

Gemfields plc

("Gemfields" or the "Company")

Results - Lusaka Rough Emerald and Beryl Auction

22 April 2013

Gemfields plc (AIM: GEM) is pleased to announce the results of its auction of predominantly lower quality rough emerald and beryl held in Lusaka from 15 April to 19 April 2013.

Highlights

- Weight offered underpins record revenue of USD 15.2 million for lower quality auctions
- A 7% decline in average per carat prices for lower quality auctions reverses historic growth trajectory
- 17.3 million carats offered, with 36% (6.3 million carats) being sold
- Quality-for-quality per carat prices showed mixed performance, with higher qualities clearly favoured
- Twelve auctions held since July 2009 have generated USD 175.7 million in total revenue.

Thirty one companies were invited to the auction held in Lusaka and twenty five attended, with all attendees placing at least two bids. This auction, the second of the current financial year (which ends 30 June 2013) was held in Lusaka, Zambia at the request of the Zambian Ministry of Mines, Energy and Water Development. The auction saw 17.3 million carats of emerald and beryl extracted from the Kagem Mine in Zambia placed on offer, with 6.3 million carats sold, generating auction revenues of USD 15.2 million. The Company's twelve auctions held since July 2009 have generated USD 175.7 million in aggregate revenues.

The Lusaka auction yielded an overall average of USD 2.42 per carat for the lots sold, 7% lower than that achieved at the previous lower quality emerald auction held in June 2012 in Jaipur. As the overall quality characteristics and product mix of the gems placed on offer at this auction were substantively similar to those placed on offer at the earlier auction, the results reflect a slight reduction in the relative per carat prices, the first reversal of the historic growth trajectory in lower quality auction prices.

A factor in this reduction may have been due to a number of declined auction invitations, which was higher than in prior auctions, most notably due to the travel demands placed on clients in reaching Lusaka, typically involving three flights and approaching 24 hours of journey time.

Given the Company's continued belief in the long term fundamentals of the emerald market, Gemfields does not sell lots where the bids received do not satisfy its pre-determined minimum reserve prices. The Company maintained this strategy at the Lusaka auction, with five lots (representing 64% of the weight offered) remaining unsold.

The results of the five lower quality auctions held to date are summarised below:

AUCTION RESULTS (LOWER QUALITY)	MAR '10 AUCTION	MAR '11 AUCTION	NOV '11 AUCTION	JUN '12 AUCTION	APR '13 AUCTION
Dates	11-15 Mar 2010	10-14 Mar 2011	21-25 Nov '11	9-13 Jun '12	15-19 Apr '13
Location	Jaipur, India	Jaipur, India	Jaipur, India	Jaipur, India	Lusaka, Zambia
Type	Lower Quality	Lower Quality	Lower Quality	Lower Quality	Lower Quality
Carats offered*	28.90 million	16.83 million	10.83 million	10.85 million	17.34 million
Carats Sold	22.80 million	12.98 million	9.82 million	3.47 million	6.30 million
No. of companies placing bids	25	44	27	20	25
Average no. of bids per lot	8	14	9	3	6
No. of lots offered	56	35	26	33	28
No. of lots sold	49	34	19	17	23
Percentage of lots sold	88%	97%	73%	52%	82%
Percentage of lots sold by weight	79%	77%	91%	32%	36%
Percentage of lots sold by value	89%	99%	80%	60%	76%
Total sales realised at auction	USD 7.2 million	USD 10.0 million	USD 11.0 million	USD 9.0 million	USD 15.2 million
Average per carat sales value	USD 0.31/carats	USD 0.77/carats	USD 1.12/carats	USD 2.61/carats	USD 2.42/carats

* A larger volume of material was placed on offer in March 2010 following Gemfields extensive inventory building exercise during 2008 and 2009.

For ease of reference, the results of the seven higher quality rough emerald auctions held to date are summarised below:

AUCTION RESULTS (HIGHER QUALITY)	JUL '09 AUCTION	NOV '09 AUCTION	JUL '10 AUCTION	DEC '10 AUCTION	JUL '11 AUCTION	MAR '12 AUCTION	NOV '12 AUCTION
Dates	20-24 Jul '09	23-27 Nov '09	19-23 Jul '10	6-10 Dec '10	11-15 Jul '11	19-23 Mar '12	29 Oct - 2 Nov '12
Location	London, UK	Johannesburg, SA	London, UK	Johannesburg, SA	Singapore	Singapore	Singapore
Type	Higher Quality	Higher Quality	Higher Quality	Higher Quality	Higher Quality	Higher Quality	Higher Quality
Carats offered	1.36 million	1.12 million	0.85 million	0.87 million	1.07 million	0.77 million	0.93 million
Carats Sold	1.36 million	1.09 million	0.80 million	0.75 million	0.74 million	0.69 million	0.90 million
No. of companies placing bids	23	19	37	32	38	29	35
Average no. of bids per lot	10	13	18	16	16	11	11
No. of lots offered	27	19	27	19	25	23	19
No. of lots sold	26	14	24	18	18	20	16
Percentage of lots sold	96%	74%	89%	95%	72%	87%	84%
Percentage of lots sold by weight	99.8%	97%	94%	86%	69%	89%	98%
Percentage of lots sold by value	82%	76%	87%	99%	91%	94%	90%
Total sales realised at auction	USD 5.9 million	USD 5.6 million	USD 7.5 million	USD 19.6 million	USD 31.6 million	USD 26.2 million	USD 26.8 million
Average per carat sales value	USD 4.40/carats	USD 5.10/carats	USD 9.35/carats	USD 26.20/carats	USD 42.71/carats	USD 38.25/carats	USD 29.71/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 mined production and market demand. Each auction is thus made up of somewhat differing overall quality compositions.

Ian Harebottle, CEO of Gemfields, commented:

"Taking into account the prevailing uncertainty surrounding Gemfields' future ability to freely sell emeralds outside of Zambia, Gemfields is generally satisfied with the results of its Lusaka auction. The results were reasonable but probably not as optimal as they could have been.

The figures provide further evidence that the general global economic uncertainty has not had a significant impact on demand for medium to better quality emeralds and beryl.

Clarity and stability within our operating environment will no doubt also have a positive impact in the longer term and on the peace of mind of our customers. Confidence in the secure, reliable and convenient supply of our gemstones is a critical ingredient. We will naturally continue to engage all relevant stakeholders within Zambia and abroad in an effort to seek resolution of the prevailing situation in the best interests of the Zambian emerald sector as a whole."

Enquiries:

Gemfields
Mark Summers, CFO

mark.summers@gemfields.co.uk
+44 (0)20 7518 3283

Canaccord Genuity Limited
Nominated Adviser and Joint Broker to Gemfields
Tarica Mpinga/Andrew Chubb

+44 (0)20 7523 8000

JP Morgan Cazenove
Jamie Riddell

+44 (0)20 7155 8630

Tavistock Communications
Jos Simson/Emily Fenton/Jessica Fontaine

+44 (0)20 7920 3150

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.