



# PALLINGHURST

## **PALLINGHURST RESOURCES LIMITED**

(Incorporated in Guernsey)

(Guernsey registration Number: 47656)

(South African external company registration number 2009/012636/10)

Share code on the BSX: PALLRES ISIN: GG00B27Y8Z93

Share code on the JSE: PGL

("Pallinghurst" or the "Company")

## **Jaipur Emerald Auction Results**

Pallinghurst is pleased to announce the results of an auction of predominantly commercial quality rough emerald held by Gemfields Ltd ("Gemfields", which is 100% owned by Pallinghurst) in Jaipur, India from 19 – 22 February 2018. The emeralds were extracted by Kagem Mining Ltd in Zambia ("Kagem", which is 75% owned by Gemfields and 25% by the Government of the Republic of Zambia). The proceeds of this auction will be fully repatriated to Kagem in Zambia, with all royalties due to the Government of the Republic of Zambia being paid on the full sales prices achieved at the auction.

### **Highlights – Emerald Auction**

- Auction revenues of US\$10.8 million
- Of the 21 lots offered, 19 were sold (90%)
- Average price of US\$3.05 per carat
- 95% of the carats offered were sold
- The Kagem auctions held since July 2009 have generated US\$506 million in total revenues

The auction saw 31 companies placing bids, generating total revenues of US\$10.8 million with an overall average value of US\$3.05 per carat. Robust demand resulted in 95% of the offered carats being sold (or 90% of the number of lots offered).

Gemfields' 27 auctions of emeralds and beryl mined at Kagem since July 2009 have generated US\$506 million in total revenues.

The results of the five most recent commercial quality Kagem auctions are summarised in the table below:

AUCTION RESULTS (COMMERCIAL QUALITY)	Nov '15 AUCTION	May '16 AUCTION	Sep '16 AUCTION	May '17 AUCTION	Feb '18 AUCTION
Dates	18-21 Nov 2015	17-20 May 2016	26-29 Sep 2016	15-18 May 2017	19-22 Feb 2018
Location	Jaipur, India				
Type	Commercial Quality	Commercial Quality	Commercial Quality	Commercial Quality	Commercial Quality
Carats offered	5.07 million	3.67 million	4.05 million	3.10 million	3.73 million
Carats sold	4.45 million	2.78 million	3.27 million	3.10 million	3.55 million
No. of companies placing bids	29	26	30	33	31
Average no. of bids per lot	6	7	7	9	5
No. of lots offered	23	18	19	23	21
No. of lots sold	18	14	15	23	19
Percentage of lots sold	78%	78%	79%	100%	90%
Percentage of lots sold by weight	88%	76%	81%	100%	95%
Total sales realised at auction	US\$19.2million	US\$14.3 million	US\$10.7 million	US\$14.5 million	US\$10.8 million
Average per carat sales value	US\$4.32/carats	US\$5.15/carats	US\$3.28/carats	US\$4.68/carats	US\$3.05/carats

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:

*“We’re very pleased to see the enduring demand that underpinned the sale of 95% of the carats offered. The results support our view that the fundamentals of the coloured gemstone sector remain in good shape despite thinner auction bidding, with some customers noting decreased availability of financing for gemstones in India and pointing to the allegations surrounding the jewellery houses of Nirav Modi and Gitanjali. While the overall average price per carat for this auction appears somewhat lower due to the inclusion of lower quality grades not included in our prior auction, we’re very pleased with the quality-for-quality prices achieved.*”

*This auction also sees Kagem pass US\$500 million of aggregate revenue since Gemfields acquired its 75% stake. We believe this is the first time a coloured gemstone mine has transparently attained this milestone with publicly available data. The Zambian Government’s share of these revenues – in the form of royalties, corporation tax and dividends – exceeds US\$105 million, or 21%. We congratulate our hard-working team and our partners in Kagem, the Government of the Republic of Zambia”.*

#### **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 the 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](http://www.gemfields.com) and [www.pallinghurst.com](http://www.pallinghurst.com).

Guernsey  
23 February 2018  
Sponsor  
Investec Bank Limited