



PALLINGHURST

PALLINGHURST RESOURCES LIMITED

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("Pallinghurst" or the "Company")

Record auction result – US\$55 million generated

Pallinghurst is pleased to announce the results of an auction of rough rubies held by its 100% subsidiary, Gemfields plc ("Gemfields"), in Singapore from 6 - 10 November 2017. The rough rubies were extracted by Montepuez Ruby Mining Limitada ("MRM", which is 75% owned by Gemfields and 25% by local partner Mwiriti Limitada) from the licence held by MRM in the Montepuez district of Mozambique.

Highlights – Ruby Auction

- Auction revenues of US\$54.96 million, the highest figure attained at any Gemfields auction;
- Of the 76 lots offered, 71 were sold (93%);
- Average price of US\$90.81 per carat, a 49% premium to the last auction of similar qualities in June 2017;
- 605,229 carats sold out of the 682,508 carats offered (89%); and
- The nine Montepuez auctions held since June 2014 have generated US\$335 million in aggregate revenues.

Gemfields' ninth auction of rough rubies from Montepuez saw 54 companies placing bids. The auction offered high, medium and commercial grade rough rubies in both untreated and treated form. All treated lots were offered using industry-accepted treatment and on a fully disclosed basis.

The consistency of supply and the reliability of the Gemfields grading system continues to be well received by buyers as it reduces risk, improves manufacturing efficiencies and increases ability to meet consumer demand.

The auction generated total revenues of US\$54.96 million at an average realised price of US\$90.81 per carat. The proceeds of this auction will be repatriated to MRM in Mozambique, with the production tax due to the Government of Mozambique being paid on the full sales price achieved at the auction.

Given that the quality mix offered at this auction comprised a blend of varying qualities and sizes of material, a direct top-line comparison with the results of previous auctions is not feasible. On a quality-for-quality basis however, the per carat prices demonstrated strong demand, and reflected Gemfields' experiences at recent industry events, including the first ever World Ruby Forum which took place in Bangkok, Thailand on the 4th of November 2017.

The auction results, which saw 71 of the 76 lots offered being sold, provided a high level of comfort in respect of Gemfields' understanding of the current market demand profile, which was further supported by customer feedback received during the auction.

The results of the five most recent Montepuez auctions are summarised in the table below:

AUCTION RESULTS (RUBY & CORUNDUM)	Dec '15 AUCTION	Jun '16 AUCTION	Dec '16 AUCTION	Jun '17 AUCTION	Nov '17 AUCTION
Dates	14-18 Dec 2015	13-19 Jun 2016	12-16 Dec 2016	10-14 Jun 2017	6-10 Nov 2017
Location	Singapore	Singapore	Singapore	Singapore	Singapore
Type	Rough Ruby (Higher and Medium Quality)	Rough Ruby & Corundum (Higher, Medium and Commercial Quality)	Rough Ruby & Corundum (Higher, Medium and Commercial Quality)	Rough Ruby (Higher, Medium and Commercial Quality), no Corundum	Rough Ruby (Higher, Medium and Commercial Quality), no Corundum
Carats offered	92,136	1,601,145	1,372,145	1,048,687	682,508
Carats sold	90,642	1,516,459	1,094,673 ^(a)	895,849	605,229
No. of lots offered	49	75	71 ^(a)	83	76
No. of lots sold	45	71	59 ^(a)	78	71
Percentage of lots sold	92%	95%	83% ^(a)	94%	93%
Percentage of lots sold by weight	98%	95%	80%	85%	89%
Total sales realised at auction	US\$28.8 million	US\$44.3 million	US\$30.5 million ^(a)	US\$54.8 million	US\$55.0 million
Average per carat sales value	US\$317.92/carat	US\$29.21/carat	US\$27.88/carat ^(a)	US\$61.13/carat	US\$90.81/carat

(a) Please note that the December 2016 ruby and corundum auction results have been amended to include a lot that was not previously included in the original announcement made by Gemfields on 19 December 2016. Revenues have increased by US\$0.1 million.

The specific auction mix and the exact quality of the lots offered at each auction vary in characteristics such as size, colour and clarity on account of variations in mined production and market demand. Each auction naturally contains a degree of variation in overall quality composition and therefore the results of each auction are not always directly comparable.

Sean Gilbertson, CEO of Gemfields, commented:

"The strong revenues from this auction provide a solid boost to the Gemfields cash position and underscore the fact that market demand for responsibly sourced rubies from Mozambique remains in fine fettle.

We pay tribute to the teamwork at Gemfields, covering all the disciplines involved in delivering successful auctions: exploration, mining, processing, grading & sorting, auction composition & logistics, marketing & public relations and of course its Corporate Social Responsibility programme. It is a distinct privilege to work with a team of this calibre.

As always, we extend our thanks to our loyal customers, to Mwiriti Limitada - our partners in MRM - and to the Government of the Republic of Mozambique for their collective efforts and support in making this auction and the outcome possible."

Additional information on Gemfields

Gemfields is a world leading supplier 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.

Further information on Gemfields and Pallinghurst can be found at www.gemfields.com and www.pallinghurst.com.

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