

Gemfields Plc

("Gemfields" or "the Company")

Issuance of Mozambique ruby licences

7:00am, Monday 27 February 2012

- Gemfields to initiate additional bulk sampling and diamond drilling of the area
- Project team on site
- First production expected later this year

Further to the announcement made on 8 June 2011, Gemfields plc (AIM: GEM) is delighted to announce completion of its acquisition of a controlling interest in a ruby deposit based in the Montepuez district of the Cabo Delgado province in Mozambique (the "Project").

The conditions of the agreement have now been satisfied and the licences, valid for a period of 25 years, were formally issued by the Mozambican government on 23 February 2012 to a new company, Montepuez Ruby Mining Limitada, in which Gemfields holds a 75% interest.

The Project comprises mining and exploration rights covering approximately 34,000 hectares and is believed to be potentially one of the largest ruby concessions in private hands in the world. Mining had previously taken place on a relatively small and informal scale and activities will now be expanded considerably.

The total consideration payable is USD 2.5 million, of which the final stage payment will now be made.

Ian Harebottle, CEO of Gemfields, said: *"This is a particularly exciting development for Gemfields and we're thrilled to add rubies to our emerald and amethyst portfolio. A project team is already on site, assorted items of capital equipment have arrived and more are on the way. We will now initiate additional bulk sampling and diamond drilling of the area and expect our first production later this year."*

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