

# GEMFIELDS

## GROUP LIMITED

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ISIN: GG00BG0KTL52 | LEI: 21380017GAVXTCYS5R31  
("Gemfields" or the "Company")

## Gemfields releases updated ‘*G-Factor for Natural Resources*’ figures to 31 December 2023

LONDON, 24 APRIL 2024

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 31 December 2023 and again invites governance bodies, extractive companies, industry observers and host governments to adopt the *G-Factor for Natural Resources* in order to improve transparency and accountability regarding 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’s 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. It is also an indicator of the efficiency of natural resources companies in converting those natural resources into funds for the host government. The *G-Factor for Natural Resources* takes its name from the “g’s” in “government”, “governance” and “good practice”.

*“Given the desire by governments to increase their participation in their country’s natural resources, a practical measure allowing a direct comparison of the sharing of natural resource wealth assists greatly in identifying responsible custodians of host nations’ resources. The G-Factor for Natural Resources provides a simple ‘school score’ allowing observers to assess the relative efficiency of extractives companies in converting natural resources into wealth for host-nations. In order to better align with practices in other countries in our region, we have this year added export duties and levies as an additional parameter in the calculation. 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 Extractive Industries Transparency Initiative (“EITI”).”* said Sean Gilbertson, Gemfields CEO.

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*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) 2023 | G-Factor (5 Years) 2019-2023 | G-Factor (10 Years) 2014-2023 | G-Factor (since Gemfields acquired 75%) 2012-2023  |
|--|------------------------|------------------------------|-------------------------------|--|
| (A) Mineral Royalties Paid                               | 14.3                   | 52.2                         | 98.9                          | 98.9   |
| (B) Corporation Tax Paid                                 | 38.9                   | 89.1                         | 158.4                         | 158.4  |
| (C) Dividends to Government (if applicable)              | -                      | -                            | -                             | -  |
| (D) Export Taxes/Levies                                  | -                      | -                            | -                             | -  |
| Total to Government (A+B+C+D)                            | 53.2                   | 141.4                        | 257.4                         | 257.4  |
| (E) Total Company Revenue                                | 151.3                  | 586.9                        | 1,054.4                       | 1,055.2  |
| <b>G-Factor, being (A+B+C+D)/E</b>                       | <b>35%</b>             | <b>24%</b>                   | <b>24%</b>                    | <b>24%</b>   |
| NOTES:   |                        |                              |                               | Gemfields announced the completion of its acquisition of 75% in MRM on 27 February 2012. Mining commenced 2012. Auctions commenced 2014. |

| Kagem Mining Limited (Zambia), USD million  | G-Factor (1 Year) 2023 | G-Factor (5 Years) 2019-2023 | G-Factor (10 Years) 2014-2023 | G-Factor (since Gemfields acquired 75%) 2008-2023                              |
|---|------------------------|------------------------------|-------------------------------|--|
| (A) Mineral Royalties Paid                  | 5.5                    | 27.0                         | 52.4                          | 64.4   |
| (B) Corporation Tax Paid                    | 17.7                   | 42.1                         | 87.7                          | 99.2   |
| (C) Dividends to Government (if applicable) | 5.0                    | 6.5                          | 15.0                          | 19.0   |
| (D) Export Taxes/Levies                     | -                      | 12.4                         | 12.4                          | 12.4   |
| Total to Government (A+B+C+D)               | 28.3                   | 88.1                         | 167.5                         | 195.1  |
| (E) Total Company Revenue                   | 92.7                   | 449.6                        | 788.4                         | 1,008.9  |
| <b>G-Factor, being (A+B+C+D)/E</b>          | <b>31%</b>             | <b>20%</b>                   | <b>21%</b>                    | <b>19%</b>   |
| NOTES:                                      |                        |                              |                               | Gemfields completed the acquisition of a 75% interest in Kagem on 5 June 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:

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

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 export taxes or export levies paid by the reporting company to the host country government during the period
- E = 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, C and D.

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.

- E N D S -

Further information on Gemfields Group Limited can be found at:

[GEMFIELDSGROUP.COM](http://GEMFIELDSGROUP.COM)

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#### ADDITIONAL INFORMATION ON GEMFIELDS

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Gemfields is a world-leading responsible miner and marketer of 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 licences 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 through Fabergé designs, advancing the wider group's "mine and market" vision.

Gemfields has developed a proprietary grading system and a pioneering auction platform to provide a consistent supply of coloured gemstones to downstream markets, a key component of Gemfields' business model that has played an important role in the growth of the global coloured gemstone sector.

GEMFIELDS

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