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For immediate release

19 July 2017

FURTHER UPDATE IN RESPECT OF THE OFFER

for

GEMFIELDS PLC

by

PALLINGHURST RESOURCES LIMITED

On 19 May 2017, the Board of Pallinghurst Resources Limited (“**Pallinghurst**”) announced the terms of an offer to be made by Pallinghurst through which Pallinghurst would offer to acquire the entire issued and to be issued share capital of Gemfields plc (“**Gemfields**”) (other than the Gemfields Shares already held by the Pallinghurst Group), to be implemented by means of a takeover offer within the meaning of Part 28 of the Companies Act 2006 (the “**Offer**”). Under the terms of the Offer, each Gemfields Shareholder will be entitled to receive 1.91 Pallinghurst Shares for each Gemfields Share. On 13 June 2017, Pallinghurst posted to Gemfields Shareholders an offer document containing the full terms and conditions of the Offer (the “**Offer Document**”). The Offer became wholly unconditional on 26 June 2017.

On 30 June 2017, Gemfields announced that it has applied to the London Stock Exchange for the cancellation of admission to trading on AIM of the Gemfields Shares (the “**Cancellation**”) in accordance with Rule 41 of the AIM Rules. It is expected that the Cancellation will take effect at 7:00 a.m. (London time) on 28 July 2017.

Level of acceptances

As at 5 p.m. on 18 July 2017, Pallinghurst has received valid acceptances in respect of 323,683,008 Gemfields Shares (representing approximately 57.91% of the existing issued share capital of Gemfields). Together with the 208,502,556 Gemfields Shares (representing 37.30% of the existing issued share capital of Gemfields) already held by the Pallinghurst Group, this represents 532,185,564 Gemfields Shares (approximately 95.21% of the existing issued share capital of Gemfields).

Valid acceptances in respect of 199,917,730 Gemfields Shares (representing approximately 35.77% of the existing issued share capital of Gemfields) are from persons acting in concert with Pallinghurst, of which valid acceptances in respect of 154,764,935 Gemfields Shares (representing 27.69% of the existing issued share capital of Gemfields) were subject to irrevocable undertakings procured by Pallinghurst.

Compulsory Acquisition

As referred to above, the valid acceptances represent approximately 92.38% of the Gemfields Shares to which the Offer relates. Accordingly, Pallinghurst will now commence the procedure pursuant to Section 979 of the Companies Act 2006 to compulsorily acquire the remaining Gemfields Shares to which the Offer relates.

Notices will be sent to non-accepting Gemfields Shareholders informing them of the compulsory acquisition of their Gemfields Shares in due course.

Offer open for acceptances

The Offer shall remain open for acceptances until 1:00 p.m. (London time) on 1 August 2017.

Gemfields Shareholders who have not yet accepted the Offer are urged to do so as soon as possible. To accept the Offer in respect of the Gemfields Shares held in certificated form (that is, not in CREST), the Gemfields Shareholders should sign, complete and return the Form of Acceptance so as to be received as soon as possible. To accept the Offer in respect of the Gemfields Shares held in uncertificated form (that is, in CREST), electronic acceptances should be made and settled, in accordance with the instructions set out in the Offer Document, as soon as possible.

Settlement

Settlement of the share consideration to which Gemfields Shareholders are entitled under the Offer will be despatched to validly accepting Gemfields Shareholders within 14 days of receipt of the acceptance, valid and complete in all respects. Separate arrangements will be made in respect of any non-accepting Gemfields Shareholders whose shares are compulsorily acquired in accordance with Section 979 of the Companies Act 2006.

Terms used in this announcement have the meanings given to them in the Offer Document, unless stated otherwise.

Arne H. Frandsen, Chief Executive of Pallinghurst commented:

"I am delighted that Pallinghurst will become successful in acquiring 100% of Gemfields. This will allow for the Pallinghurst team to take full operational control, revitalise the company and unlock the synergies. This will in turn strengthen and improve Gemfields's operational and financial position."

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Important Notices

UBS Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK together with UBS South Africa (Pty) Ltd which is supervised by the South African Financial Services Board (collectively “UBS”). UBS is acting as financial adviser for Pallinghurst and no one else in connection with the Offer and will not be responsible to anyone other than Pallinghurst for providing the protections afforded to customers of UBS nor for giving advice in relation to the Offer or any other matters referred to in this announcement.

Further information

This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, pursuant to the Offer or otherwise, nor shall there be any purchase, sale or exchange of securities or such solicitation in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction. The Offer will be made solely by means of the Offer Document or any document by which the Offer is made which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the acquisition.

This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

The statements contained in this announcement are made as at the date of this announcement, unless some other time is specified in relation to them, and service of this announcement shall not give rise to any implication that there has been no change in the facts set out in this announcement since such date.

Overseas Shareholders

Gemfields Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

Unless otherwise determined by Pallinghurst or required by the Takeover Code and permitted by applicable law and regulation, the Offer is not being made, and will not be made, directly or indirectly, in or into, by use of the mails of, or by any means or instrumentality of inter-state or foreign commerce of, or any facility of a national, state or other securities exchange of, or from or within, a Restricted Jurisdiction, or any other overseas jurisdiction in respect of which such action would not be lawful. Accordingly, unless otherwise determined by Pallinghurst or required by the Takeover Code and permitted by applicable law and regulation, copies of this document, the accompanying Forms of Acceptance and any other formal documentation relating to the Offer will not be, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any

jurisdiction where to do so would violate the laws of that jurisdiction. Any person (including, without limitation, any agent, nominee, custodian or trustee) who has a contractual or legal obligation, or may otherwise intend, to forward this document, and/or any related document, to a jurisdiction outside the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction and must not mail, send or otherwise forward or distribute them in, into or from a Restricted Jurisdiction. Doing so may render any purported acceptances of the Offer invalid.

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This document has been prepared for the purposes of complying with the laws of England and Wales and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.