

Gemfields plc

("Gemfields" or the "Company")

Auction Update

1 July 2013

On 10 June 2013, Gemfields plc (AIM: GEM) advised that the auction of higher grade rough emeralds originally scheduled to take place in Singapore from 10-14 June 2013 had been put on hold pending further discussions with the Zambian Ministry of Mines, Energy and Water Development (the "**Ministry**").

Gemfields today advises that, at the written request of the Ministry, this auction will now take place in Lusaka, Zambia. The scheduled dates are 15-19 July 2013. The auction will comprise the rough emeralds that were to be auctioned in Singapore, all of which were mined by Kagem Mining Limited ("**Kagem**") at the Kagem emerald mine in Zambia (which is 75% owned by Gemfields, with the remaining 25% owned by the Government of the Republic of Zambia).

As a result of the delay in holding the auction, Gemfields will have completed only two auctions in the financial year ending 30 June 2013, generating aggregate auction revenues for the year of USD 42.0 million. In the prior financial year (to 30 June 2012), four auctions were held, generating aggregate auction revenues of USD 77.9 million. Gemfields' revenues generated by auctions will therefore decline 46% year on year as the next auction will take place in the new financial year commencing 1 July 2013.

Both Gemfields and Kagem continue to actively correspond with the Ministry and hope that solutions supporting the optimisation of Kagem's revenues and the continued growth of the wider Zambian emerald sector will be reached as soon as possible.

Background (and Changes at the Ministry and to the board of Kagem)

At a press conference in Lusaka on Friday 5 April 2013, Yamfwa Mukanga, the then Minister of Mines, Energy and Water Development addressed members of the media and distributed a press statement seemingly restraining the Kagem emerald mine (and other producers) from auctioning emeralds outside of Zambia. Kagem is the only Zambian emerald producer that has sold via overseas auctions in recent years. The proceeds of those auctions have been repatriated to Kagem in Zambia.

Christopher Yaluma was appointed as the Minister of Mines, Energy and Water Development in late May 2013 (a position he had previously served in until June 2012). Subsequently, on 18 June 2013, the Ministry (which appoints one director to the board of Kagem) replaced their incumbent Kagem director with Dr Sixtus Mulenga, a veteran mining-geologist who also serves as a non-executive director on the boards of Mopani Copper Mines plc and AEL Zambia plc. Dr Mulenga also played an instrumental role in Zambia becoming an EITI-compliant country.

Ian Harebottle, CEO of Gemfields, commented:

"While we have received repeated assurances that there is no ban on overseas auctions, we have been asked by the Ministry of Mines to host an auction of higher grade emeralds within Zambia as part of a consultative process. Although there is presently no law in Zambia that prohibits the export of emeralds for auction purposes, we naturally wish to ensure that we work collaboratively with the Government of the Republic of Zambia, who are our fellow-shareholders in the world-class Kagem emerald mine. It remains our hope that a framework solution which allows Kagem to maximise its revenues will soon be found."

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Notes to Editors:

Gemfields plc is a leading gemstone miner listed on the AIM market of the London Stock Exchange (ticker: `GEM'). The Company's principal asset is the 75% owned Kagem emerald mine in Zambia, the world's single largest emerald mine. In addition to the Kagem emerald mine, Gemfields has a 50% interest in the Kariba amethyst mine in Zambia.

The Company also owns controlling stakes in a highly prospective ruby deposit in Mozambique and licences in Madagascar including ruby, emerald and sapphires deposits.

In July 2009 Gemfields commenced a formal auction programme for its Zambian emeralds. To date, the Company has held twelve auctions which have generated revenues totalling USD 175.8 million.

Gemfields recently acquired the Fabergé brand with a view to creating a globally recognised coloured gemstone champion. Fabergé provides Gemfields with direct control over a high-end luxury goods platform and a global brand with exceptional heritage.