



PALLINGHURST

PALLINGHURST RESOURCES LIMITED

(Incorporated in Guernsey)

(Guernsey registration Number: 47656)

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Share code on the BSX: PALLRES ISIN: GG00B27Y8Z93

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("Pallinghurst" or the "Company")

Pallinghurst in full control of Gemfields – Commences Strategic Review

Gemfields plc was de-listed from AIM on 28 July 2017 and is now an unlisted subsidiary of Pallinghurst.

Consequently, the non-executive directors of Gemfields have resigned. The CEO and CFO have also, by mutual agreement, resigned. Managerial responsibility for Gemfields now rests with Pallinghurst. The compulsory acquisition process has commenced, and it is expected that Gemfields will be 100% owned by Pallinghurst by the end of August 2017.

Board and Management Appointments

The board and management of Gemfields have now been reconstituted as follows:

Adrian Banks, who joined Gemfields in 2009 and serves as the group's Product Director responsible for grading, sorting and auctioning of Gemfields' emerald and ruby production, has joined the Gemfields board and will continue to bring his unique skillset and experience to bear in optimising the sale of rough gemstones.

CV Suresh, who joined Gemfields in 2006 and ran the Kagem emerald mine prosperously from 2007 until 2015, has joined the Gemfields board, taking overall responsibility for Gemfields' Zambian assets, including the Kagem emerald mine.

David Lovett, who joined Gemfields' finance team in 2008, has been appointed as Chief Financial Officer of Gemfields and joins the board. Mr. Lovett has acted as a senior financial manager across a number of Gemfields' operating subsidiaries during his nine-year tenure and has a thorough understanding of the group's activities, including Fabergé.

Kartikeya Parikshya, one of the world's leading gemstone geologists and who joined Gemfields in 2004, has joined the Gemfields board and assumes responsibility for Gemfields' Mozambican and Ethiopian operations, including the Montepuez ruby mine.

Long-term Gemfields executive board member (and recently appointed Pallinghurst executive Director) Sean Gilbertson has been appointed Chief Executive Officer of Gemfields. Sean Gilbertson is the longest serving executive director of Gemfields and played a pivotal role in the acquisition and redevelopment of Kagem, as well as in the rebirth of Fabergé.

In addition, Brian Gilbertson and Arne H. Frandsen have joined the board of Gemfields as Chairman and Deputy Chairman respectively. Mr. Frandsen will also be joining the boards of Kagem Mining Limited and Montepuez Ruby Mining Limitada.

An Updated Development Plan for Gemfields

A thorough review and analysis of the operations, including processes, plans, budgets and financial position is underway. The outcome of this analysis will form the basis for an updated development plan for Gemfields.

Gemfields' debt is currently at record levels, caused in large measure by a material drop in emerald production at Kagem and resulting in a US\$54 million year-on-year decline in Kagem's auction revenues for the year ending 30 June 2017.

The advisory and break fees, incurred by the previous Gemfields board in opposing the Pallinghurst Offer, and totalling approximately US\$7 million, have further exacerbated present challenges.

Pallinghurst intends to report the findings of its strategic review to its Board by mid-September, and will engage with shareholders shortly thereafter.

Brian Gilbertson Chairman of Pallinghurst commented: ***"Gemfields is a uniquely attractive business with strong growth potential. We intend to focus on profitability in pursuit of the vision of building the "De Beers of coloured gemstones".***

Sean Gilbertson CEO of Gemfields concluded: ***"After almost a decade with Gemfields and Kagem, I am privileged to take up the post of CEO and look forward immensely to working with the unique, loyal and talented Gemfields team in furthering our position as the global leader in precious coloured gemstones. The new board, dominated by Gemfields veterans covering all the key disciplines, reflects our desire to focus on enhancing the operations, processes and core activities of the Gemfields group".***

Guernsey
4 August 2017

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