

GEMFIELDS MONTEPUEZ RUBY MINE

Investigation into increased illegal mining activity in MRM's concession at Montepuez exposes modern slavery syndicates

Montepuez, 3 May 2019

Montepuez Ruby Mining (MRM) has observed increasing numbers of illegal miner pit collapse incidents in 2019, resulting in the loss of multiple lives. MRM has responded by providing humanitarian assistance in rescue and recovery operations, as well as increasing on-site signage warning of the dangers of illegal mining and campaigning to raise awareness among the local communities and government officials to assist in tackling the issue.

In addition, MRM has carried out an investigation into the illegal mining activities in the Montepuez area, yielding the following key findings:

- The vast majority of the researched illegal miners originate from Nampula, some 400 kilometres by road from Montepuez;
- The illegal miners, some of whom are juveniles, are typically recruited by well-financed syndicate leaders or middlemen (based in Montepuez, Pemba and Nampula) who take advantage of poverty and unemployment, enticing their recruits with promises of ruby mining fortunes;
- The illegal miners (and/or their families) may be asked to make a payment to the syndicates in order to be granted the "opportunity" and be provided by the syndicates with transport to, and food and accommodation in, the Montepuez area. When it is established that they cannot pay these fees upfront, the syndicates offer to provide a loan which the illegal miner is to repay later from his ruby mining activities, thereby placing the illegal miner in debt with the syndicate;
- The illegal miners are then deployed in illegal mining pits and subjected to abject and highly unsafe conditions, receiving tools, food, water and accommodation;
- Gemstones recovered by the illegal miners must be "sold" via the syndicate to a 'higher boss' and the illegal miner receives only a fraction of the sums involved;
- Indebted to the syndicates and with no spare cash, these illegal miners cannot freely return home;
- As a result, these illegal miners are effectively bound in modern slavery.

The investigation concludes that these illegal miners are deliberately being put into debt bondage by middlemen and syndicate leaders, who exploit conditions of poverty and unemployment in struggling communities, thereby practicing a form of modern-day slavery. In addition, the influx of illegal miners damages the social fabric of local communities due to alcohol and drug abuse, domestic and sexual violence,

and environmental problems relating inter alia to village water sources being used and silted for washing ruby bearing gravels.

MRM is liaising with the Mozambican Government through the Ministry of Mineral Resources and Energy, the Provincial Government of Cabo Delgado, the Administration of Montepuez District and other Mozambican Government entities in order to identify the sources of such activities and reduce the risk to, and exploitation of, vulnerable groups.

It is hoped that the ongoing strategic efforts by all parties concerned will have a positive impact by targeting the middlemen and promoters of illegal mining activity who operate in local and remote communities, as well as their financiers, who are typically foreign buyers of gemstones.

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Notes to editors

MRM sustainability highlights:

- Provision of two mobile health clinics to support 10 communities in the Namanhumbir Administrative Post, which had previously depended on a single health facility. From March 2017 to November 2018, more than 68,000 consultations were held: including screening of diseases, vaccination, deworming in kids, vitamin A supplementation, prenatal consultation and nutrition consultation
- Construction of an outpatient ward for the Namanhumbir Health Centre
- Building of three primary schools with 13 classrooms and 6 teacher houses (in Nanune, Mpene and Nseue villages). Also rehabilitated one primary school with 5 classrooms in Nanune village providing a combined capacity of 2,000 students
- Establishment of 9 farming associations which benefit more than 400 local farmers through skills training, improved seeds, pesticides and agricultural equipment, improving yield by 200%. Two of

these are chicken production projects, providing a source of regular income for women, with 25,360 chickens produced since the beginning in 2016

- Launched a 7-year training programme aimed at equipping 2,100 community members with vocational skills to improve their employability and ability to create self-employment
- Opened 12 drinking water outlets and rehabilitated an additional 4 in different villages
- Awarded with the best Social Responsibility practices by the Government of Cabo Delgado in 2017
- Recognised as the biggest taxpayer in Cabo Delgado province in 2014, 2015, 2016 and 2017
- Creation of more than 1,000 jobs at the mine

ABOUT MONTEPUEZ RUBY MINING

Montepuez Ruby Mining Limitada (MRM) is a Mozambican company operating at the Montepuez ruby deposit located in the northeast of Mozambique in Cabo Delgado province. Covering approximately 33,600 hectares, it is believed to be the most significant recently discovered ruby deposit in the world.

MRM is 75% owned by Gemfields and 25% by Mwiriti, a Mozambican company. MRM aims to emulate the values of Gemfields and operate in a way that contributes positively to the national economy, while taking a leading role in modernising the coloured gemstone sector and building sustainable livelihoods for the communities around the mine. MRM believes that coloured gemstones should be mined and marketed by championing three key values - legitimacy, transparency and integrity.

Gemfields is a world leading supplier of responsibly sourced coloured gemstones. In addition to MRM, Gemfields is the operator and 75% owner of the Kagem emerald mine in Zambia (believed to be the world's single largest producing emerald mine), as well as bulk sampling licences in Ethiopia, amongst others.

Gemfields has developed a proprietary grading system and a pioneering auction and trading platform to provide a consistent supply of coloured gemstones to the global jewellery market.

Fabergé - an iconic name with an exceptional heritage - is a member of the Gemfields Group. This enables Gemfields to improve its positioning, perception and consumer awareness of responsibly sourced coloured gemstones through the beauty of design and craftsmanship.

Gemfields' responsibly sourced gemstones are the preferred choice for show pieces created by many world-renowned luxury houses and cutting-edge designers.

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