

## **Gemfields plc**

### **Acquisition of 75% interest in Mozambican ruby project**

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**7:00am, Wednesday 8 June 2011**

Gemfields plc (“Gemfields” or “the Company”, Ticker “GEM”) announces that it has entered into a conditional agreement (the “Agreement”) to acquire a controlling interest in a ruby deposit based in the Montepuez district of the Cabo Delgado province in Mozambique (the “Project”).

The Project comprises five mining titles (made up of both mining and exploration rights) currently owned by Mwiriti Limitada (the “Vendor”) and covers approximately 34,000 hectares (the “Mining Titles”). Mining has to date taken place on a relatively small and informal scale and the Vendor now wishes to scale up the operation.

Under the terms of the Agreement, Gemfields will hold 75% of a new company (the “New Company”), with the Vendor holding 25%. Subject to government approval, the Mining Titles will be restructured and issued in the name of the New Company.

The total consideration payable to the Vendor under the Agreement is USD 2.5 million and is paid in stages with a first tranche payable 5 days from the signature of the Agreement; a second tranche payable within 5 days of the date on which conforming applications for the transfer of the Mining Titles to the New Company have been submitted to the Ministry of Mineral Resources; and the bulk of the consideration to be paid on completion, which is expected to take a few months.

Ian Harebottle, CEO of Gemfields, commented:

*“We are particularly pleased to announce this first and consequential step in our diversification into other premium coloured gemstones. This is arguably the most important ruby deposit in Mozambique today and its production to date has been likened in quality to both that produced in Burma and also at Winza in Tanzania. The present owners of the project sought a professional, experienced and transparent partner to assist in developing a potentially world-class ruby project. As a London-listed company with a well-established track record in the emerald sector, Gemfields was a natural choice. We look forward tremendously to working with our new partners.”*

#### **Enquiries:**

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