repayment profile of that receivable, including the terms of any underlying loan contracts in place and management's assessment as to the sufficiency of the cash and liquid assets of the related party to repay the receivable when it falls due. The expected loss is multiplied by the assessed probability of non-payment to determine the expected credit loss.

Related party receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, failure of the related party to make contractual payments under the terms of the loan agreement, or a significant change in the operations of the related party.

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.2 *Significant accounting policies* (continued)

#### *Trade and other receivables*

The Group holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less any provision for impairment. Trade receivables are measured at their transaction price, i.e. the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. All amounts due from trade receivables have expected terms of less than six months and are therefore classified as current.

Prepayments for goods or services are not financial assets because they are associated with the receipt of goods or services and do not give rise to a present right to receive cash or any other financial asset.

#### *Cash and cash equivalents*

Cash and cash equivalents represent cash balances held at bank and on-demand deposits. Cash and cash equivalents are measured at amortised cost.

#### **Financial liabilities**

Financial liabilities include the following items:

#### *Trade and other payables*

Trade payables and other short-term monetary liabilities are initially measured at fair value and subsequently recognised at amortised cost using the effective interest rate method.

The initial measurement of a trade payable will be discounted to present value where the time value of money is deemed to be significant. Generally, on initial recognition, the transaction price giving rise to the liability to be settled in cash is regarded as the fair value.

#### *Borrowings*

Interest-bearing borrowings are financial liabilities with fixed or determinable payments. Interest-bearing borrowings are initially recognised at fair value, net of directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

#### *Derecognition of financial assets and financial liabilities*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or it is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

#### **Leases**

On inception of a contract the Group assesses whether it contains a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an identified asset is determined based on whether the Group has the right to obtain all the economic benefits from the use of the asset throughout the period of use and if the Group has the right to direct the use of the asset.

Lease obligations are recognised as a liability with a corresponding right-of-use asset at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 2. ACCOUNTING POLICIES (CONTINUED)

#### 2.2 *Significant accounting policies* (continued)

The corresponding right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs required to remove or restore the underlying asset, less any lease incentives received. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets with an annual cost of USD5,000 or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 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;
- Corporate – comprising sales of cut and polished gemstones, marketing, and technical and administrative services based in the UK, and the Group's investment in Sedibelo; and
- Other – includes sales and marketing offices.

## 3. SEGMENTAL REPORTING (CONTINUED)

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

*Income Statement*

1 JANUARY 2023 TO 31 DECEMBER 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 <sup>1</sup>	89,925	151,379	–	–	–	3,834	245,138
Jewellery	–	–	–	15,653	11	–	15,664
Cut and polished	–	–	–	–	905	312	1,217
<b>Revenue<sup>2</sup></b>	<b>89,925</b>	<b>151,379</b>	<b>–</b>	<b>15,653</b>	<b>916</b>	<b>4,146</b>	<b>262,019</b>
Mining and production costs <sup>3</sup>	(49,392)	(41,187)	(7,911)	–	–	–	(98,490)
Mineral royalties and production taxes	(5,565)	(15,138)	–	–	–	–	(20,703)
Marketing, management and auction (costs)/income	(11,240)	(16,284)	–	–	27,524	–	–
Change in inventory and cost of goods sold	(3,240)	4,030	–	(9,685)	(917)	(3,534)	(13,346)
Mining and production costs capitalised to intangible assets	–	–	8,140	–	–	–	8,140
Selling, general and administrative expenses <sup>4</sup>	(7,626)	(5,836)	(1,914)	(9,800)	(26,482)	(3,386)	(55,044)
Other income	76	76	36	172	34	111	505
<b>EBITDA<sup>5</sup></b>	<b>12,938</b>	<b>77,040</b>	<b>(1,649)</b>	<b>(3,660)</b>	<b>1,075</b>	<b>(2,663)</b>	<b>83,081</b>
Unrealised fair value losses	–	–	–	–	(28,000)	–	(28,000)
Other fair value gains/losses	–	–	–	–	–	62	62
Share-based payments	–	–	–	–	(96)	–	(96)
Depreciation and amortisation	(17,364)	(16,439)	(1,304)	(487)	(773)	(564)	(36,931)
Impairment (charges)/reversals <sup>6</sup>	(673)	1,132	–	330	(1,518)	–	(729)
<b>Profit/(loss) from operations</b>	<b>(5,099)</b>	<b>61,733</b>	<b>(2,953)</b>	<b>(3,817)</b>	<b>(29,312)</b>	<b>(3,165)</b>	<b>17,387</b>
Finance income	–	922	–	1	1,019	262	2,204
Finance costs	(1,519)	(1,236)	(26)	(117)	(114)	(10)	(3,022)
Taxation (charge)/income	2,666	(20,091)	37	738	(1,104)	(1,644)	(19,398)
<b>(Loss)/profit after taxation</b>	<b>(3,952)</b>	<b>41,328</b>	<b>(2,942)</b>	<b>(3,195)</b>	<b>(29,511)</b>	<b>(4,557)</b>	<b>(2,829)</b>

1 – In June and December 2023, two mixed-quality rough ruby auctions were held generating USD149.9 million. In March and September 2023, two commercial-quality rough emerald auctions, in June 2022, one higher-quality rough emerald auctions were held, generating USD89.9 million for the year. Additionally, in September 2023, a low-quality ruby auction was held that generated revenues of USD1.5 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, and inventory provisions, which are not included in Group's EBITDA.

4 – Excluding share-based payments of USD0.1 million, other fair value gain of USD0.06m, depreciation and amortisation of USD1.8 million and reversal of other asset write down of USD0.4 million (see Note 5) 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.

6 – Impairment (charges)/reversals include a USD0.6 million charge to slow-moving consumable inventory at Kagem, a USD0.6 million reversal on inventory impairment at MRM, a USD0.3 million inventory provision reversal at Fabergé, and a USD1.5 million inventory impairment related to Gemfields Limited legacy inventory, all of which are recorded within cost of sales. Additionally, a USD0.4 million reversal of other asset write down at MRM is recorded within selling, general, and administrative expenses during the year.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 3. SEGMENTAL REPORTING (CONTINUED)

#### *Income Statement*

1 JANUARY 2022 TO 31 DECEMBER 2022	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Rough gemstones <sup>1</sup>	148,638	166,688	–	–	–	7,533	322,859
Jewellery	–	–	–	17,552	–	–	17,552
Cut and polished	–	–	–	–	234	461	695
<b>Revenue<sup>2</sup></b>	<b>148,638</b>	<b>166,688</b>	<b>–</b>	<b>17,552</b>	<b>234</b>	<b>7,994</b>	<b>341,106</b>
Mining and production costs <sup>3</sup>	(46,100)	(35,251)	(5,487)	–	–	–	(86,838)
Mineral royalties and production taxes	(9,199)	(16,140)	–	–	–	–	(25,339)
Marketing, management and auction (costs)/income	(18,580)	(16,666)	–	–	35,246	–	–
Change in inventory and cost of goods sold	9,489	(4,901)	–	(9,876)	(189)	(7,540)	(13,017)
Mining and production costs capitalised to intangible assets	–	–	5,549	–	–	–	5,549
Selling, general and administrative expenses <sup>4</sup>	(10,816)	(10,875)	(1,505)	(9,154)	(20,919)	(2,520)	(55,789)
Other income	13	3	1	–	40	42	99
<b>EBITDA<sup>5</sup></b>	<b>73,445</b>	<b>82,858</b>	<b>(1,442)</b>	<b>(1,478)</b>	<b>14,412</b>	<b>(2,024)</b>	<b>165,771</b>
Unrealised fair value losses	–	–	–	–	(5,200)	–	(5,200)
Other fair value losses	–	–	–	–	–	(35)	(35)
Share-based payments	–	–	–	–	(150)	–	(150)
Depreciation and amortisation	(17,529)	(17,712)	(938)	(565)	(748)	(179)	(37,671)
Impairment charges <sup>6</sup>	–	(2,503)	–	(1,038)	–	(2,631)	(6,172)
<b>Profit/(loss) from operations</b>	<b>55,916</b>	<b>62,643</b>	<b>(2,380)</b>	<b>(3,081)</b>	<b>8,314</b>	<b>(4,869)</b>	<b>116,543</b>
Finance income	–	956	–	–	159	144	1,259
Finance costs	(2,116)	(543)	(240)	(248)	–	–	(3,147)
Taxation (charge)/income	(19,972)	(20,921)	(2)	5,117	(3,356)	(1,253)	(40,387)
<b>Profit/(loss) after taxation</b>	<b>33,828</b>	<b>42,135</b>	<b>(2,622)</b>	<b>1,788</b>	<b>5,117</b>	<b>(5,978)</b>	<b>74,268</b>

1 – In June and December 2022, two mixed-quality rough ruby auctions were held generating USD162.5 million. In April and September 2022, two commercial-quality rough emerald auctions, in May and November 2022, two higher-quality rough emerald auctions were held, generating USD148.6 million for the year. Additionally, in September 2022, a commercial-quality sapphire, corundum and low-quality ruby auction was held that generated revenues of USD4.2 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 2022.

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

4 – Excluding share-based payments of USD0.2 million, USD1.5 million of depreciation and amortisation and write down of other assets of USD2.6 million (see Note 5) 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.

6 – Impairment charges include a USD2.5 million adjustment to slow-moving consumable inventory at MRM, USD1.0 million inventory impairment at Fabergé recorded within cost of sales and USD2.6 million of other asset write downs recorded within selling, general and administrative expenses during the year.



## 3. SEGMENTAL REPORTING (CONTINUED)

*Change in inventory and cost of goods sold*

1 JANUARY 2023 TO 31 DECEMBER 2023	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
<b>Change in inventory and cost of goods sold</b>	<b>(3,240)</b>	<b>4,030</b>	<b>–</b>	<b>(9,685)</b>	<b>(917)</b>	<b>(3,534)</b>	<b>(13,346)</b>
<i>Split between:</i>							
Mining and production costs capitalised to inventory <sup>1,2</sup>	43,624	31,525	–	–	–	–	75,149
Depreciation capitalised <sup>1</sup>	17,364	16,439	–	–	–	–	33,803
Cost of goods sold in the period	(64,228)	(43,934)	–	(9,685)	(917)	(3,534)	(122,298)
	<b>(3,240)</b>	<b>4,030</b>	<b>–</b>	<b>(9,685)</b>	<b>(917)</b>	<b>(3,534)</b>	<b>(13,346)</b>

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* 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 2022 TO 31 DECEMBER 2022	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
<b>Change in inventory and cost of goods sold</b>	<b>9,489</b>	<b>(4,901)</b>	<b>–</b>	<b>(9,876)</b>	<b>(189)</b>	<b>(7,540)</b>	<b>(13,017)</b>
<i>Split between:</i>							
Mining and production costs capitalised to inventory <sup>1,2</sup>	41,423	28,123	–	–	–	–	69,546
Depreciation capitalised <sup>1</sup>	17,529	17,712	–	–	–	–	35,241
Cost of goods sold in the period	(49,463)	(50,736)	–	(9,876)	(189)	(7,540)	(117,804)
	<b>9,489</b>	<b>(4,901)</b>	<b>–</b>	<b>(9,876)</b>	<b>(189)</b>	<b>(7,540)</b>	<b>(13,017)</b>

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* for further detail.

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

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 3. SEGMENTAL REPORTING (CONTINUED)

#### *Statement of Financial Position*

31 DECEMBER 2023	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Mining asset <sup>1</sup>	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 <sup>2</sup>	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
<b>Segment assets</b>	<b>219,379</b>	<b>312,829</b>	<b>53,293</b>	<b>66,633</b>	<b>29,925</b>	<b>15,832</b>	<b>697,891</b>
Borrowings	20,099	20,375	–	–	–	–	40,474
Operating liabilities <sup>3</sup>	15,817	25,316	6,979	4,279	9,296	1,360	63,047
Deferred tax liability	34,644	36,233	–	–	–	–	70,877
<b>Segment liabilities</b>	<b>70,560</b>	<b>81,924</b>	<b>6,979</b>	<b>4,279</b>	<b>9,296</b>	<b>1,360</b>	<b>174,398</b>
<b>Net cash/(debt)</b>	<b>(15,954)</b>	<b>(3,077)</b>	<b>2,493</b>	<b>2,825</b>	<b>13,618</b>	<b>11,242</b>	<b>11,147</b>

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.

31 DECEMBER 2022	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Mining asset <sup>1</sup>	130,681	150,086	–	–	–	–	280,767
Property, plant and equipment, and intangibles	13,742	34,156	31,887	29,281	1,497	1,574	112,137
Unlisted equity investments	–	–	–	–	32,000	–	32,000
Operating assets <sup>2</sup>	74,506	99,780	3,211	34,529	9,573	2,789	224,388
Cash and cash equivalents	27,822	23,132	1,263	2,221	47,549	16,539	118,526
Deferred tax asset	–	–	–	5,401	882	24	6,307
<b>Segment assets</b>	<b>246,751</b>	<b>307,154</b>	<b>36,361</b>	<b>71,432</b>	<b>91,501</b>	<b>20,926</b>	<b>774,125</b>
Borrowings	10,000	4,007	–	–	–	–	14,007
Operating liabilities <sup>3</sup>	32,145	47,563	6,155	6,307	9,412	659	102,241
Deferred tax liability	37,366	39,311	–	101	2	–	76,780
<b>Segment liabilities</b>	<b>79,511</b>	<b>90,881</b>	<b>6,155</b>	<b>6,408</b>	<b>9,414</b>	<b>659</b>	<b>193,028</b>
<b>Net cash/(debt)</b>	<b>17,822</b>	<b>19,125</b>	<b>1,263</b>	<b>2,221</b>	<b>47,549</b>	<b>16,539</b>	<b>104,519</b>

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.

## 3. SEGMENTAL REPORTING (CONTINUED)

*Statement of Cash Flows*

1 JANUARY 2023 TO 31 DECEMBER 2023	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Revenue	89,925	151,379	–	15,653	916	4,146	262,019
Operating costs and cost of sales <sup>1</sup>	(65,747)	(58,055)	(1,649)	(19,313)	(27,365)	(6,809)	(178,938)
Marketing, management and auction costs	(11,240)	(16,284)	–	–	27,524	–	–
<b>EBITDA</b>	<b>12,938</b>	<b>77,040</b>	<b>(1,649)</b>	<b>(3,660)</b>	<b>1,075</b>	<b>(2,663)</b>	<b>83,081</b>
<i>Add back:</i> Change in inventory and purchases	3,240	(4,030)	–	9,685	917	3,534	13,346
<i>Add back:</i> Costs capitalised to intangible assets	–	–	(8,140)	–	–	–	(8,140)
Tax paid	(16,647)	(38,956)	–	–	(1,613)	(36)	(57,252)
Capital expenditure	(26,580)	(25,885)	(7,102)	(135)	(46)	(411)	(60,159)
<b>Free cash flow before working capital movements</b>	<b>(27,049)</b>	<b>8,169</b>	<b>(16,891)</b>	<b>5,890</b>	<b>333</b>	<b>424</b>	<b>(29,124)</b>
Working capital movements <sup>2</sup>	(2,439)	(6,082)	(1,092)	(5,358)	2,619	5,777	(6,775)
<b>Free cash flow<sup>3</sup></b>	<b>(29,488)</b>	<b>2,087</b>	<b>(17,983)</b>	<b>532</b>	<b>2,952</b>	<b>6,001</b>	<b>(35,899)</b>
<b>Cash generated from operations</b>	<b>15,437</b>	<b>67,330</b>	<b>(2,715)</b>	<b>1,108</b>	<b>4,847</b>	<b>6,477</b>	<b>92,484</b>
Tax paid	(16,647)	(38,956)	–	–	(1,613)	(36)	(57,252)
Capital expenditure	(26,580)	(25,885)	(15,242)	(135)	(46)	(411)	(68,299)
Foreign exchange	(1,698)	(402)	(26)	(441)	(236)	(29)	(2,832)
<b>Free cash flow</b>	<b>(29,488)</b>	<b>2,087</b>	<b>(17,983)</b>	<b>532</b>	<b>2,952</b>	<b>6,001</b>	<b>(35,899)</b>

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 Consolidated Financial Statements *for the year ended 31 December 2023* | continued

## 3. SEGMENTAL REPORTING (CONTINUED)

*Statement of Cash Flows*

1 JANUARY 2022 TO 31 DECEMBER 2022	KAGEM USD'000	MRM USD'000	DEVELOPMENT ASSETS USD'000	FABERGÉ USD'000	CORPORATE USD'000	OTHER USD'000	TOTAL USD'000
Revenue	148,638	166,688	–	17,552	234	7,994	341,106
Operating costs and cost of sales <sup>1</sup>	(56,613)	(67,164)	(1,442)	(19,030)	(21,068)	(10,018)	(175,335)
Marketing, management and auction costs	(18,580)	(16,666)	–	–	35,246	–	–
<b>EBITDA</b>	<b>73,445</b>	<b>82,858</b>	<b>(1,442)</b>	<b>(1,478)</b>	<b>14,412</b>	<b>(2,024)</b>	<b>165,771</b>
<i>Add back:</i> Change in inventory and purchases	(9,489)	4,901	–	9,876	189	7,540	13,017
<i>Add back:</i> Costs capitalised to intangible assets	–	–	(5,549)	–	–	–	(5,549)
Tax paid	(13,302)	(25,850)	2	–	(603)	(19)	(39,772)
Capital expenditure	(14,290)	(10,501)	(8,796)	(279)	(45)	(179)	(34,090)
<b>Free cash flow before working capital movements</b>	<b>36,364</b>	<b>51,408</b>	<b>(15,785)</b>	<b>8,119</b>	<b>13,953</b>	<b>5,318</b>	<b>99,377</b>
Working capital movements <sup>2</sup>	(5,267)	(10,467)	8,344	(6,903)	87	(740)	(14,946)
<b>Free cash flow<sup>3</sup></b>	<b>31,097</b>	<b>40,941</b>	<b>(7,441)</b>	<b>1,216</b>	<b>14,040</b>	<b>4,578</b>	<b>84,431</b>
<b>Cash generated from operations</b>	<b>59,371</b>	<b>78,149</b>	<b>1,353</b>	<b>596</b>	<b>14,880</b>	<b>4,922</b>	<b>159,271</b>
Tax paid	(13,302)	(25,850)	2	–	(603)	(19)	(39,772)
Capital expenditure	(14,290)	(10,501)	(8,796)	(279)	(45)	(179)	(34,090)
Foreign exchange	(682)	(857)	–	899	(192)	(146)	(978)
<b>Free cash flow</b>	<b>31,097</b>	<b>40,941</b>	<b>(7,441)</b>	<b>1,216</b>	<b>14,040</b>	<b>4,578</b>	<b>84,431</b>

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

	2023 USD'000	2022 USD'000
<b>Mining and production costs</b>		
Labour and related costs	33,912	30,004
Mineral royalties and production taxes	20,703	25,339
Fuel costs	22,631	20,119
Repairs and maintenance costs	16,353	15,387
Security costs	10,371	7,135
Camp costs	6,033	6,015
Blasting costs	3,376	2,608
Other mining and production costs <sup>1</sup>	6,959	9,111
<b>Total mining and production costs</b>	<b>120,338</b>	<b>115,718</b>
Change in inventory and cost of goods sold <sup>2</sup>	13,346	13,017
Mining and production costs capitalised to intangible assets <sup>3</sup>	(8,140)	(5,549)
Depreciation and amortisation <sup>4</sup>	35,107	36,179
<b>Total cost of sales</b>	<b>160,651</b>	<b>159,365</b>

1 – In 2023, other mining and production costs included a USD0.6 million charge to slow-moving consumable inventory at Kagem, a USD0.6 million reversal on inventory impairment at MRM, a USD0.3 million inventory provision reversal at Fabergé, and a USD1.5 million inventory impairment related to Gemfields Limited legacy inventory (2022: USD1.0 million related to Fabergé legacy inventory and USD2.5 million on MRM slow-moving consumables).

2 – Refer to Note 3: *Change in inventory and cost of goods sold* for the split of this balance at year end.

3 – Mining and production costs incurred at the Group's development projects are capitalised to unevaluated mining properties in intangible assets in line with the Group's IFRS 6 Exploration for and Evaluation of Mineral Properties accounting policy.

4 – 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

	2023 USD'000	2022 USD'000
Labour and related costs	21,796	19,510
Selling, marketing and advertising	11,778	9,549
Professional, legal and other expenses	4,827	6,804
Rent and rates	1,948	1,242
Travel and accommodation	2,602	2,061
Depreciation and amortisation <sup>1</sup>	1,824	1,492
Auditor's remuneration	1,254	1,004
Share-based payments	96	150
Net foreign exchange losses	2,832	978
Other selling, general and administrative expenses <sup>2</sup>	7,529	17,307
<b>Total selling, general and administrative expenses</b>	<b>56,486</b>	<b>60,097</b>

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.

2 – Included within other selling, general and administrative expenses are reversal of legal provisions of USD3.1 million and USD0.4 million of reversal of other asset write down (2022: write down of other assets at USD2.6 million).

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 6. AUDITOR'S REMUNERATION

	2023 USD'000	2022 USD'000
Fees payable to the Company's auditor for the audit of the Parent Company and Consolidated Financial Statements	914	675
<i>Fees payable to the Company's auditor for other services:</i>		
Review of the Interim Financial Statements	93	90
Audit of the UK statutory entities	64	62
Statutory audit work completed for the overseas entities	183	177
	<b>1,254</b>	<b>1,004</b>

The Group has a policy in place for the award of non-audit work to the auditor which requires audit committee approval (refer to the Audit Committee Report on pages 114 to 115).

### 7. EMPLOYEES AND DIRECTORS

The average number of employees during the year was:

	2023	2022
Directors	8	8
Administration staff	432	338
Fabergé staff	39	39
Mining staff	2,995	2,639
	<b>3,474</b>	<b>3,024</b>

### 8. FINANCE INCOME AND COSTS

	2023 USD'000	2022 USD'000
Interest received	2,204	1,259
<b>Finance income</b>	<b>2,204</b>	<b>1,259</b>
Interest on bank loans and borrowings	(2,204)	(2,129)
Interest charge on lease liabilities	(152)	(290)
Other finance costs	(666)	(728)
<b>Finance costs</b>	<b>(3,022)</b>	<b>(3,147)</b>
<b>Net finance costs</b>	<b>(818)</b>	<b>(1,888)</b>

## 9. TAXATION

The Group's tax expense is as follows:

	2023 USD'000	2022 USD'000
<b>Current tax</b>		
Taxation charge for the year	25,059	53,274
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(5,661)	(12,887)
<b>Total taxation charge</b>	<b>19,398</b>	<b>40,387</b>

The Company is incorporated in Guernsey, but qualified as a United Kingdom tax resident. Therefore, the United Kingdom corporation tax of 25% (2022: 19%) is used in the tax reconciliation for the Group.

The reconciliation of the effective tax rate is explained below:

	2023 USD'000	2022 USD'000
Profit on ordinary activities before taxation	16,569	114,655
Tax at the United Kingdom tax rate of 25% (2022: 19%)	4,142	21,784
<i>Effects of:</i>		
Different tax rates applied in overseas jurisdictions	7,936	11,062
Expenses not deductible for tax purposes	8,104	11,698
Adjustment in respect of prior periods	(1,526)	(96)
Previously unrecognised tax losses used to reduce deferred tax expense	(12)	(3,493)
Tax losses not recognised as a deferred tax asset	1,184	940
Effects of rate change	(430)	(1,508)
<b>Total taxation charge</b>	<b>19,398</b>	<b>40,387</b>

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

The Group's effective tax rate of 117.1% (2022: 35.2%) predominately arises because of the different tax rates applied in overseas jurisdictions, non-deductible expenses and tax losses not recognised.

*Deferred tax*

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

In the spring budget 2021, the United Kingdom Government announced that from 1 April 2023, the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred tax at the reporting date was measured using this enacted tax rate and reflected in these Consolidated Financial Statements.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 9. TAXATION (CONTINUED)

Details of the deferred tax liabilities and assets, amounts recognised in the Consolidated Income Statement and amounts recognised in other comprehensive income, are as follows:

	31 DECEMBER 2023 USD'000	31 DECEMBER 2022 USD'000
<i>Recognised deferred tax assets</i>		
Tax losses	6,008	6,190
Property, plant and equipment	4,178	4,310
Other temporary differences	5,746	5,138
<b>Total deferred tax assets</b>	<b>15,932</b>	<b>15,638</b>
Deferred tax assets netted against deferred tax liabilities	(9,868)	(9,331)
<b>Net deferred tax assets</b>	<b>6,064</b>	<b>6,307</b>
<i>Recognised deferred tax liabilities</i>		
Evaluated mining property – Kagem and MRM	(76,448)	(80,749)
Inventory valuation – Kagem and MRM	(4,297)	(5,362)
<b>Total deferred tax liabilities</b>	<b>(80,745)</b>	<b>(86,111)</b>
Deferred tax assets netted against deferred tax liabilities	9,868	9,331
<b>Net deferred tax liabilities</b>	<b>(70,877)</b>	<b>(76,780)</b>

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

The movement on the deferred tax account is provided below.

	2023 USD'000	2022 USD'000
<b>At 1 January</b>	<b>(70,473)</b>	<b>(83,356)</b>
<i>Adjusted for:</i>		
(Utilisation)/recognition of tax losses	(182)	3,371
Property, plant and equipment	(132)	465
Evaluated mining property – Kagem and MRM	4,301	5,361
Inventory valuation – Kagem and MRM	1,065	(499)
Unrealised foreign exchange movements	908	2,843
Other temporary differences	(299)	1,346
Recognised in the Consolidated Income Statement	5,661	12,887
Realised foreign exchange movement	(1)	(4)
<b>At 31 December</b>	<b>(64,813)</b>	<b>(70,473)</b>

The deferred tax liability decreased in the year by USD5.9 million due principally to a net reduction of USD5.4 million in mining assets and inventory because of amortisation. The balance of USD0.5 million of the decrease is due to the impact of the net increase in deferred tax assets that are netted against deferred tax liabilities.



## 9. TAXATION (CONTINUED)

The deferred tax liability in relation to evaluated mining property and inventory arose on the IFRS 3 Business Combinations fair value uplift on acquisition of Gemfields Limited by the former Pallinghurst Resources Limited (now Gemfields Group Limited) in 2017. The liability recognised will be unwound over the production profile of the mining assets, with a USD5.4 million reduction to the liability recognised in 2023.

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

A deferred tax asset of USD5.9 million has been recognised on prior years' trading losses in the UK, which are being carried forward. The utilisation of these losses is dependent on the existence of future taxable profits, which management forecasts to arise in future years through the management income charged from the UK entity. The deferred tax asset recognised is based on the value of the taxable profit which is reasonably expected to be generated over the next three years.

Due to uncertainty over the timing of the future utilisation of certain of the taxation losses, no deferred tax has been recognised in relation to unused tax losses in the amount of USD62.0 million (2022: USD61.8 million).

## 10. PROPERTY, PLANT AND EQUIPMENT

	LAND AND BUILDINGS USD'000	PLANT, MACHINERY AND VEHICLES USD'000	FIXTURES, FITTINGS AND OFFICE EQUIPMENT USD'000	EVALUATED MINING PROPERTIES USD'000	ASSETS UNDER CONSTRUCTION USD'000	DEFERRED STRIPPING COSTS USD'000	TOTAL USD'000
<b>Cost</b>							
<b>At 1 January 2022</b>	<b>36,564</b>	<b>60,406</b>	<b>8,902</b>	<b>348,258</b>	–	<b>11,623</b>	<b>465,753</b>
Additions	4,288	23,564	1,645	3,725	–	–	33,222
Disposals	(1,520)	(6,992)	–	–	–	–	(8,512)
Foreign exchange differences	(65)	–	(454)	(773)	–	–	(1,292)
<b>At 31 December 2022</b>	<b>39,267</b>	<b>76,978</b>	<b>10,093</b>	<b>351,210</b>	–	<b>11,623</b>	<b>489,171</b>
Additions	4,969	34,524	1,193	116	15,478	–	56,280
Disposals	(956)	(1,719)	(78)	–	–	–	(2,753)
Foreign exchange differences	48	–	443	–	–	–	491
<b>At 31 December 2023</b>	<b>43,328</b>	<b>109,783</b>	<b>11,651</b>	<b>351,326</b>	<b>15,478</b>	<b>11,623</b>	<b>543,189</b>
<b>Accumulated depreciation</b>							
<b>At 1 January 2022</b>	<b>11,242</b>	<b>44,814</b>	<b>7,175</b>	<b>57,837</b>	–	<b>2,068</b>	<b>123,136</b>
Provided during the year	3,767	10,628	965	17,439	–	4,722	37,521
Disposals	(692)	(6,992)	–	–	–	–	(7,684)
Foreign exchange differences	(64)	–	(503)	–	–	–	(567)
<b>At 31 December 2022</b>	<b>14,253</b>	<b>48,450</b>	<b>7,637</b>	<b>75,276</b>	–	<b>6,790</b>	<b>152,406</b>
Provided during the year	4,094	12,967	927	13,648	–	4,833	36,469
Disposals	(955)	(1,719)	(76)	–	–	–	(2,750)
Foreign exchange differences	48	–	427	–	–	–	475
<b>At 31 December 2023</b>	<b>17,440</b>	<b>59,698</b>	<b>8,915</b>	<b>88,924</b>	–	<b>11,623</b>	<b>186,600</b>
<b>Carrying value</b>							
At 31 December 2022	25,014	28,528	2,456	275,934	–	4,833	336,765
At 31 December 2023	25,888	50,085	2,736	262,402	15,478	–	356,589

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Deferred stripping costs relate to Kagem.

Assets under construction primarily pertains to the advance payments made and expenses incurred for second processing plant at MRM.

Included within land and buildings are right-of-use assets with a cost of USD5.4 million (31 December 2022: USD6.2 million) and associated accumulated depreciation of USD4.2 million (31 December 2022: USD3.9 million). Right-of-use assets mostly relate to property leases held in the Group's various operating locations. Refer to Note 18: *Leases* for further details.

#### *FY23 Impairment review of Kagem and MRM*

At 31 December 2023 the Group's market capitalisation based on the share price of ZAR3.14 was USD200.4 million. This is 363.6 million below the Group's net asset value (consistent with the previous years), which under IAS 36 represents an impairment indicator. Whilst the Gemfields Group is not considered a CGU, the existence of this impairment indicator implies that an impairment indicator may also exist at one or more of the Group's CGUs. As a result, an impairment review has been performed on the mining CGUs. The recoverable value models support the carrying value of mining assets at 31 December 2023, therefore no impairment charges were recorded. The recoverable value of these assets was determined using a fair value less cost of disposal ("FVLCD") methodology, applying discounted cash flows techniques. The cash flows included in the fair value models were estimated in real terms.

In assessing the recoverable amount of Kagem and MRM, management has considered the strong auction results for both emeralds and rubies in 2023, which saw prices increase across a large number of grades with more customers bidding. On this basis, the Directors are confident in the strength of the market for both gemstones. With the market dynamics having improved and future production expected to be stable or better than previous years, the impairment review performed resulted in recoverable amounts that exceed the carrying value of both assets. An assessment of 2023 auction results is provided below.

#### **KAGEM:**

- Three successful auctions during the year generated total revenues of USD89.9 million for both higher-quality and commercial-quality emeralds.
- The higher-quality auction in June 2023 generated an all-time revenue record for an emerald auction of USD43.5 million and an all-time record for price-per-carat for a single auction of USD165.51 per carat. The auction of higher-quality emeralds scheduled for November 2023, was withdrawn, the available production will be carried forward into Gemfields' 2024 auction programme.
- Two commercial-quality auctions achieved USD46.4 million at USD7.32 per carat.

#### **MRM:**

- Two successful series of mixed-quality auctions during the year generated total revenues of USD149.9 million at an average price of USD276.61 per carat with June 2023 and December 2023 auctions generating USD80.4 million and USD69.5 million respectively.
- A commercial-quality auction generated USD1.5 million at an average price of USD1.70 per carat.

## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

*FY23 Impairment review of Kagem and MRM (continued)*

In determining the recoverable amount the Group has used a discounted cash flow analysis. The calculation of the recoverable amount of the Group's CGUs at 31 December 2023 using a discounted cash flow model provided a range of outcomes as the calculation is particularly sensitive to changes in auction prices, composition of the high-quality emerald auctions, processing capacity of rubies and the discount rate used, amongst other factors. Any changes to the assumptions adopted in the calculation of the discounted cash flows, individually or in aggregate, would result in a different valuation being determined.

The insurgency in Cabo Delgado province remains a concern. Although a direct threat from the insurgents is currently deemed unlikely, MRM is conscious of the possibility of opportunists mounting an attack on MRM's assets. MRM and Gemfields are working in close coordination with relevant government and third-party agencies to track the developments in the region, including in relation to intelligence assessments which are being kept continually updated. An evacuation plan is in place in case a worst-case scenario should arise. Furthermore, a number of measures are in place to curb the risk of an attack. There have been no adverse changes which would represent an impairment indicator at 31 December 2023.

In conclusion, as of 31 December 2023, Kagem and MRM's base case recoverable amounts are calculated at USD288.3 million and USD419.9 million which exceed their carrying values of USD207.7 million and USD231.2 million respectively. Management has performed sensitivity analysis for Kagem and MRM to evaluate potential impairments. This analysis considers the impact of reasonable and plausible changes in key assumptions, such as long-term price reductions, operational expense increases and reductions to discount rates over the remaining life of the mines which may impact impairment, while keeping all other inputs constant. Analyses as follow:

- A decrease in future emerald and ruby prices of 5% over the remaining life of the mines does not indicate an impairment of CGUs. It should be noted that forecasted prices are based on a conservative approach by Gemfields, and it is a remote possibility that prices will fall below the projected levels.
- Taking into consideration a 5% surge in operational costs over the course of the mines' remaining operational life. The sensitivity results indicate no impairment of the CGUs in this scenario.
- As an additional down-side sensitivity, an increase in the discount rate of 2% was performed over the life of mines. Kagem and MRM continued to demonstrate a positive headroom in their models within this scenario.
- Typically, changes in any one of the aforementioned assumptions would be accompanied by a change in another assumption which may have an offsetting impact. Action is usually taken to respond to adverse changes in assumptions to mitigate the impact of such change.

The amount by which the value assigned to a key assumption must change for headroom to be reduced to nil must also be identified:

- Kagem's recoverable amount would be USD207.7 million with no headroom to carrying value when a price reduction of 21.04% is applied for a period of five years (at a 14.50% base case discount rate) or when a discount rate of 19.34% is applied to the base case cashflows; and
- MRM's headroom is reduced to nil with a recoverable amount of USD231.2 million when a price reduction of 38.29% is applied for a period of five years (at a 13.25% base case discount rate) or when a discount rate of 30.84% is applied to the base case cash flows.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### *Key assumptions used in the recoverable amount calculations:*

ASSUMPTION	KAGEM	MRM
Recoverable amount of reserves and resources	Economically recoverable reserves and resources are based on management's expectations and the technical studies and exploration and evaluation work undertaken by in-house and third-party specialists.	Economically recoverable reserves and resources are based on management's expectations and the technical studies and exploration and evaluation work undertaken by in-house and third-party specialists.
Commodity prices	Rough emerald and beryl prices have been determined using the Group's historic achieved prices over the past six auctions, also reflecting historically supportable price increases. Rough emerald and beryl prices are not traded on a public exchange and most transactions occur in private auctions, and therefore historic trends of prices and product mix are the most appropriate and reasonable basis.	Rough rubies and corundum prices have been determined using the Group's historic achieved prices over the past three auctions. Rough rubies and corundum prices are not traded on a public exchange and most transactions occur in private auctions, and therefore historic trends of prices and product mix are the most appropriate and reasonable basis.
Composition of auctions	The quality of production and product mix typically dictate the composition of the high-quality auctions. The composition of the auction includes premium emeralds and emerald stones that enhance the auction parcels and schedules and is dependent on (i) production; (ii) management strategy, i.e. building inventory or cash generation; and (iii) market intelligence. Any variations in this composition are at the discretion of management and, given the continued improvement in the quality of production and the market strength, it is anticipated that over the near to medium term the proportion of emerald production taken to high-quality auctions will increase.	The quantity of ruby production that is assumed to be sold at mixed quality auctions is based on available production from two months before the auction date; this allows for time taken for grading and referencing. The composition of the auction is dependent on (i) production; (ii) management strategy i.e. building inventory or cash generation; and (iii) market intelligence.
Operating costs	Variable operating costs have been included in the impairment test as a function of the related production volumes. Fixed costs at the mines, washing plant and sort house are largely constant but reflect material changes in activity levels.	Variable operating costs have been included in the impairment test as a function of the related production volumes. Fixed costs at the mines, washing plant and sort house are largely constant but reflect material changes in activity levels.
Timing of capital expenditure	The Directors have estimated the timing of capital expenditure at Kagem based on the Group's current and future financing plans and the results of technical studies completed to date.	The Directors have estimated the timing of capital expenditure at MRM based on the Group's current and future financing plans and the results of technical studies completed to date. Included in the MRM cash flows is the capital investment in second processing plant. Whilst the mine plan and life of mine have not been updated as feasibility continues, it is expected that the new plant will accelerate production and generate additional revenues.
Discount rate	A real discount rate of 14.50% was used in the recoverable amount calculations. This represents the pre-tax rate that reflects the Group's current market assessments of the time value of money and the risks specific to the cash-generating unit.	A real discount rate of 13.25% was used in the recoverable amount calculations. This represents the pre-tax rate that reflects the Group's current market assessments of the time value of money and the risks specific to the cash-generating unit.

## 11. INTANGIBLE ASSETS

	SOFTWARE USD'000	BRAND AND TRADEMARKS USD'000	UNEVALUATED MINING PROPERTIES USD'000	TOTAL USD'000
<b>Cost</b>				
At 1 January 2022	677	39,942	26,006	66,625
Additions	234	–	6,094	6,328
Foreign exchange differences	(1)	–	–	(1)
<b>At 31 December 2022</b>	<b>910</b>	<b>39,942</b>	<b>32,100</b>	<b>72,952</b>
Additions	647	–	9,643	10,290
<b>At 31 December 2023</b>	<b>1,557</b>	<b>39,942</b>	<b>41,743</b>	<b>83,242</b>
<b>Accumulated amortisation</b>				
At 1 January 2022	420	11,472	4,771	16,663
Charge for the year	150	–	–	150
<b>At 31 December 2022</b>	<b>570</b>	<b>11,472</b>	<b>4,771</b>	<b>16,813</b>
Charge for the year	462	–	–	462
<b>At 31 December 2023</b>	<b>1,032</b>	<b>11,472</b>	<b>4,771</b>	<b>17,275</b>
<b>Carrying value</b>				
At 31 December 2022	340	28,470	27,329	56,139
<b>At 31 December 2023</b>	<b>525</b>	<b>28,470</b>	<b>36,972</b>	<b>65,967</b>

*Unevaluated mining properties*

Unevaluated mining properties consist of intangibles relating to the mining and prospecting licences (evaluation and exploration assets) held in the development projects, mainly in Mozambique. Assets are capitalised to unevaluated mining properties in accordance with the Group's exploration and evaluation accounting policy, which is disclosed in Note 2: *Accounting policies*.

Unevaluated mining properties are reviewed regularly for indicators of impairment and are tested for impairment where these indicators exist, in line with the Group accounting policy. Whilst the management continuously reviews the insurgent activities in Mozambique, there have been no adverse changes which would represent an impairment indicator at 31 December 2023.

A full review of the Group's development projects can be found on pages 54 to 57 in the Operational Review.

*Brand and trademarks*

Brand and trademarks, forming indefinite life intangible assets, consist of intangibles relating to the Fabergé brand and trademarks.

*Fabergé Limited cash-generating unit – valuation and impairment assessment*

In accordance with IAS 36 Impairment of Assets, the Group assesses the carrying value of its Fabergé CGU for impairment on an annual basis. This assessment comprises both the carrying value of the Fabergé CGU and the Fabergé brand and trademark, which serve as the primary driver of cash generation. The Fabergé CGU is the Group's luxury downstream retail business, whose principal activity is the retail of premium personal luxury goods ("PLGs"). The carrying value of the CGU at 31 December 2023 was USD56.7 million (31 December 2022: USD57.4 million).

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 11. INTANGIBLE ASSETS (CONTINUED)

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

The Group applies a Market Approach – Revenue Multiple method to the valuation of its recoverable amount and engages an independent expert to complete an independent valuation report, using this methodology, at each reporting date. The independent report forms the primary source in determining the fair value (based on a fair value less cost of disposal (“FVLCOD”)) of Fabergé at each reporting date. The report was prepared on the same basis as that prepared in prior periods, including 31 December 2022, using a market-based approach based on enterprise value to revenue multiples (“EV/Revenue”) exhibited by comparable companies (“CoCos”). The Group believes that a revenue multiple based on comparable companies remains the most appropriate method of valuing the Fabergé CGU. This approach is determined to be Level 3 in the fair value hierarchy. The key judgements, assumptions and inputs used in the valuation are summarised below.

#### *Basis of revenue*

For 31 December 2023, the following metrics were used:

- Agreed sales over the past 12 months to December 2023;
- A forward-looking approach using management’s latest Board-approved budgeted sales for 2024.

#### *Peer group*

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

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

Taking these factors into account the report considered it reasonable to apply a discount to the peer group average multiples of 25% (December 2022: 20%). After deducting this, the selected EV/Revenue multiple range was 2.15x–2.65x. This is slightly lower than the range applied at 31 December 2022 of 2.45x–2.95x, which is believed to reflect the normalisation of exceptional double digit growth post-COVID and macroeconomic challenges affecting demand in China, reducing both revenue growth and market capitalisations since prior year.

#### *Control premium*

Multiples derived for comparable quoted companies are generally based on share prices reflective of the trades of small parcels or shares. As such, they generally reflect a minority discount. A control premium range of 25%–35% was therefore applied to arrive at an adjusted enterprise value for the Fabergé CGU, consistent with the 31 December 2022 valuation.

## 11. INTANGIBLE ASSETS (CONTINUED)

### *Discount for Lack of Marketability (“DLOM”)*

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

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

The range is consistent with the December 2022 valuation.

### *Illustrative costs of disposal*

Consistent with December 2022, the report considered an appropriate illustrative cost of disposal of 1% of enterprise value, which is the mid-point of disposal costs of between 0.5% and 1.5% of similar transactions observed.

### *Surplus inventory*

Within inventory of USD28.1 million at 31 December 2023 (31 December 2022: USD25.8 million), Fabergé carries a high level of ‘showpiece’ assets which can be summarised as art-jewellery and exceptional gemstones, showcasing the highest possible level of design, craftsmanship and quality associated with the brand. These assets are not required for the operations of the CGU and can be considered as surplus assets. This surplus amount aggregates to USD16.5 million (31 December 2022: USD17.6 million) with the remainder regarded as operational inventory required to support annual sales. This surplus inventory amount is added back to the calculated enterprise value after adjustment for control premium and DLOM to arrive at the total enterprise value of the Fabergé CGU.

### *Valuation results*

At 31 December 2023 and 31 December 2022, based on the valuation approach outlined above, the range of enterprise values calculated by the independent third party support the carrying value of the Fabergé CGU, with no indicators of impairment being identified.

Management has conducted sensitivity analysis on the revenue inputs. This includes using IFRS revenue recognition principles when the customer has control, as opposed to relying solely on agreed sales. Additionally, management has also factored in a sensitivity analysis for a 20% reduction in sales, considering that revenues include one-off item sales. While Fabergé typically sells such items annually, their values can fluctuate significantly from period to period, rendering the revenue stream unpredictable.

Taking account of these additional factors and the overall sensitivity of the valuation to the revenue, which remains uncertain at this point, management considers that the carrying value of the CGU is not materially different from the assessed fair value at the balance sheet date. Therefore, neither a further impairment nor a reversal of the existing impairment is required. Management believes that any reasonably possible change in key assumptions would not result in further impairment or a reversal of the existing impairment since management believes that such changes would be primarily driven by the performance of Fabergé CGU.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 12. 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.

	31 DECEMBER 2023 USD'000	31 DECEMBER 2022 USD'000
Balance at 1 January	32,000	37,200
Unrealised fair value losses	(28,000)	(5,200)
<b>Balance at 31 December</b>	<b>4,000</b>	<b>32,000</b>

The Group applies a market approach to the valuation of Sedibelo. Based on this approach, the enterprise value of Sedibelo at 31 December 2023 was estimated at USD76.2 million; the Group's 6.54% interest has therefore been valued at USD4.0 million, after the discount for lack of marketability, as explained in 'Valuation results' below.

The decrease in the fair value in the current period has most notably arisen from reduced public market valuations for comparable PGM companies, which were generally down by approximately 45% between 31 December 2022 and 31 December 2023, and the reduced operating and financial results for Sedibelo over the year due to operating challenges, and a modest pullback in PGM and rhodium prices.

The primary source in determining the valuation of SPM at 31 December 2023 is a valuation report prepared by an independent third party. The independent valuation report includes a range of valuations from which the Directors have applied judgement to assess the value of the Group's investment. The methodology applied at 31 December 2023 is consistent with that applied at 31 December 2022. The fair value assessment completed is determined to be Level 3 in the fair value hierarchy.

#### *Market approach – comparable companies' analysis*

Consistent with the December 2022 valuations, the report concluded that the only practical market-based approach is to value the Group's investment in SPM by reference to the key market multiples exhibited by reference to the pricing of publicly listed PGM companies. The independent valuation report considered a peer group comprising Impala Platinum, Northam Platinum ("Northam"), Sibanye Stillwater, Tharisa, and Anglo Platinum, concluding Tharisa and Northam to be the closest comparable to SPM with respect to their resource size and financial performance – although production and revenue at Northam would be still materially larger than at SPM.

Consistent with December 2022, the report considered the most suitable measures to be Enterprise Value per (i) mineral resource ounce, (ii) mineral reserve ounce, (iii) production ounce, (iv) Last Twelve Months ("LTM") revenue, (v) Next Twelve Months ("NTM") revenue, (vi) LTM EBITDA and (vii) NTM EBITDA.



## 12. UNLISTED EQUITY INVESTMENTS (CONTINUED)

*Financial and non-financial multiples*

The following trading multiples were selected for application to Sedibelo:

	31 DECEMBER 2023	31 DECEMBER 2022
EV/mineral resource ounces	USD14/oz	USD25/oz
EV/mineral reserve ounces	USD47/oz	USD69/oz
EV/LTM production ounce	8,000/oz	5,000/oz
EV/LTM revenue	0.4x	1.9x
EV/NTM revenue	0.3x	1.5x
EV/LTM EBITDA	1.4x	4.8x
EV/NTM EBITDA	1.7x	3.3x

The report has applied weightings to each multiple which give consideration to an array of factors, including a) the availability of production and costing projections from the SRK Report, b) the unplanned production disruptions over the last twelve months, arising from safety incidents, community unrest, excessive rainfall and the concentrator shutdown, thereby limiting the usefulness of LTM results as a predictor for its prospective financial results, c) the recent suspension of operations in the West Pit due to a lack of profitability further limiting the usefulness of LTM and NTM results, d) the recent hold put on the East Pit and Underground development projects, also limiting the usefulness of LTM and NTM results, e) Sedibelo's materially longer reserve life relative to the peer group, which limits the utility of reserve and resource multiples, and f) the recent layoffs and the breach of a covenant on its loan, and the abandonment of the IPO all call into question the future performance of the company and its ability to continue production and project development, further limiting the usefulness of LTM and NTM results.

*Discount for the lack of marketability ("DLOM")*

Consistent with December 2022, the valuer has applied a DLOM to the valuation of Sedibelo. DLOM of 20% is calculated using the Finnerty model, a widely used valuation discount method. The DLOM applied gives acknowledgement to the fact that SPM is a public, unlisted company, making the Group's investment more difficult to sell than if it was listed in an openly traded market. The Finnerty model assumes that Group could realise its stake in Sedibelo over the next three years.

*Valuation results*

After allowance of SPM's net debt of USD47 million, the multiples led to a value of SPM (100% basis), on an equity value basis, of USD76.2 million, with the Group's 6.54% interest valued at USD5.0 million. Applying the 20% DLOM decreases SPM's fair value to USD4.0 million. Accordingly, a USD28.0 million fair value loss has been recorded for the period, which has been recognised in other income and expenses and shown separately on the face of the financial statements.

*Sensitivity analysis*

For the purposes of the disclosures required by IFRS13, the Directors have performed a test of the reasonableness to the selected weightings of each multiple applied.

The following sensitivity analysis on varying alternative weightings is disclosed:

- i) If equal weightings were applied to all seven metrics, with all other indicators and evidence unchanged, the valuation would change to USD6.8 million or a fair value decrease of USD25.6 million from the position at 31 December 2022;
- ii) If no weighting was applied to the mineral resource and mineral reserve multiples, with the remaining multiples re-weighted equally, the valuation would change to USD0.5 million or a fair value decrease of USD31.9 million from the position at 31 December 2022; and

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 12. UNLISTED EQUITY INVESTMENTS (CONTINUED)

#### *Sensitivity analysis* (continued)

- iii) If no weighting was applied to the mineral resource, mineral reserve and LTM revenue multiples, with the remaining multiples re-weighted equally, the valuation would change to USD0.8 million or a fair value decrease of USD31.6 million from the position at 31 December 2022.
- iv) If no weighting was applied to the LTM multiples, with the remaining multiples re-weighted equally, the valuation would change to USD9.4 million or a fair value decrease of USD23.0 million from the position at 31 December 2022.

In all scenarios a fair value loss would be recorded at 31 December 2023, based on the 31 December 2022 valuation of USD32.4 million.

#### *Consideration of non-current assets held for sale*

As previously announced, management intends to divest from SPM since it is not considered a core part of Gemfields' strategy. Although the unbundling of Ivy Lane has simplified the structure through which Group holds its SPM investment, the Directors continue to take the position that a sale of SPM within the next 12-months is not highly probable, based on the current facts and circumstances. As the timing of the sales process is uncertain and the investment is not being actively marketed at a specific price, the Group's investment in SPM does not meet all the requirements of IFRS 5 Non-current assets held for sale and discontinued operations in order for the investment to be presented as an asset held for sale on the Group's balance sheet at 31 December 2023.

#### *Fair value hierarchy*

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

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

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

## 13. INVENTORY

	31 DECEMBER 2023 USD'000	31 DECEMBER 2022 USD'000
Rough inventory – emeralds and beryl	38,832	45,908
Rough inventory – rubies and corundum	28,190	23,702
Fabergé inventory	26,181	25,884
Cut and polished gemstones	3,504	5,242
Spares and consumables	12,950	9,889
	<b>109,657</b>	<b>110,625</b>

The total provision held against inventory at 31 December 2023 was USD5.5 million (2022: USD9.4 million).

At 31 December 2023, USD2.3 million of the rough inventory was carried at net realisable value (2022: USD1.3 million) and principally relates to beryl, corundum and some specific low-quality gemstones which are typically sold outside of the normal auction programme.

## 14. TRADE AND OTHER RECEIVABLES

	31 DECEMBER 2023			31 DECEMBER 2022		
	CURRENT USD'000	NON- CURRENT USD'000	TOTAL USD'000	CURRENT USD'000	NON- CURRENT USD'000	TOTAL USD'000
Trade receivables	44,022	–	44,022	63,154	–	63,154
Related-party receivables	8,067	3,000	11,067	7,095	3,000	10,095
Other receivables	3,719	46	3,765	2,695	46	2,741
<b>Financial assets held at amortised cost</b>	<b>55,808</b>	<b>3,046</b>	<b>58,854</b>	<b>72,944</b>	<b>3,046</b>	<b>75,990</b>
VAT receivable <sup>1</sup>	14,288	18,077	32,365	21,730	9,100	30,830
Prepayments	8,353	–	8,353	4,666	–	4,666
Investments accounted for using the equity method	–	2,009	2,009	–	–	–
Loan notes receivable from non-equity investments	–	–	–	–	1,389	1,389
Other assets	518	521	1,039	299	589	888
<b>Total trade and other receivables</b>	<b>78,967</b>	<b>23,653</b>	<b>102,620</b>	<b>99,639</b>	<b>14,124</b>	<b>113,763</b>

1 – The non-current VAT receivable relates 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 USD44.0 million at 31 December 2023 (31 December 2022: USD63.2 million) primarily relate to MRM auction receivables of USD37.9 million and Kagem auction receivables of USD0.6 million outstanding from the mixed-quality ruby and commercial-quality emerald auctions held in September and December 2023. Additionally, amounts were due to Fabergé at 31 December 2023 of USD5.5 million (31 December 2022: USD8.0 million). At the date of issuance of these financial statements, all auction receivables had been fully 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 31 December 2023.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 14. TRADE AND OTHER 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, USD0.2 million provision was recorded against Fabergé's trade receivables at 31 December 2023.

Refer to Note 23: *Financial instruments* for further discussion on credit risk.

#### **Related party receivable**

At 31 December 2023, the Group had a USD11.1 million (31 December 2022: USD10.1 million) related party receivable due from Mwiriti Ltda ("Mwiriti"), the Group's partner in MRM and Nairoto.

Of the total amount, USD8.1 million (31 December 2022: USD7.1 million) of the current receivable relates to MRM and will be recovered from future dividends to be paid by MRM. During the year, a dividend was declared by MRM of which USD7.5 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. After the payment of the 2022 dividend, MRM entered into a new loan agreement of USD8.6 million with Mwiriti in relation to the next expected future dividend payments. Under the terms of the agreements, MRM made up to USD8.1 million available to Mwiriti, representing an advance payment of future dividends to be declared by MRM. The outstanding amount of USD8.1 million which is inclusive of interest at the rate of three-month SOFR plus 4% will be offset by dividends which MRM is expected to announce for the financial year ended 31 December 2023.

The remaining balance of USD3.0 million (31 December 2022: USD3.0 million) relates to Nairoto. Nairoto has been set up with the objective of developing 12 gold-mining licences in Northern Mozambique. The balance represents an advance made to Mwiriti which has no fixed terms of repayment. It is expected that this receivable will be recovered through future dividends paid out by Nairoto once the viability of the project has been confirmed or from the proceeds of any future sale of the mining and exploration licences. There have been no significant changes to the assessed expected credit losses ("ECL") associated with the advance payment in the year. The Group also holds an outstanding non-current payable of USD5.0 million (31 December 2022: USD5.0 million) to Mwiriti in respect of the Nairoto project at 31 December 2023. As such, the Group's credit exposure to Mwiriti at 31 December 2023 in relation to Nairoto 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 31 December 2023 the Group held a provision of USD2.1 million (31 December 2022: USD2.1 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.

## 15. TRADE AND OTHER PAYABLES

	31 DECEMBER 2023			31 DECEMBER 2022		
	CURRENT USD'000	NON-CURRENT USD'000	TOTAL USD'000	CURRENT USD'000	NON-CURRENT USD'000	TOTAL USD'000
Trade payables	13,509	–	13,509	10,368	–	10,368
Accrued expenses	7,018	–	7,018	11,159	–	11,159
Payroll and employee-related payables	7,345	–	7,345	7,069	–	7,069
Related party payables	–	5,000	5,000	–	5,000	5,000
Other taxes, including mineral royalty and production taxes	8,511	–	8,511	6,419	–	6,419
Other payables	11,547	3,034	14,581	9,143	–	9,143
<b>Total trade and other payables</b>	<b>47,930</b>	<b>8,034</b>	<b>55,964</b>	<b>44,158</b>	<b>5,000</b>	<b>49,158</b>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

The non-current related party payable is due to the Group's partner in Nairobi, Mwiriti Ltda, in relation to operating and capital expenses incurred on behalf of Nairobi before control of the 12 mining licences passed to the Group.

## 16. BORROWINGS

		INTEREST RATE	MATURITY	31 DECEMBER 2023 USD '000
<b>Current interest-bearing loans and borrowings</b>				
FNB Zambia	USD15 million overdraft facility	5.50%	2024	12,800
ABSA Zambia	USD15 million overdraft facility	Three-month USD SOFR + 4.5%	2024	7,299
ABSA Mozambique	USD15 million overdraft facility	USD SOFR + 4.00%	2024	11,309
BCI Mozambique	USD20 million overdraft facility	USD SOFR + 3.75%	2024	9,006
<b>Total borrowings</b>				<b>40,474</b>

		INTEREST RATE	MATURITY	31 DECEMBER 2022 USD '000
<b>Current interest-bearing loans and borrowings</b>				
ABSA Zambia	USD10 million revolving credit facility	USD SOFR + 6.50%	2023	10,000
BCI Mozambique	USD15 million overdraft facility	USD SOFR + 3.75%	2023	4,007
<b>Total borrowings</b>				<b>14,007</b>

Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

## 16. BORROWINGS (CONTINUED)

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

	CASH MOVEMENTS				NON-CASH MOVEMENTS		AT 31 DECEMBER 2023 USD'000
	AT 1 JANUARY 2023 USD'000	CASH INFLOWS USD'000	REPAYMENT OF BORROWINGS USD'000	INTEREST PAID USD'000	MOVEMENT BETWEEN CURRENT AND NON-CURRENT USD'000	INTEREST CHARGE USD'000	
Current borrowings	14,007	40,474	(14,007)	(2,204)	–	2,204	40,474
	<b>14,007</b>	<b>40,474</b>	<b>(14,007)</b>	<b>(2,204)</b>	<b>–</b>	<b>2,204</b>	<b>40,474</b>

	CASH MOVEMENTS				NON-CASH MOVEMENTS		AT 31 DECEMBER 2022 USD'000
	AT 1 JANUARY 2022 USD'000	CASH INFLOWS USD'000	REPAYMENT OF BORROWINGS USD'000	INTEREST PAID USD'000	MOVEMENT BETWEEN CURRENT AND NON-CURRENT USD'000	INTEREST CHARGE USD'000	
Current borrowings	24,735	15,242	(35,970)	(2,129)	10,000	2,129	14,007
Non-current borrowings	10,000	–	–	–	(10,000)	–	–
	<b>34,735</b>	<b>15,242</b>	<b>(35,970)</b>	<b>(2,129)</b>	<b>–</b>	<b>2,129</b>	<b>14,007</b>

*First National Bank Zambia Limited (“FNB Zambia”)*

In February 2023, Kagem entered into a USD15.0 million unsecured overdraft facility with FNB Zambia Ltd at a 5.50% fixed interest rate. As at 31 December 2023, the outstanding balance under this facility is USD12.8 million.

*ABSA Bank Zambia Plc (“ABSA Zambia”)*

In 2023, Kagem repaid the USD10.0 million unsecured revolving credit facility with ABSA Zambia Plc that was outstanding as at 31 December 2022. A new agreement with ABSA Zambia was concurrently entered during the period, for a USD15.0 million overdraft facility at an interest rate of three-month USD SOFR + 4.5% per annum. As at 31 December 2023, the outstanding balance under this facility is USD7.3 million.

*ABSA Bank Mozambique, SA (“ABSA Mozambique”)*

In April 2016, MRM entered a USD15.0 million unsecured overdraft facility with ABSA Mozambique SA (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 USD11.3 million as at 31 December 2023 (31 December 2022: Nil). Gemfields Limited issued a corporate guarantee for the facility. The facility is renewed annually, with the next renewal expected in March 2024.

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

In June 2016, MRM entered a USD15.0 million unsecured overdraft facility with BCI. 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. MRM had an outstanding balance of USD9.1 million as at 31 December 2023 (31 December 2022: USD4.0 million). The facility is secured by a blank promissory note undertaken by MRM and a corporate guarantee by Gemfields Group Limited. In the second half of 2023, the overdraft limit was raised to USD20.0 million.

## 17. PROVISIONS

	ENVIRONMENTAL RESTORATION PROVISION USD'000	RESETTLEMENT PLAN USD'000	OTHER PROVISIONS USD'000	TOTAL USD'000
<b>At 1 January 2022</b>	<b>1,245</b>	<b>228</b>	<b>8,358</b>	<b>9,831</b>
Additions during the year	193	1,641	4,689	6,523
Utilised during the year	–	(460)	(3,100)	(3,560)
Change in estimates	846	–	3,760	4,606
<b>At 31 December 2022</b>	<b>2,284</b>	<b>1,409</b>	<b>13,707</b>	<b>17,400</b>
Additions during the year	4	–	393	397
Utilised during the year	–	(170)	(6,191)	(6,361)
Change in estimates	383	–	(5,906)	(5,523)
<b>At 31 December 2023</b>	<b>2,671</b>	<b>1,239</b>	<b>2,003</b>	<b>5,913</b>
<i>Of which:</i>				
Non-current	2,671	–	771	3,442
Current	–	1,239	1,232	2,471

*Environmental restoration*

The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs, based on management's best estimate of the legal and constructive obligations incurred. These estimates reflect industry best practice and currently applicable legislation. Significant changes in legislation could result in changes in provisions recognised. It is anticipated that the majority of these costs will be incurred over a period of 20 years from the balance sheet date.

*Resettlement Action Plan ("RAP")*

The Group has an obligation to compensate the households and other land users who are physically or economically displaced by the proposed mining in its concession area, in accordance with local legislative requirements. A provision is recognised for the present value of such costs based on management's best estimate of the obligations incurred. The RAP has been completed and was inaugurated in August 2022.

*Other provisions*

Other provisions primarily consist of future legal claims and related legal expenses, including the operational grievance mechanism ("OGM"), and end-of-contract gratuity benefits for mining staff. End-of-contract benefits are payable in more than one year's time for some of the Group's employees who are on fixed-term contracts and are calculated based on the legal and contractual benefits. Provisions for future legal claims relate to the estimated costs that the Group expects to incur relating to past events and are recorded where it has been determined that it is probable that an outflow of resources will be required to settle the claim, or where it is uncertain whether any action by a third party would be successful. Provisions are assessed on a case-by-case basis. All amounts classified as non-current are expected to be settled within five-years from the balance sheet date.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 17. PROVISIONS (CONTINUED)

#### *Other provisions* (continued)

MRM established the OGM in February 2021 to further its ongoing commitment to transparency and support for the local communities, and under the voluntary settlement agreement arising from the Leigh Day litigation. The original OGM ended in July 2023 and a new arrangement was launched, referred to as OGM “2.0”. Through this process, all cases relating to alleged incidents related to before 1 January 2019, are in the process of being closed via rapid close mechanism and collective remedy for outstanding claimants is being developed. This change in OGM mechanism has resulted in a decrease in the provision amount recognised in prior periods. Management considered three key criteria in valuing the potential remedy at 31 December 2023: the number of claims received by the OGM2.0 since it was launched in summer 2023, the likelihood of success of each claim and the expected remedy assessed by mediation and likelihood of pay-outs based on OGM team’s experience. Applying judgement to the analysis of this information, management has arrived at what it considers to be a range of reasonable outcomes for the estimate of the future economic outflow. The provision recorded at 31 December 2023 reflects management’s best estimate of the potential liability at the balance sheet date, which is within this sensitised range. The sensitivities do not necessarily cover all possible eventualities. It is expected that the liability will be settled within two years from the balance sheet date. The Group continues to monitor the scheme closely.

### 18. LEASES

The balance sheet contains the following amounts related to leases:

#### 18.1 *Right-of-use assets*

	2023 USD'000	2022 USD'000
<b>At 1 January</b>		
Cost	6,246	6,681
Accumulated depreciation	(3,943)	(3,347)
<b>Carrying value at 1 January</b>	<b>2,303</b>	<b>3,334</b>
Additions	118	1,085
Disposal of assets – cost	(937)	(1,520)
Depreciation	(1,182)	(1,288)
Disposals of assets – accumulated depreciation	937	692
<b>Carrying value at 31 December</b>	<b>1,239</b>	<b>2,303</b>
<b>At 31 December</b>		
Cost	5,427	6,246
Accumulated depreciation	(4,188)	(3,943)
<b>Carrying value at 31 December</b>	<b>1,239</b>	<b>2,303</b>

Right-of-use assets held at 31 December 2023 predominantly related to property leases in the Group’s various operating locations and are presented within the land and buildings asset category in property, plant and equipment. Please refer to Note 10: *Property, plant and equipment*.



## 18. LEASES (CONTINUED)

## 18.2 Lease liabilities

	2023 USD'000	2022 USD'000
<b>At 1 January</b>	<b>2,332</b>	<b>3,649</b>
Additions	118	1,085
Disposals	–	(1,053)
Cash payments of principal	(1,432)	(1,639)
Interest charged to finance costs	152	290
<b>At 31 December</b>	<b>1,170</b>	<b>2,332</b>
<b>Of which:</b>		
Current	415	1,166
Non-current	755	1,166
	<b>1,170</b>	<b>2,332</b>

## 19. SHARE CAPITAL

Shares issued are recognised at the fair value of consideration received, with the excess over the nominal value of the shares credited to share premium. Costs directly attributable to a share issue are deducted from share premium rather than being included in profit or loss. When shares are cancelled, the excess over the nominal value of the shares is debited to share premium.

The Company has issued Ordinary Shares, which entitle the holder to a vote in shareholder meetings and to receive dividends.

As per the Company's Memorandum of Incorporation and subject to the JSE Listings Requirements and the AIM Rules for Companies, for the Company to issue additional shares for cash, the Company must obtain shareholder approval via a Special Resolution. As at the balance sheet date, the Company does not have the authority to issue additional shares for cash and therefore the Company's authorised share capital is displayed below.

Issued and fully paid share capital:

	NUMBER OF SHARES	SHARE CAPITAL USD'000	SHARE PREMIUM USD'000
<b>Ordinary Shares (listed)</b>			
Ordinary Shares of USD0.00001 each			
Balance at 1 January 2022	1,169,478,030	11	488,404
Share options exercised in the period	41,536,502	1	6,079
<b>Balance at 31 December 2022</b>	<b>1,211,014,532</b>	<b>12</b>	<b>494,483</b>
Share options exercised in the period	14,104,499	–	2,075
Shares cancelled resulting from share buy-back programme	(58,423,901)	–	(9,870)
<b>Balance at 31 December 2023</b>	<b>1,166,695,130</b>	<b>12</b>	<b>486,688</b>

On 20 December 2022, the Company announced commencement of a share buy-back programme to purchase up to USD10.0 million worth of Ordinary Shares ("Share Buy-Back"), after receiving approval from shareholders on 30 November 2022 at an Extraordinary General Meeting. In 2023, a total of 58,423,901 shares were repurchased at an average price of ZAR3.17385. The average price paid per share, by using the USD share premium as reported above, would be USD cents 16.894 per share. As at 31 December 2023, all shares have been repurchased and cancelled as part of the buy-back programme.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 20. SHARE-BASED PAYMENTS

The Group's Share Option Plan was approved by shareholders on 26 June 2017. Under the terms of the plan, the Company can issue a maximum of 167,341,278 options but the Company does not intend to issue any new share options under the plan, following the implementation of the new Long Term Incentive Plan ("LTIP") granted in 2023.

At 31 December 2023, the following share options had been granted and were outstanding in respect of the Ordinary Shares:

ISSUE DATE	EXERCISE PRICE	NUMBER OF OPTIONS					FINAL VESTING DATE
		OUTSTANDING AT 1 JANUARY 2023	GRANTED	FORFEITED/ LAPSED	EXERCISED	OUTSTANDING AT 31 DECEMBER 2023	
September 2017	ZAR3.45	11,156,088	–	(1)	(5,578,042)	5,578,045	September 2021
January 2018	ZAR2.97	5,980,315	–	(2,387,121)	(2,365,457)	1,227,737	January 2022
July 2018	ZAR2.30	9,939,114	–	(960,164)	(5,943,000)	3,035,950	July 2022
March 2019	ZAR1.90	318,103	–	(10,103)	(218,000)	90,000	March 2023
August 2023	Nominal	–	11,823,851	–	–	11,823,851	August 2026
<b>Total</b>		<b>27,393,620</b>	<b>11,823,851</b>	<b>(3,357,389)</b>	<b>(14,104,499)</b>	<b>21,755,583</b>	

Share options granted before 2023 vest over a four-year period in tranches of 20%. One-fifth of the options granted vest immediately with the remaining 80% vesting annually on the grant date over the following four years, during which time the grantee has to remain in employment. Three-fifths of awards lapse on the fifth anniversary of grant with the balance lapsing in equal tranches on the sixth and seventh anniversaries of tranche and so have a three-year exercise window before lapsing.

On 25 August 2023, shareholders were advised that the Company had awarded a total of 11,823,851 performance shares in the form of nominal cost options ("Performance Shares") under the LTIP to the two Executive Directors and a small number of senior employees including 'Persons Discharging Managerial Responsibilities'. The vesting of all the Performance Shares is conditional on meeting performance conditions measured over a three-year period as detailed in the Remuneration Committee Report on pages 116 to 123. The awards will vest on the third anniversary of grant and are subject to a two-year post vesting holding period and to conventional malus and clawback provisions.

Of the options granted to date, 9,931,732 options were exercisable at 31 December 2023 (31 December 2022: 27,505,640). During the year 14,104,499 share options were exercised at an average exercise price of ZAR3.457. In 2022, 41,536,502 share options were exercised at an average exercise price of ZAR3.40.

A total of 3,357,389 (2022: 34,593,428) share options lapsed during the year that had a weighted average share price of ZAR2.77, resulting in a USD0.1 million transfer from the option reserve to retained earnings in 2023.

As at 31 December 2023, all share option schemes approved in June 2017 and granted between 2017 and 2019 have vested. The total expense recognised during the year arising from the vesting of equity-settled share-based payment transactions was USD0.1 million (2022: USD0.1 million). The total option reserve in equity at 31 December 2023 was US\$4.3 million (31 December 2022: USD4.9 million).

The weighted average exercise price for outstanding and exercisable options at 31 December 2023 was ZAR3.03 (31 December 2022: ZAR2.91). The Parent Company's closing share price at 31 December 2023 was ZAR3.14 (31 December 2022: ZAR3.85). The lowest and highest closing price during the year was ZAR2.90 (2022: ZAR2.41) and ZAR4.25 (2022: ZAR3.97), respectively.

The weighted average remaining contractual life for the share options outstanding at 31 December 2023 was 3.5 years (2022: 2.1 years).

## 20. SHARE-BASED PAYMENTS (CONTINUED)

The fair values of the options are calculated using the Black–Scholes method, except for the August 2023 LTIP, which was determined using both the Black–Scholes and Monte Carlo simulation methods. The assumptions applied to each share option scheme are detailed in the table below:

	ISSUE DATE SEPTEMBER 2017	ISSUE DATE JANUARY 2018	ISSUE DATE JULY 2018	ISSUE DATE MARCH 2019	ISSUE DATE AUGUST 2023
Exercise price	ZAR3.45	ZAR2.97	ZAR2.3	ZAR1.90	Nominal
Share price at date of grant	ZAR2.91	ZAR3.00	ZAR2.38	ZAR1.85	GBP 0.16
Expected volatility	39.70%	45.83%	47.54%	50.75%	41.12%
Option life	4.5 years	1–4 years <sup>1</sup>	1–4 years <sup>1</sup>	1–4 years <sup>1</sup>	None-2 years <sup>2</sup>
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	7.73%	6.67–7.65%	6.82–7.95%	6.69%–7.57%	4.90%
Fair value of options	ZAR1.12	ZAR0.64–1.37	ZAR0.55–1.14	ZAR0.40–0.87	GBP0.065–0.151

1 – As the first option tranche vests immediately and the gain to the employee is low, the valuation assumes the options are held for one year prior to exercise.

2 – The net-of-tax number of shares acquired on the vesting of awards are subject to a two-year holding period. It is assumed that 47% of shares under award will be sold immediately on vesting to fund withholding taxes and social security, with the balance remaining subject to the holding period.

For share options schemes granted before 2023, the risk-free interest rates have been based on the yields offered from South African government bonds with maturities that range from one to four years as per the vesting profile of the options. South African government bonds are considered an appropriate risk-free rate as these are assumed to be the lowest-risk investment underpinning the market. In addition, as the Parent Company has a primary listing on the JSE where securities are quoted in South African Rand, the Directors believe that a local currency-based risk-free rate is the most appropriate input when valuing options with the Black–Scholes model.

For the recent August 2023 LTIP, the risk-free rate has been based on the implied yield of zero-coupon UK government bonds with a remaining term equal to the remaining performance period of the awards from the date of grant.

The expected volatility was based on the historic volatility data of the Parent Company's shares.

## 21. 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.

Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

## 21. PER SHARE INFORMATION (CONTINUED)

*Earnings per share*

The Group's EPS is as follows:

	2023	2022
(Loss)/profit for the year attributable to owners of the parent – USD'000	(10,090)	56,779
<i>Weighted average number of shares in issue</i>	1,206,076,930	1,185,105,349
<b>(Loss)/earnings per share – USD cents</b>	<b>(0.8)</b>	<b>4.8</b>
<i>Weighted average number of dilutive shares<sup>1</sup></i>	2,584,574	9,099,731
<i>Weighted average number of shares in issue after dilutive shares<sup>1</sup></i>	1,208,661,504	1,194,205,080
<b>Diluted (loss)/earnings per share – USD cents</b>	<b>(0.8)</b>	<b>4.8</b>

1– The dilutive earnings per share for the prior year was adjusted to align with treasury stock method for calculating dilution impact, which is also used in the current year. The treasury stock method calculates potential new shares from unexercised options, factoring them into diluted earnings per share by assuming the proceeds are used to repurchase further shares in the market.

At 31 December 2023, the weighted average number of dilutive shares was 2,584,574 (31 December 2022: 9,099,731). The dilutive shares arise from the March 2017, January 2018, July 2018 and March 2019 schemes, from which 5,578,045, 1,227,737, 3,035,950 and 90,000 shares (31 December 2022: January 2018, July 2018 and March 2019 schemes, from which 11,020,552, 28,949,950 and 372,000 shares) were exercisable at exercise prices of ZAR3.45, ZAR2.97, ZAR2.30 and ZAR1.91. The average share price for 2023 was ZAR3.57 (2022: ZAR3.40).

*Headline earnings per share*

The Group's HEPS is as follows:

	2023	2022
(Loss)/profit for the year attributable to owners of the parent – USD'000	(10,090)	56,779
<i>Adjusted for:</i>		
Gain from disposal of fixed assets	(401)	–
	(10,491)	56,779
<i>Weighted average number of shares in issue</i>	1,206,076,930	1,185,105,349
<b>Headline (loss)/earnings per share – USD cents</b>	<b>(0.9)</b>	<b>4.8</b>

## 21. PER SHARE INFORMATION (CONTINUED)

*Adjusted earnings per share*

The Group's AEPS is as follows:

	2023	2022
(Loss)/profit for the year attributable to owners of the parent – USD'000	(10,090)	56,779
<i>Adjusted for:</i>		
Unrealised fair value losses from Sedibelo	28,000	5,200
Gain from disposal of fixed assets	(401)	–
	17,509	61,979
<i>Weighted average number of shares in issue</i>	1,206,076,930	1,185,105,349
<b>Adjusted earnings per share – USD cents</b>	<b>1.5</b>	<b>5.2</b>

*NAV per share*

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

	31 DECEMBER 2023	31 DECEMBER 2022
Net assets attributable to equity holders of the Company – USD'000	438,172	490,509
<i>Number of shares in issue</i>	1,166,695,130	1,211,014,532
<b>NAV per share – USD cents</b>	<b>37.6</b>	<b>40.5</b>

*Tangible NAV per share*

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

	31 DECEMBER 2023	31 DECEMBER 2022
Net assets attributable to equity holders of the Company – USD'000	438,172	490,509
<i>Adjusted for:</i>		
Intangible assets attributable to equity holders of the Company	(57,117)	(47,387)
	381,055	443,122
<i>Number of shares in issue</i>	1,166,695,130	1,211,014,532
<b>Tangible NAV per share – USD cents</b>	<b>32.7</b>	<b>36.6</b>

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 22. NON-CONTROLLING INTERESTS

Non-controlling interests in the Group that are material relate to the following subsidiaries:

- Kagem, a company incorporated in Zambia whose principal operation is rough-emerald mining, exploration and processing. The Government of the Republic of Zambia (through the Industrial Development Corporation) holds a 25% non-controlling interest;
- MRM, a company incorporated in Mozambique whose principal operation is rough-ruby mining, exploration and processing. Mwiriti Limitada, a private company incorporated in Mozambique, holds a 25% non-controlling interest;
- Development assets, comprising the Group's exploration and evaluation activities in Africa, including Megaruma Mining Limitada ("MML"), Eastern Ruby Mining Limitada ("ERM"), Nairoto Resources Lda ("Nairoto"), and the Group's development project in Ethiopia, Web Gemstone Mining Plc. The non-controlling interests of these entities are listed in Note 25: *Subsidiaries*; and
- Other, includes all the other subsidiaries with non-controlling interests which are listed in Note 25: *Subsidiaries* and which are not material.

	2023 KAGEM USD'000	2023 MRM USD'000	2023 DEVELOPMENT ASSETS USD'000	2023 OTHER USD'000	2023 TOTAL USD'000
<b>Amount attributable to all shareholders:</b>					
Profit/(loss) after tax	(3,952)	41,328	(2,942)	(9)	34,425
Cash generated from operations	15,437	67,330	(2,715)	–	80,052
Non-current assets	154,069	190,437	46,877	14	391,397
Current assets	65,310	122,392	6,416	2	194,120
<b>Total assets</b>	<b>219,379</b>	<b>312,829</b>	<b>53,293</b>	<b>16</b>	<b>585,517</b>
Non-current liabilities	(38,438)	(39,018)	(5,000)	–	(82,456)
Current liabilities	(32,122)	(42,906)	(1,979)	(29)	(77,036)
<b>Total liabilities</b>	<b>(70,560)</b>	<b>(81,924)</b>	<b>(6,979)</b>	<b>(29)</b>	<b>(159,492)</b>
<b>Net assets</b>	<b>148,819</b>	<b>230,905</b>	<b>46,314</b>	<b>(13)</b>	<b>426,025</b>
<b>Amounts attributable to non-controlling interest:</b>					
Profit/(loss) after tax	(2,387)	10,332	(681)	(3)	7,261
Dividends declared <sup>1,2</sup>	(5,000)	(7,500)	–	–	(12,500)
Net assets	14,807	75,926	(3,637)	(1,775)	85,321

1 – In 2023, Kagem delivered a dividend of which USD5.0 million was due to the Group's non-controlling interest in Kagem, the Government of Zambia through the Industrial Development Corporation ("IDC").

2 – In 2023, MRM declared a dividend, of which USD7.5 million was due to the Group's non-controlling interest in MRM, Mwiriti. This dividend was settled against the receivable outstanding with Mwiriti in respect of prior cash advances.

## 22. NON-CONTROLLING INTERESTS (CONTINUED)

	2022 KAGEM USD'000	2022 MRM USD'000	2022 DEVELOPMENT ASSETS USD'000	2022 OTHER USD'000	2022 TOTAL USD'000
<b>Amount attributable to all shareholders</b>					
Profit/(loss) after tax	33,828	42,135	(2,622)	(3,346)	69,995
Cash generated from operations	59,371	78,149	1,353	–	138,873
Non-current assets	144,423	184,242	31,887	14	360,566
Current assets	102,328	122,912	4,474	2	229,716
<b>Total assets</b>	<b>246,751</b>	<b>307,154</b>	<b>36,361</b>	<b>16</b>	<b>590,282</b>
Non-current liabilities	(38,448)	(45,347)	(5,000)	–	(88,795)
Current liabilities	(41,063)	(45,534)	(1,155)	(20)	(87,772)
<b>Total liabilities</b>	<b>(79,511)</b>	<b>(90,881)</b>	<b>(6,155)</b>	<b>(20)</b>	<b>(176,567)</b>
<b>Net assets</b>	<b>167,240</b>	<b>216,273</b>	<b>30,206</b>	<b>(4)</b>	<b>413,715</b>
<b>Amounts attributable to non-controlling interest</b>					
Profit/(loss) after tax	7,898	10,534	(764)	(179)	17,489
Dividends declared <sup>1,2</sup>	(1,500)	(5,125)	–	–	(6,625)
Net assets	22,194	73,094	(2,928)	(1,772)	90,588

1 – In 2022, Kagem delivered a dividend of which USD1.5 million was due to the Group's non-controlling interest in Kagem, the Government of Zambia through the Industrial Development Corporation ("IDC").

2 – In 2022 MRM declared a dividend, of which USD5.1 million (2021: USD5.0 million) was due to the Group's non-controlling interest in MRM, Mwiriti. This dividend was settled against the receivable outstanding with Mwiriti in respect of prior cash advances.

## 23. FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group are as follows:

*Financial assets*

	31 DECEMBER 2023 USD'000	31 DECEMBER 2022 USD'000
<b>Financial assets measured at fair value through profit and loss:</b>		
Unlisted equity investments – Sedibelo	4,000	32,000
Loan notes receivable from non-equity investments	–	1,389
Investments accounted for using the equity method	2,009	–
<b>Total financial assets at fair value through profit and loss</b>	<b>6,009</b>	<b>33,389</b>
<b>Financial assets measured at amortised cost:</b>		
Trade and other receivables <sup>1</sup>	58,854	75,990
Cash and cash equivalents	51,621	118,526
<b>Total financial assets measured at amortised cost</b>	<b>110,475</b>	<b>194,516</b>
<b>Total financial assets</b>	<b>116,484</b>	<b>227,905</b>

1 – Trade and other receivables excludes prepayments and VAT.

The Sedibelo investment is classified as Level 3 in the fair value hierarchy (31 December 2022: Level 3), the inputs for which are not based on observable market data. Refer to Note 12: *Unlisted equity investments* for further information.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### *Financial liabilities*

	31 DECEMBER 2023 USD'000	31 DECEMBER 2022 USD'000
<b>Financial liabilities measured at amortised cost:</b>		
Trade and other payables	55,964	49,158
Borrowings	40,474	14,007
Lease liabilities	1,170	2,332
<b>Total financial liabilities</b>	<b>97,608</b>	<b>65,497</b>

#### **Fair value of financial assets and liabilities**

At 31 December 2023 and 2022, the carrying value of the Group's financial assets and financial liabilities carried at amortised cost approximated their fair values. Refer to Note 14: *Trade and other receivables* for detailed disclosure of the impairment assessment completed on the Group's financial assets measured at amortised cost at 31 December 2023.

#### *Capital structure*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while taking advantage of strategic opportunities in order to provide sustainable returns for shareholders. For the purpose of the Group's capital management, capital comprises equity shares.

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. 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. In line with Group's dividend policy, a final dividend of USD35 million was paid to shareholders from 2022 results, with a gross dividend of USD cents 2.87994 per ordinary share distributed on 12 May 2023. The Directors monitor the Group's gearing ratio on an ongoing basis.

An analysis of the carrying value of Group's financial liabilities carried at amortised cost compared to their contractual cashflows is detailed in the liquidity section of this note.

#### *Credit risk*

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and contractual cash flows of debt investments (loans) carried at amortised cost. The Group is also exposed to credit risk related to its customers and outstanding receivables with them. Credit risk arises when a failure by a counterparty to discharge their obligations could reduce the amount of future cash inflows from the related financial asset on hand at the reporting date.

#### **i) Risk management**

Credit risk is managed on a Group basis.

The Group holds materially all of its cash balances with four counterparties: Barclays Bank plc ("Barclays"), ABSA Bank (formerly Barclays in Mozambique and Zambia), Investec Bank plc ("Investec") and Banco Comercial e de Investimentos S.A. ("BCI"). Bankruptcy or insolvency of any of these counterparties could have a significant adverse impact on the Group. The Group's subsidiaries may also hold immaterial cash balances with various other banks. The failure of one of these counterparties would be unlikely to have a significant impact on the Group. The Directors monitor the Group's range of counterparties to ensure that the Group's credit/counterparty risk is at an appropriate level.



## 23. FINANCIAL INSTRUMENTS (CONTINUED)

*Credit risk* (continued)

The Group's exposure to counterparty risk at 31 December 2023 is set out below:

COUNTERPARTY	LOCATION	CREDIT RATING (FITCH)	31 DECEMBER 2023 USD'000	31 DECEMBER 2022 USD'000
ABSA	Mozambique	BB minus	11,366	14,285
Barclays	United Kingdom	A plus	9,361	35,879
ABSA	Mauritius	BB minus	8,350	14,721
Investec	United Kingdom	BB minus	6,065	13,260
BCI	Mozambique	n/r	5,657	3,613
FNB	Zambia	A plus	3,797	–
BIM	Mozambique	CCC plus	2,713	6,162
Axis bank	India	BB plus	881	498
Nedbank	South Africa	BB minus	899	383
Citibank	Zambia	n/r	329	420
ABSA	Zambia	BB minus	99	27,465
HSBC	United Kingdom	AA minus	68	233
Other counterparties	Various	n/a	2,036	1,607
<b>Total</b>			<b>51,621</b>	<b>118,526</b>

The Group's trade receivables are predominantly derived from auction customers who are specifically invited to each auction and the credit quality of whom is thoroughly assessed prior to invitation, considering financial position, past experience and other factors. No stock is transferred to the auction customers until full payment for the good has been received. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. At the date of these financial statements, the Group had collected all auction receivables that was outstanding at 31 December 2023.

The credit quality of the Group's trade receivables can be assessed by reference to external credit ratings (where available) or to historical information about default rates. The trade receivables balance outstanding at the balance sheet date by counterparty credit risk is assessed as shown in the table below:

	31 DECEMBER 2023 USD'000	31 DECEMBER 2022 USD'000
Group 1 – direct customers, predominantly retail and web sales from Fabergé	803	2,463
Group 2 – new counterparties, with a less than six-month relationship with the Group	138	52
Group 3 – existing counterparties, no past history of default	43,065	59,763
Group 4 – existing counterparties, past default but all amounts have been recovered	16	876
<b>Total trade receivables</b>	<b>44,022</b>	<b>63,154</b>

ii) **Impairment of financial assets**

The Group applies the IFRS 9 simplified approach to measuring credit losses for trade receivables, using a lifetime expected credit loss provision. Based on the assessment completed, USD0.2 million provision was recorded against trade receivables at 31 December 2023 (31 December 2022: USD0.2 million).

The Group's other receivables primarily relate to third-party and related-party loans. These financial assets have been assessed for credit loss individually, considering financial position, past experience and other factors. At 31 December 2023, the Group held a provision of USD2.1 million (31 December 2022: USD2.1 million) against its loans and other receivables. There are no other financial assets that are impaired and, accordingly, no additional analysis has been provided.

Refer to Note 14: *Trade and other receivables* for details of the IFRS 9 assessment completed at 31 December 2023.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### *Liquidity risk*

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It represents the risk that the Group will encounter difficulty in meeting its financial obligations.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim the Group seeks to maintain cash balances and agreed bank facilities at levels considered appropriate to meet ongoing obligations.

The Group maintains an integrated business performance and cash flow forecasting model, incorporating financial position information, which is updated monthly.

The Group performance against budget and associated cash flow forecast is evaluated on a monthly basis. The Directors receive rolling 12-month cash flow projections monthly, as well as information regarding cash balances and Group performance against budget. At the reporting date these projections indicated that the Group expected to have sufficient liquidity to meet its obligations in all reasonably expected circumstances.

The following table illustrates the contractual maturity analysis of the Group's financial liabilities, including the liabilities that must be settled gross, based, where relevant, on interest rates and exchange rates prevailing at the reporting date.

31 DECEMBER 2023	REPAYABLE WITHIN ONE MONTH USD'000	REPAYABLE WITHIN ONE TO SIX MONTHS USD'000	REPAYABLE WITHIN SIX TO TWELVE MONTHS USD'000	REPAYABLE WITHIN ONE TO FIVE YEARS USD'000	REPAYABLE AFTER FIVE YEARS USD'000	TOTAL CONTRACTUAL CASH FLOWS USD'000	CARRYING VALUE AT 31 DECEMBER 2023 USD'000
Trade and other payables	19,776	21,194	6,960	8,034	–	55,964	55,964
Leases	24	291	155	604	252	1,326	1,170
Borrowings and interest	–	40,474	–	–	–	40,474	40,474
<b>Total</b>	<b>19,800</b>	<b>61,959</b>	<b>7,115</b>	<b>8,638</b>	<b>252</b>	<b>97,764</b>	<b>97,608</b>

31 DECEMBER 2022	REPAYABLE WITHIN ONE MONTH USD'000	REPAYABLE WITHIN ONE TO SIX MONTHS USD'000	REPAYABLE WITHIN SIX TO TWELVE MONTHS USD'000	REPAYABLE WITHIN ONE TO FIVE YEARS USD'000	REPAYABLE AFTER FIVE YEARS USD'000	TOTAL CONTRACTUAL CASH FLOWS USD'000	CARRYING VALUE AT 31 DECEMBER 2022 USD'000
Trade and other payables	19,422	12,961	11,775	5,000	–	49,158	49,158
Leases	20	711	739	1,036	491	2,997	2,332
Borrowings and interest	–	4,007	11,012	–	–	15,019	14,007
<b>Total</b>	<b>19,442</b>	<b>17,679</b>	<b>23,526</b>	<b>6,036</b>	<b>491</b>	<b>67,174</b>	<b>65,497</b>

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

### *Market risk*

The significant market risks affecting the Group are currency risk, interest rate risk, price risk and commodity risk. These risks relate to the Group's underlying mining operations and its investment in Sedibelo, which is held at fair value.

### **Currency risk**

The Group's operations are exposed to currency risk on foreign currency sales, purchases and expenses. As the majority of revenues are denominated in USD and the USD plays a dominant role in the Group's business, funds borrowed and held in USD provide a natural hedge against currency fluctuations. Operating costs and costs of locally sourced equipment are influenced by fluctuations in local currencies, primarily the Zambian kwacha ("ZMW") and Mozambican metical ("MZN").

A key tenet of the Group's treasury policy is that materially all of the Group's cash is held in USD, other than amounts allocated for a specific foreign currency investment or for specific material expenses which are usually held in the relevant currency. The Group's cash balance is therefore not subject to material foreign exchange risk in most circumstances.

Cash balances are translated into a currency other than the USD only when an outflow of cash is imminent or if required for legal or similar reasons. The Group may occasionally hold balances in currencies other than the USD for a material investment which is considered likely but is not yet certain. This gives rise to potential foreign exchange risk if the investment does not occur and the balance is translated back into USD at a different exchange rate. Alternatively, for specific material cash outflows, the Group may choose to enter into an appropriate hedging strategy, such as a forward contract or option, to minimise the Group's foreign exchange exposure. The Group did not enter into any hedging strategies during the current or prior year.

The Group also undertakes transactions and holds assets and liabilities in currencies other than the USD. The Group may enter into equity or loan investments in currencies other than the USD, including GBP and ZAR. These balances are translated at the end of each reporting period and the related foreign exchange gain or loss is included in the Consolidated Statement of Comprehensive Income. The Directors consider the denomination of each investment as part of the initial decision as to whether to invest in an asset.

Sensitivity analysis has been performed based on the sensitivity of the Group's net financial assets to movements in foreign exchange rates, assuming a movement of 10% against the USD.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### *Market risk* (continued)

AT 31 DECEMBER 2023	USD USD'000	GBP USD'000	ZMW USD'000	MZN USD'000	OTHER USD'000	TOTAL USD'000
Equity investments	4,000	–	–	–	–	4,000
Investments accounted for using the equity method	2,009	–	–	–	–	2,009
Cash and cash equivalents	36,899	2,920	173	8,153	3,476	51,621
Trade and other receivables	54,102	320	236	1,271	2,925	58,854
Borrowings	(40,474)	–	–	–	–	(40,474)
Trade and other payables	(30,754)	(6,796)	(1,279)	(15,810)	(1,325)	(55,964)
Lease liabilities	(510)	(151)	(203)	–	(306)	(1,170)
<b>Net financial assets/(liabilities)</b>	<b>25,272</b>	<b>(3,707)</b>	<b>(1,073)</b>	<b>(6,386)</b>	<b>4,770</b>	<b>18,876</b>
<i>Sensitivity analysis</i>						
<b>Impact on the Income Statement, assuming a 10% movement against the USD</b>	<b>n/a</b>	<b>(371)</b>	<b>(107)</b>	<b>(639)</b>	<b>477</b>	<b>(640)</b>

AT 31 DECEMBER 2022	USD USD'000	GBP USD'000	ZMW USD'000	MZN USD'000	OTHER USD'000	TOTAL USD'000
Equity investments	32,000	–	–	–	–	32,000
Cash and cash equivalents	95,997	3,266	414	11,270	7,579	118,526
Trade and other receivables	70,534	824	107	737	3,788	75,990
Loan notes from non-equity investments	1,389	–	–	–	–	1,389
Borrowings	(14,007)	–	–	–	–	(14,007)
Trade and other payables	(24,162)	(8,586)	(1,126)	(12,857)	(2,427)	(49,158)
Lease liabilities	(716)	(799)	(265)	(5)	(547)	(2,332)
<b>Net financial assets/(liabilities)</b>	<b>161,035</b>	<b>(5,295)</b>	<b>(870)</b>	<b>(855)</b>	<b>8,393</b>	<b>162,408</b>
<i>Sensitivity analysis</i>						
<b>Impact on the Income Statement, assuming a 10% movement against the USD</b>	<b>n/a</b>	<b>(530)</b>	<b>(87)</b>	<b>(86)</b>	<b>839</b>	<b>136</b>

#### **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its cash balances. The Group's policy is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments which are for a maximum of one year but are usually for shorter time periods. This maintains the Group's liquidity levels whilst also securing a return for shareholders on uninvested cash. During 2023 and 2022 all uninvested cash was accessible either on demand, or shortly afterwards. In addition, the Group may make interest-bearing loans to its investments.

An analysis of the expected maturity of the Group's financial assets and liabilities exposed to variable interest rates at the balance sheet date is shown below. Expected maturities are usually based on contractual maturities. The sensitivity analysis completed has considered a 1.0% increase or decrease (2022: 1.0% increase or decrease) in interest rates to be reasonably possible based on the current interest rate environment. The Directors consider the impact of changes in interest rates on the Group to be immaterial.

## 23. FINANCIAL INSTRUMENTS (CONTINUED)

*Market risk (continued)*

31 DECEMBER 2023	REPAYABLE WITHIN ONE MONTH USD'000	REPAYABLE WITHIN ONE TO SIX MONTHS USD'000	REPAYABLE WITHIN SIX TO 12 MONTHS USD'000	TOTAL USD'000
Cash and cash equivalents	51,621	–	–	51,621
Borrowings	–	(40,474)	–	(40,474)
<b>Net financial assets/(liabilities) subject to interest rate risk</b>	<b>51,621</b>	<b>(40,474)</b>	<b>–</b>	<b>11,147</b>
<i>Sensitivity analysis</i>				
<b>Impact on profit or loss, assuming a 1.0% movement in interest rate</b>	<b>516</b>	<b>(405)</b>	<b>–</b>	<b>111</b>

31 DECEMBER 2022	REPAYABLE WITHIN ONE MONTH USD'000	REPAYABLE WITHIN ONE TO SIX MONTHS USD'000	REPAYABLE WITHIN SIX TO 12 MONTHS USD'000	TOTAL USD'000
Cash and cash equivalents	118,526	–	–	118,526
Borrowings	–	(4,007)	(10,000)	(14,007)
<b>Net financial assets/(liabilities) subject to interest rate risk</b>	<b>118,526</b>	<b>(4,007)</b>	<b>(10,000)</b>	<b>104,519</b>
<i>Sensitivity analysis</i>				
<b>Impact on profit or loss, assuming a 1.0% movement in interest rate</b>	<b>1,185</b>	<b>(40)</b>	<b>(100)</b>	<b>1,045</b>

**Price risk**

Price risk is the risk that the price for equity investments fluctuates with a corresponding impact on the Consolidated Income Statement. The Directors believe that disclosure of a 25% decrease or increase in the fair values of the Group's investments is reasonably possible and presents relevant information to shareholders. The Executive Directors usually participate in management of each investment and monitor the associated risks on an ongoing basis, reporting to the Board as necessary. A 25% change in the fair value of investments would have the following impact on the Consolidated Income Statement:

	31 DECEMBER 2023		31 DECEMBER 2022	
	CARRYING VALUE USD'000	IMPACT OF A 25% CHANGE IN FAIR VALUE USD'000	CARRYING VALUE USD'000	IMPACT OF A 25% CHANGE IN FAIR VALUE USD'000
Unlisted equity investment – Sedibelo	4,000	1,000	32,000	8,000
<b>Total</b>	<b>4,000</b>	<b>1,000</b>	<b>32,000</b>	<b>8,000</b>

**Commodity risk**

The Group holds coloured gemstones on its balance sheet in the form of inventory. A decrease in the price of coloured gemstones, specifically rubies and emeralds, may have a material impact on the Company's profitability. For the Group's other major investment, Sedibelo, commodity prices can have a significant impact on the fair value valuation of the investment and can impact upon the viability of the assets that the Group has invested in or may invest in. The commodities of most relevance to the Group currently are coloured gemstones and PGMs.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 23. FINANCIAL INSTRUMENTS (CONTINUED)

#### *Sensitivity analyses representative of the position throughout the year*

The sensitivity analyses presented above are based on the financial instruments held at year-end. The sensitivity analyses presented for 31 December 2023 are considered likely to be representative of the financial instruments held and of risks to the balance sheet in the immediate future. Furthermore, if the Group divested an investment, its exposure to market risks would change. As there is uncertainty as to how the Group's risk profile will change in the future, no further representative sensitivity analyses have been disclosed, as the Directors do not believe that this would be useful. Users of the Consolidated Financial Statements should refer to the Risk and Uncertainties section of this Annual Report for further information on the risks that the enlarged Group is exposed to.

### 24. COMMITMENTS AND CONTINGENCIES

At 31 December 2023, the Group had the following capital commitments:

- USD1.1 million (31 December 2022: USD7.0 million) mainly for the purchase of mining equipment and the construction of new staff buildings at the mine site at MRM.
- USD4.7 million (31 December 2022: USD1.2 million) at Kagem for the purchase of mining equipment, enhancement of operational assets and the construction of new staff buildings at the mine site.
- USD0.8 million (31 December 2022: Nil) for the purchase of mining equipment and camp improvements at ERM.
- USD0.3 million (31 December 2022: Nil) for the purchase of mining equipment at CDJ.
- USD0.1 million (31 December 2022: Nil) 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 'lump-sum 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 USD70 million (at recent foreign exchange rates and excluding VAT and government levies). The first instalment of 20% was paid on 14 August 2023, and, subject to specified milestones, 80% of the total cost is expected to be incurred in 2024 and 2025, financed by loan facilities.

MRM and Kagem have also provided USD2.5 million and USD1.1 million, respectively, in bank guarantees to support operational requirements related to compliance, management, and closure plans.

The Group does not have any significant contingencies.

## 25. SUBSIDIARIES

The Group's subsidiaries are set out below. All interests are held directly or indirectly by the Group and are consolidated within these Consolidated Financial Statements.

NAME	COUNTRY OF INCORPORATION	GROUP % INTEREST AT 31 DECEMBER 2023	GROUP % INTEREST AT 31 DECEMBER 2022
Campos de Joia, Limitada	Mozambique	100%	100%
Clearwater Resources (Private) Limited	Zimbabwe	100%	100%
Eastern Ruby Mining Limitada	Mozambique	80%	80%
Fabergé (UK) Limited	United Kingdom	100%	100%
Fabergé Hospitality Limited	British Virgin Islands	100%	100%
Fabergé Inc.	United States of America	100%	100%
Fabergé Limited	Cayman Islands	100%	100%
Fabergé Suisse SA	Switzerland	100%	100%
F1842 Fine Jewellery Trading LLC	United Arab Emirates	100%	100%
Florescer Farming S.A.	Mozambique	97.9%	97.9%
Forest HoldCo Limited	United Kingdom	100%	100%
G-Chime Solutions Limited <sup>1</sup>	United Kingdom	100%	–
Gemdustry Limited	United Kingdom	100%	100%
Gemfields BVI Limited	British Virgin Islands	100%	100%
Gemfields Canada Inc.	Canada	100%	100%
Gemfields CdJ Mauritius	Mauritius	100%	100%
Gemfields DMCC	United Arab Emirates	100%	100%
Gemfields Holdings Zambia Limited	Zambia	100%	100%
Gemfields India Pvt Limited	India	100%	100%
Gemfields Mauritius Limited	Mauritius	100%	100%
Gemfields Mining Limited	Zambia	100%	100%
Gemfields Limited	United Kingdom	100%	100%
Gemfields Madagascar Holding Limited <sup>2</sup>	Mauritius	100%	–
Gemfields Resources (Guernsey) GP Ltd	Guernsey	100%	100%
Gemfields Services Limited	United Kingdom	100%	100%
Gemfields Singapore Pte Limited	Singapore	100%	100%
Gemfields South Africa (Pty) Limited	South Africa	100%	100%
Gemholds Ethiopia Limited	United Kingdom	100%	100%
Gemhouse Mining Zambia Limited	Zambia	100%	100%
Graphon Investments (Pvt) Limited	Sri Lanka	75%	75%
Graphon Mining Resources (Pvt) Limited	Sri Lanka	75%	75%
G-Trac Knowledgebase Systems Limited	United Kingdom	100%	100%
Hagura Mining Limited	United Kingdom	100%	100%
Island HoldCo Limited	United Kingdom	100%	100%
Kagem Mining Limited	Zambia	75%	75%
Kagem Lapidaries Limited	Zambia	100%	100%
Megaruma Mining Limitada	Mozambique	75%	75%
Montepuez Ruby Mining Limitada	Mozambique	75%	75%

Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

NAME	COUNTRY OF INCORPORATION	GROUP % INTEREST AT 31 DECEMBER 2023	GROUP % INTEREST AT 31 DECEMBER 2022
Nairoto Mining 01, Limitada	Mozambique	75%	75%
Nairoto Mining 02, Limitada	Mozambique	75%	75%
Nairoto Mining 03, Limitada	Mozambique	75%	75%
Nairoto Mining 04, Limitada	Mozambique	75%	75%
Nairoto Mining 05, Limitada	Mozambique	75%	75%
Nairoto Mining 06, Limitada	Mozambique	75%	75%
Nairoto Mining 07, Limitada	Mozambique	75%	75%
Nairoto Mining 08, Limitada	Mozambique	75%	75%
Nairoto Mining 09, Limitada	Mozambique	75%	75%
Nairoto Mining 11, Limitada	Mozambique	75%	75%
Nairoto Mining 16, Limitada	Mozambique	75%	75%
Nairoto Mining 18, Limitada	Mozambique	75%	75%
Nairoto Resources Holdings	Mauritius	100%	100%
Nairoto Resources Limitada	Mozambique	75%	75%
Novo Campos de Joia 1, Limitada	Mozambique	100%	100%
Novo Campos de Joia 2, Limitada	Mozambique	100%	100%
Novo Campos de Joia 3, Limitada	Mozambique	100%	100%
Novo Megaruma Mining Ltda	Mozambique	100%	100%
Oriental Mining SARL	Madagascar	100%	100%
Peninsula HoldCo Limited	United Kingdom	100%	100%
Ratnapura Lanka Gemstones (Pvt) Limited	Sri Lanka	75%	75%
Shakgem Gemstone Mining Plc	Ethiopia	90%	90%
Singha Heavy Equipment (Pvt) Limited	Sri Lanka	75%	75%
Singha Industrial Investments (Pvt) Limited	Sri Lanka	75%	75%
The Gemfields Resources Fund L.P.	Cayman Islands	100%	100%
Web Gemstone Mining plc	Ethiopia	75%	75%

1 – The company was incorporated on 14 June 2023.

2 – The company was incorporated on 13 September 2023.

## 26. RELATED PARTY TRANSACTIONS

The Group's subsidiaries, as set out in Note 25: *Subsidiaries*, are determined to be related parties of the Group.

The Group also holds both a related party receivable of USD11.1 million and a related party payable of USD5.0 million with Mwiriti Ltda, the Group's partner in MRM and Nairoto. These transactions are detailed in Note 14: *Trade and other receivables* and Note 15: *Trade and other payables*.

During the year a number of the Group's Directors made purchases of jewellery and watches from Fabergé amounting to USD8,159 (2022: USD9,493). All purchases were made in accordance with the Group's employee purchase policy. As at 31 December 2023, there is no outstanding receivable balance resulting from these purchases.



## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

In 2018 the Group established Gemfields Foundation (the “Foundation”), a UK-registered charitable company whose purpose is to address poverty in developing countries and support conservation projects. The Foundation is determined to be independent of the Group and does not meet the definition of a subsidiary outlined in the Group’s accounting policies. Therefore, its results are not consolidated into these Consolidated Financial Statements.

The Foundation is part-funded by Gemfields Limited and accepts donations from external bodies or individuals, with the funds received used to invest in community and conservation projects in Africa. 2021 saw the official launch of the charity. During 2023 the Group made donations of USD10,000 (2022: USD25,000). At 31 December 2023, no amount was due to the Foundation from Gemfields Limited (31 December 2022: Nil).

The Directors are the Key Management Personnel of the Group. The amounts paid to the Executive Directors for services during 2023 are set out below:

1 JANUARY 2023 TO 31 DECEMBER 2023	BASE COMPENSATION USD'000	BENEFITS USD'000	BONUS USD'000	PENSION USD'000	TOTAL USD'000	EMPLOYER'S NATIONAL INSURANCE USD'000	TOTAL INCLUDING EMPLOYER'S NATIONAL INSURANCE USD'000
Sean Gilbertson <sup>1,2</sup>	610	11	397	30	1,048	136	1,184
David Lovett <sup>2</sup>	399	8	259	20	686	87	773
<b>Total</b>	<b>1,009</b>	<b>19</b>	<b>656</b>	<b>50</b>	<b>1,734</b>	<b>223</b>	<b>1,957</b>

1 – On 27 June 2023, Sean Gilbertson exercised 5,578,042 share options at an exercise price of ZAR3.45 per ordinary share of USD0.00001 each in the company (“Ordinary Share”). Mr Gilbertson exercised these share options on a ‘retain’ basis, meaning that Mr Gilbertson paid the exercise cost of ZAR19,244,245 to the Company and retained all 5,578,042 Ordinary Shares. Following the above transaction, Mr Gilbertson owns 17,548,327 Ordinary Shares, representing 1.5 per cent of the Company’s issued shares.

2 – During the year a share-based expense of USD29k was recognised in relation to the August 2023 LTIP scheme granted to Sean Gilbertson and David Lovett. These performance shares vest over a three-year period and the total expense is recognised over the vesting period.

1 JANUARY 2022 TO 31 DECEMBER 2022	BASE COMPENSATION USD'000	BENEFITS USD'000	BONUS USD'000	PENSION USD'000	TOTAL USD'000	EMPLOYER'S NATIONAL INSURANCE USD'000	TOTAL INCLUDING EMPLOYER'S NATIONAL INSURANCE USD'000
Sean Gilbertson <sup>2</sup>	592	7	592	29	1,220	154	1,374
David Lovett <sup>1,2</sup>	380	5	380	18	783	192	975
<b>Total</b>	<b>972</b>	<b>12</b>	<b>972</b>	<b>47</b>	<b>2,003</b>	<b>346</b>	<b>2,349</b>

1 – On 5 October 2022, David Lovett exercised 1,184,200 share options at an exercise price of ZAR2.97 per ordinary share of USD0.00001 each in the company (“Ordinary Share”) and 7,000,000 share options at an exercise price of ZAR2.30 per Ordinary Share. Mr Lovett exercised these share options (8,184,200 in total) on a ‘sell to retain’ basis, meaning that Mr Lovett sold a sufficient number of Ordinary Shares to satisfy his tax liability and costs of the associated transactions such that he retained 1,400,000 Ordinary Shares pursuant to the exercise of his options. Following the above transaction, Mr Lovett owns 1,442,000 Ordinary Shares, representing 0.12 per cent of the Company.

## Notes to the Consolidated Financial Statements *for the year ended 31 December 2023* | continued

### 26. RELATED PARTY TRANSACTIONS (CONTINUED)

The amounts paid to the Non-Executive Directors for services during 2023 and 2022 are set out below:

1 JANUARY 2023 TO 31 DECEMBER 2023	GROUP DIRECTOR FEES USD'000	BOARD COMMITTEES USD'000	LEAD INDEPENDENT DIRECTOR USD'000	TOTAL USD'000
Martin Tolcher	130	–	–	130
Lumkile Mondli	50	15	10	75
Kwape Mmela	50	15	–	65
Carel Malan	50	15	–	65
Mary Reilly	50	15	–	65
Patrick Sacco	50	11	–	61
<b>Total</b>	<b>380</b>	<b>71</b>	<b>10</b>	<b>461</b>

1 JANUARY 2022 TO 31 DECEMBER 2022	GROUP DIRECTOR FEES USD'000	BOARD COMMITTEES USD'000	LEAD INDEPENDENT DIRECTOR USD'000	DISCRETIONARY PAYMENT USD'000	TOTAL USD'000
Martin Tolcher	130	–	–	18	148
Lumkile Mondli	50	15	10	11	86
Kwape Mmela	50	15	–	10	75
Carel Malan	50	15	–	9	74
Mary Reilly	50	15	–	2	67
Patrick Sacco	50	–	–	–	50
<b>Total</b>	<b>380</b>	<b>60</b>	<b>10</b>	<b>50</b>	<b>500</b>

The interests in the Parent Company equity shares held by the Directors are set out below:

	2023		2022	
	NUMBER OF SHARES	INTEREST	NUMBER OF SHARES	INTEREST
Patrick Sacco <sup>1</sup>	340,367,121	29.17%	326,569,660	28.09%
Sean Gilbertson <sup>2,3,4</sup>	48,263,928	4.14%	11,970,285	0.99%
Kwape Mmela	8,325,334	0.71%	8,325,334	0.69%
David Lovett	1,442,000	0.12%	1,442,000	0.12%
<b>Total</b>	<b>398,398,383</b>	<b>34.14%</b>	<b>348,307,279</b>	<b>29.89%</b>

1 – Patrick Sacco is the managing director of, and holds a beneficial interest in, Assore International Holdings Limited which in turn holds 340,367,121 ordinary shares in the Company.

2 – Sean Gilbertson directly owns 17,548,327 Ordinary Shares, representing 1.5 per cent of the Company's issued shares. He has an indirect interest in Ordinary Shares, by virtue of being a beneficiary of the Brian Patrick Gilbertson Discretionary Settlement, a family trust which: (i) holds directly 27,659,667 Ordinary Shares and (ii) owns Autumn Holdings Asset Inc., which, in turn, holds a further 1,887,230 Ordinary Shares. These shares were not included in the tabulated figure for 2022 but have been included for 2023.

3 – GigaJoule Ltd, a company wholly owned by Sean Gilbertson, may become entitled to 103,147 Ordinary Shares if a loan granted to a third party by GigaJoule Ltd is not repaid.

4 – Sean Gilbertson has an interest in 5,578,042 Ordinary Shares, that were held by Gemfields Group Limited as at 31 December 2023. These shares were Share Options exercised by Sean on 27 June 2023. Gemfields Group Limited held these shares through the process of transferring them from the South African share register to the Guernsey register. As of the date of this report, the shares are now entirely held by Sean Gilbertson.

## 26. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company had 1,166,695,130 shares in issue at 31 December 2023 (31 December 2022: 1,211,014,532). The number of shares in issue at the date of issuance of this Annual Report is unchanged from 31 December 2023 and the shareholding structure had not changed to the best of management's knowledge.

## 27. EVENTS OCCURRING AFTER THE END OF THE PERIOD

### *Approval of Consolidated Financial Statements*

The Consolidated Financial Statements were approved by the Directors and authorised for issue on 21 March 2024.

### *Announcement of dividend payment*

As a reflection of its confidence in the ongoing strength of Gemfields, the Board has approved a new annual dividend of USD10 million, continuing its commitment towards annual capital returns.

## SECTION 5.7

# Independent Auditor's Report

*to the members of Gemfields Group Limited*

## OPINION

We have audited the financial statements of Gemfields Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 27, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board, UK Adopted International Accounting Standards, and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, UK Adopted International Accounting Standards, and the financial reporting pronouncements issued by the Financial Reporting Standards Council of South Africa; and
- have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment, including the cash flow forecasts and covenant calculations covering the going concern period and management's severe but plausible downside scenarios and assessed whether the scenarios are sufficient and suitable to allow management to form their view on going concern. As part of this procedure, we have obtained an understanding of management's process and controls.

- We challenged the appropriateness of key assumptions in management's going concern forecasts by agreeing them to supporting evidence, including macroeconomic information, recent performance and pricing guidance. We also assessed the existence of any contradictory evidence.
- We assessed the accuracy of management's forecasts by assessing historical performance against budget, post year-end performance and any other evidence obtained through the audit.
- We assessed the impact of renewals of overdraft facilities on MRM and Kagem as well as any new facilities or loans entered into and understood the impacts of any conditions attached, including assessing the impact on any financial covenants.
- We challenged management on the appropriateness of including uncommitted financing related to the construction of the second washing plant in the going concern base case scenario. We discussed directly with bank representatives the nature of any pending procedures before the financing is approved and examined email correspondence with the bank.
- We assessed and challenged management's consideration of downside scenarios and a reverse stress test, considering whether further sensitivities were required.
- We obtained an update from our local EY team on the risk of insurgency in Mozambique through discussions with local management and reading the local news.
- We assessed the reasonableness of mitigating actions through evaluating whether these are within management's control and assessed this through our understanding of the business and the presence of any contrary evidence.
- We considered events beyond the period of assessment and whether such events should be considered by management in their going concern assessment, including their impact on conclusions reached.
- We have reviewed the draft disclosures in the Annual Report and Accounts in relation to going concern with a view to assessing whether they appropriately disclose the risks, the impact on the Group's operations and results and the availability of mitigating actions to be taken.

Going concern has also been determined to be a key audit matter.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for the period to 30 September 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

#### OVERVIEW OF OUR AUDIT APPROACH

AUDIT SCOPE	<ul style="list-style-type: none"> <li>• We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further six components.</li> <li>• The components where we performed full or specific audit procedures accounted for 130% of profit before tax, 98% of revenue and 96% of total assets.</li> </ul>
KEY AUDIT MATTERS	<ul style="list-style-type: none"> <li>• Risk of improper revenue recognition due to cut-off</li> <li>• Risks related to the going concern assumption</li> <li>• Risk of impairment of mining assets</li> </ul>
MATERIALITY	<ul style="list-style-type: none"> <li>• Overall Group materiality of USD4.5 million which represents 5% of profit before tax using the average of 3-year adjusted profit before tax.</li> </ul>

## Independent Auditor's Report *to the members of Gemfields Group Limited* | continued

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

#### *Tailoring the scope*

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group, changes in the business environment, the potential impact of climate change and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 59 reporting components of the Group, we selected eight components covering entities within Mozambique, Zambia and the UK, which represent the principal business units within the Group.

Of the eight components selected, we performed an audit of the complete financial information of two components ("full scope components") which were selected based on their size or risk characteristics. For the remaining six components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 130% of the Group's profit before tax (2022: 97%), 98% of the Group's revenue (2022: 96%) and 96% of the Group's total assets (2022: 92%). For the current year, the full scope components contributed 497% of the Group's profit before tax (2022: 126%), 92% of the Group's revenue (2022: 92%) and 76% the Group's total assets (2022: 72%). The specific scope components contributed -367% of the Group's profit before tax (2022: -29%), 6% of the Group's revenue (2022: 4%) and 20% of the Group's total assets (2022: 20%). The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also instructed six locations to perform specified procedures over cash and bank balances.

Of the remaining 45 components that together represent -30% of the Group's profit before tax, none are individually greater than 1% of the Group's profit before tax. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The table below illustrates the coverage obtained from the work performed by our audit teams.

	REPORTING COMPONENTS WHERE WE PERFORMED AUDIT PROCEDURES	FULL SCOPE	SPECIFIC SCOPE	OTHER PROCEDURES
Revenue	98% (2022: 96%)	92% (2022: 92%)	6% (2022: 4%)	2% (2022: 4%)
Profit before tax	130% (2022: 97%)	497%* (2022: 126%)	-367%* (2022: -29%)	-30% (2022: 3%)
Total assets	96% (2022: 92%)	76% (2022: 72%)	20% (2022: 20%)	4% (2022: 8%)

\* Note: some entities presented financial losses in 2023 which distorted the coverage assessment over the Group's profit before tax. Therefore, when calculating their overall contribution, this results in a coverage exceeding 100% of the Group's profit (2022: 126%). We tested two full scope components that represent 100% of total profit before tax. Also, we tested six specific scope components that represent 93% of total losses before tax.

## INVOLVEMENT WITH COMPONENT TEAMS

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For the two full scope components, audit procedures were performed directly by the component audit team. Of the six specific scope components, audit procedures were performed on two of them directly by the primary team. For the four specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team follows a programme of planned visits that has been designed to ensure that the Auditor visits the key operating locations. The lead audit partner visited Mozambique this year and Zambia in the prior year, each time accompanied by another member of the group audit team. During the current year's audit cycle, this visit to Mozambique involved discussion and oversight of the component team audit approach, consideration of significant accounting and auditing issues arising from their work, and meetings with management. The primary team interacted regularly with the component teams during various stages of the audit. The primary team also reviewed relevant working papers across all full and specific scope components and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

## CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact Gemfields Group Limited. The Group has explained its assessment of climate change in section 3.4 of the Annual Report. All of these disclosures form part of the "Other information", rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in Note 1, Basis of Preparation, how it has reflected the impact of climate change in the financial statements. Considering the timing of operations, we understand that all the potential impacts that climate change could have on the operations are not yet known or cannot be estimated with certainty. Therefore, certain sensitivities have been included in relevant areas such as impairment, where disclosures on prices and discount rate could reflect potential indirect impacts of climate change.

Our audit effort in considering the impact of climate change on the financial statements was focused on the adequacy of the Group's disclosures in the financial statements and its conclusion that no significant issues have been identified that would materially impact the carrying amounts of non-current assets and liabilities. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report *to the members of Gemfields Group Limited* | continued

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
<p><b>Risk of improper revenue recognition due to cut-off</b></p> <p><i>Refer to Accounting policies (page 140); and Note 3 of the Consolidated Financial Statements (page 148)</i></p> <p>Total revenue as of 31 December 2023 is USD262.0 million (2022: USD341.1 million).</p> <p>One of the key areas of IFRS 15 relates to the assessment of when performance obligations are met. We note that most of the revenue recognised at 31 December 2023 relates to revenue of rough gemstones from auctions.</p> <p>Gemfields' accounting policy determines that revenue is recognised when the auction is awarded, on the basis that management believes that at this point control is transferred from the Group to the customer. The assessment is based on the analysis of paragraphs 33 and 38 of IFRS 15.</p> <p>The risk is that revenue, including auctions and sales of jewellery, may be recognised before the control has passed to the customer.</p>	<p>Our procedures in respect of revenue recognition included:</p> <ul style="list-style-type: none"> <li>• We updated our understanding of the revenue transactions, by performing a walkthrough of the process.</li> <li>• We obtained and reviewed management's paper on revenue recognition to ensure the revenue recognition policy is consistent with the prior year. We concluded that management's approach was consistent with the prior year and remains appropriate.</li> <li>• We read the terms and conditions ('T&amp;Cs') for both emerald and ruby auctions, ensuring that both are consistent and assessed key considerations on transfer of control, as key milestone to record revenue. We reviewed the T&amp;Cs provided by management and concluded they are consistent with the prior year and no changes have been made.</li> <li>• On a sample basis, we tested auction invoices and agreed key inputs.</li> <li>• As part of our revenue recognition testing, we used data analytics techniques. This comprises analysing the correlation of journal entries posted to revenue with journals posted to cash receipts and tracing cash receipts to bank statements on a sample basis. Based on the outcome of the procedures, we did not find any unusual revenue transactions or revenue which should not have been recognised.</li> <li>• We searched for unusual revenue journals to corroborate whether revenue was recorded in accordance with the entity's accounting policy and IFRS. We did not find any unusual journal entries posted by the management.</li> <li>• We performed cut-off procedures through vouching transactions before and post year-end and assessed the recoverability of outstanding auction receivables and searched for evidence that would suggest that revenue should not have been recognised. We reviewed the disclosures included in both the annual report and financial statements.</li> </ul> <p>We performed full and specific scope audit procedures over this risk area in four locations, which covered 100% of the risk amount.</p>	<p>Based on our procedures performed, we concluded that revenue is appropriately recorded at 31 December 2023.</p> <p>We concluded that disclosures included in the financial statements are appropriate.</p>



RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
<p><b>Risk of impairment of mining assets</b></p> <p>At 31 December 2023, the Group Property, Plant &amp; Equipment balance is USD356.6 million (2022: USD336.8 million).</p> <p><i>Refer to Accounting policies (page 142); and Note 10 of the Consolidated Financial Statements (page 159)</i></p> <p>The impairment assessment of mining assets is a forecast-based estimate. The risk is that potential impairments are not identified on a timely basis.</p> <p>Auditing the impairment of the mining assets is subjective due to the significant amount of judgement involved in determining whether the assumptions used are reasonable. These include changes in interest rates and their impact in discount rates, forecast pricing for products sold, changes in asset performance and future production. In performing our audit, we were mindful of the risk of management override in assessing whether or not impairment indicators exist.</p> <p>We have continued to assess both the impairment of MRM and Kagem together.</p>	<p>Our procedures in respect of the risk of impairment of mining assets included:</p> <ul style="list-style-type: none"> <li>• We considered management’s assessment of impairment triggers. We note that there is a recurrent indicator which is the market capitalisation deficit (Group’s net assets of USD523 million, compared to market capitalisation of USD200 million). In addition, there has been an increase in the cost base at Kagem, production levels below budget for Kagem and MRM, and the risk of ongoing insurgency in Mozambique.</li> <li>• We obtained an understanding of the methodology behind the models and we verified their mathematical accuracy and completeness.</li> <li>• We challenged the appropriateness of the extent to which the cashflows have been risked and considered the sensitivity of the impairment assessment to further risking. We note that inferred resources are not included in management’s models.</li> <li>• We evaluated corroborative and contrary evidence to assess whether the level of risk of the cashflows is within a range of reasonably possible outcomes.</li> <li>• We agreed the related production profiles to the estimated reserves and resources report and corresponding current mine plans for each mine and considered their consistency with our understanding of future plans at the mines obtained through discussions with management.</li> <li>• We assessed key inputs of the models, including revenue, forecast prices, operating and capital costs, assessing consistency with current revenue, reserves and resources and forecast mine production. We considered the possible effect of climate change on cost estimates.</li> <li>• We assessed the competence, independence and objectivity of management’s specialists involved in the estimation of key inputs such as discount rates and reserves and resources.</li> <li>• We assessed the methodology used by management to estimate the recoverable value of mining assets to ensure that this is consistent with accounting standards.</li> <li>• Assisted by our EY Valuation specialists, we assessed and challenged management’s assessment of discount rates used in the impairment models.</li> <li>• We evaluated the appropriateness of disclosures (including sensitivities) made in the annual report and accounts.</li> </ul> <p>We performed full scope audit procedures over this risk area in two locations, which covered 100% of the risk amount.</p>	<p>Based on the procedures performed, we concluded that the impairment models support the carrying value of the mining assets at 31 December 2023.</p> <p>We also concluded that disclosures, including sensitivities, made in the financial statements are appropriate.</p>

## Independent Auditor's Report *to the members of Gemfields Group Limited* | continued

### OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

#### *Materiality*

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be USD4.5 million, which represents 5% of profit before tax using the average of 3-year adjusted profit before tax, excluding gains and losses related to Sedibelo. We believe that profit before tax is the most appropriate basis for materiality because it is an important performance metric which is aligned with industry earning measures. However, due to the significant decrease in profit before tax, we consider it to be more appropriate to use a 3-year average which better reflects the overall performance of the business. We also note the impact of fair value losses of the Sedibelo investment which have been excluded as these relate to non-core operations and would not be considered to impact the view of the users of the financial statements.

The materiality has fallen by 29% compared to prior year (2022: USD5.7 million).

During the course of our audit, we reassessed initial materiality, which did not result in a significant change at year-end.

#### *Performance materiality*

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely USD2.2 million. We have set performance materiality at this percentage based on our expectations of identifying material misstatements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was USD337 thousand to USD1.2 million.

#### *Reporting threshold*

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of USD225 thousand, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## OTHER INFORMATION

The other information comprises the information included in the annual report set out on pages 1 to 123 and 206 to 210, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### *Matters on which we are required to report by exception*

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 106, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities,

## Independent Auditor's Report *to the members of Gemfields Group Limited* | continued

including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (IFRS, The Companies (Guernsey) Law, 2008, The King IV Report for Corporate Governance for South Africa 2016), the relevant tax regulations in the jurisdictions where the Group operates, Health & Safety and human rights regulations and the Bribery Act;
- We understood how Gemfields Group Limited is complying with those frameworks through enquiries of management, including the finance and legal teams, and by identifying the Group's policies and procedures regarding compliance with laws and regulations. We also identified those members of management who have the primary responsibility for ensuring compliance with laws and regulations, and for reporting any known instance of non-compliance to those charged with governance. We corroborated our enquiries through our review of board minutes and papers provided to the board and the Audit Committee, as well as considerations of our audit procedures across the Group to either corroborate or provide contrary evidence which was then followed up;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included test of manual journals.
- With the assistance of our forensic specialists and considering our understanding of the Group, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of Group management and those charged with governance, legal counsel and internal audit; review of material capitalised expenses, journal entry testing using forensic analytic tools, with a focus on manual journals and those indicating large or unusual journals based on our understanding of the business; and challenging the assumptions and judgements made by management in respect of significant accounting estimates. Where observations are raised about management's process or controls surrounding compliance with laws and regulations by us or others, we consider the potential effect of those observations.
- If any instances of non-compliance with laws and regulations were identified, these were communicated to the relevant local EY teams, and, supported by forensic specialists, both the primary and component teams performed the relevant audit procedures including discussions with legal specialists, internal audit, reviewing supporting evidence and assessing any contradictory evidence to evaluate whether any instance of non-compliance could have an impact on the Group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Stephney Dallmann**

for and on behalf of Ernst & Young LLP

London

24 March 2024



IMAGE Education projects, Mozambique



IMAGE Education projects, Mozambique



SECTION 6

# Administration

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## SECTION 6.1

# Shareholder Information

*as at 31 December 2023*

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1–1,000 shares	2,746	59.48	354,291	0.03
1,001–10,000 shares	960	20.79	4,225,790	0.36
10,001–100,000 shares	662	14.34	22,879,517	1.96
100,001–1,000,000 shares	177	3.83	57,816,666	4.96
1,000,001–10,000,000 shares	55	1.19	163,145,341	13.98
10,000,001 shares and over	17	0.37	918,273,525	78.71
	<b>4,617</b>	<b>100</b>	<b>1,166,695,130</b>	<b>100</b>
<b>CATEGORY OF SHAREHOLDER</b>				
Banks/Brokers	185	4.01	743,561,163	63.73
Close Corporations	20	0.43	1,722,304	0.15
Endowment Funds	3	0.06	495,360	0.04
Individuals	4,156	90.02	77,093,558	6.61
Investment Companies	3	0.06	387,358	0.03
Mutual Funds	13	0.28	77,804,659	6.67
Nominees and Trusts	23	0.50	920,505	0.08
Other Corporations	27	0.58	1,747,813	0.15
Private Companies	68	1.47	180,992,853	15.51
Public Companies	10	0.22	37,334,825	3.20
Retirement Funds	11	0.24	37,288,778	3.20
Trusts	98	2.12	7,345,954	0.63
	<b>4,617</b>	<b>100</b>	<b>1,166,695,130</b>	<b>100</b>
<b>PUBLIC/NON-PUBLIC SHAREHOLDERS</b>				
<b>Public Shareholders</b>	<b>4,604</b>	<b>99.72</b>	<b>768,144,259</b>	<b>65.84</b>
<b>Non-public Shareholders</b>	<b>13</b>	<b>0.28</b>	<b>398,550,871</b>	<b>34.16</b>
Holdings of Directors <sup>1,2</sup>	10	0.22	398,398,383	34.15
Prescribed Officers <sup>3</sup>	3	0.06	152,488	0.01
	<b>4,617</b>	<b>100</b>	<b>1,166,695,130</b>	<b>100</b>

1 – Assore International Holdings Limited is categorised as a Holdings of Directors. Previously it was classified as a Strategic Holder.

2 – The “Holdings of Directors” also include the extended family members of the directors as prescribed by the amended JSE Listings Requirements.

3 – Prescribed Officers or Key Management are include in the Non-Public Shareholders in respect to the amended JSE Listings Requirements.



SHAREHOLDER HOLDING 5% OR MORE	NUMBER OF SHARES	%
Assore International Holdings Ltd	340,367,121	29.17
Rational Expectations (Pty) Ltd. <sup>1</sup>	156,434,855	13.41
Ophorst Van Marwijk Kooy Vermogensbeheer NV	114,204,591	9.79
Oasis Group Holdings (Pty) Ltd. <sup>2</sup>	90,459,868	7.75
FIL Limited	69,807,715	5.98
Van Lanschot N.V.	61,125,250	5.24
	<b>832,399,400</b>	<b>71.35</b>

1 – The Rational Expectations shareholding includes interests held by Rational Expectations and its related entities.

2 – The Oasis Group shareholding includes interests held by Oasis Asset Management and Oasis Crescent Capital.

## INVESTOR CALENDAR

DATES	EVENT
29 January 2024	Release of Operational Update up to 31 December 2023
25 March 2024	Release of Gemfields' Annual Report for the year ended 31 December 2023
25 March 2024	USD10 million Annual Dividend declared
25 March 2024	Results of Gemfields' March commercial-quality emerald auction
25 March 2024	Investor and analyst conference call – 9am UK time/11am South African time
25 March 2024	USD10 million Annual Dividend declared
7 June 2024	Record date for participation in the Annual Dividend
24 June 2024	Payment date for Annual Dividend
25 June 2024	Gemfields Group Limited Annual General Meeting
By 31 July 2024	Release of Operational Update up to 30 June 2024
September 2024	Release of Gemfields' Interim Results for the six months ended 30 June 2024



IMAGE

Bina Goenka x Gemfields' Zambia Emerald Flower Ring

## SECTION 6.2

# 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

### Executive Directors

Sean Gilbertson  
 David Lovett

### Non-Executive Directors

Martin Tolcher (Chairman)  
 Patrick Sacco<sup>1</sup>  
 Lumkile Mondli  
 Kwape Mmela  
 Carel Malan  
 Mary Reilly  
 Kieran Daly<sup>1</sup>

*1 – Mr Daly acts as Permanent Alternate to Mr Sacco.*

### Registered Office

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

### Company Secretary

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

### London Office

1 Cathedral Piazza  
 London  
 SW1E 5BP  
 United Kingdom

### Legal Advisor (Guernsey)

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

### Legal Advisor (South Africa)

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

### Administration Services (Guernsey)

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

**JSE Sponsor**

Investec Bank Limited  
100 Grayston Drive  
Sandton, 2196  
South Africa

**AIM Nominated Advisor and Broker**

Liberum Capital Limited  
25 Ropemaker Street  
London  
EC2Y 9LY  
United Kingdom

**Financial Public Relations**

Camarco  
40 Strand  
London  
WC2N 5RW  
United Kingdom

**Registrar**

Computershare Investor Services  
(Guernsey) Limited  
13 Castle Street  
St Helier  
Jersey  
JE1 1ES  
Channel Islands

**South African Transfer Secretary**

Computershare Investor  
Services (Pty) Limited  
Rosebank Towers  
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