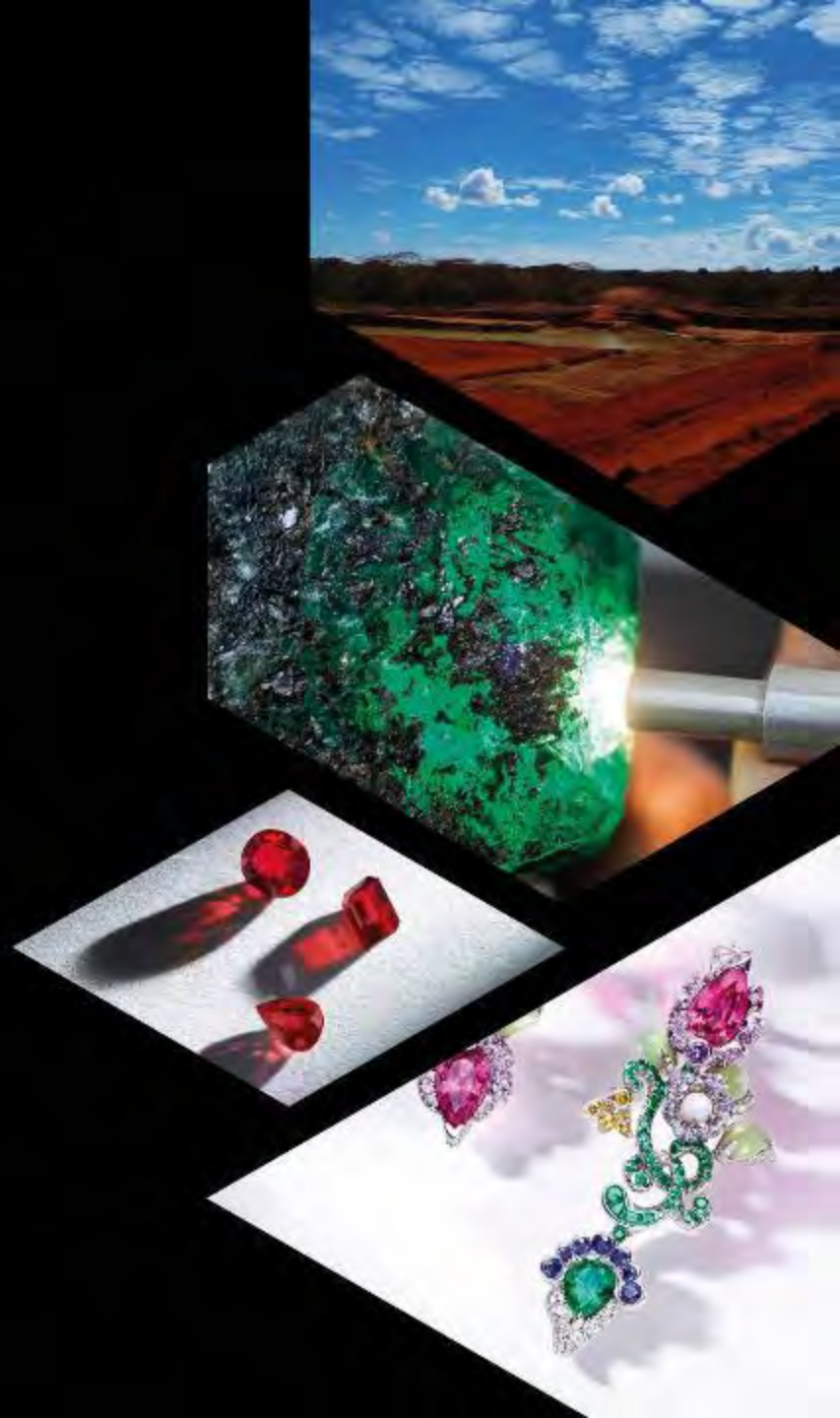
A leading supplier of responsibly sourced coloured gemstones

GEMFIELDS

Site visit

6th - 11th December 2016



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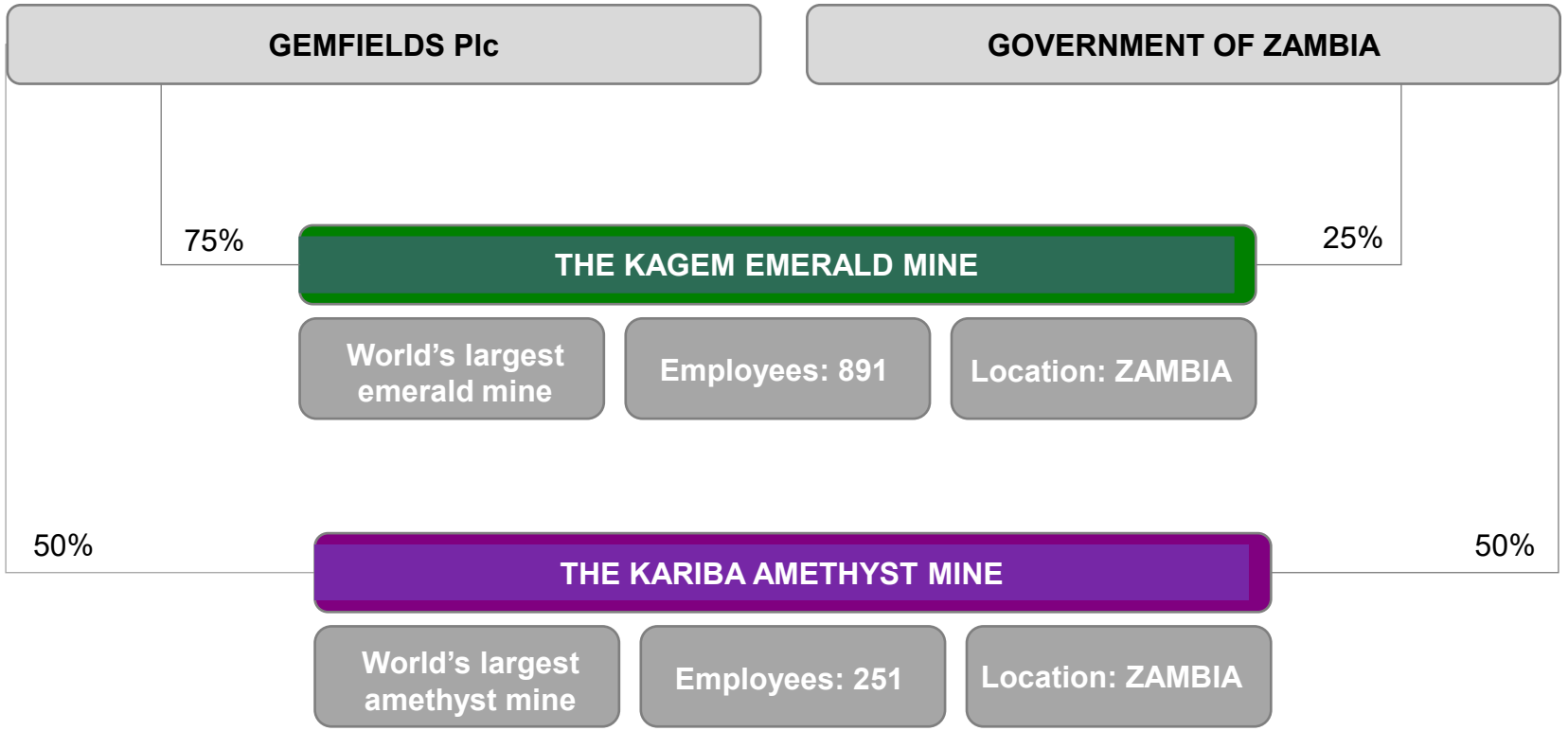
Kagem Emerald Mine

Dibya Baral

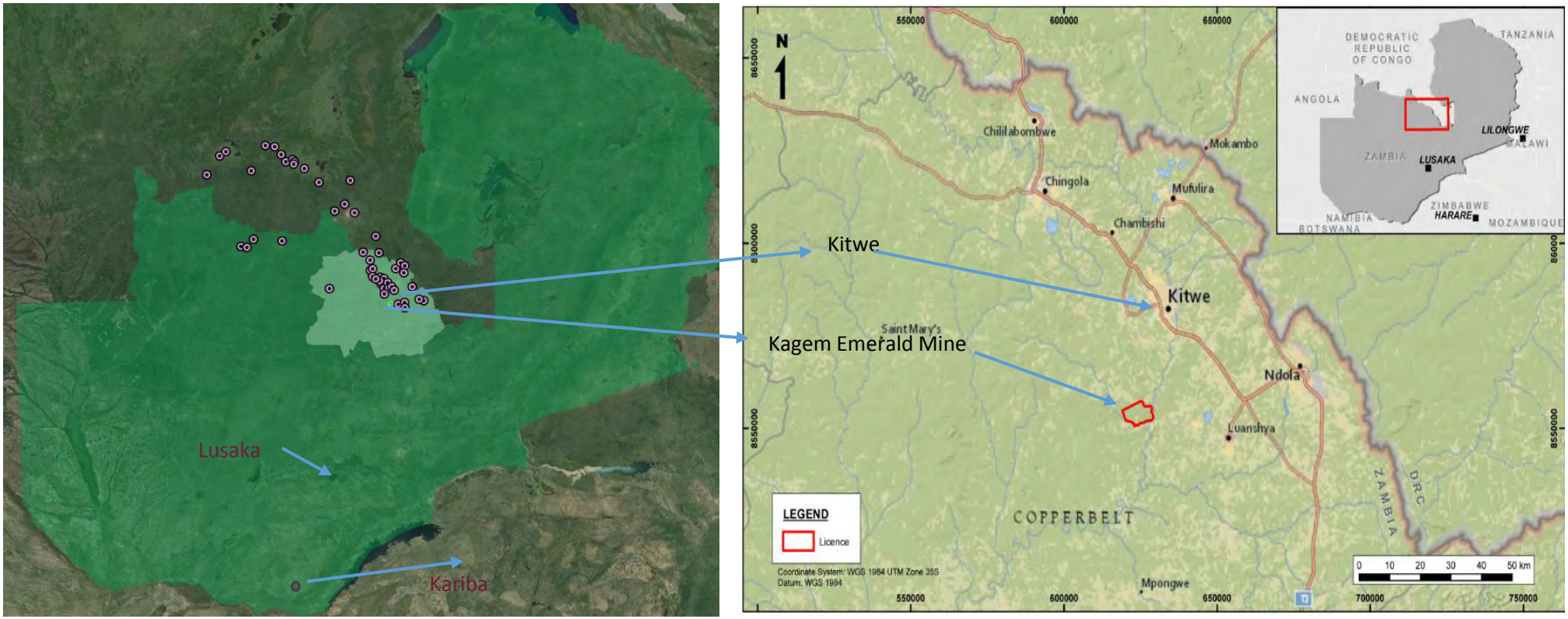
Gemfields & The Government of Zambia

A Model Collaboration

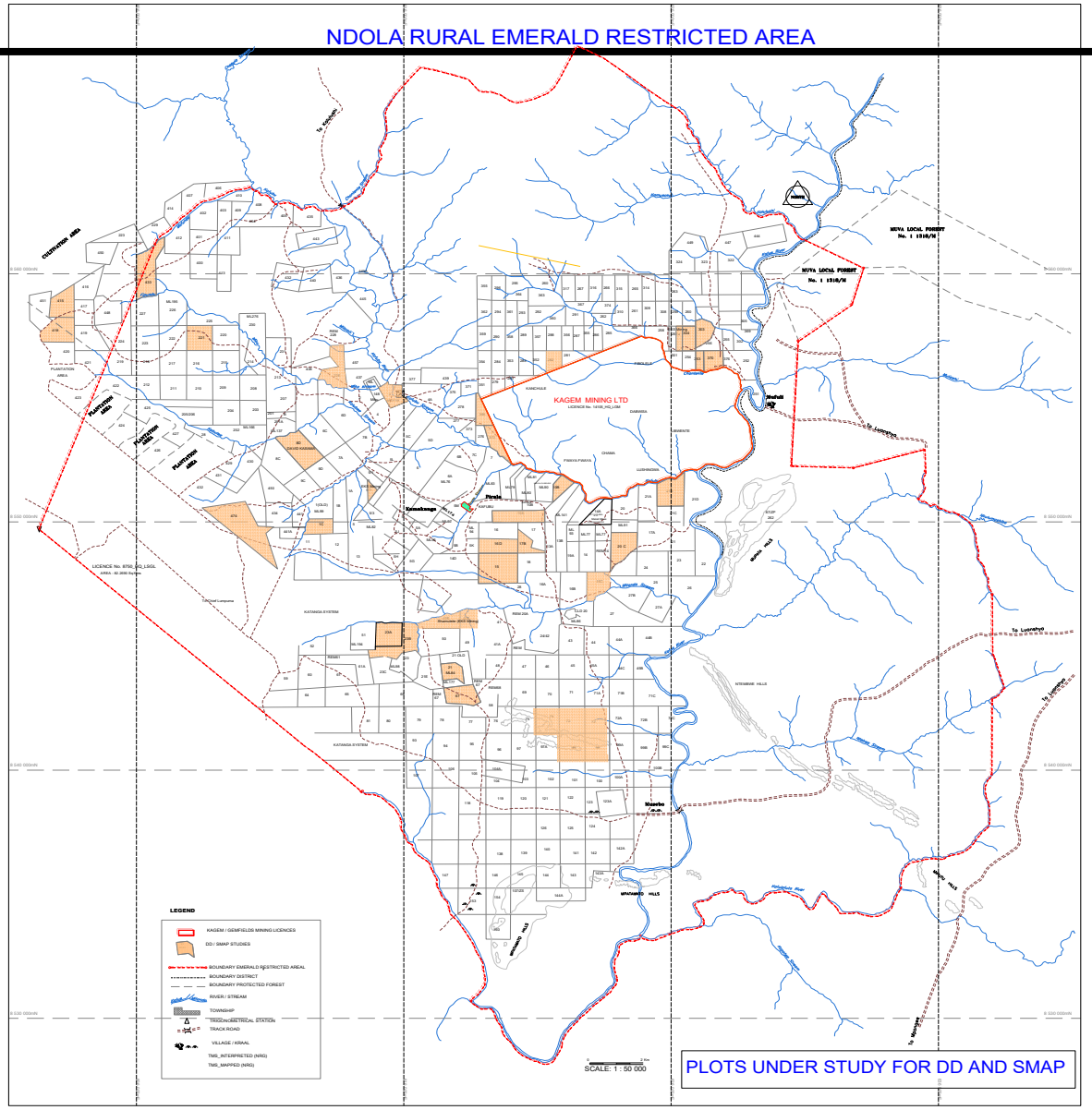


Kagem license over an area of about 41 sq km supplying more than 25% of global emerald production

Kagem Emerald Mine: Location Map



Kagem Location in Ndola Rural Restricted Area

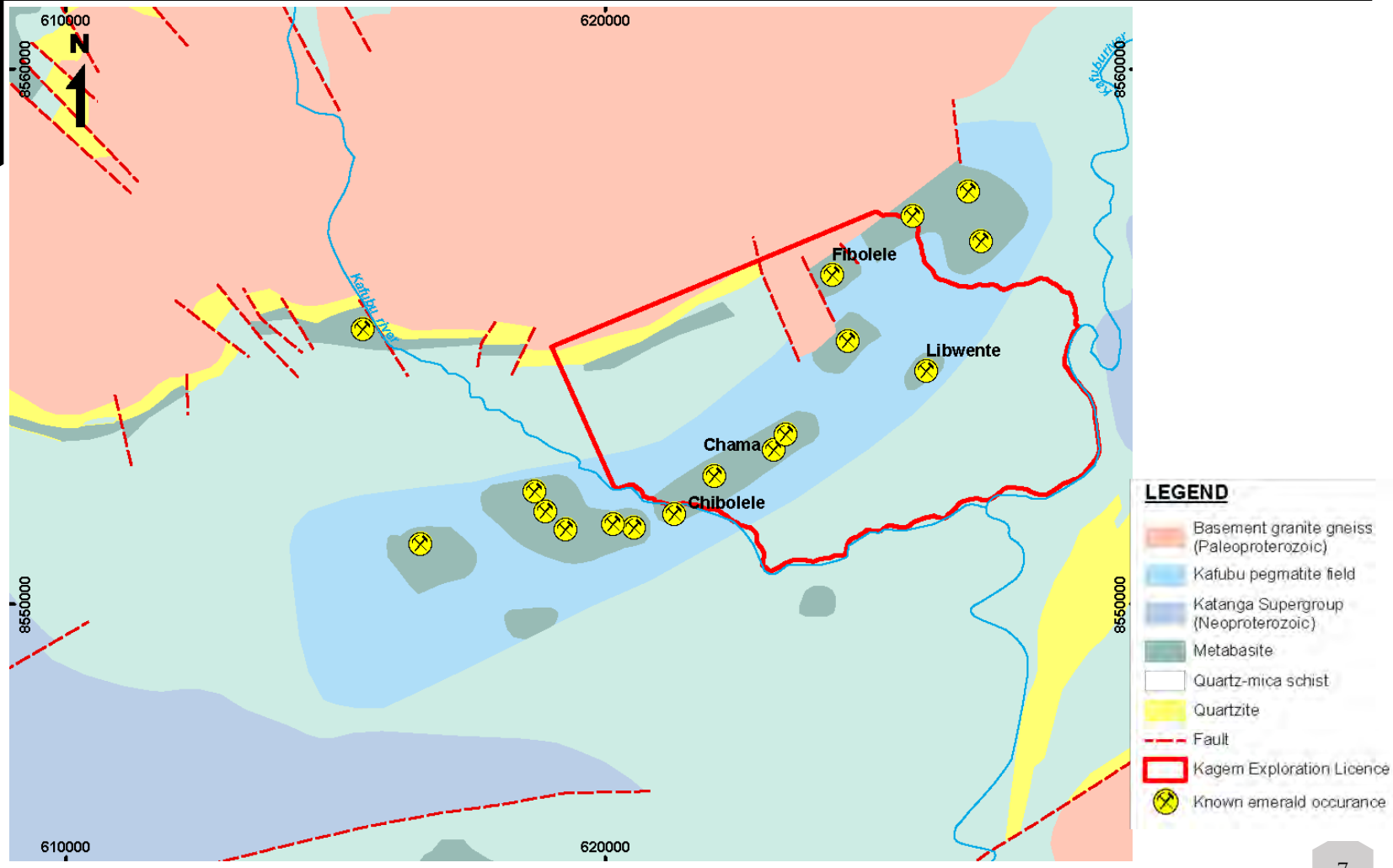


Location

Kagem Location In Emerald Area

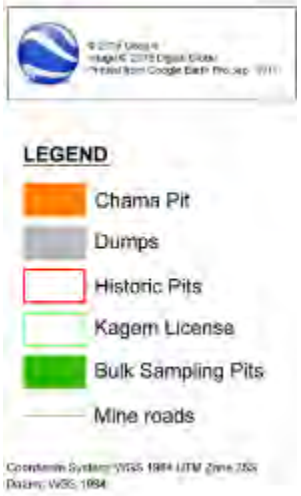
Geology and Prospectivity

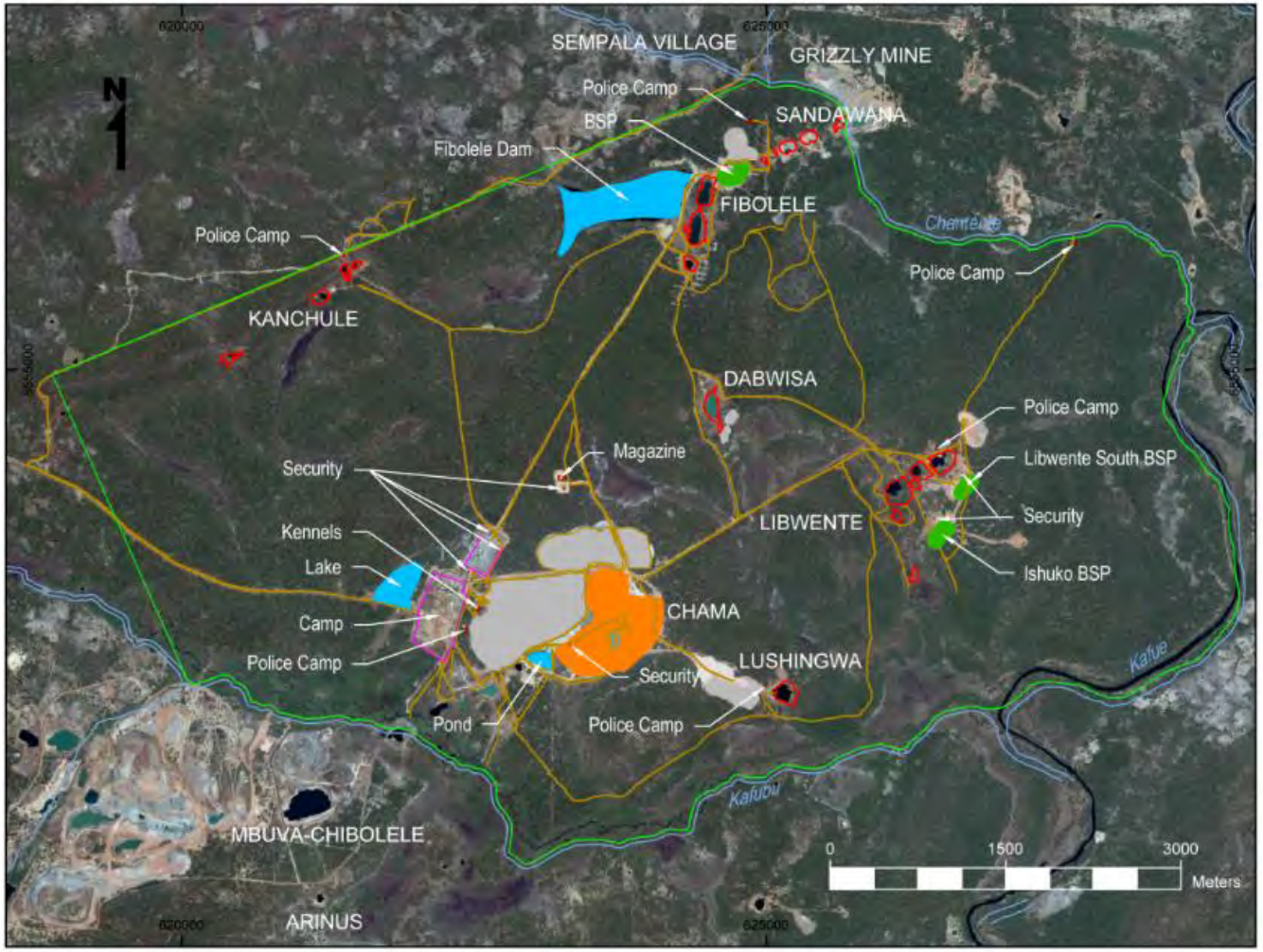
Geology



Kagem Licence Overview Map

Geology





Kagem Turnaround

Pre 2008 - 2016

- Loss making
- Environmentally Degrading
- Short-term plan and deferred mine development
- Widespread Pilferage
- Unsafe operations
- Little or no geological knowledge
- Demotivated Workforce
- No Community engagement

Today

- Profit making, Tax and Dividend Paying
- Environmentally highest class for EPF Audit
- LoMP plan and scientific optimised mine development
- State-of-the-Art physical and digital surveillance system
- More than 3.5 million injury free shifts
- Huge geological knowledge with proved reserve
- Permanent / pensionable Workforce
- Long-term CSR strategy and delivery on ground

Exploration Work Flow

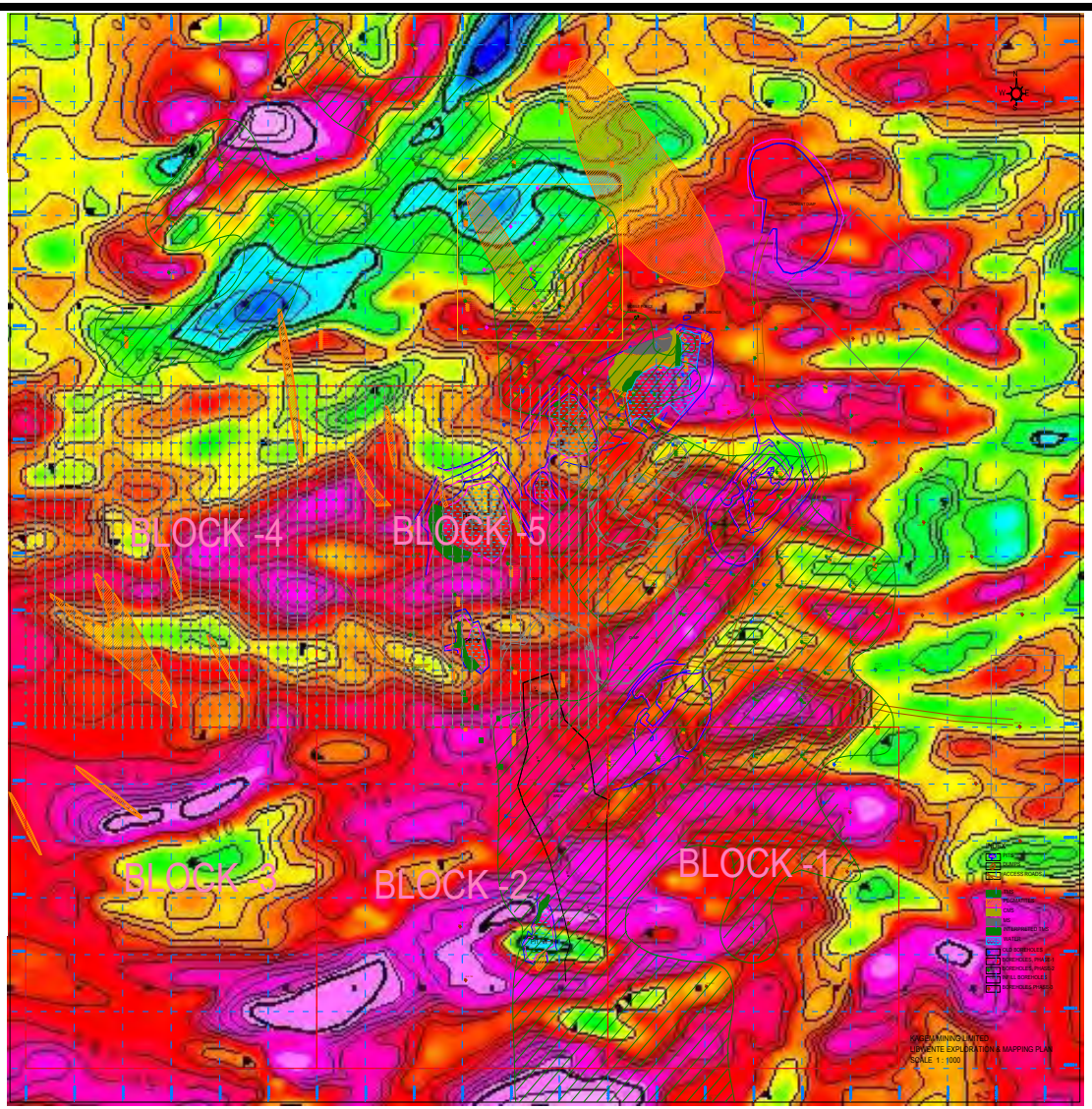
Exploration

- Aeromagnetics
- Airborne Radiometrics

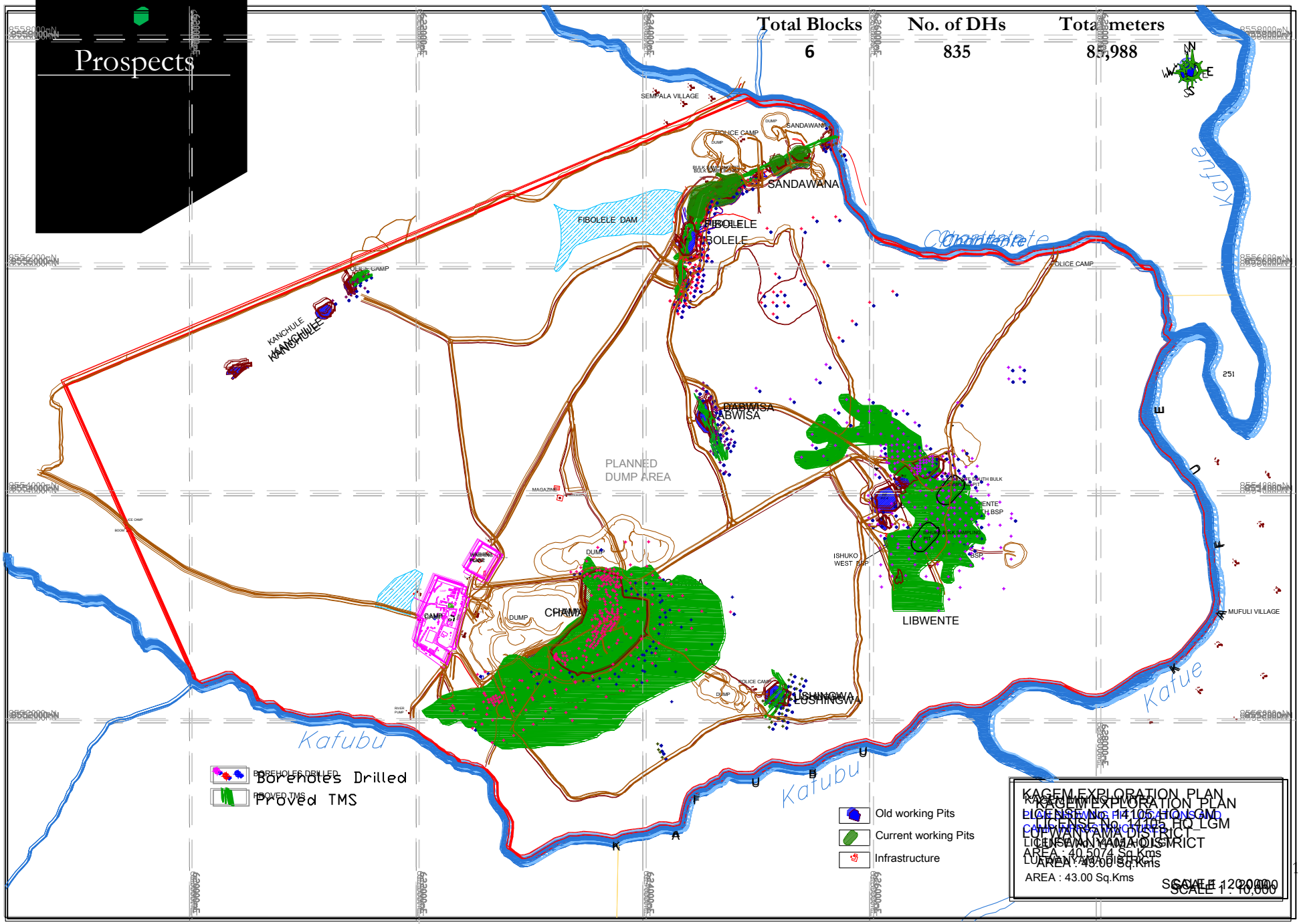
- Mapping and Trenching
- Ground Magnetics
- Ground Radiometric

- Drilling / Logging
- Geochem (XRF/ICP-MS)

- Geological Modelling
- Block Modelling
- Mine Scheduling

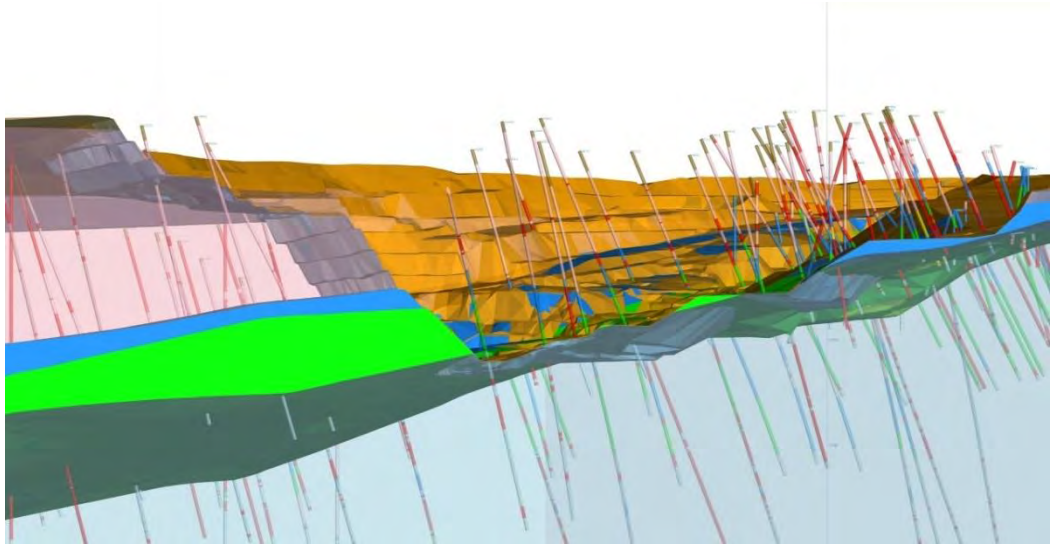


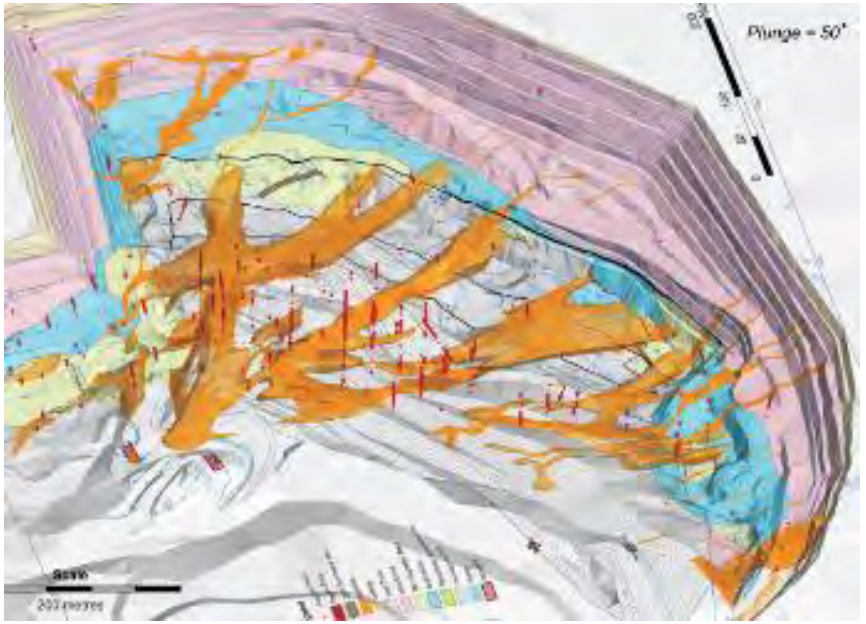
Prospects


Total Blocks
6
No. of DHs
835
Total meters
85,988
SEMPALA VILLAGE
SANDAWANA
FIBOLELE DAM
FIBOLELE
KANCHULE
POLICE CAMP
DABWISA
PLANNED
DUMP AREA
CHAMA
LUSHINGWA
LIBWENTE
ISHUKO
WEST BSP
MUFULI VILLAGE
Kafubu
Kafue
Boreholes Drilled
BOREHOLES DRILLED
PROVED TMS
Proved TMS
Old working Pits
Current working Pits
Infrastructure
KAGEM EXPLORATION PLAN
LICENSE No. 14105 HQ LGM
LUFWANYAMA DISTRICT
AREA : 40.5074 Sq.Kms
AREA : 43.00 Sq.Kms
SCALE 1 : 10,000

Kagem JORC Resource and Reserves update

Resource Summary





Proved/Probable Ore Reserves

1.1bct (E+B)
at diluted ore grade of 291ct/t

Measured, Indicated and Inferred Mineral Resource

1.8bct (E+B)
at diluted ore grade of 281ct/t

Post-tax NPV

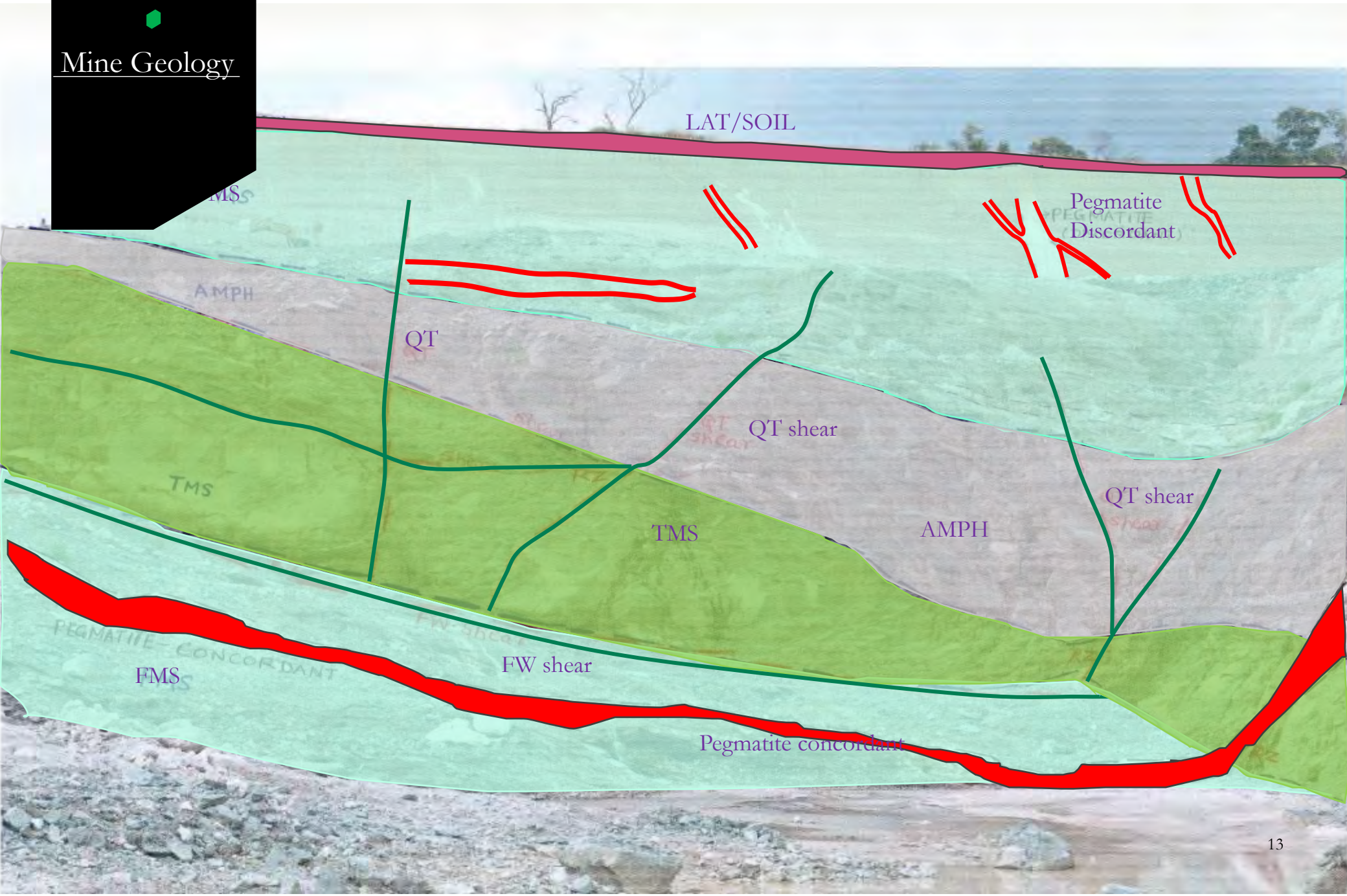
US$520m
10% discount rate

Average annual production

44.7mct

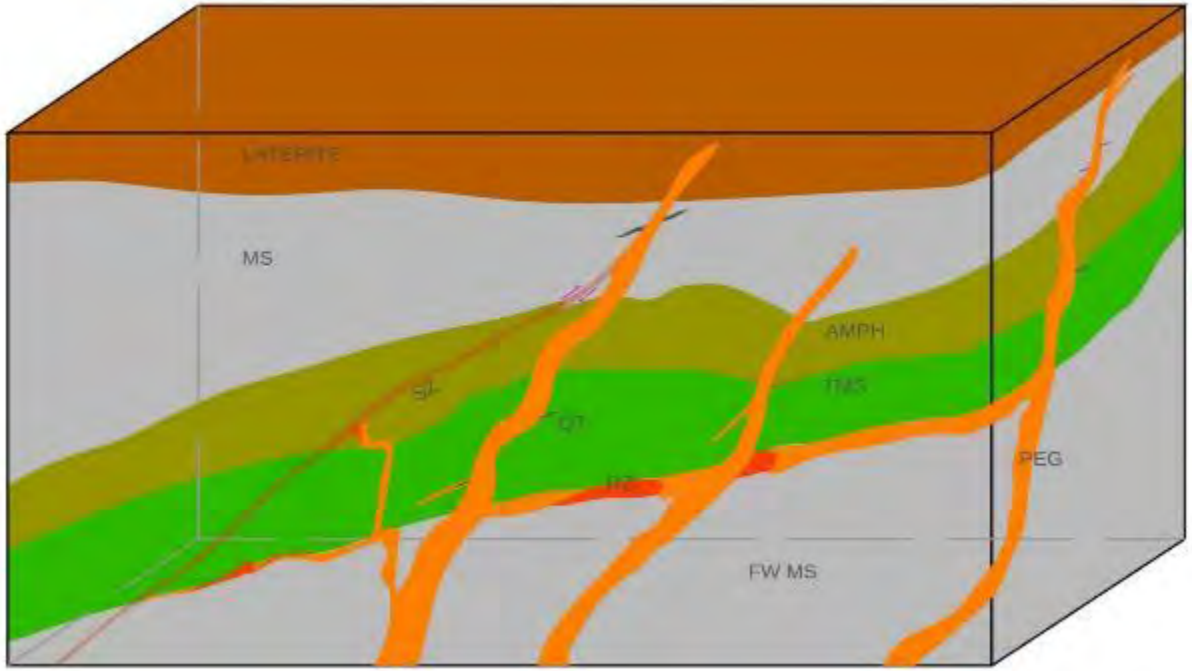
Open pit mine plan until

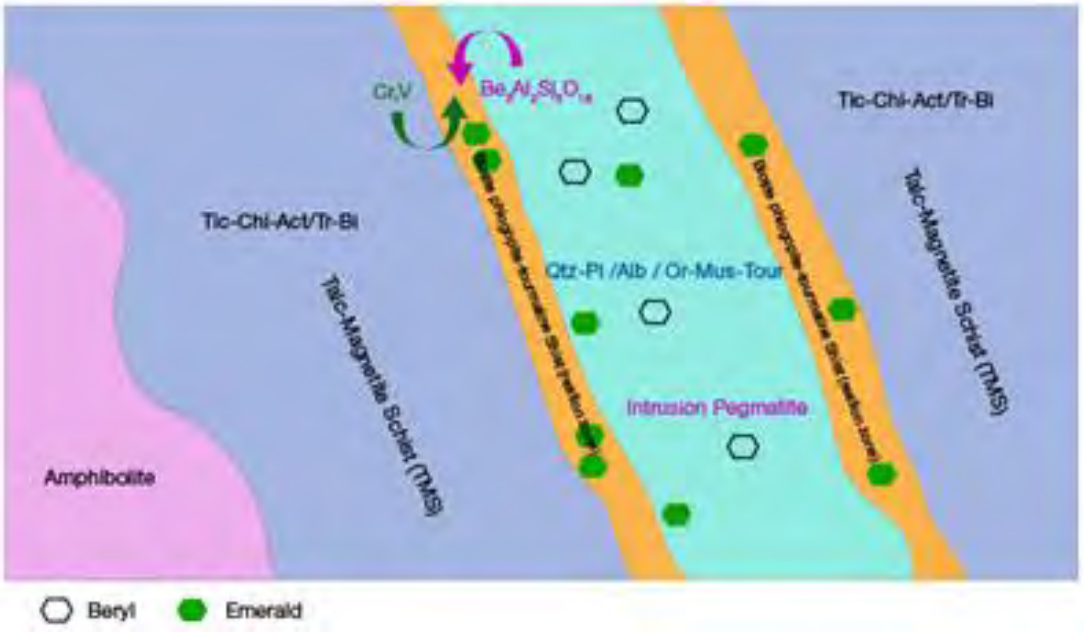
2040
Chama LoM of 25-years
Fibolele LoM of 7- years


LAT/SOIL
Pegmatite
Discordant
AMPH
QT
QT shear
TMS
TMS
AMPH
QT shear
FMS
FW shear
Pegmatite concordant

Geology

Emerald Mineralisation

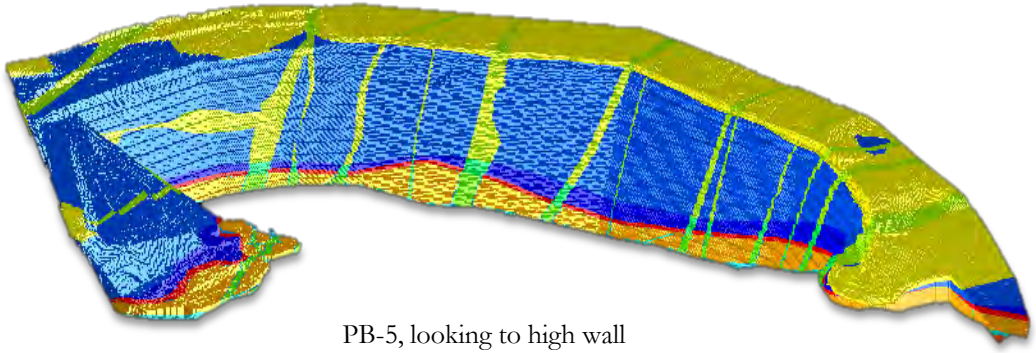




EMERALD MINERALISATION

1. Occurrence of Host rock (TMS) and presence of Chromoferic elements (Cr, V) in its composition
2. Intrusion of Pegmatite containing Beryllium elements
3. Alteration / Reaction / Ionic exchange between the pegmatitic fluids and the host rocks
4. Incorporation of Cr/ V & Be under exception al geological and geochemical conditions, 590 -830^0 temperature and 400-800 MPa pressure

Mine Development



PB-5, looking to high wall

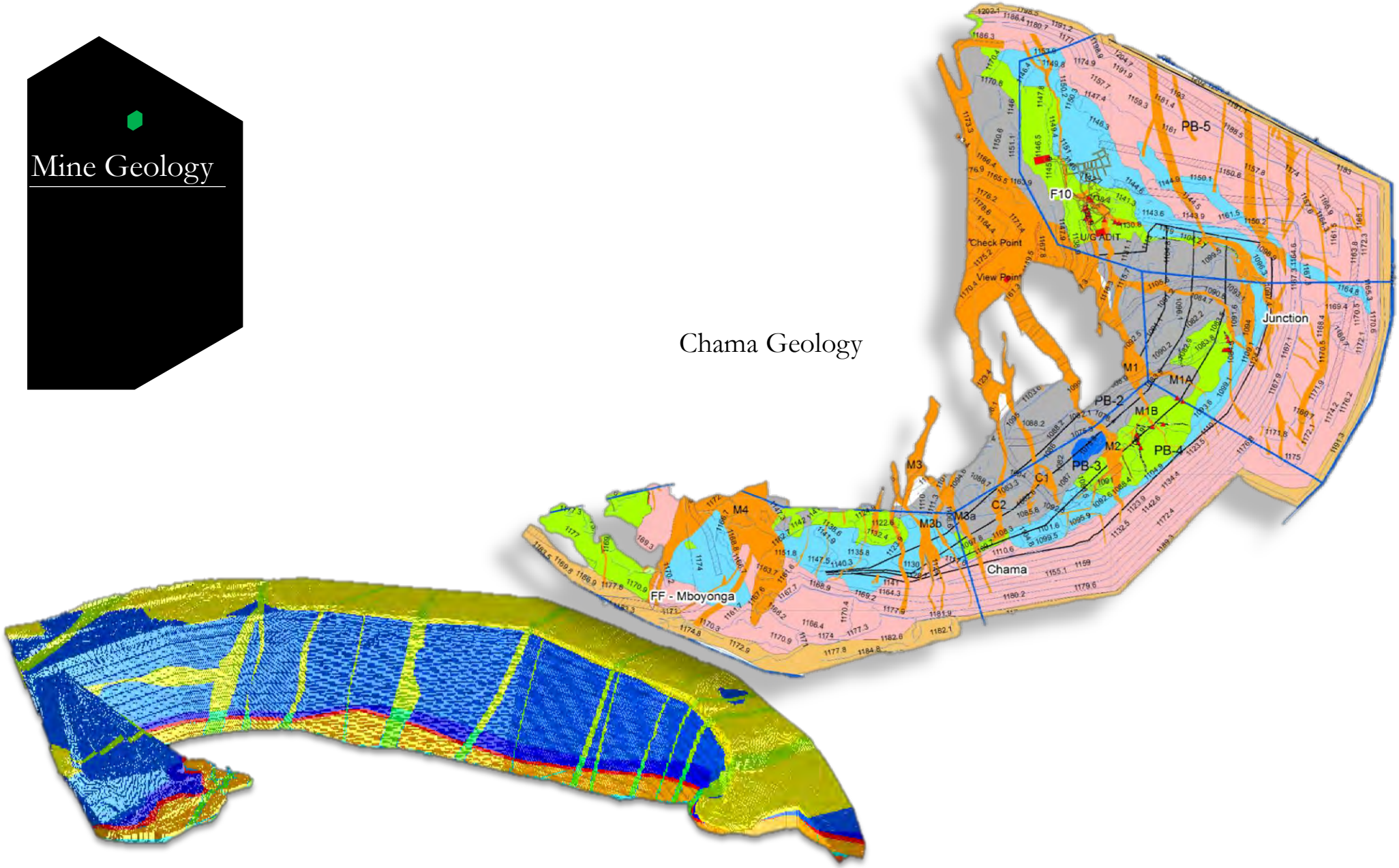
Chama Progress in Mine Footprint

Sep-2014

Mine Development

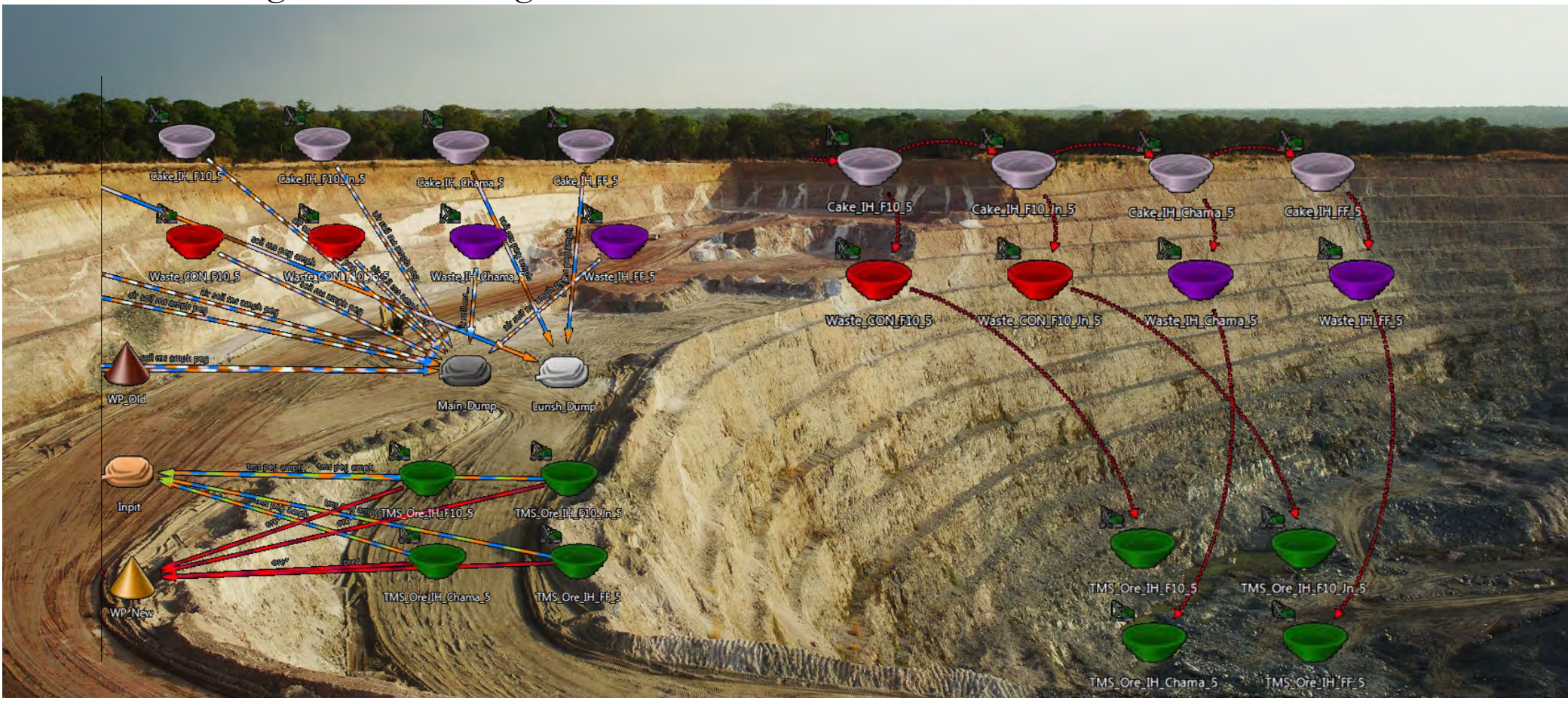
Mine Geology

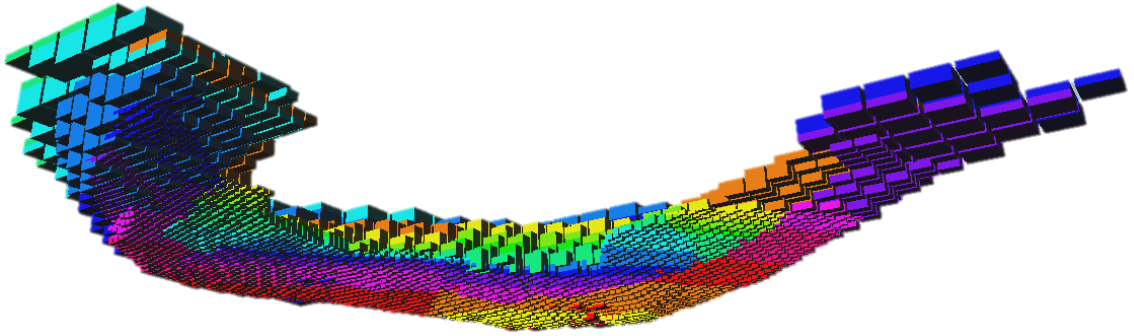
Chama Geology



Block Model looking to high wall

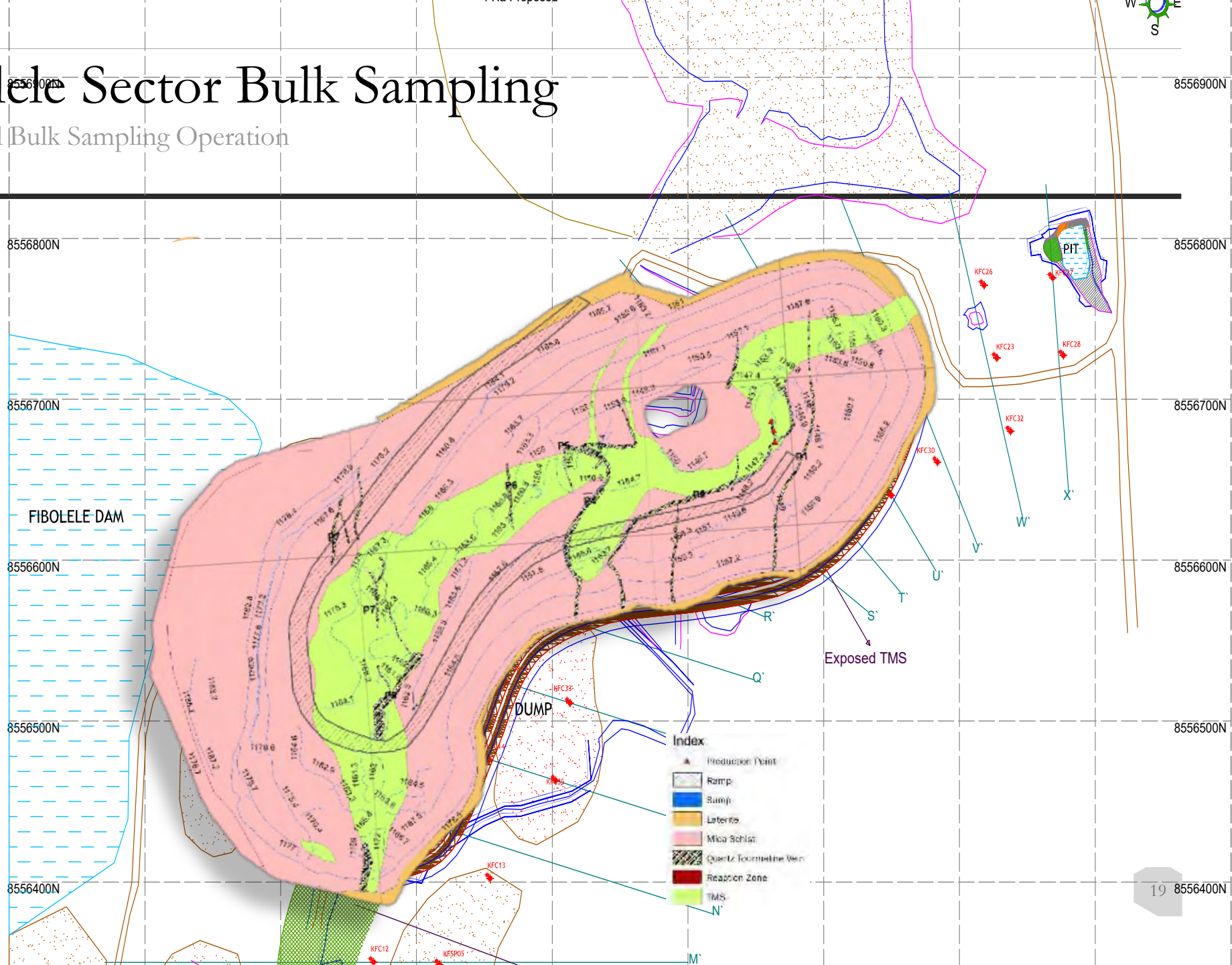
Mine Planning and Scheduling





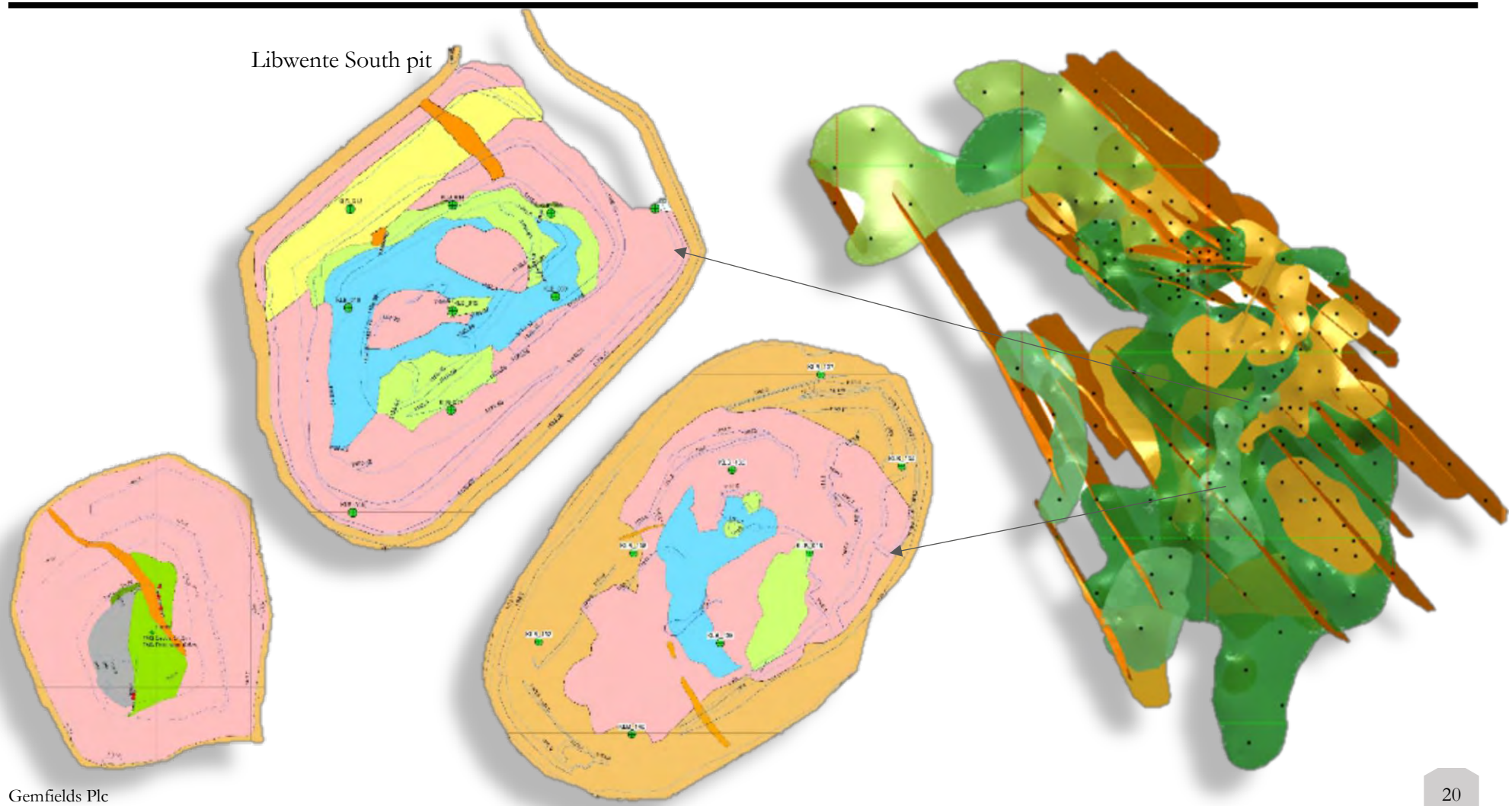
Fibolele Sector Bulk Sampling

Successful Bulk Sampling Operation



Libwente Sector Bulk Sampling

Accelerating the Search



Washing Plant

Last Year

Washing Plant

Today

Value Addition – Sort House

(i) Grading and Sorting (ii) Reliability (iii) Marketing (iv) Service

Sorting and grading

- Pioneered the world's most comprehensive grading and sorting system for rough emeralds and rubies
- Supported by the commensurate stock levels needed to ensure consistency of supply across all size and quality scales

Pioneering auction platform

- Well established and reliable auction platform
- Helps to formalise the market
- Delivering a consistent supply
- Targeted to achieve a best fit with each customer's needs

Highlights and Mine cost analysis for Kagem, Zambia

A total of US$6.1m capex invested in Kagem in FY2016

Annual production of emerald and beryl

30.0mct

2015: 30.1 million carats ('mct')

Total operating costs at Kagem

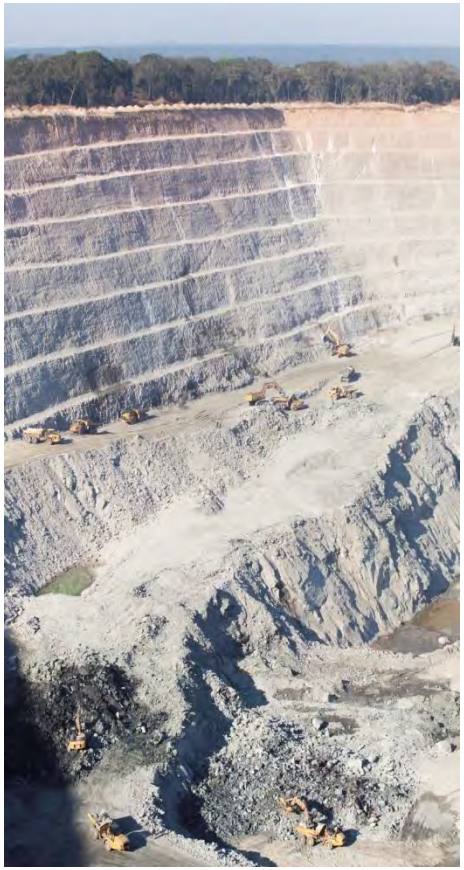
US$47.3m

2015: US$44.5m

Average monthly cash operating costs

US$3.9m

2015: US$3.7m



Emerald and beryl grade for the year

241 ct/t

2015: 242 carats per tonne ('ct/t')

Unit operating cost for emerald and beryl

US$1.58 /ct

2015: US$1.48 per carat ('/ct')

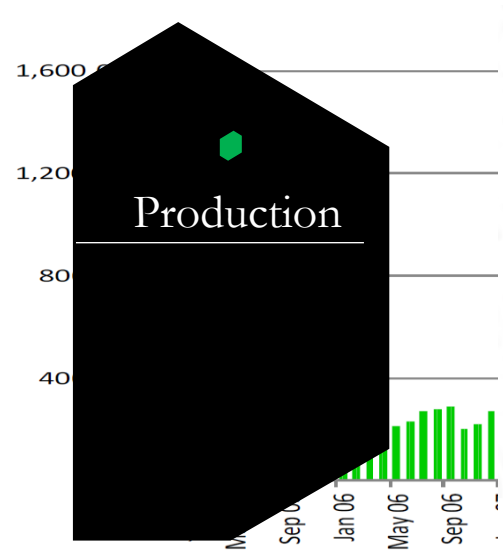
Cash rock handling unit costs at Kagem

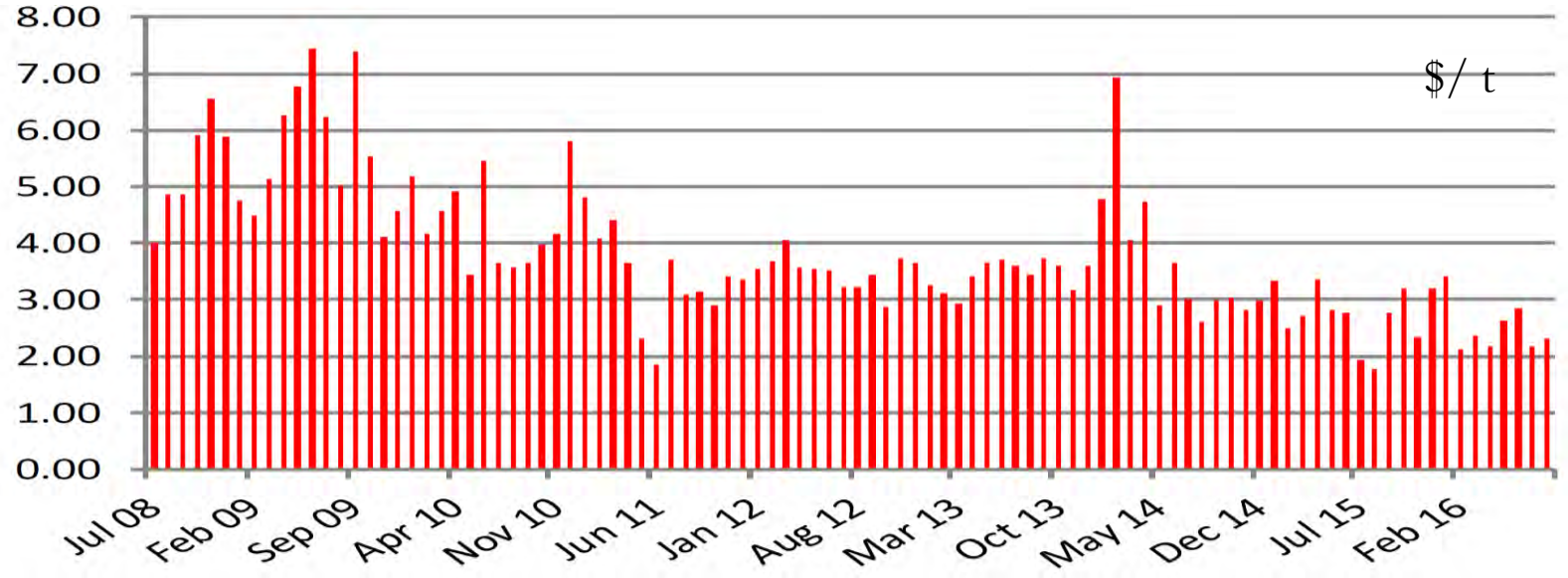
US$2.48 per tonne

2015: US$2.90 per tonne

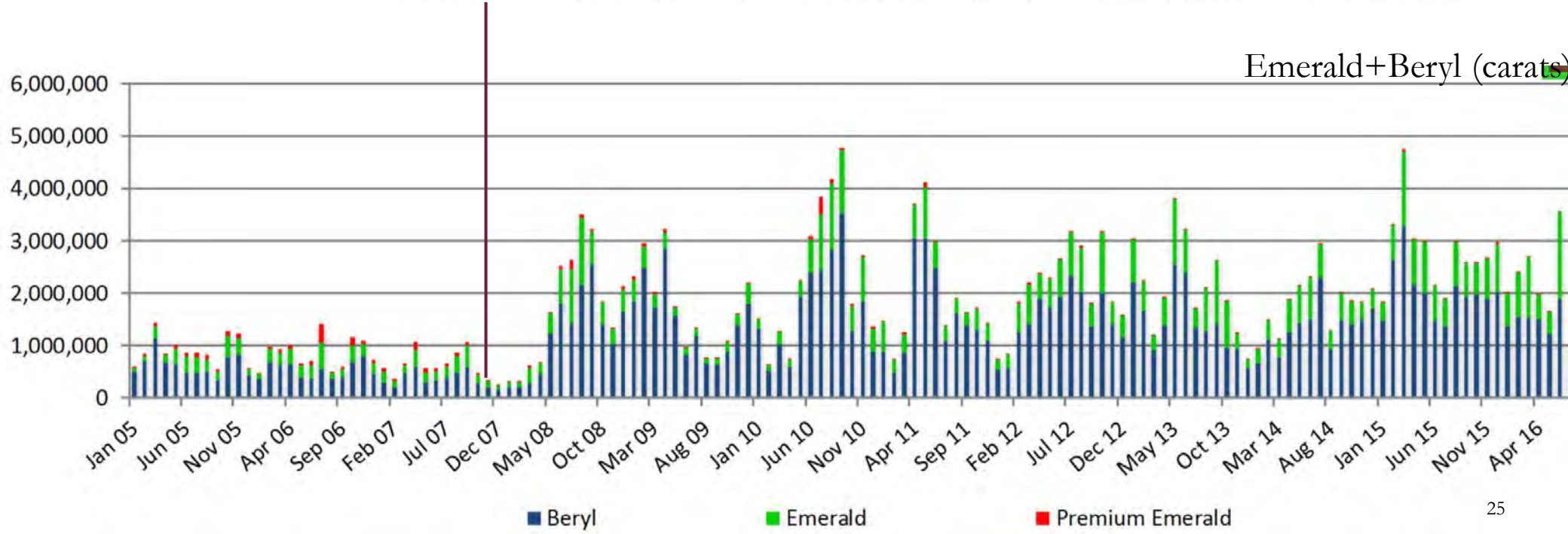
Kagem Monthly Excavation / Gemstone Production

Production



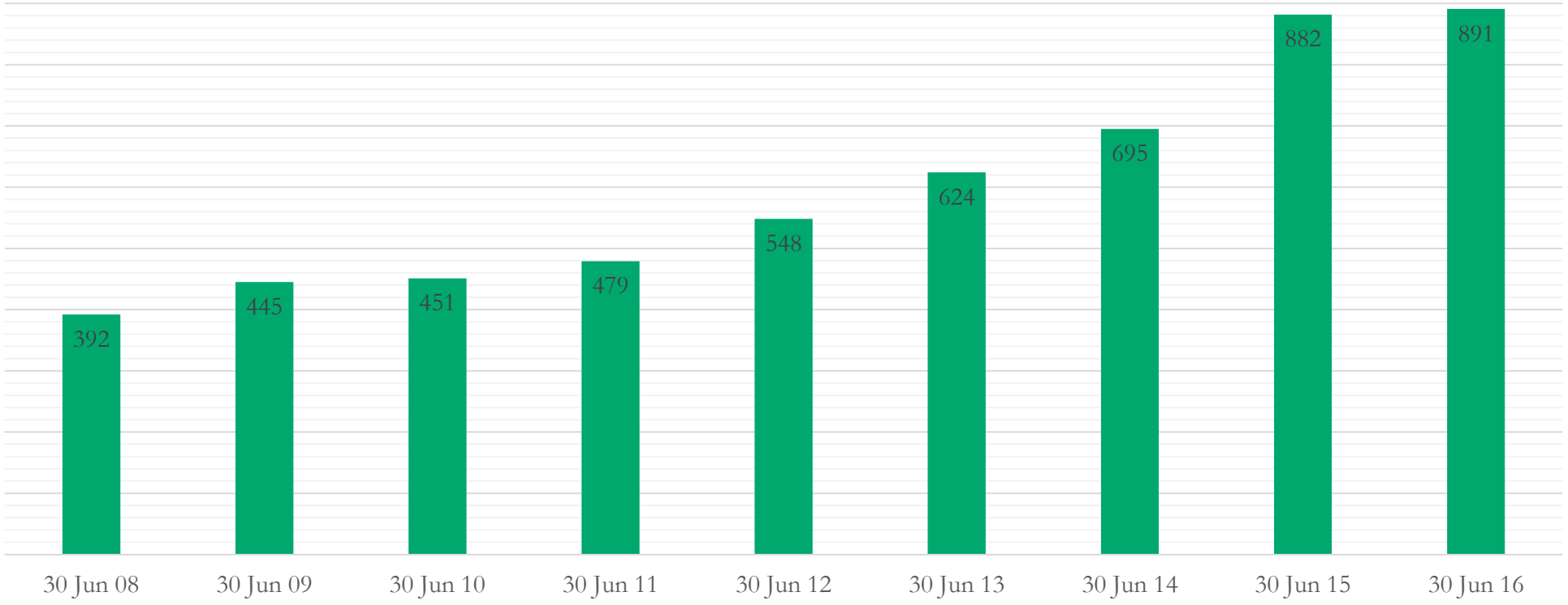


Emerald+Beryl (carats)



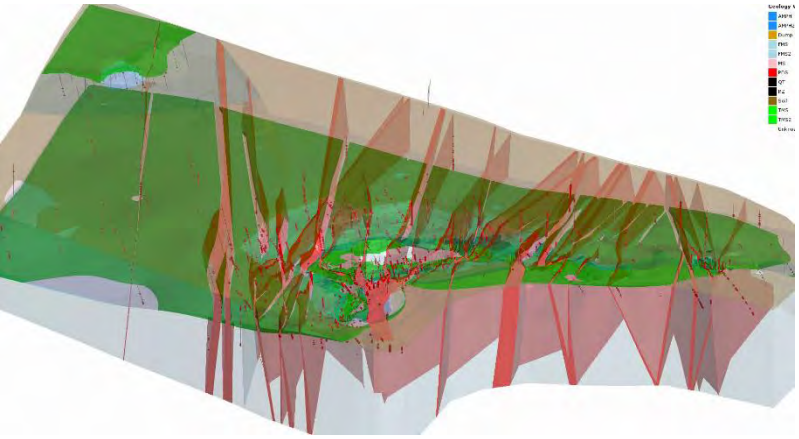
Value Addition — Local Employment

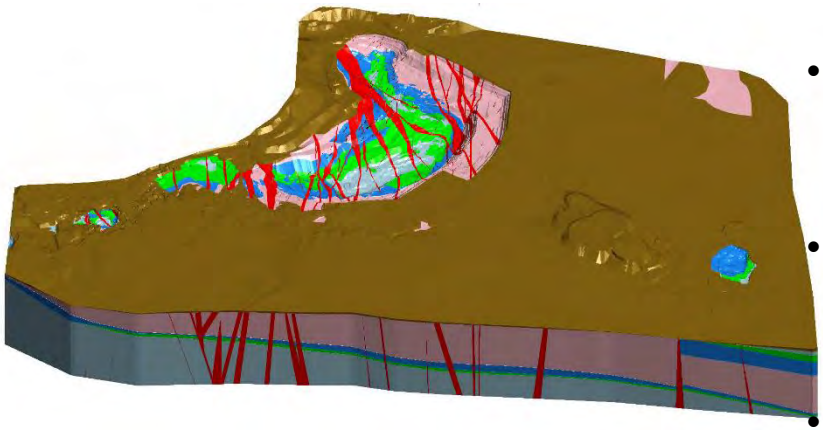
Increased mining activity created Employment Opportunities at Kagem



Mining Outlook

Production ramp up





- Established the continuity of the host lithology all over the license and specifically over 300m along the dip and to a vertical depth of 150m by mining at Chama.
- Further systematic exploration besides establishing the continuity over 500m down dip along the river side has continued and will further enable extending the mine along dip and strike over 800m towards west i-e., FF sector.
- Exploration activities including Bulk Sampling in certain sectors namely Libwente, Fibolele and Kanchule hold promise for extended resources and operations in the license area.
- Plans are afloat to ramp up the production from the license from the present 30 million carats to 40 million carats in the next 3 years and further.
- The washing plant upgradation from 33tph to 66tph has been recently completed. A State-of-the-Art colour sorting technology is being looked into and is in a progressive stage at present.
- All of these above effort expected to increase the production capacity and bring all-round efficiency and cost reduction.

Sustainability

Corporate social responsibility

Sustainability in Education, Health and Agriculture

Corporate social responsibility

Sustainability in Education, Health and Agriculture

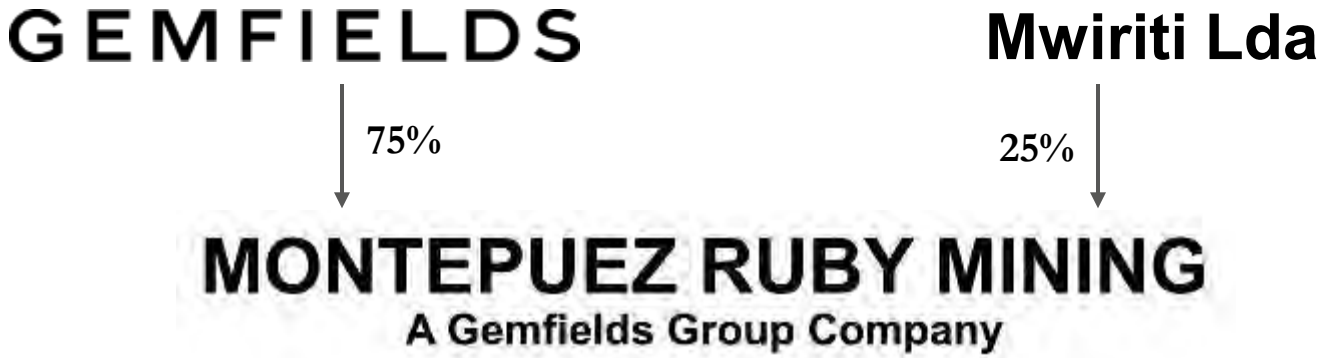
Corporate social responsibility

Sustainability in Education, Health and Agriculture

Montepuez Ruby Mining

Ashim Roy

Montepuez Ruby Mining Lda

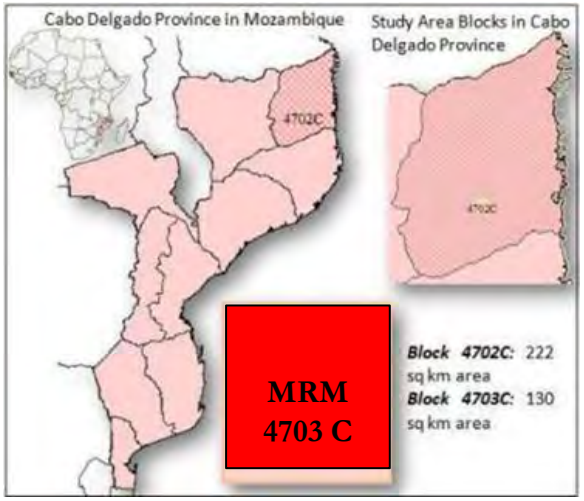


Potentially the world's single largest ruby deposit

Timeline

2009	• **Rubies first discovered in Montepuez**
3rd Jun 2011	• JV agreement signed between Gemfields plc and Mwiriti Lda
30th Aug 2011	• Montepuez Ruby Mining Lda (MRM) comes into existence
24th Feb 2012	• The mining licenses 4702 and 4703 issued in the name of MRM, valid for 25 years
9th Mar 2012	• Environmental licenses issued in the name of MRM
4th Apr 2012	• First fleet of equipment arrive onsite
23th Aug 2012	• Start of bulk sampling
3rd Nov 2012	• Commisionning of Wash Plant and trial
16th Nov 2012	• Start of Sorting in Sort House
20th Apr 2013	• His Excellency the President of Mozambique visits the Mine
15th Dec 2013	• Completion of shifting of offices and housing to Namanhumbir Camp
12th Jun 2014	• Inaugural mixed quality auction generates US$33.5 million
3rd Dec 2014	• First high quality auction generates US$43.3 million, including the sale of a 40.23 carat stone
17th Apr 2015	• First low quality auction generates US$16.1 million, average of US$4.03/carat
16th Jun 2015	• High grade auction in Singapore generates US$29.3 million, average of US$617.42/carat
18th Dec 2015	• Mixed grade auction in Singapore generates US$28.8 million
19th Jun 2016	• Mixed grade auction in Singapore generates US$44.3 million
Till date	• Revenue till date generated 195.3 million
Till date	• Total Tax (royality and Corporate Tax paid is 32.3 million

Location of Montepuez Ruby Mining



- MRM obtsained a 25-years of Mining and Exploration Licence (4702 & 4703c) in February 2012 for an area of 336 sqkm.
- Subsequently, the Process of Amalgamation of concessions was accomplished in 2015 & a new concession bearing no. 4703C for an area of 349 sqkm has been issued, which is valid up to 11 November 2036.

Ruby Formation

Geological history

The African setting

The Pan-African orogeny (Figure 1) occurred 750–450 million years ago, and gave rise to deposits in Kenya, Tanzania, Mozambique, Madagascar, Sri Lanka and southern India. Many of these corundum are genetically related.

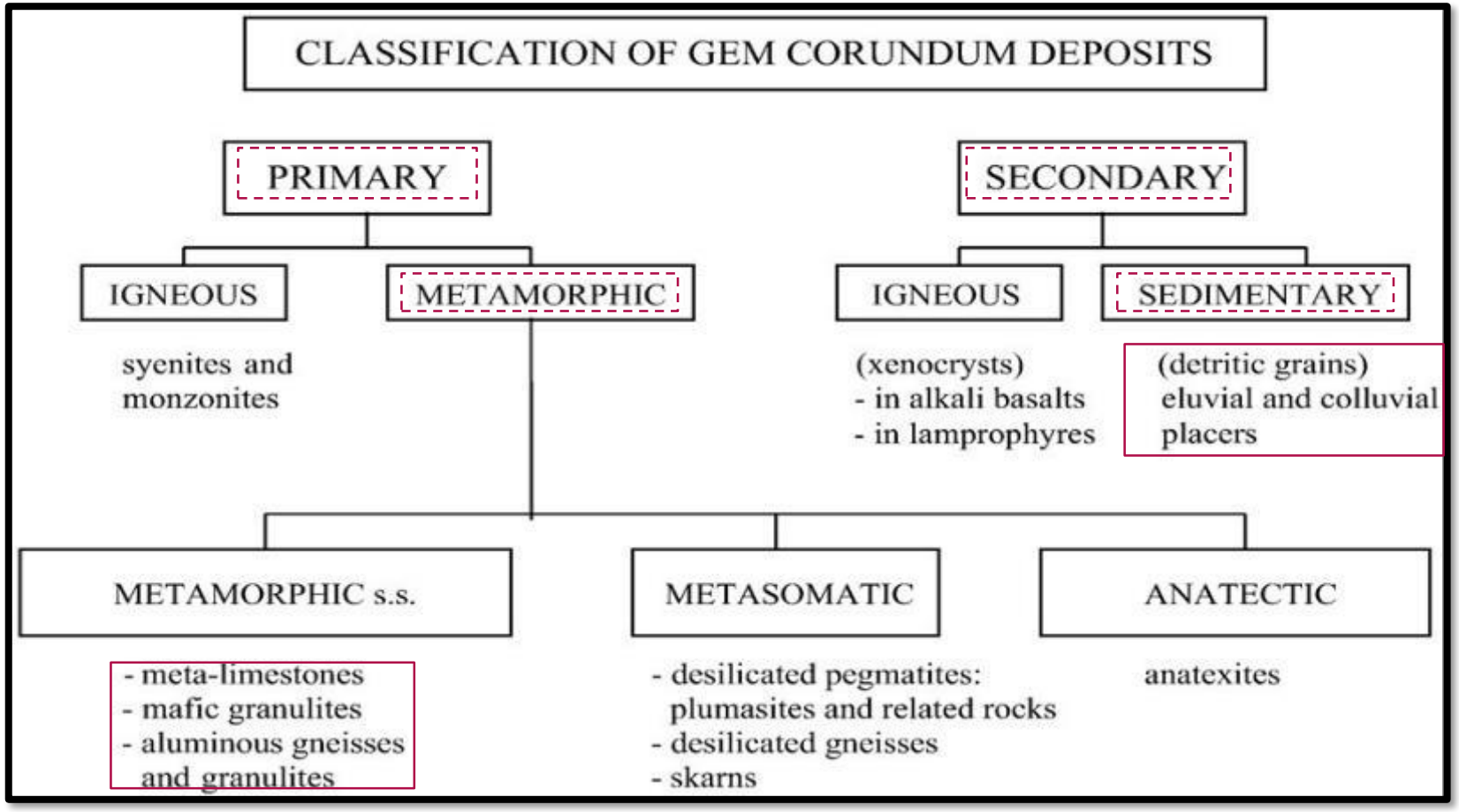
The Asian setting

In contrast, the Himalayan orogeny took place just 45–50 million years ago, a result of the Indian subcontinent speeding north from Gondwana and colliding with the Asian plate. This resulted in not just the greatest mountains on the planet, but furious mineral-forming activity, including a string of ruby and sapphire deposits that stretch all the way from Afghanistan and Tajikistan in Central Asia, through Pakistan, northern India, Nepal and Myanmar, to China and Vietnam in the East.

Together with the Pan-African orogeny, these two events are responsible for virtually all of the finest rubies and sapphires thus far discovered on Planet Earth.

Ruby Formation

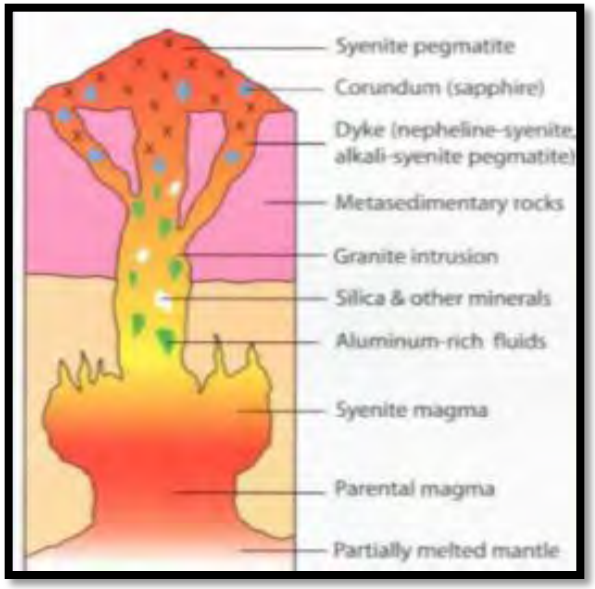
How?



Ruby Formation

Primary Ruby Mineralisation

Unlike many other rocks, rubies and sapphires can only form under a limited Range of high pressure and temperature. These rare conditions occurred during Continental plates crashed in Archean times.



The rock type found associated with this P & T are Amphibolites, Marble, Granulites which host the Primary Ruby mineralisation. Viable (enriched) resource of ruby in the in-situ material.

Ruby Formation

Primary Ruby Mineralisation

Corundum (Al_2O_3) can only form in a limited range of high pressures and high temperature condition in a Silica (SiO_2) deficient condition.

When solutions rich in Alumina (Al_2O_3) intrudes a host rock rich in Cr, Fe and V. The corundum gains a red/pink color. (Ruby/Sapphire).

In MRM Primary ruby source is in amphibolite rock which is rich in Cr/Fe giving it red/pink color.

Ruby Formation

Secondary Ruby Mineralisation

Ruby is liberated by physical and chemical weathering process from rocks, concentrated by water/gravity and deposited as alluvial/colluvial material over weathered bedrock.

The size, intensity variation and total area of this deposition is unknown and in the process of estimation, it is therefore critical to define the gravel extent and basic characteristics quickly.

Geology

Multidisciplinary Approach:

Geological

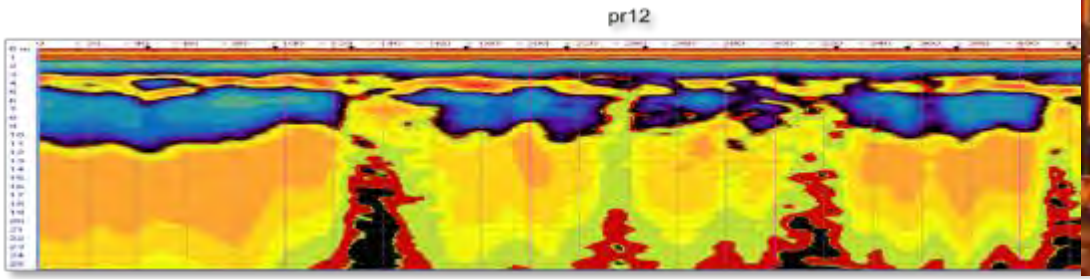
- Typical association with certain rocks or minerals

Geophysical Method

- Magnetic susceptibility, specific gravity conductivity, radioactivity

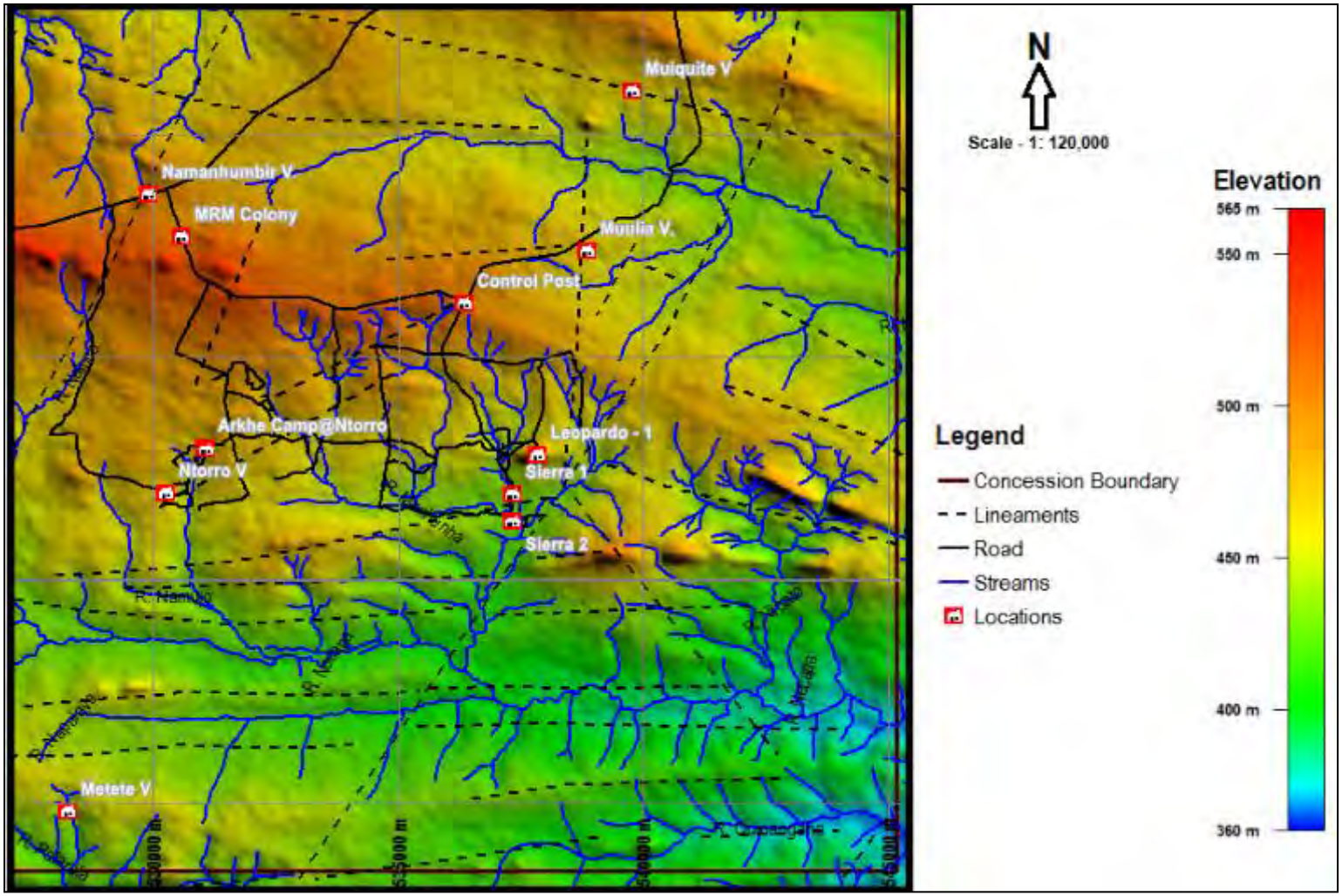
Geochemical Method

- Chemical signatures of hidden mineral deposits often dispersed over wide areas by chemical or physical processes like weathering or erosion

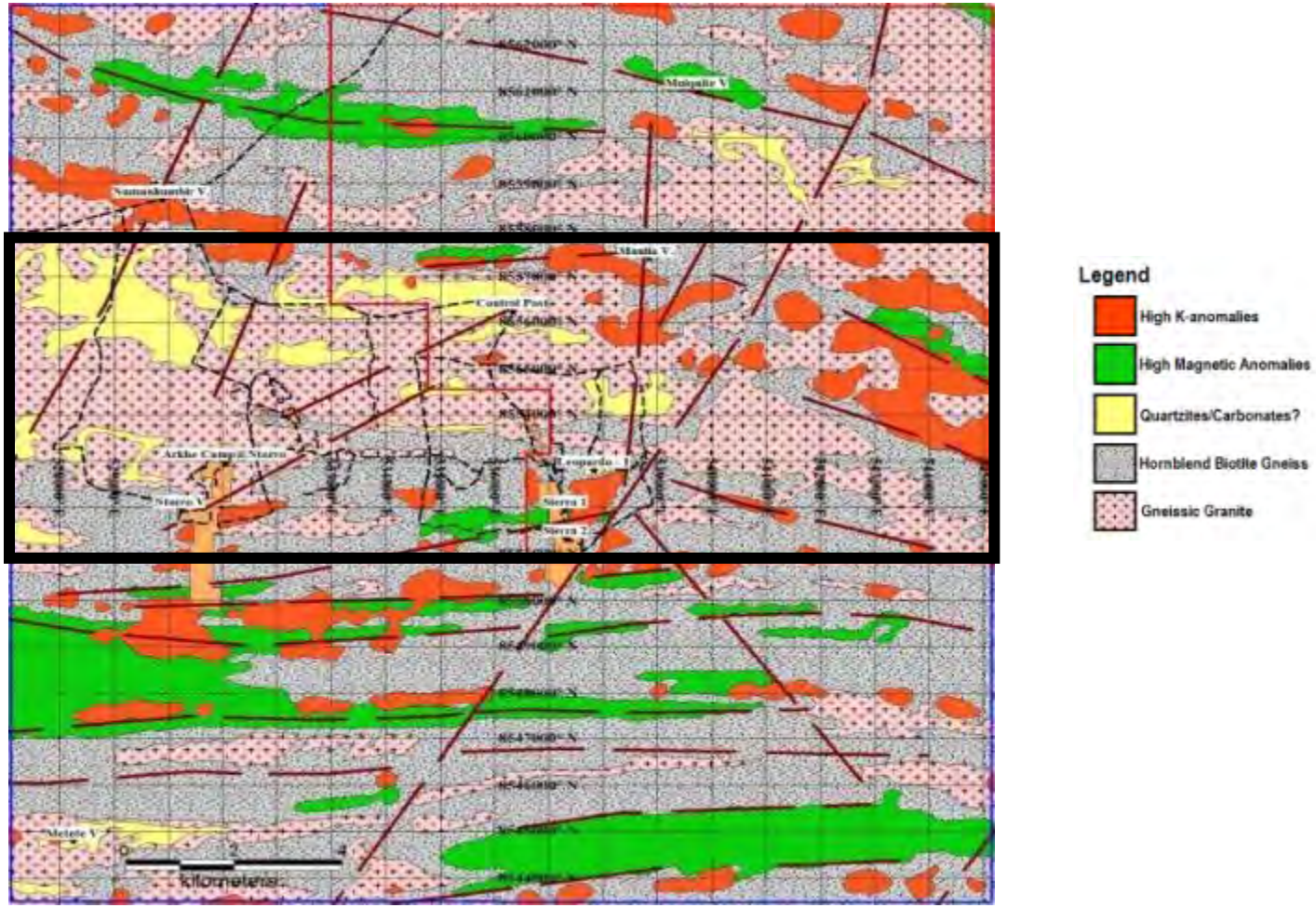


Geology

Geological Mapping: Shuttle Radar Topography Mission (SRTM) data. Digital Elevation Models

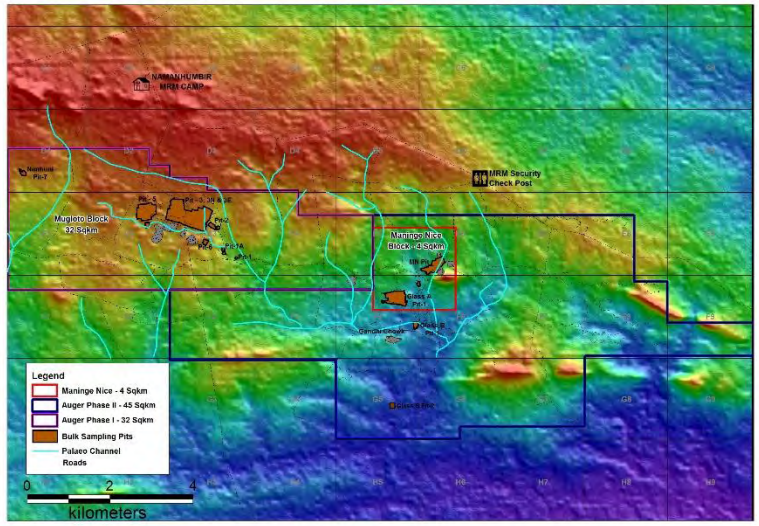


Geology


Legend
High K-anomalies
High Magnetic Anomalies
Quartzites/Carbonates?
Hornblend Biotite Gneiss
Gneissic Granite
kilometers

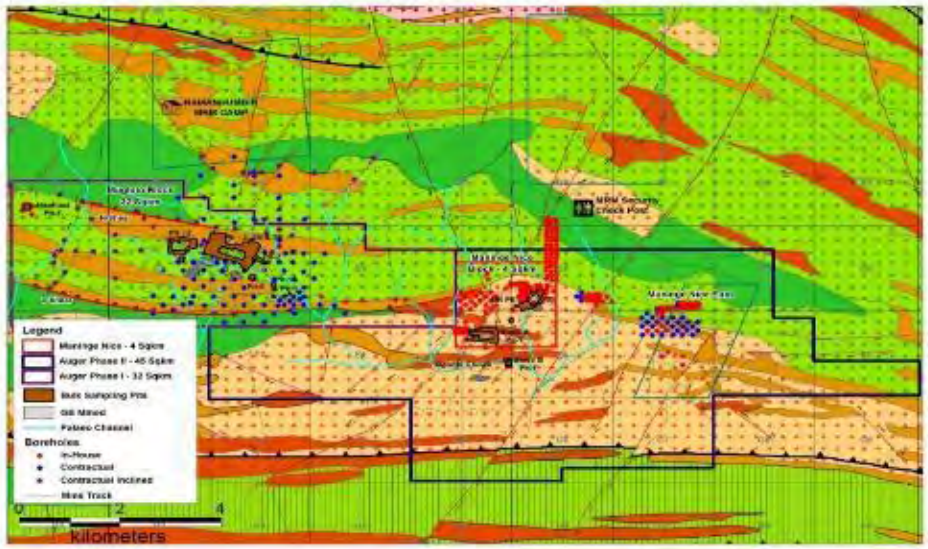
Exploration

Core and Auger Drilling



- The exploration programme incorporates:
  - (i) Core drilling
  - (ii) Auger drilling

- Till Oct'16, total core drilling of 22,500m
- Till date, auger drilling 21,217m



Maninge Nice Area

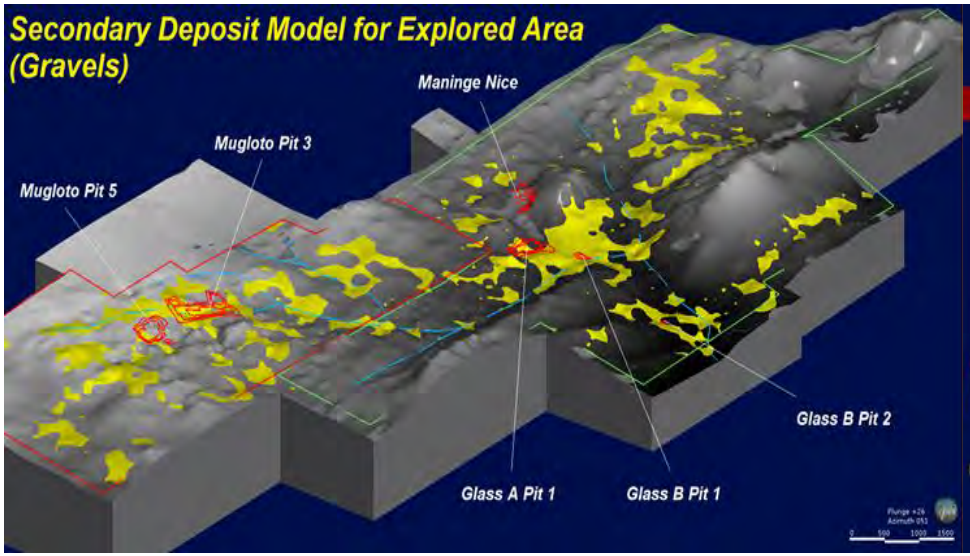


Figure 1

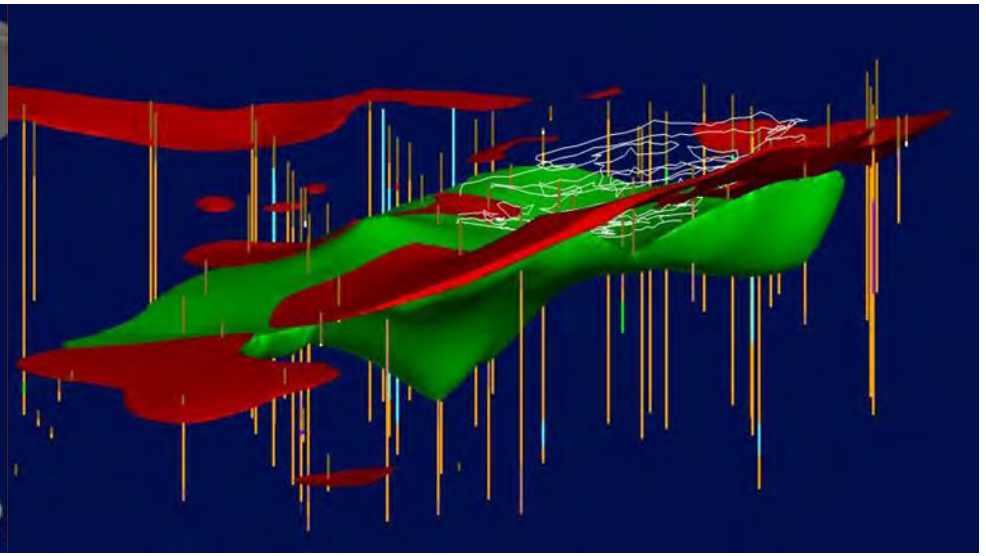


Figure 2

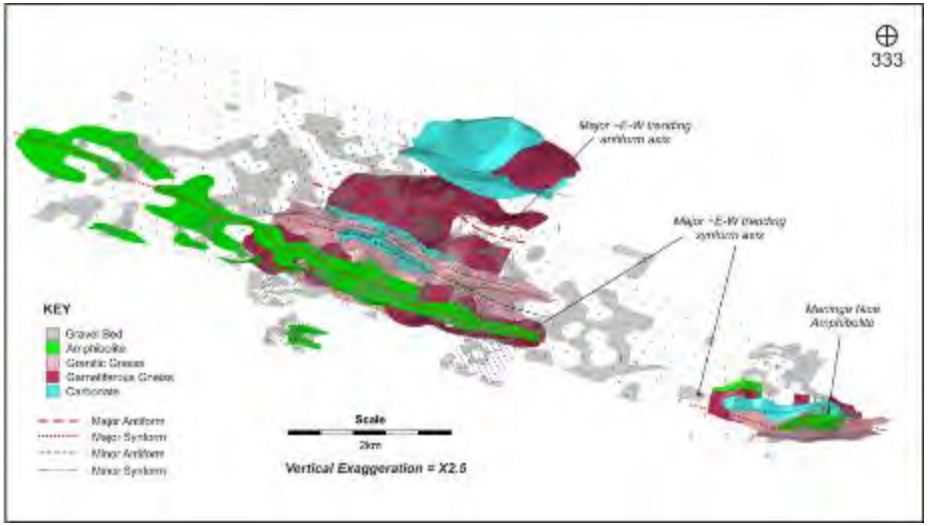
Figure 1 showing the 3D model of paleo channel with gravel bed (> 10 cm) with ruby mineralisation in the two exploration blocks.

Figure 2 showing 3D model of primary mineralised Amphibolite body (Green) at Maninge nice area with Gravel bed (red).

Reserve Estimation

SRK's JORC complied report

- Ore Reserves of Montepuez Ruby Mining in accordance with the JORC Code (2012) released on 22nd July 2015
- 467 million carats of indicated & 432 million carats of probable mineral reserve. (covering 36 sq. km based on exploration drilling till December 2014)
- This relates to only about 10% of the license area explored till 2014
- This supports a projected life of mine (LOM) of 21 years
- Further exploration is in progress and this exploration will add to the mineral resource after de-lineation of the ore body



Classification	Mineralisation Type	Tonnage (kt_{dry})	Grade (ct/t)	Contained Carats (ct ,000)
Proved				
Probable				
Maninge Nice	Primary	2,199	114.9	252,557
	Secondary	1,837	58.3	107,013
Mugloto	Primary	-	-	-
	Secondary	23,514	3.1	72,050
Proved & Probable				
Maninge Nice	Primary	2,199	114.9	252,557
	Secondary	1,837	58.3	107,013
Mugloto	Primary	-	-	-
	Secondary	23,514	3.1	72,050
Total		27,549	15.7	431,620

Mining

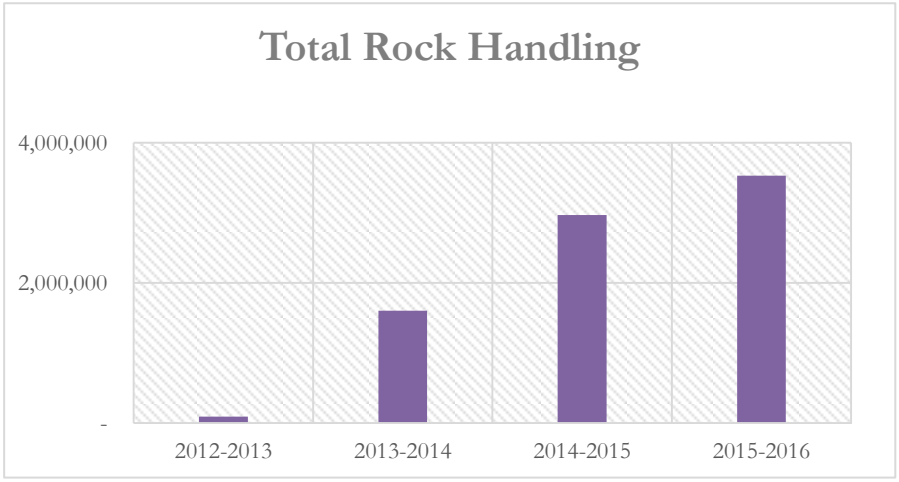
Performance

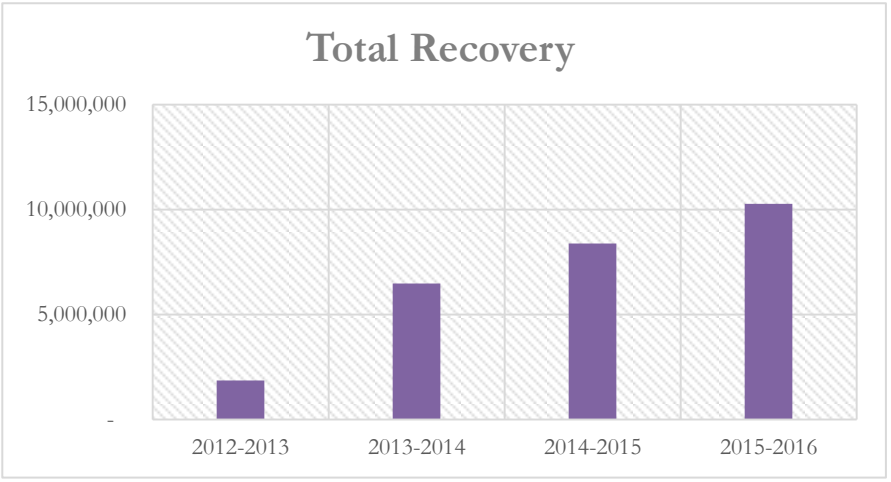
- Average stripping ratio of 1:5 (Ore:Waste)
- Total ore mined until september 2016: 1.6 millions tonnes
- Total waste mined until september 2016: 8 millions tonnes
- 8 pits actively mined

MRM Progression

2012 - 2016

- Year 1: 90, 000 tons total rock handling and 1.9 million carats
- Year 2: 1.6 million tons total rock handling and 6.5 million carats
- Year 3: 3 million tons total rock handling and 8.4 million carats
- Year 4: 3.5 million tons total rock handling and 10.3 million carats
- Year 5: 12 million carats planned
  - Quarter 1: 1.1 million tons total rock handling and 4.5 million carats
  - Till Oct'16 : : 1.5 million tons total rock handling and 4.6 million carats





Processing

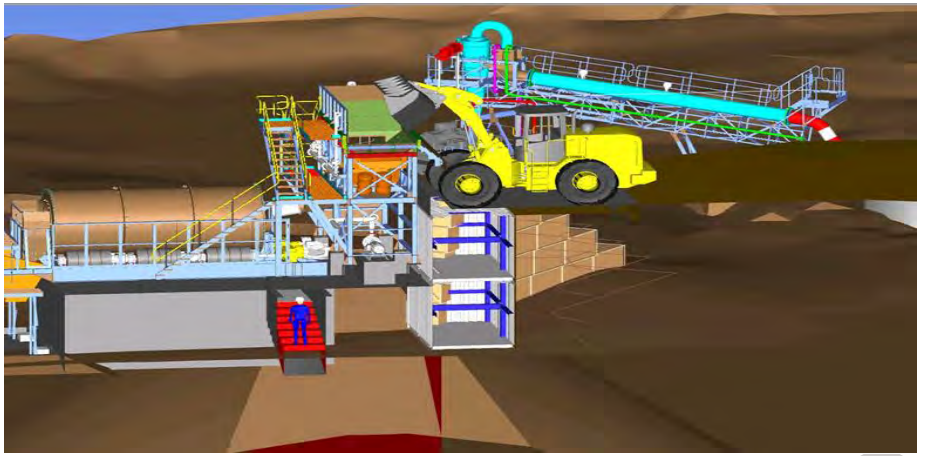
Wash Plant Upgradation

A wash plant has been in operation and its operating parameters continue to be improved simultaneously with the general understanding of the ore characteristics.

Initial 50 tph pilot wash plant has been augmented to a 70 tph realistic and more efficient capacity since its arrival in Nov 2012 with additions and modifications in the processing technology.

Water treatment plant added to the circuit in August 2016.

A Scrubber unit and a DMS Plant is being added to the circuit by mid December 2016 which will increase the processing capacity to 150 tph.



Expertise in Sorting & Grading

Sort House

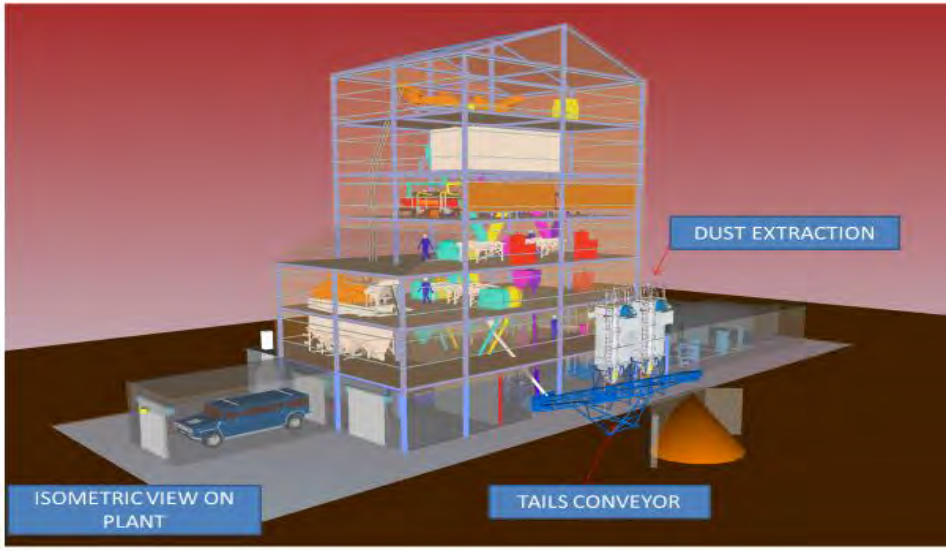
Presently, hand sorting is conducted in a highly secure environment by a team of highly skilled sorters.

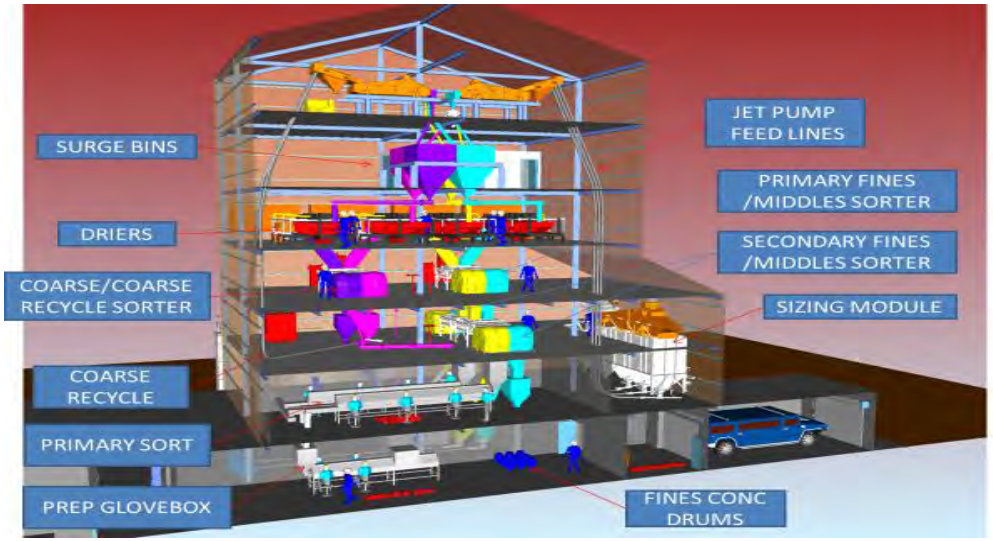
Gemfields has developed the worlds' first grading system for rough rubies.

This system has been widely accepted by customers as it helps them assurance of consistency in color, size and clarity – crucial in the design and manufacturing of cut and polished rubies.

Sort house upgradation

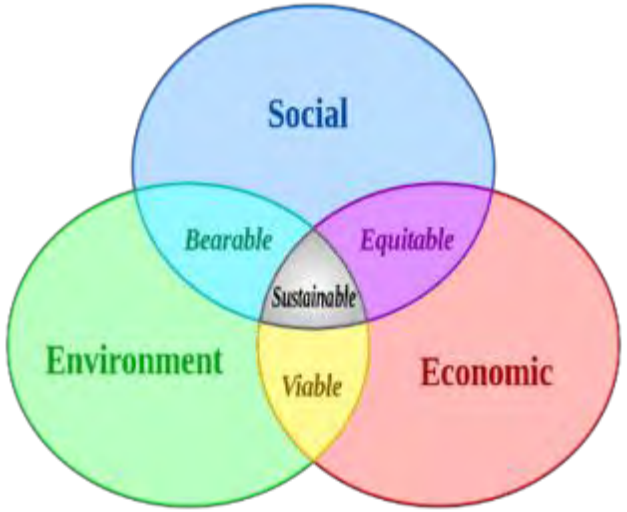
- A State-of-the-Art ruby recovery plant to be added to the circuit by Q1 2018
- To produce 20million carats by FY 2018-19
- Installation of four optical sorting units for the first time in the world
- Hands off sorting and classifying
- Total cost of the new recovery plant estimated at about US$ 10 million





Sustainability

- The MRM Community Development Strategy (MRM-CDS) has been prepared with an objective to ensure that the local community benefits from the presence of MRM, in a way that is both sustainable and meaningful.
- MRM-CDS seeks to enhance the socio-economic standards of the surrounding communities
- To ensure that MRM's relationship with the host community is integrated, transparent, trust worthy and delivered upon that is evidenced, based on regular engagement and communication
- To reinforce MRM's reputation with the host communities and the local and provincial Government
- To develop and implement best practices by enabling Gemfields to refer to the activities of the local mining operation as an example of best practice in an international sphere/context to maximize marketing/PR and positive communication



Community Development

Community and Social Investment

- Further to the country's economy benefitting from rubies as a natural Mozambican resource, we also strongly feel that the local communities should directly benefit from our presence.

Our CSR programme is built around:

Community development

- Health
- Education
- Agriculture

Gemfields Plc

Community Development

Community and Social Investment

- Development of local farming associations and empowering women by forming Women's chicken farming cooperative
- Development of secondary schools and skills schools
- Development of Medical centres

Environmental Conservation

Conservation funding

We are committed to mining in a way that not only has the least impact on the environment but to leave it in a better state than what we found

- Old pits to be re-filled, re-planted or filled with water and seeded with fish
- No harmful chemicals used
- Creation of a tree nursery and ongoing plantation program
- Partnership with communities and key stakeholders

Animals are an important part of our conservation efforts. We signed a second memorandum of understanding with the Niassa Carnivore Project in support of the protection and conservation of lions and other large carnivores and their co-existence with communities in the Niassa National Reserve (NNR) in northern Mozambique.

Thinking Ahead

- We have improved the living conditions of our employees by investing huge amount in camp infrastructure of about US$ 5 million
- We have a robust training program to develop the skills of our employees and we certificate them for every course that they complete
- The security personnel have been trained on Human Rights and Voluntary Principles, the training provided by experts in the field from the UK
- Third party audit of security operations to ensure that a uniform standard is set across MRM

MRM TO SUPPLY 30% - 40% OF WORLD RUBY BY 2017 - 2018

Economic Impact

- Building Mozambican rubies as a valuable natural resource
- Paying Taxes - MRM pays approximately 20% of the corporate tax generated in Cabo Delgado
- Generating foreign exchange for the country
- Creating Employment - Most of our workforce is sourced from local villages and for them we are offering employment, new skills, training and education opportunities

MRM was recognised as the highest tax paying mining company in the province in 2014 and 2015

MRM was recognised as the second highest exporter in the country in 2016

Transparency

AUCTION RESULTS (RUBY & CORUNDUM)	JUNE'14 AUCTION	DECEMBER'14 AUCTION	APRIL'15 AUCTION	JUNE'15 AUCTION	DECEMBER'15 AUCTION	JUNE'16 AUCTION
Dates	12-17 June'14	3-8 Dec'14	17-22 April'15	16-21 June'15	14-18 Dec'15	13-19 June'16
Location	Singapore	Singapore	Jaipur	Singapore	Singapore	Singapore
Type	Higher & Low	Higher	Lower	Higher	Higher & Medium	Higher, Medium & Commercial Quality
Carats Offered	2.03 million	85,491	4.03 million	72,208	92,136	1.6 million
Carats Sold	1.82 million	62,936	3.99 million	47,451	90,642	1.52 million
No. of Lots offered	62	41	66	46	49	75
No. of lots sold	57	35	58	28	45	71
%age of lots sold	92%	85%	88%	61%	92%	95%
%age of lots sold by wt.	90%	74%	99%	66%	98%	95%
%age of lots sold by market value	91%	97%	93%	87%	95%	98%
Total Sales realized at auction	US$ 33.5 million	US$ 43.3 million	US$ 16.1 million	US$ 29.3 million	US$ 28.8	US$ 44.3 million
Average per carat sales value	US$ 18.43/ carat	US$ 688.64 / carat	US$ 4.03/carat	US$ 617.42/ carat	US$ 317.92/ carat	US$ 29.21/carat

End of year results
Financial Highlights

Financial highlights

Full year to 30 June 2016

Revenues US$

193.1m (+12.7%)

2015: 171.4 million ('m')

EBITDA US$

69.4m (+7.8%)

2015: 64.4m

Gross profit margin

49% 2015: 50%

EBITDA margin

36% 2015: 38%

Net Profit After Tax US$

23.5m (+91%)

2015: 12.3m

Cost of gemstone and Fabergé inventory US$

107.2m

2015: 101.1m

Cash in hand US$

41.5m

2015: 28.0m

Revenue analysis – six auctions held during the year

2016 saw the highest ever auction revenue achieved at any Gemfields' auction

Higher, medium and commercial quality rough rubies

Singapore, December 2015
- Aggregate revenues of US$28.8m
- Average realised price of US$317.92 per carat

Singapore, June 2016
- New record auction revenues of US$44.3m
- Average realised price of US$29.21 per carat

Commercial quality ('CQ') rough emeralds

Jaipur, November 2015
- Aggregate revenues of US$19.2m
- Record of US$4.32 per carat for commercial quality auctions

Jaipur, May 2016
- Aggregate revenues of US$14.3m
- New record of US$5.15 per carat

Higher quality ('HQ') rough emeralds

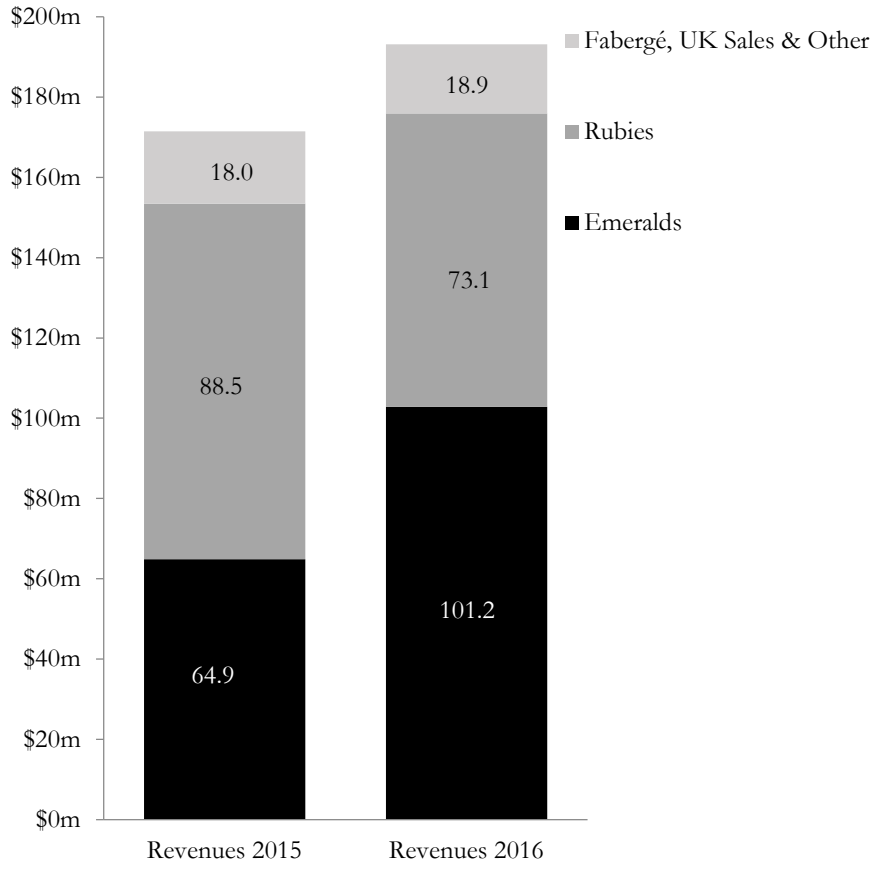
Singapore, September 2015
- Aggregate revenues of US$34.7m
- Average price of US$58.42 per carat

Lusaka, April 2016
- Aggregate revenues of US$33.1m
- New record of US$70.68 per carat for higher quality auctions

Higher quality rough amethysts

Singapore, September 2015
- Aggregate revenues of US$0.44m
- Average price of 4.32 US cents per carat

Lusaka, April 2016
- Aggregate revenues of US$0.22m
- Average price was 3.26 US cents per carat



Mine cost analysis for Kagem, Zambia (75% owned)

A total of US$6.1m capex invested in Kagem in FY2016

Annual production of emerald and beryl

30.0mct

2015: 30.1 million carats ('mct')

Total operating costs at Kagem

US$47.3m

2015: US$44.5m

Average monthly cash operating costs

US$3.9m

2015: US$3.7m

Emerald and beryl grade for the year

241 ct/t

2015: 242 carats per tonne ('ct/t')

Unit operating cost for emerald and beryl

US$1.58 /ct

2015: US$1.48 per carat ('/ct')

Cash rock handling unit costs at Kagem

US$2.48 per tonne

2015: US$2.90 per tonne

- Kagem achieved similar production levels to 2015 at 30.0mct
- A total of US$6.1m capex was invested: US$2.5m in capitalised waste stripping and US$3.6m in sustaining and expansion capital expenditures
- Updated JORC resource and reserve statement published in September 2015. LoM of 25 years with mineral resources of 1.8bn carats

Mine cost analysis for Montepuez, Mozambique (75% owned)

A total of US$7.5m capex invested in Montepuez in FY2016

Annual production of rubies and corundum

10.3mct (+22.6%)

2015: 8.4mct

Total operating costs at Montepuez

US$26.2m

2015: US$21.6m

Total ruby and corundum extracted up to 30 June 2016

27.1mct

Average ruby and corundum grade for the year

35ct/t

2015: 26ct/t

Unit operating cost per carat for rubies and corundum

US$2.54/ct

2015: US$2.57 /ct

Cash rock handling unit costs for the period

US$6.06 per tonne

2015: US$6.16 per tonne

- Step-up in production, exploration and bulk sampling activities delivered increased production of 10.3mct for 2016 from 8.4mct in 2015
- A total of US$7.5m capex was invested in new mining and ancillary equipment, as well as improving facilities and infrastructure at the mine site
- Maiden JORC resource and reserves statement published in July 2015. 21 years LoM mineral resources of 567mct

Consolidated income statement

For the year ended 30 June 2016

In thousands of US$	2016	2015	% change for the year
Revenue	**193,140**	171,448	13
Cost of sales	**(98,827)**	(86,483)	14
Gross profit	**94,313**	84,965	11
Other income	**427**	747	(43)
Selling, general and administrative expenses	**(54,848)**	(55,309)	(1)
Profit from operations	**39,892**	30,403	31
Finance income	**6,805**	223	2,952
Finance expenses	**(4,858)**	(4,299)	13
Profit before taxation	**41,839**	26,327	59
Tax charge	**(18,364)**	(13,980)	31
Profit after taxation	**23,475**	12,347	90
Profit for the year attributable to:			
Owners of the parent	**11,899**	3,700	222
Non-controlling interest	**11,576**	8,647	34
	23,475	12,347	90
Earnings per share for profit attributable to the owners of the parent during the year			
Basic	**US$0.02**	US$0.01	
Diluted	**US$0.02**	US$0.01	

End of year results operational highlights

Kagem mine

Believed to be the world's single largest producing emerald mine (75% ownership)

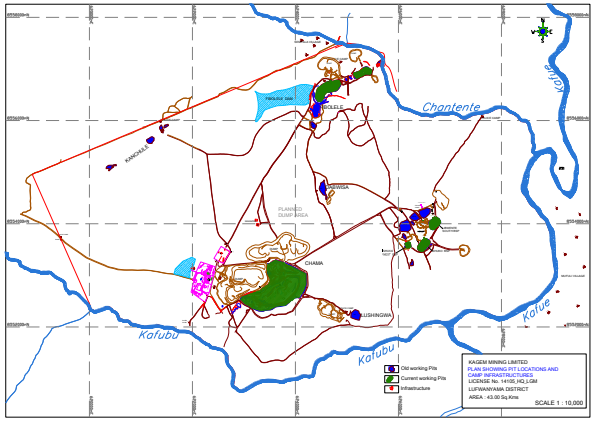
FY2016 highlights

- Increase in the consistency of production, supported by overall increase in scale of operations
- 30.0mct of emerald and beryl (2015: 30.1mct), Chama pit extended by 2.2 kilometres strike length, producing 27.1mct and bulk sampling pits 2.9mct
- Doubled capacity at the Kagem wash plant
- Third phase of bulk sampling activities commenced at Fibolele alongside a further drilling programme during September 2015
- Updated JORC code compliant proved and probable Mineral Reserve of 1.1bn at an in-situ grade of 291ct/t with a 25-year LoM open pit operation announced in September 2015

Outlook

- Target of 30-35mct of emerald and beryl production for FY2017. Goal to increase production to more than 40mct per year over the next three years
- Total capex for the next three years is estimated to be US$30m. Includes US$10m for sustaining capex and new mining fleet additions to support increase in mining activity in FY2017
- Target four emerald and beryl (two high and two commercial quality) auctions for FY2017
- Continue aim of zero-harm (injury free) culture

Kagem Quarterly Summary	Units	Sep -15	Dec - 15	Mar -16	Jun - 16	Full Year
Gemstone Production (Emerald+Beryl)	million ct	7.5	8.2	7.1	7.2	30
Ore Production (Reaction Zone)	'000 tonnes	31.7	30.1	23.9	39.0	124.7
Grade (Emerald+Beryl/Reaction Zone)	ct/t	237	272	297	185	241
Waste Mined (including TMS)	million tonnes	4.0	2.8	2.6	3.1	12.5
Total Rock Handling	million tonnes	4.1	2.8	2.6	3.1	12.6
Stripping Ratio		126	93	109	79	100



Montepuez mine

Considered to be the world's single largest producing ruby and corundum deposit (75% ownership)

FY2016 highlights

- 10.3mct of ruby and corundum (2015: 8.4mct) and grade of 35ct/t (2015: 26ct/t)
- 68% increase in volume of higher quality ruby recovered year-on-year
- Maiden JORC Resource and Reserves published in July 2015
- Ongoing exploration included drilling, bulk sampling and evaluation of aerial survey data opening up a new bulk sampling pit 'Glass B'
- In December 2016, a new amalgamated licence issued to Gemfields; 4703C and covering an area of 34,966 hectares
- Health and Safety Manager appointed and committee established

Outlook

- Target of 10-12mct of ruby and corundum production for FY2017 supported by an upgraded wash plant that is expected to be commissioned by early calendar year 2017.
- Goal to achieve 20mct within the next three years
- Total capex for the next three years is estimated to be US$60m
- FY2017 will see US$25m which includes upgrades to the existing wash plant and sustaining capex
- Target two mixed quality ruby and corundum auctions for FY2017

Montepuez Quarterly Summary	Units	Sep-15	Dec-15	Mar -16	Jun-16	Full Year
Gemstone Production (Ruby+Corundum)	million carats	0.5	1.6	2.0	6.2	10.3
Ore Production (Mineralised Overburden, Gravel Bed, Amphibolite)	'000 tonnes	136.9	132.9	65.1	175.5	510.4
Ore Processed (Mineralised Overburden, Gravel Bed, Amphibolite)	'000 tonnes	72.8	71.7	67.6	83.1	295.2
Grade (Ruby+Corundum/Ore Processed)	carats/tonne	7	22	30	75	35
Waste Mined	'000 tonnes	996.8	922.0	406.3	693.2	3,018.3
Total Rock Handling	'000 tonnes	1,113.7	1,054.9	471.4	868.7	3,528.7
Stripping Ratio		7.3	6.9	6.2	3.9	5.9

Leading the way and growing the business

Other gemstone opportunities – targeting low cost, high value acquisitions

Geographic and product diversification through investment in exploration and development of existing assets in:

Colombia

- Executed binding but conditional agreements to acquire the Coscuez emerald mine with operations and prospects located in Boyacá state in Colombia
- Completed with full administrative control of approximately 20,000 hectares of exploration acreage
- Completion of Coscuez acquisition expected in Q2 FY2017. Once completed Gemfields will proceed with the exploration and development plan

Ethiopia

- Acquired 75% of Web Gemstone Mining which holds an emerald exploration licence covering a total concession area of 200km^2 and potentially hosts emerald mineralisation within a geological lineament that stretches over 45 kilometres
- A diamond drilling crew was mobilised at Dogogo South Block in early June 2016 and drilling commenced in July 2016

Sri Lanka

- Product diversification through development of sapphire operations
- Trading centre established in Colombo and Ratnapura
- **Estimated additional capex on new projects and other assets of US$10m including Coscuez**
- **Further exploration and mining projects at existing assets in Zambia, Mozambique and Madagascar**

Fabergé

(100% ownership)

- Revenues grew 33% to US$11.8m for the year (2015: US$8.9m) following a number of agreements with multi-brand retail partners
- Number of units sold and delivered increased by 81%.
- At 30 June 2016, Fabergé products were available in 14 countries and the total number of boutiques and distribution channels increased from 20 to 32 during the year
- New products launched to promote the use of emeralds, rubies and sapphires in support of Gemfields' coloured gemstone strategy
- Fabergé won the 'Ladies Hi-Mechanical' category at the prestigious Grand Prix d'Horlogerie de Genève ("GPHG") awards held in October 2015, cementing Fabergé's position as a future leader in the watch-making industry
- New advertising campaigns will launch by November 2016, with both digital and print campaigns in full flow for Christmas 2016

Outlook

Driving further value – upcoming milestones

Significant growth opportunities

Mining

Kagem

- Increasing production target to 30-35mct of emerald and beryl production for FY2017 with potential of rising to 40mct within the next three years
- Total capex is estimated to be US$30m over the next three years

Montepuez

- Increasing production target to 10-12mct of ruby and corundum production for FY2017 supported by an upgraded wash plant that is expected to be commissioned by early calendar year 2017
- Total capex is estimated to be US$60m over the next three years.

New Projects

- Geographical diversification through investment in exploration and development assets in other jurisdictions such as: Colombia, Ethiopia, Sri Lanka, Zambia, Mozambique and Madagascar
- Product diversification through development of sapphire operations
- Complete the acquisition of a controlling interest in Coscuez emerald mine, Colombia and then proceed with an exploration and development plan

Auctions and sales

- Stable demand for coloured gemstones expected
- Target of four emerald and beryl (two high and two commercial quality auctions) and two mixed quality ruby and corundum auctions for FY2017
- Revenue growth likely to be driven by a moderate increase in achievable prices and increased volumes of goods placed on offer

Marketing

- Maintain focus on existing target areas (US, Europe and India)
- Continue to drive demand and achievable rough gemstone prices choosing to focus on increasing demand to achieve growth

Fabergé

- Targeting generic growth from directly operated retail boutiques in London and New York, alongside expansion of its global presence through agreements with multi-brand retail partners

EBITDA

- Continued growth in total EBITDA
- Target of 30-35% EBITDA margin with increased exploration spend

Sales & Marketing

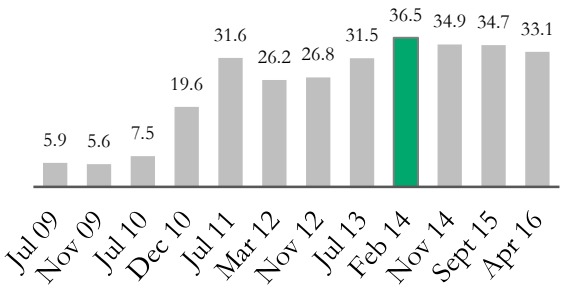
Market overview

World records continue to be broken in the gemstone sector pushing up prices and demand

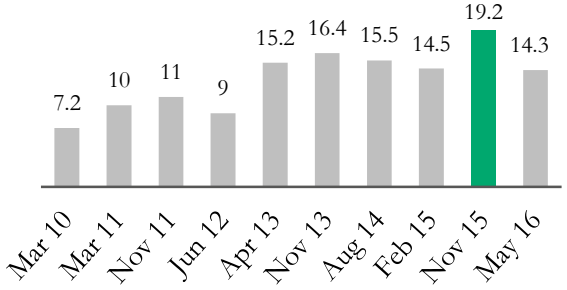
- The market of worked emeralds, rubies and sapphires continued to expand during 2015
- The global emerald, ruby and sapphire market has grown 213% since 2009 (US$1.6bn)
- Global imports of the top three coloured gemstones reached US$5.9bn in 2015, representing an increase of 13% over 2014
- The world's top gemstone manufacturing hubs - India and Thailand - experienced major year-on-year ('YoY') growth in their exports of emeralds, rubies and sapphires in 2015 of 72% and 9% respectively
- European jewellery showed diverging dynamics – France's imports of the top three coloured gemstones doubled with YoY growth of 116%, the indicator for the United Kingdom went up by 7% YoY, while that of Italy and Switzerland slowed by 13% and 6% YoY respectively
- China, India and the USA remain the most significant emeralds, rubies and sapphire consumer market with their imports standing at around US$1.2bn per country per annum

Auction results

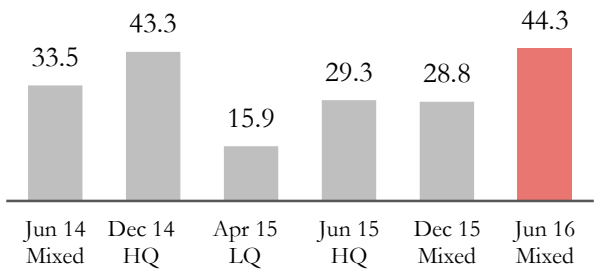
Higher Quality Emerald
Total sales realised at auction (US$m)



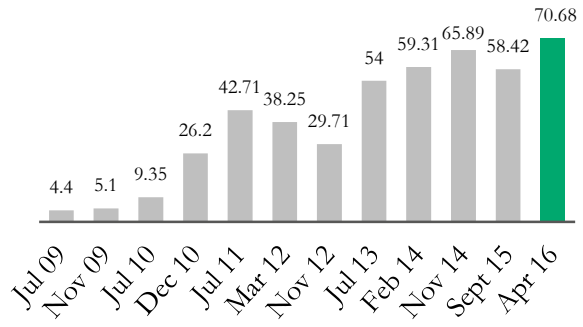
Commercial Quality Emerald
Total sales realised at auction (US$m)



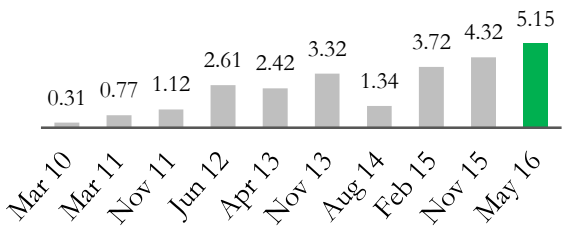
Rubies
Total sales realised at auction (US$m)



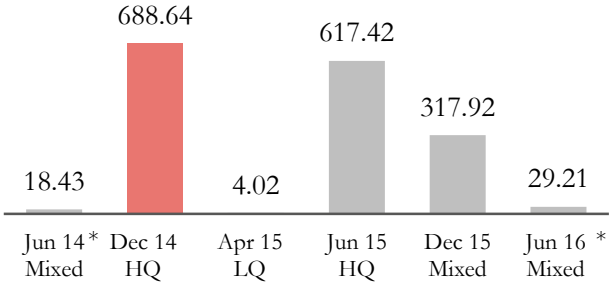
Average per carat sales value (US$)



Average per carat sales value (US$)



Average per carat sales value (US$)



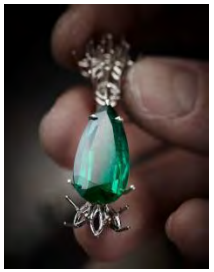
*Similar mix of goods offered in Jun 14 and Jun 16

Chopard – Case Study, May 2016

Gemfields continued to champion industry-leading partnerships through a notable collaboration with Chopard, the Official Partner of the Cannes Film Festival since 1998.

The partnership marked a new milestone in the Swiss luxury jeweller's 'Journey to Sustainable Luxury' at this year's festival in May 2016.

- To mark the occasion, Chopard unveiled a new capsule collection of Green Carpet High Jewellery within its Red Carpet Collection, showcasing Gemfields emeralds. The stunning pieces were worn by actress Julianne Moore during the festival and widely covered in global media as a result
- Through this enduring partnership, Gemfields and Chopard will continue to work together, helping to set the agenda for a new global standard for coloured gemstones
- In an industry first, Eco-Age – experts in sustainable mining practices and Chopard's partner in eveloping the Journey to Sustainable Luxury – visited Kagem and audited the mining site across various areas including social welfare, environmental protection, training provision and security for workers



Sustainability

Corporate social responsibility

Sustainability

We don't use any chemicals in our mining process and over the last five years we've planted over 300,000 trees on the land around our sites. We're transforming old mines into lakes, and we're seeding them with fish, creating a steady supply of fresh water and food for local communities.

Sustainability, set in stone

Sustainability - five key pillars

Setting new benchmarks for environmental, social and safety practices in the coloured gemstone sector

Environmental

- All operations aim to meet international good practice, taking steps to minimise physical impacts as much as possible
- At both Kagem and Montepuez trees have grown in nurseries from seeds collected locally and these are cultivated to provide the vegetation needed to rehabilitate the landscape

Social

- Enhance the livelihoods of the local communities living near operations
- Working within the country's own development plans to balance infrastructure, health, education and employment projects so that a legacy is created for the local communities creating opportunities for sustainable livelihoods

Product

- Gemfields policy is to ensure that whether rough or cut and polished, our products are sold transparently
- Working with the industry to develop an industry pioneering standard for coloured gemstone sustainability

Health & Safety

- Create an operational culture of 'zero-harm', meeting international good practice with regards to health and safety, helping the operations plan, monitor and mitigate risks around safety and well-being

Human rights & security

- All operations must meet operational requirements regarding security and human rights risk and provide training for Voluntary Principles for Security & Human Rights

Appendix

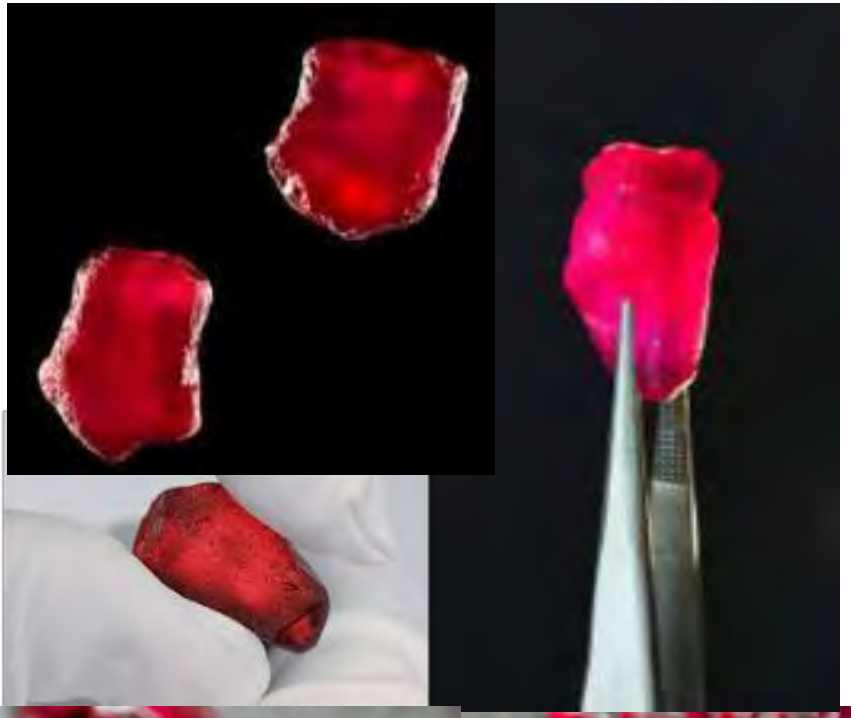
Revealing the value of Mozambican Rubies

Auction

Six ruby auctions up to June 2016 generated total revenues of US$ 195.3 million.

A part of revenue from the 'Rhino Ruby' has been given for the cause of anti-rhino-poaching aircraft operated by Game Reserves United.

A part of revenue from the latest sale of the 'Eyes of the Dragon' has been committed to provide support for the Niassa Lion Project in northern Mozambique.



Company overview

Directors and Management

Graham Mascall
Chairman

Ian Harebottle
Chief Executive Officer

Janet Boyce
Chief Financial Officer

Sean Gilbertson
Executive Director

Clive Newall
Non-Executive Director

Finn Behnken
Non-Executive Director

Analyst Forecasts	Target Price
BMO Capital Markets – 1 Nov 2016	**80p**
FinnCap – 6 Oct 2016	**100p**
Investec Securities – 31 Aug 2016	**80p**
JP Morgan Cazenove – 30 September 2016	**53p**
Macquarie – 30 September 2016	**90p**
Panmure Gordon – 1Nov 2016	**61p**
Numis – 2 Dec 2016	**85p**
Peel Hunt – 1 Aug 2016	**78p**

London Listed	**AIM: GEM**
Current Share Price (5/12/2016)	48.25p
Issued Shares	544,237,288
Market Capitalisation	£262m

Significant Shareholders(as at 23 September 2016)

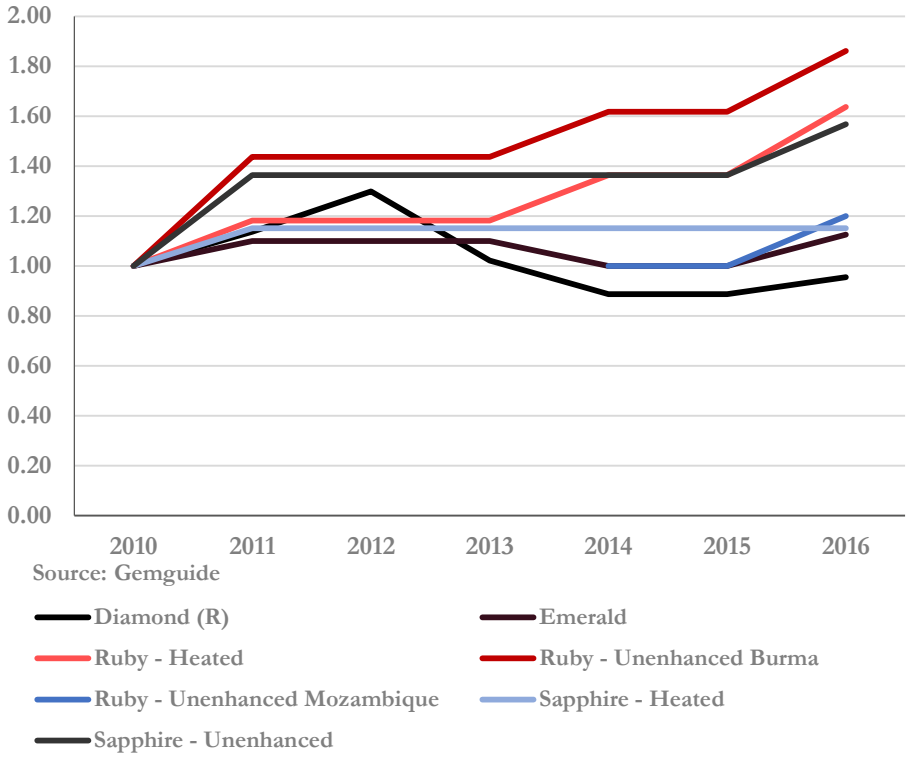
The Pallinghurst Resources Fund L.P.	47.59%
Investec Pallinghurst (Cayman) LP	12.55%
NGPMR (Cayman) LP	13.32%
BlackRockInc	3.00%
Platinum Asset Management	2.89%
Others	20.65%
Total	100%

Advisers

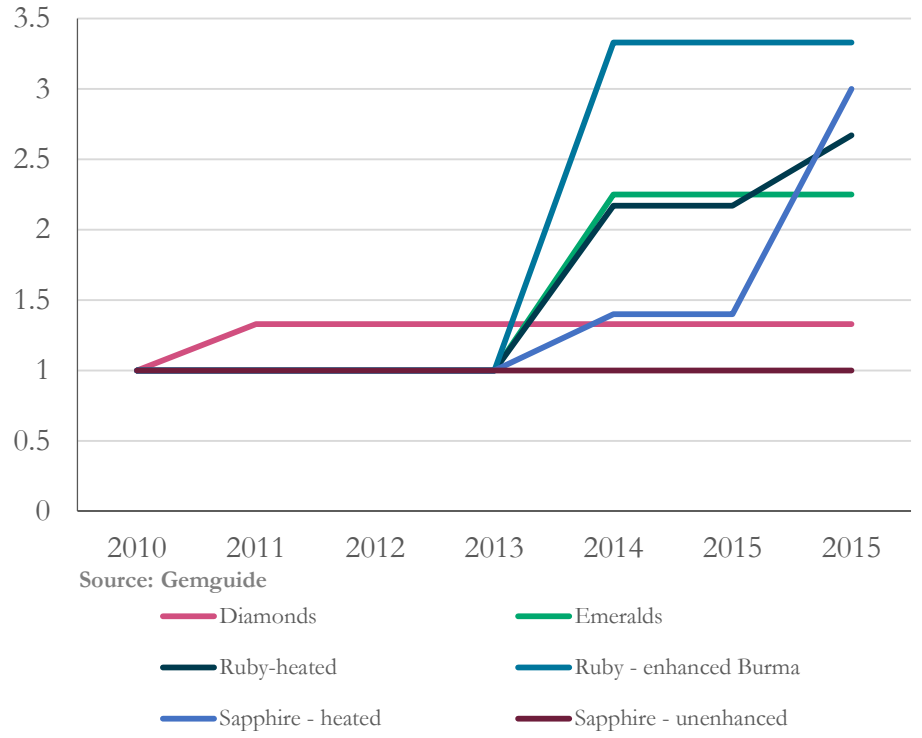
Nomad	**Grant Thornton**
Joint Broker	**BMO Capital Markets**
Joint Broker	**J.P. Morgan Cazenove**
Joint Broker	**Macquarie Capital (Europe) Limited**
External Auditors	**BDO**
Financial PR	**Tavistock**

Gemstone Price Index

Upper Fine Quality Gemstones Price Index: 1 - 1.5 Carat



Lower Quality Commercial Gemstones Price Index: 1 – 1.5 Carat



Rough emerald and beryl sales

(Commercial quality)

AUCTION RESULTS (COMMERCIAL QUALITY)	MAR '10 AUCTION	MAR '11 AUCTION	NOV '11 AUCTION	JUN '12 AUCTION	APR '13 AUCTION	NOV '13 AUCTION	AUG'14 AUCTION	FEB '15 AUCTION	NOV '15 AUCTION	MAY '16 AUCTION
Dates	11-15 Mar '10	10-14 Mar '11	21-25 Nov '11	9-13 Jun '12	15-19 Apr '13	11-15 Nov '13	5-8 Aug '14	24-27 Feb '15	18-21 Nov '15	17-20 May '16
Location	Jaipur,	Jaipur	Jaipur	Jaipur	Lusaka	Lusaka	Lusaka	Lusaka	Jaipur	Jaipur
Type	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial	Commercial
Carats offered*	28.90m	16.83m	10.83m	10.85m	17.34m	5.62m	12.11m	10.1m	5.07m	3.67m
Carats Sold	22.80m	12.98m	9.82m	3.47m	6.30m	4.94m	11.58m	3.9m	4.45m	2.78m
No. of companies placing bids	25	44	27	20	25	20	21	21	29	26
Average no. of bids per lot	8	14	9	3	6	7	7	5	6	7
No. of lots offered	56	35	26	33	28	21	21	26	23	18
No. of lots sold	49	34	19	17	23	19	17	19	18	14
Percentage of lots sold	88%	97%	73%	52%	82%	90%	81%	73%	78%	78%
Percentage of lots sold by weight	79%	77%	91%	32%	36%	88%	96%	39%	88%	76%
Percentage of lots sold by value	89%	99%	80%	60%	76%	91%	88%	88%	95%	79%
Total sales realised at auction	US$7.2m	US$10.0m	US$11.0m	US$9.0m	US$15.2m	US$16.4m	US$15.5m	US$14.5m	US$19.2m	US$14.3m
Average per carat sales value	US$0.31/ct	US$0.77/ct	US$1.12/ct	US$2.61/ct	US$2.42/ct	US$3.32/ct	US$1.34/ct	US$3.72/ct	US$4.32/ct	US$5.15/ct

Rough emerald and beryl sales

(Higher quality)

AUCTION RESULTS	JUL '09 AUCTION	NOV '09 AUCTION	JUL '10 AUCTION	DEC '10 AUCTION	JUL '11 AUCTION	MAR '12 AUCTION	NOV '12 AUCTION	JUL '13 AUCTION	FEB '14 AUCTION	NOV '14 AUCTION	SEPT '15 AUCTION	APR '16 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	15-19 Jul '13	21-25 Feb '14	13-17 Nov '14	31Aug-4 Sept '15	30 Mar -4 Apr '16
Location	London	Johannesburg	London	Johannesburg	Singapore	Singapore	Singapore	Lusaka	Lusaka	Lusaka	Singapore	Lusaka
Carats offered	1.36m	1.12m	0.85m	0.87m	1.07m	0.77m	0.93m	0.58m	0.84m	0.60m	0.60m	0.58m
Carats Sold	1.36m	1.09m	0.80m	0.75m	0.74m	0.69m	0.90m	0.58m	0.62m	0.53m	0.59m	0.46m
No. of companies placing bids	23	19	37	32	38	29	35	36	34	34	37	33
Average no. of bids per lot	10	13	18	16	16	11	11	8	13	12	11	9
No. of lots offered	27	19	27	19	25	23	19	18	17	17	19	18
No. of lots sold	26	14	24	18	18	20	16	18	15	16	18	16
Percentage of lots sold	96%	74%	89%	95%	72%	87%	84%	100%	88%	94%	95%	89%
Percentage of lots sold by weight	99.8%	97%	94%	86%	69%	89%	98%	100%	74%	89%	98%	84%
Percentage of lots sold by value	82%	76%	79%	98%	77%	94%	90%	100%	86%	89%	88%	94%
Total sales realised at auction	US$5.9m	US$5.6m	US$7.5m	US$19.6m	US$31.6m	US$26.2m	US$26.8m	US$31.5m	US$ 36.5m	US$34.9m	US$34.7m	US$33.1m
Average per carat sales value	US$4.40/ct	US$5.10/ct	US$9.35/ct	US$26.20/ct	US$42.71/ct	US$38.25/ct	US$29.71/ct	US$54.00/ct	US$59.31/ct	US$65.89/ct	US$58.42/ct	US$70.68/ct

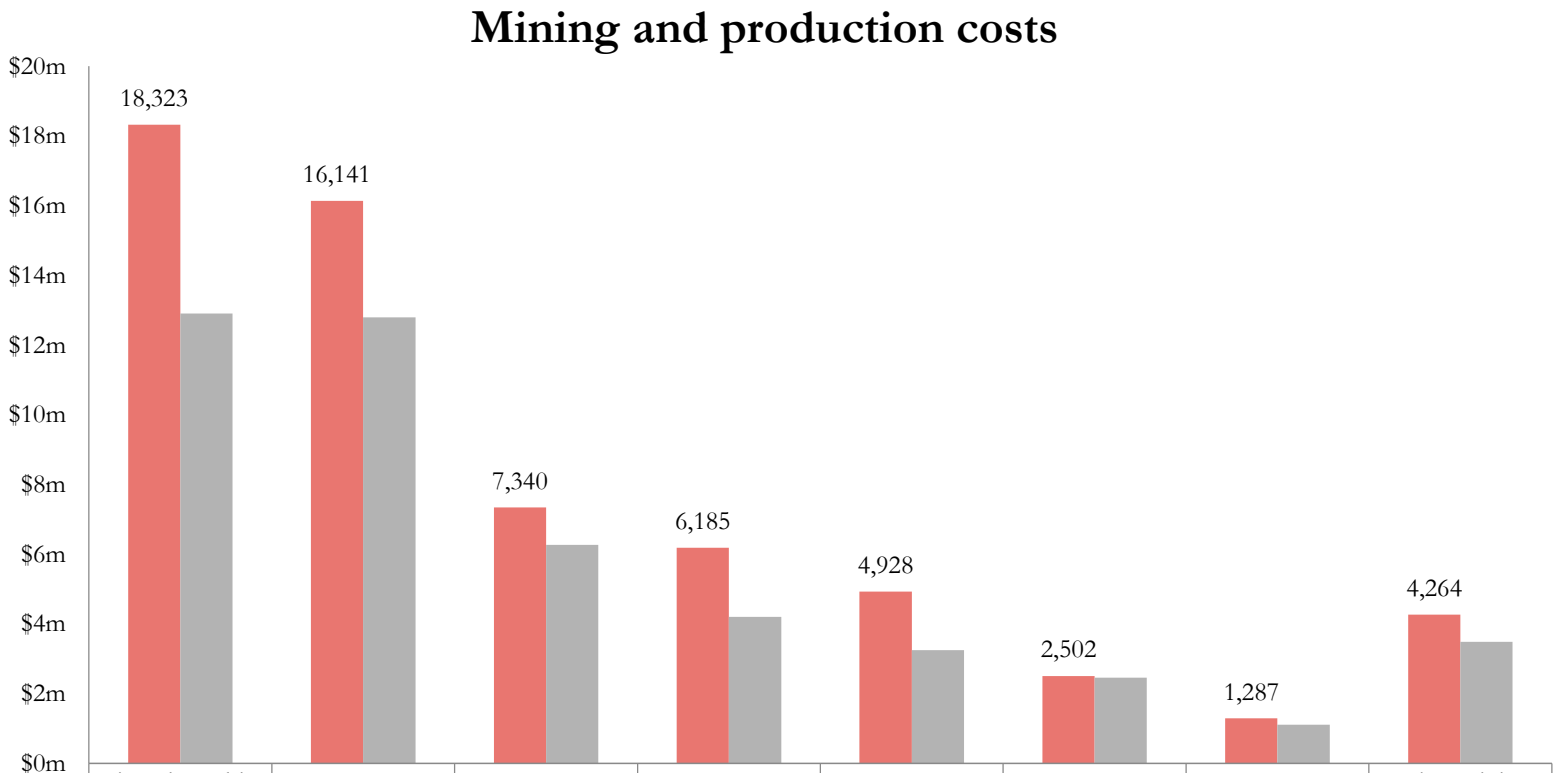
Rough ruby and corundum auctions
(Mixed quality)

AUCTION RESULTS (RUBY & CORUNDUM)	JUNE '14 AUCTION	DEC '14 AUCTION	APRIL '15 AUCTION	JUNE '15 AUCTION	DEC '15 AUCTION	JUNE '16 AUCTION
Dates	12-17 June '14	3-8 Dec '14	17-22 April '15	16-21 June '15	14-18 Dec '15	13-19 June '16
Location	Singapore	Singapore	Jaipur	Singapore	Singapore	Singapore
Quality	Mixed	High	Commercial	High	Mixed	Mixed
Carats offered	2.03m	85,491	4.03m	72,208	92,136	1.60m
Carats Sold	1.82m	62,936	3.96m	47,451	90,642	1.52m
No. of lots offered	62	41	64	46	49	75
No. of lots sold	57	35	57	28	45	71
Percentage of lots sold	92%	85%	89%	61%	92%	95%
Percentage of lots sold by weight	90%	74%	98%	66%	98%	95%
Percentage of lots sold by market value	79%	93%	81%	72%	95%	98%
Total sales realised at auction	US$33.5m	US$43.3m	US$15.9m	US$29.3m	US$28.8m	US$44.3m
Average per carat sales value	US$18.43/ct	US$688.64/ct	US$4.02/ct	US$617.42/ct	US$317.92/ct	US$29.21/carat

Mining and production costs

Increased mining and production costs driven by ramp up in mining activity at Kagem and Montepuez

2016: US$61.0m
2015: US$46.5m



	Mineral royalties and production taxes	Labour costs	Fuel costs	Repairs and maintenance	Security costs	Camp costs	Blasting	Other mining and processing costs
2016	18,323	16,141	7,340	6,185	4,928	2,502	1,287	4,264
2015	12,905	12,800	6,266	4,205	3,251	2,453	1,103	3,486

Selling, general and administrative expenses

In thousands of US$	2016	2015	% Year on year change
Labour and related costs	18,527	20,563	(10)
Selling, marketing and advertising	14,568	16,224	(10)
Professional and other services	6,173	5,720	(8)
Travel and accommodation	5,008	3,537	42
Rent and rates	3,252	3,446	(6)
Share-based payments	1,345	2,111	(36)
Office expenses	1,093	1,093	0
Other	4,882	2,615	87
Total selling, general and administrative expenses	54,848	55,309	(1)

Contact us

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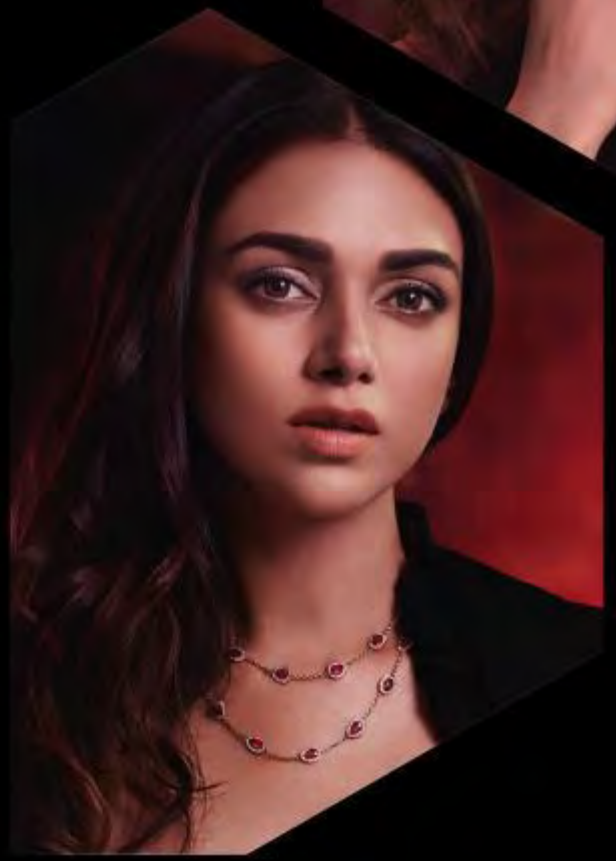
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