

GEMFIELDS

GROUP LIMITED

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("Gemfields" or the "Company")

Gemfields releases updated 'G-Factor for Natural Resources' figures

LONDON, 15 FEBRUARY 2023

In July 2021, Gemfields announced 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.

Today, Gemfields announces updated figures to the end of December 2022 and invites governance bodies, mining organisations, industry observers and host governments to adopt the *G-Factor for Natural Resources* in order to improve transparency when it comes to the share of natural resource wealth paid to a host country's government.

The G-Factor for Natural Resources is intended to be an uncomplicated indicator of the percentage of a natural resource company's revenue that is paid to the host country government in primary and direct taxes, plus - where the host government is a shareholder - dividends. As such, it is an indicator of the share of natural resource wealth paid to a host country's government. The G-Factor for Natural Resources takes its name from the "g's" in "government", "governance" and "good practice".

"Given the evolution of resource nationalism on the one hand, and increasing strategic competition by companies and states for access to resources on the other, it seems to us that a practical measure allowing more direct comparison of the sharing of natural resource wealth would assist greatly in identifying responsible custodians of host nations' resources. We hope the G-Factor for Natural Resources will be voluntarily adopted by other companies, insisted upon by host governments and incorporated into projects such as EITP" said Sean Gilbertson, Gemfields CEO.

G-Factor for Natural Resources computations for Gemfields' two key mining subsidiaries (the Kagem emerald mine in Zambia and the Montepuez ruby mine in Mozambique) are set out below:

Montepuez Ruby Mining Limitada (Mozambique), USD million	G-Factor (1 Year) 2022	G-Factor (5 Years) 2018-2022	G-Factor (10 Years) 2013-2022	G-Factor (since Gemfields acquired 75%) 2011-2022
(A) Mineral Royalties Paid	18.6	50.5	84.7	84.7
(B) Corporation Tax Paid	25.9	74.0	119.5	119.5
(C) Dividends to Government (if applicable)	n/a	n/a	n/a	n/a
(D) Total Revenue	166.7	562.7	903.0	903.0
G-Factor, being (A+B+C)/D	27%	22%	23%	23%
NOTES: Revenue excludes other income and revenue generated from other sources. All figures for 2022 are unaudited.	Mineral royalties in respect of the December 2022 auction were paid in January 2023 and are thus excluded from the above. Corporation tax arising on FY22 profits will also only be paid in 2023 and are thus excluded from the above.		Mining commenced 2012. Sales commenced 2014.	Mining commenced 2012. Sales commenced 2014.

Kagem Mining Limited (Zambia), USD million	G-Factor (1 Year) 2022	G-Factor (5 Years) 2018-2022	G-Factor (10 Years) 2013-2022	G-Factor (since Gemfields acquired 75%) 2008-2022
(A) Mineral Royalties Paid	11.5	25.3	50.9	56.4
(B) Corporation Tax Paid	13.3	25.0	72.4	81.5
(C) Dividends to Government (if applicable)	1.5	1.5	14.0	14.0
(D) Total Revenue	153.3	421.3	726.3	872.3
G-Factor, being (A+B+C)/D	17%	12%	19%	17%
NOTES: All figures for 2022 are unaudited.				Gemfields acquired a 75% interest in Kagem in 2008.

The 'G-Factor for Natural Resources'

The *G-Factor for Natural Resources* would typically be calculated by **each standalone company engaged primarily in the extraction and sale of natural resources**, whether in the mining, oil, gas, timber or fishing sectors. Accordingly, multi-national natural resource companies would publish the *G-Factor for Natural Resources* for each operating subsidiary engaged primarily in the extraction and sale of natural resources.

The *G-Factor for Natural Resources* is expressed as a percentage and is calculated as:

$$\frac{A_p + B_p + C_p}{D_p}$$

where:

- A = the total mineral royalty (tax on revenue) paid by the reporting company to the host country government during the period
- B = the total corporation tax (tax on profit) paid reporting company to the host country government during the period
- C = the dividends paid by the reporting company to the host country government during the period (where the host country government is a shareholder in the reporting company)
- D = the total revenues of the reporting company during the period
- p = the relevant period, typically calculated for each of (i) the prior year; (ii) the preceding 5 years and (iii) the preceding 10 years
- The **sums actually paid during the period** (rather than the sums accrued or falling due during the period) are used for the purposes of A, B and C.

No measure of this type is perfect and it is recognised that:

- a. the *G-Factor for Natural Resources* is a “rule-of-thumb” – while it has broad application and is a practical indicator, it is not suited to every situation;
- b. there are numerous additional and indirect taxes which are not included in the *G-Factor for Natural Resources* and which further increase the contribution made to host nations by natural resource companies. Such taxes include but are not limited to area/surface charges, social security contributions, taxation on the salaries of employees, import and export duties, VAT, etc; and
- c. the variety and variations in natural resource deposits, types and occurrences lessens the ability to make direct comparisons between companies.

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Further information on Gemfields Group Limited can be found at:

GEMFIELDSGROUP.COM

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) no. 596/2014 which forms part of domestic UK law pursuant to the European Union (withdrawal) act 2018 ("MAR").

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ADDITIONAL INFORMATION ON GEMFIELDS

Gemfields is a world-leading miner and marketer of responsibly sourced coloured gemstones. 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). In addition, Gemfields also holds controlling interests in various other gemstone mining and prospecting licenses 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 and trading 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.

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