

The background of the slide is a grayscale image of an agate stone, characterized by its intricate, concentric, wavy bands of varying shades of gray, creating a marbled effect.

GEMFIELDS

Market Update

Quarter ending 30 June 2013
(unaudited)

August 2013

LEGAL DISCLAIMER

- This document, which has been issued by Gemfields plc (the “Company”), comprises the written materials/slides for a presentation concerning the Company, including its business, results of operations and prospects. This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the Company nor may it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto, nor does it constitute a recommendation regarding the shares of the Company. The contents of this presentation are to be kept confidential.
- No reliance may be placed for any purposes whatsoever on the information contained in this document or on its completeness. No representation or warranty, express or implied, is given by or on behalf of the Company, its shareholders or any of its affiliates, advisors (including Canaccord Genuity Limited) or representatives as to the accuracy or completeness of the information or opinions contained in this presentation. None of the Company, its shareholders or any of its affiliates, advisors (including Canaccord Adams Limited) or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, or its contents, or otherwise arising in connection with this document.
- This document and its contents are confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose and it is intended for distribution in the United Kingdom only to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or to those persons to whom it can otherwise lawfully be communicated (all such persons being referred to together as a “Relevant Person”). Any person who is not a Relevant Person should not and may not act or rely on this document or any of its contents. Any person who is unsure of their position should seek independent advice.
- This document does not and is not intended to constitute an offer of securities for distribution or sale in the United States or any other jurisdiction or territory. Securities may not be offered, sold or distributed in the United States absent registration or an exemption from registration under the US Securities Act of 1933. None of the Company’s shares have been, or are required to be registered under the US Securities Act of 1933. Neither the Company’s shares nor this document have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.
- Certain statements in this presentation, or given in response to questions, may constitute forward-looking statements. These statements relate to future events or future performance and reflect the Company’s expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Company. In particular, statements regarding the Company’s objectives, plans and goals involve forward-looking statements. We caution you that any forward-looking statements are just predictions. They are not guarantees of future performance and involve risks and uncertainties. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. Although the forward-looking statements contained in this discussion are based on what the Company considers to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and the Company’s assumptions may prove to be incorrect. The Company does not intend, and, subject to any legal or regulatory requirements, does not assume any obligation, to update or revise them to reflect new events or circumstances.

GEMFIELDS plc

Kagem Emerald Mine
(Zambia)
75%

Mbuva-Chibolele
Emerald Mine (Zambia)
100% (care & maintenance)

Kamakanga Emerald
Mine (Zambia)
100% (care & maintenance)

Kariba Amethyst Mine
(Zambia)
50%

15 Madagascar
Exploration Licenses
(rubies, sapphires and
emeralds)

Zambian Emerald
Exploration Licenses

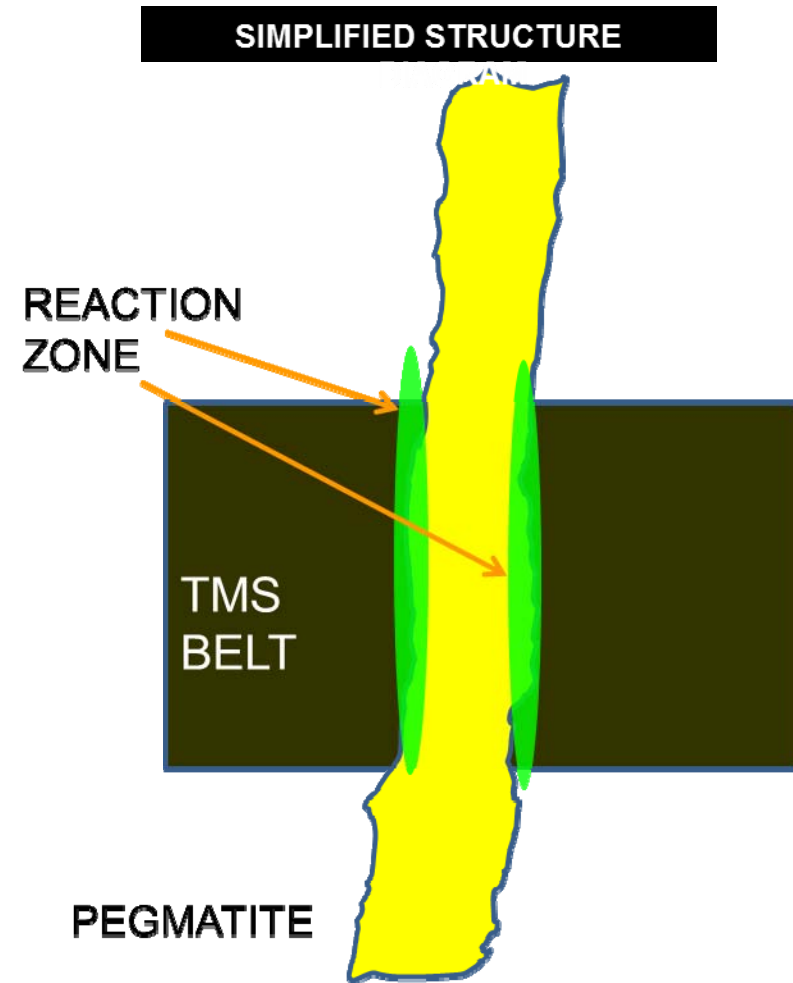
Montepuez Ruby Mine
(Mozambique)
75%

Faberge Limited
100%

Equity Stake in Richland
Resources (formerly
TanzaniteOne Ltd)
10%

Emerald and Beryl Geology - The Basics

1. Emerald ore, known as Reaction Zone ("RZ"), is created when a pegmatite cuts through a layer or belt of talc-magnetite-schist ("TMS").
2. A complex reaction between the pegmatite and the TMS results in a layer of RZ of varying thickness and quality. This reaction gives rise to emerald and beryl crystals.
3. RZ contains emeralds and beryl. Both TMS and pegmatite are essentially devoid of emeralds and beryl.
4. TMS belts are typically 10-40 metres thick.
5. Pegmatites vary from a few centimetres to tens of metres thick.



Kagem Quarterly Production to 30 June 2013

KAGEM Quarterly Summary to June-13	Units	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	TOTAL
PRODUCTION														
Gemstone Production (Emerald+Beryl)	million carats	12.8	5.9	3.5	10.8	4.9	3.9	4.9	7.3	7.9	6.6	6.5	8.9	84.1
Ore Production (Reaction Zone)	'000 tonnes	19.5	16.0	12.0	21.7	24.0	17.5	20.8	40.7	30.5	23.1	24.5	27.8	277.9
Grade (Emerald+Beryl/Reaction Zone)	carats/tonne	658	369	290	500	205	222	236	181	259	288	265	322	303
Waste Mined (including TMS)	million tonnes	0.9	0.8	0.8	1.4	2.2	2.2	1.6	2.7	2.6	2.2	2.2	2.5	22.1
Total Rock Handling	million tonnes	1.0	0.8	0.8	1.4	2.2	2.2	1.6	2.8	2.6	2.2	2.3	2.5	22.4
Stripping Ratio		48	48	66	66	91	124	77	67	84	96	91	89	80
CASH COSTS														
Kagem Total (Cash) Operating Cost	USD million	3.5	3.6	3.6	3.5	7.2	7.0	6.0	9.8	8.5	7.7	6.9	9.0	76.4
Implied Operating Profit/(Loss)	USD million	9.4	2.3	-0.1	7.4	7.6	4.6	8.7	12.2	15.2	12.2	12.6	17.8	109.8
Gemstone Unit Cost (E+B)	USD/carats	0.3	0.6	1.0	0.3	1.5	1.8	1.2	1.3	1.1	1.2	1.1	1.0	0.91
RZ Unit Cost	USD/RZ tonne	178	227	298	160	301	400	291	242	280	333	282	325	275
Rock Handling Unit Cost	USD/tonne	3.6	4.6	4.4	2.4	3.3	3.2	3.7	3.5	3.3	3.4	3.1	3.6	3.4
ACCOUNTING COSTS														
Kagem Operating Cost *	USD million					3.9	3.4	4.2	4.2	4.0	4.4	3.6	4.4	32.0
Implied Operating Profit/(Loss) *	USD million					10.9	8.3	10.6	17.8	19.7	15.5	15.9	22.4	121.1
Gemstone Unit Cost (E+B) *	USD/carats					0.8	0.9	0.8	0.6	0.5	0.7	0.6	0.5	0.4
RZ Unit Cost *	USD/RZ tonne					162	193	200	104	130	189	147	160	115
Rock Handling Unit Cost *	USD/tonne					1.8	1.5	2.6	1.5	1.5	2.0	1.6	1.8	1.4

1. In the final quarter of the financial year Kagem recorded gemstone production of 8.9 million carats. Ore grade during the quarter increased to 322 carats per tonne with unit gemstone production costs reduced to USD 0.50 per carat (and USD 1.01 per carat on a cash cost basis, i.e. including capitalised waste mining costs).
2. Given their “pockety” nature, it is not unusual for coloured gemstone deposits to display significant and periodic grade and production variation. Kagem’s cumulative grade since January 2005 is approximately 313 carats per tonne.
3. Kagem’s unaudited total cash operating costs for the twelve quarters ending 30 June 2013 totalled USD 76.4 million, implying an average production cost during that period of USD 0.91 per carat of emerald and beryl.

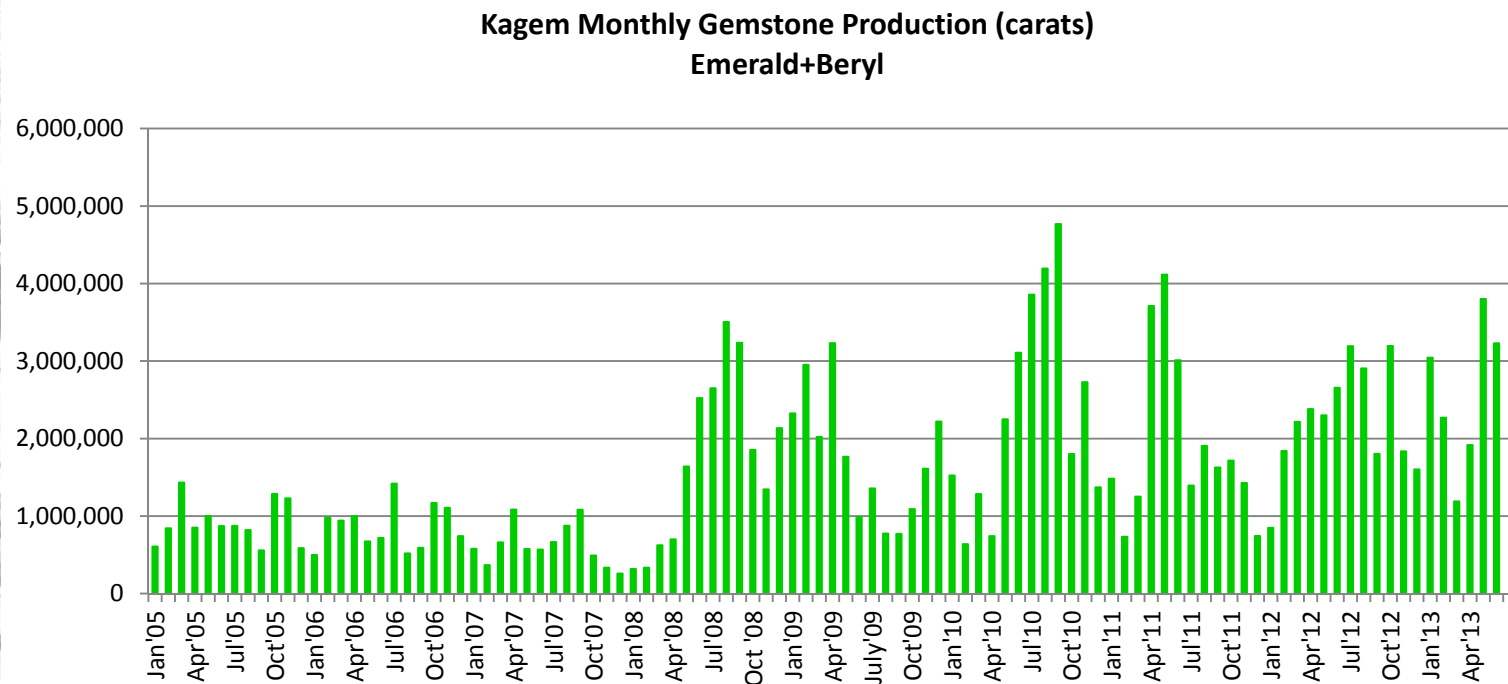
* With effect from July 2011, Gemfields adopted a new accounting policy whereby all waste moving costs are capitalised and are then subsequently amortised when the corresponding ore in that area is mined (in keeping with the accounting principle of “matching costs to revenues”). Therefore, the following measures are, **only with effect from July 2011**, reported **excluding** the cash costs of waste removal incurred in that month: monthly operating costs (USD million), Unit gemstone production costs (USD/carats), Unit ore production costs (USD per tonne of ore).

Kagem Annual Summary

Kagem Annual Production Summary	Units	YEAR to 30 Jun 2006	YEAR to 30 Jun 2007	YEAR to 30 Jun 2008	YEAR to 30 Jun 2009	YEAR to 30 Jun 2010	YEAR to 30 Jun 2011	YEAR to 30 Jun 2012	YEAR to 30 Jun 2013
Gemstone Production (Emerald+Beryl)	million carats	10.2	9.4	9.9	28	17.4	33.0	21.1	30.0
Ore Production (Reaction Zone)	000 tonnes	22	29	42	80	61	69	103	106
Grade (Emerald+Beryl/Reaction Zone)	carats/tonne	462	325	233	349	286	478	205	283
Waste Mined (incl. TMS)	million tonnes	1.8	2.8	5.1	4.0	2.5	3.9	8.7	9.5
Waste+ TMS: Reaction Zone	stripping ratio	83	96	120	50	42	57	84	90
Total Rock Handling	million tonnes	1.8	2.8	5.1	4.1	2.6	4.0	8.8	9.6

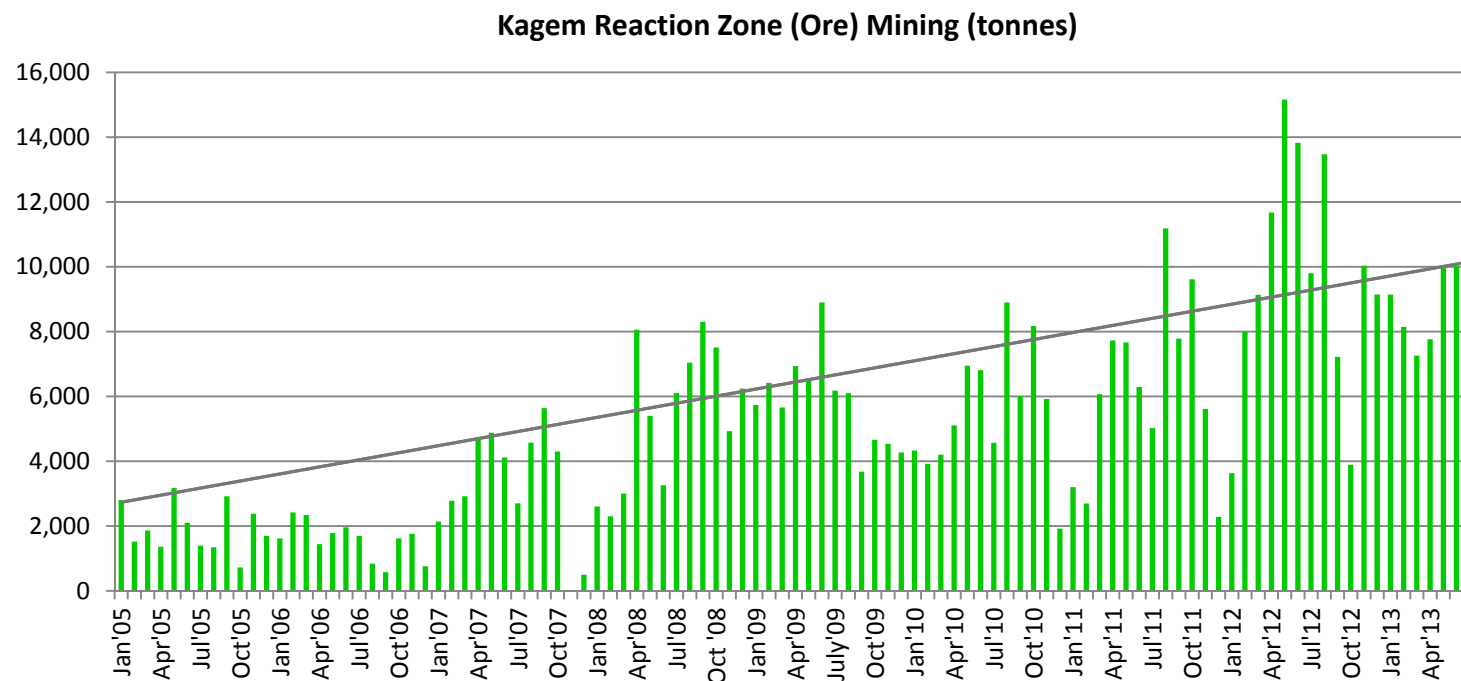
1. Gemfields was contracted to manage Kagem in November 2007 and Gemfields acquired 75% of Kagem in June 2008. The remaining 25% is owned by the Government of the Republic of Zambia.
2. Kagem recorded gemstone production of 30.0 million carats in the year ending 30 June 2013.
3. Grade during the period ending 30 June 2013 stood at 283 carats per tonne, versus 205 carats per tonne in the year ending 30 June 2012.

Kagem Monthly Gemstone Production



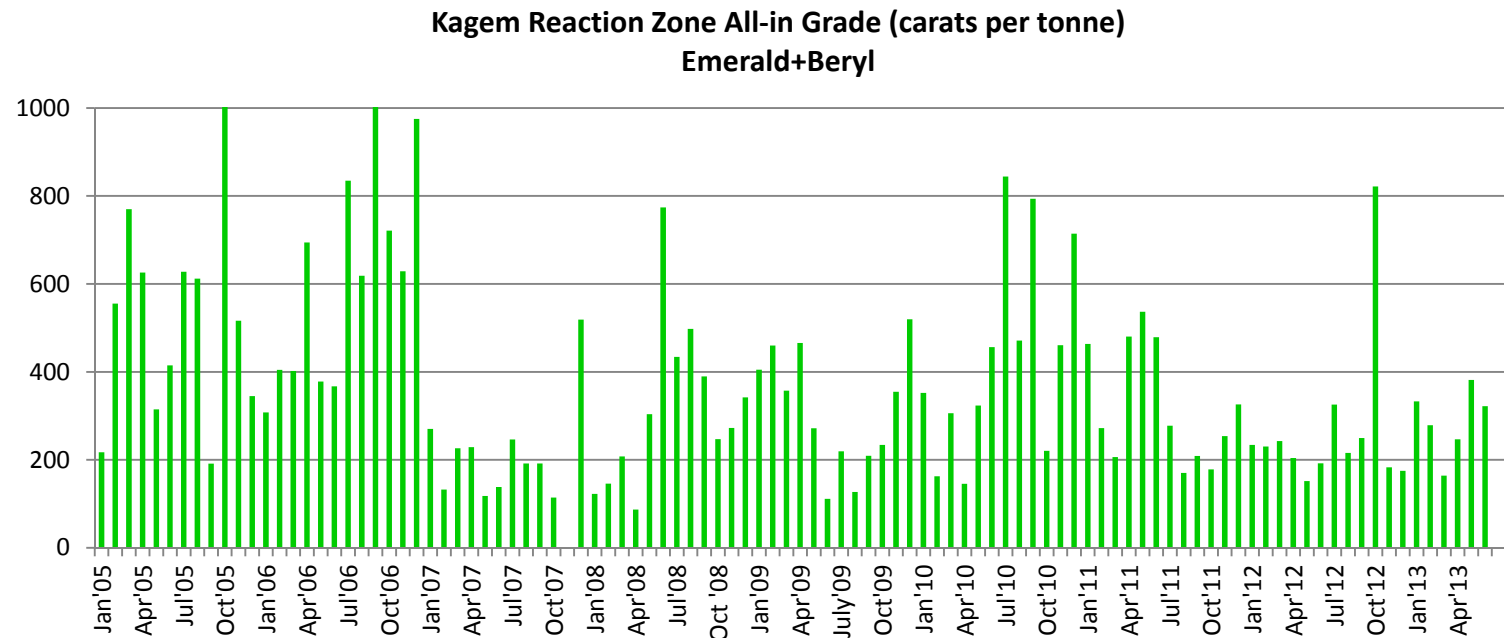
1. During Gemfields' period of ownership (which commenced June 2008), gemstone production has averaged 2.2 million carats per month.
2. Average monthly gemstone production in the quarter ending 30 June 2013 was 3.0 million carats (versus 2.2 million carats per month in the quarter ending 31 March 2013).

Kagem Monthly Ore Mining



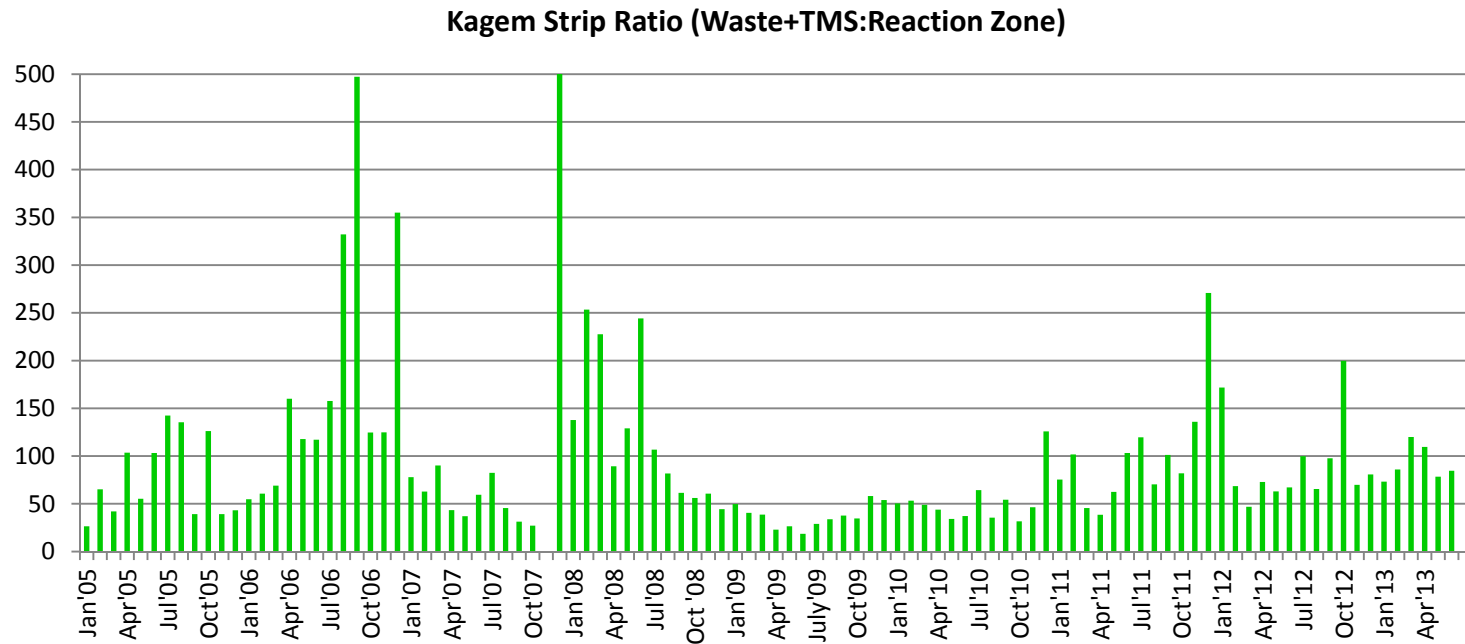
1. Average monthly ore mining (called “Reaction Zone”) in the quarter ending 30 June 2013 stood at 9,250 tonnes (versus 8,181 tonnes per month in the prior quarter).

Kagem Monthly Ore Grade



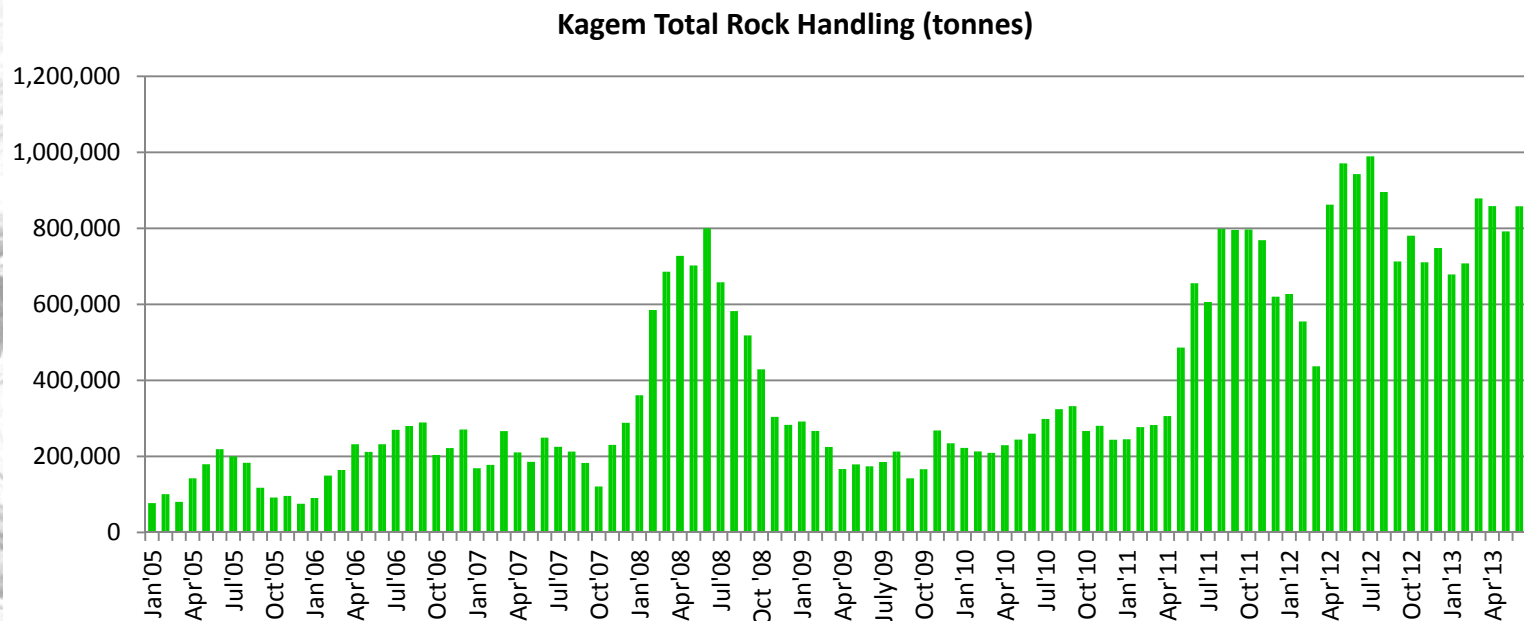
1. During the quarter ending 30 June 2013, the ore grade averaged 322 carats per tonne (compared with 265 carats per tonne in the prior quarter).
2. Since January 2005, Kagem's cumulative grade is approximately 313 carats per tonne.

Kagem Monthly Stripping Ratio



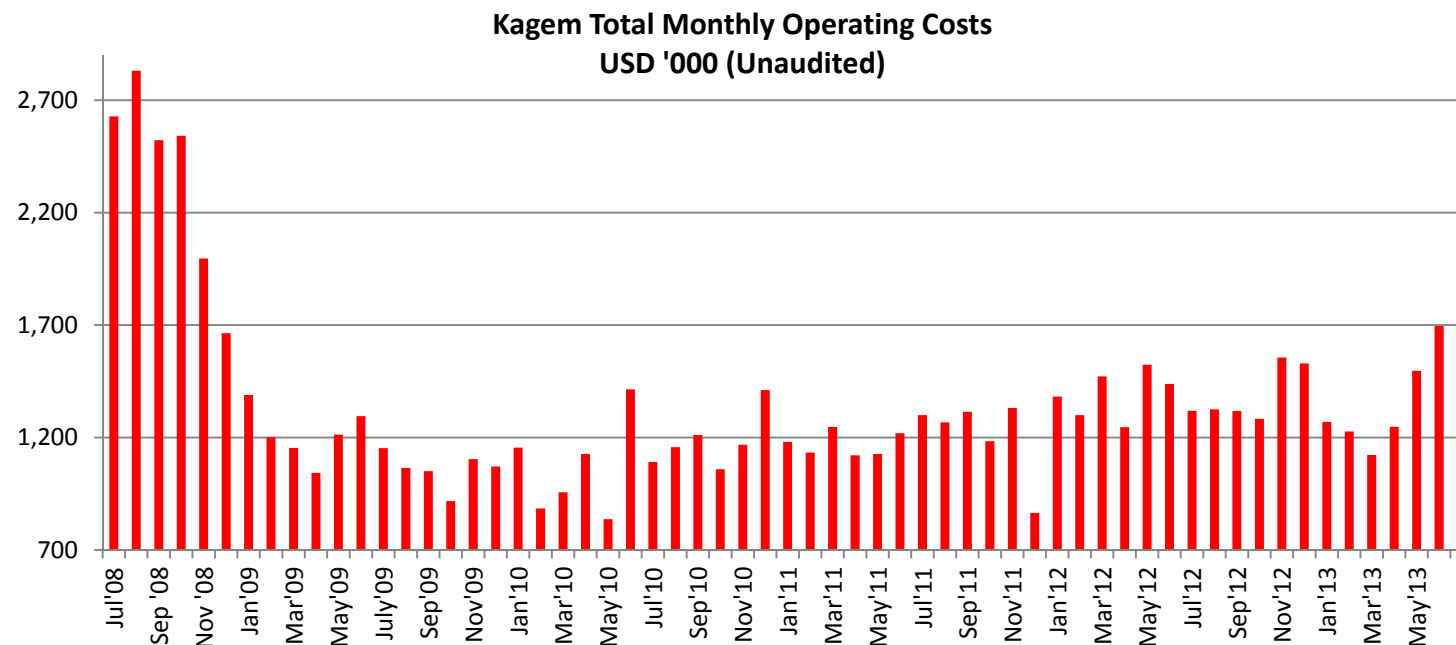
1. The early stages of Gemfields' management of Kagem (which commenced November 2007, with ownership occurring from June 2008) was characterised by the removal of a backlog of waste to open new ore areas for future production.
2. In July 2013, Kagem completed another waste stripping exercise (or "pushback").
3. The collective stripping ratio from January 2005 through June 2013 is 74:1.

Kagem Total Monthly Rock Handling



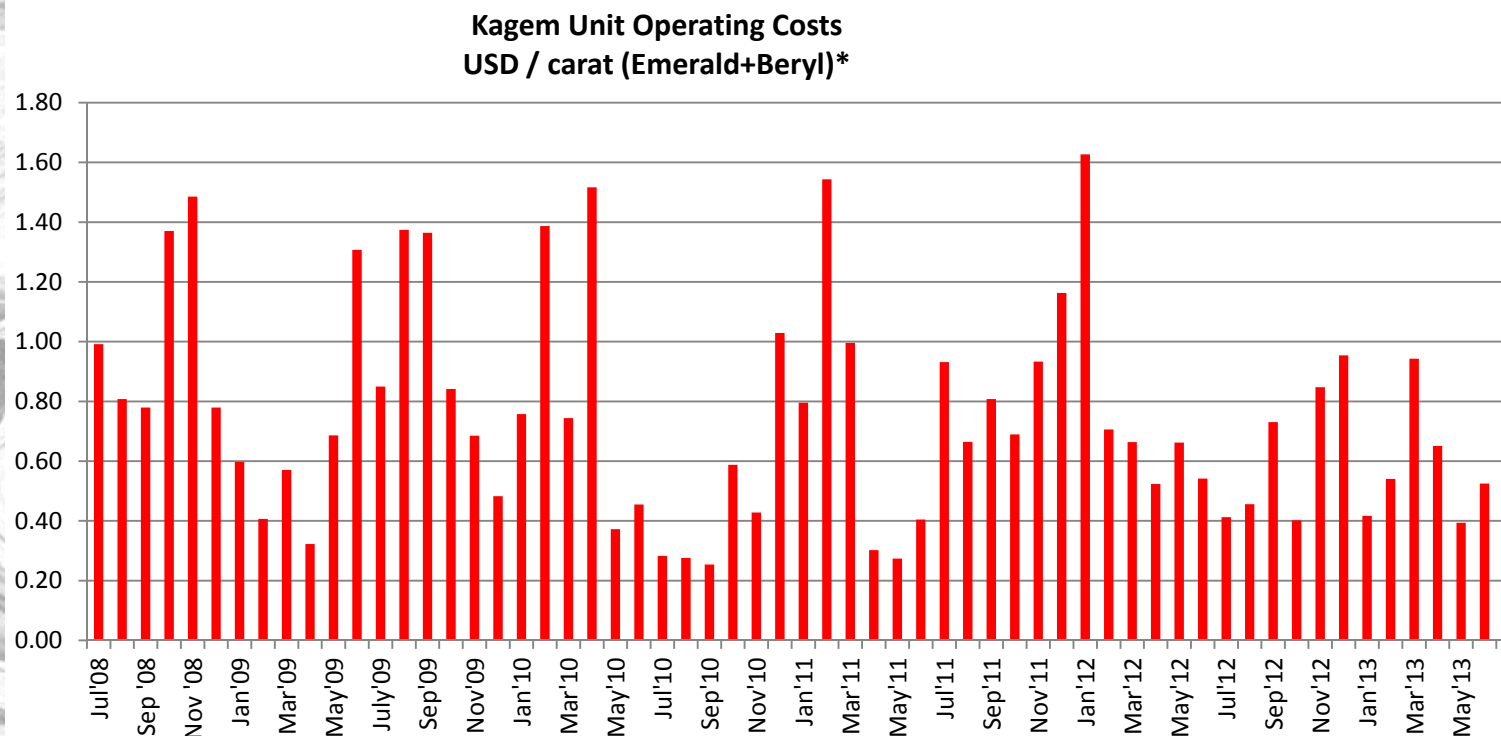
1. Significant volumes of rock were handled in the early months after Gemfields took over management of Kagem (in November 2007) to open new production areas.
2. A further waste stripping programme (or “pushback”) was initiated in May 2011 and concluded in July 2013.

Kagem Total Monthly Operating Costs (unaudited)



1. From November 2008 to May 2011, significant reductions in monthly operating costs have been achieved primarily through a reduction in the stripping ratio and improved operating efficiencies.
2. With effect from July 2011, Gemfields adopted a new accounting policy whereby all waste moving costs are capitalised and are then subsequently amortised when the corresponding ore in that area is mined (in keeping with the accounting principle of “matching costs to revenues”). To date, approximately USD 30.3 million of waste moving costs have been capitalised and the cumulative cost will be amortised later during the mining of the ore associated with that waste. Accordingly, the cost of the present pushback exercise will not be seen in the graph above until such time as the corresponding ore is mined.

Kagem Unit Operating Costs (unaudited)



1. Kagem's average unit production cost during the quarter ending 30 June 2013 was approximately USD 0.50 per carat excluding pushback costs.
2. Kagem's average unit production cost during the eight quarters ending 30 June 2013 was approximately USD 0.63 per carat (emerald + beryl).

*Note: With effect from July 2011, Gemfields adopted a new accounting policy whereby all waste moving costs are capitalised and are then subsequently amortised when the corresponding ore in that area is mined. To date approximately USD 30.3 million of waste moving costs has been capitalised and the cumulative cost will be amortised later when the ore associated with that waste is mined.

www.GEMFIELDS.co.uk