



GEMFIELDS

Market Update

Quarter ending 30 June 2011
(unaudited)

2nd August 2011

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GEMFIELDS' Existing Assets

GEMFIELDS plc

Kagem Emerald Mine
(Zambia)

75%

Mbuva-Chibolele
Emerald Mine (Zambia)

100% (mothballed)

Kamakanga Emerald
Mine (Zambia)

100% (mothballed)

Kariba Amethyst Mine
(Zambia)

50%

15 Madagascar exploration
licences (rubies, sapphires
and emeralds)

Zambian emerald
exploration licences

Cutting and Polishing
Facility in Jaipur, India

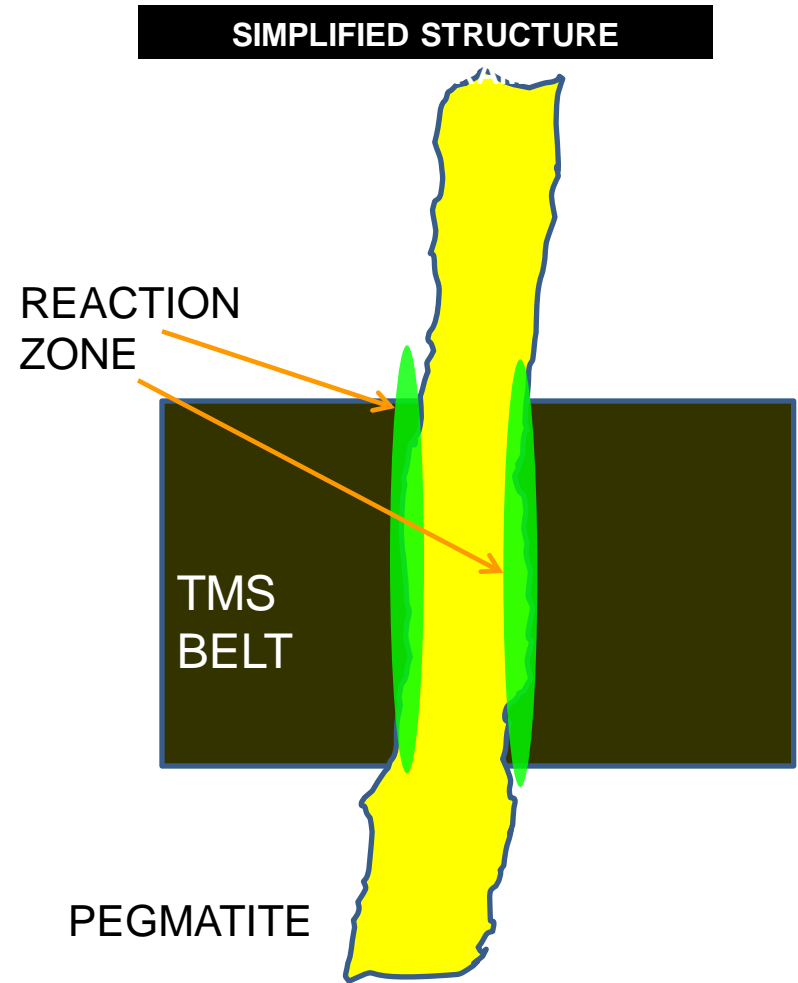
(care & maintenance)

Fabergé Licence for
Coloured Gemstones

Equity Stake in
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 2011

KAGEM Quarterly Summary to Jun-11	Quarter End:	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	TOTAL
Gemstone Production (Emerald+Beryl)	million carats	9.4	5.3	7.3	6.0	2.9	4.9	3.4	6.1	12.8	5.9	3.5	10.8	78.4
Ore Production (Reaction Zone)	'000 tonnes	21.4	18.7	17.8	22.3	16.0	13.5	12.5	18.9	19.5	16.0	12.0	21.7	210.2
Grade (Emerald+Beryl/Reaction Zone)	carats/tonne	438	286	410	268	182	365	277	323	658	369	290	500	373
Waste Mined (including TMS)	million tonnes	1.7	1.0	0.8	0.5	0.5	0.7	0.6	0.7	0.9	0.8	0.8	1.3	10.3
Stripping Ratio		81	53	43	22	33	49	51	38	48	48	66	58	49
Total Operating Cost	USD million	8.0	6.2	3.7	3.5	3.3	3.1	3.0	3.4	3.5	3.6	3.6	3.5	48.3
Unit Production Cost (per carat)	USD/carat	0.85	1.16	0.51	0.59	1.13	0.63	0.87	0.55	0.27	0.62	1.03	0.32	0.62
Unit Production Cost (per tonne of ore)	USD/tonne	372	332	210	159	205	230	241	179	178	227	298	160	230
Unit Cost (per tonne of rock moved)	USD/tonne	4.5	6.1	4.8	6.8	6.1	4.6	4.7	4.6	3.6	4.6	4.4	2.7	4.6

Note: All figures are unaudited

- Ore grade during the quarter, at 500 carats per tonne, was the second highest quarterly figure recorded during Gemfields' ownership. Unit production costs for the quarter were USD 0.32 per carat, also the second best quarter during Gemfields' ownership.
- 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 359 carat per tonne.
- Kagem's unaudited total operating costs for the twelve quarters ending 30 June 2011 totalled USD 48.3 million, implying an average production cost during that period of USD 0.62 per carat of emerald and beryl.

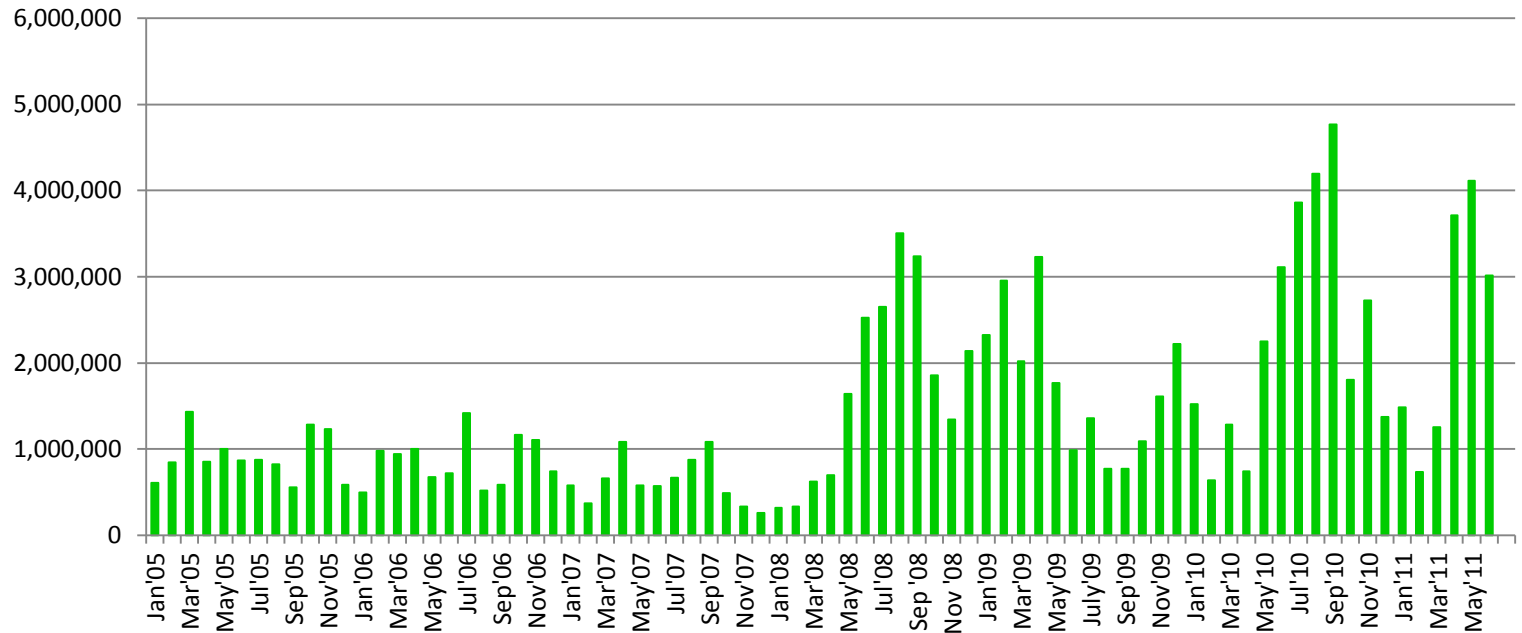
Kagem Annual Summary

Kagem Annual Production Summary	UNITS	YEAR	YEAR	YEAR	YEAR	YEAR	YEAR
		to 30 Jun 2006	to 30 Jun 2007	to 30 Jun 2008	to 30 Jun 2009	to 30 Jun 2010	to 30 Jun 2011
Gemstone Production (Emerald+Beryl)	million carats	10.2	9.4	9.9	28	17.4	33.0
Ore Production (Reaction Zone)	000 tonnes	22	29	42	80	61	69
Grade (Emerald+Beryl/Reaction Zone)	carats/tonne	462	325	233	349	286	478
Waste Mined (incl. TMS)	million tonnes	1.8	2.8	5.1	4	2.5	3.7
Waste+ TMS: Reaction Zone	stripping ratio	83	96	120	50	42	54
Total Rock Handling	million tonnes	1.8	2.8	5.1	4.1	2.6	3.8

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. In the year ending 30 June 2011, Kagem recorded record gemstone production of 33 million carats (90% higher than the prior year).
3. Grade for the year ending 30 June 2011 stood at 478 carats per tonne, versus 286 carats per tonne in the year ending 30 June 2010.

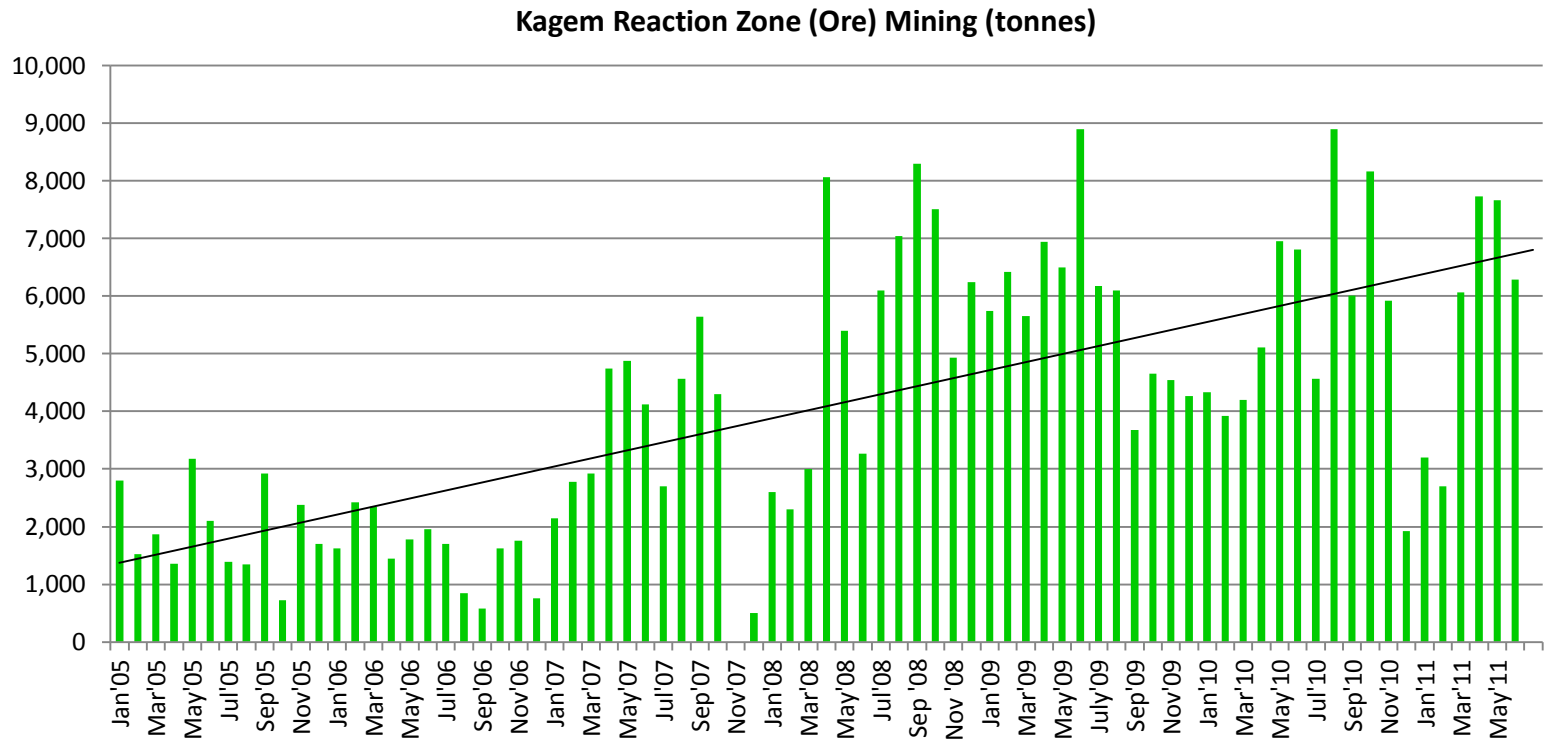
Kagem Monthly Gemstone Production

Kagem Monthly Gemstone Production (carats)
Emerald+Beryl



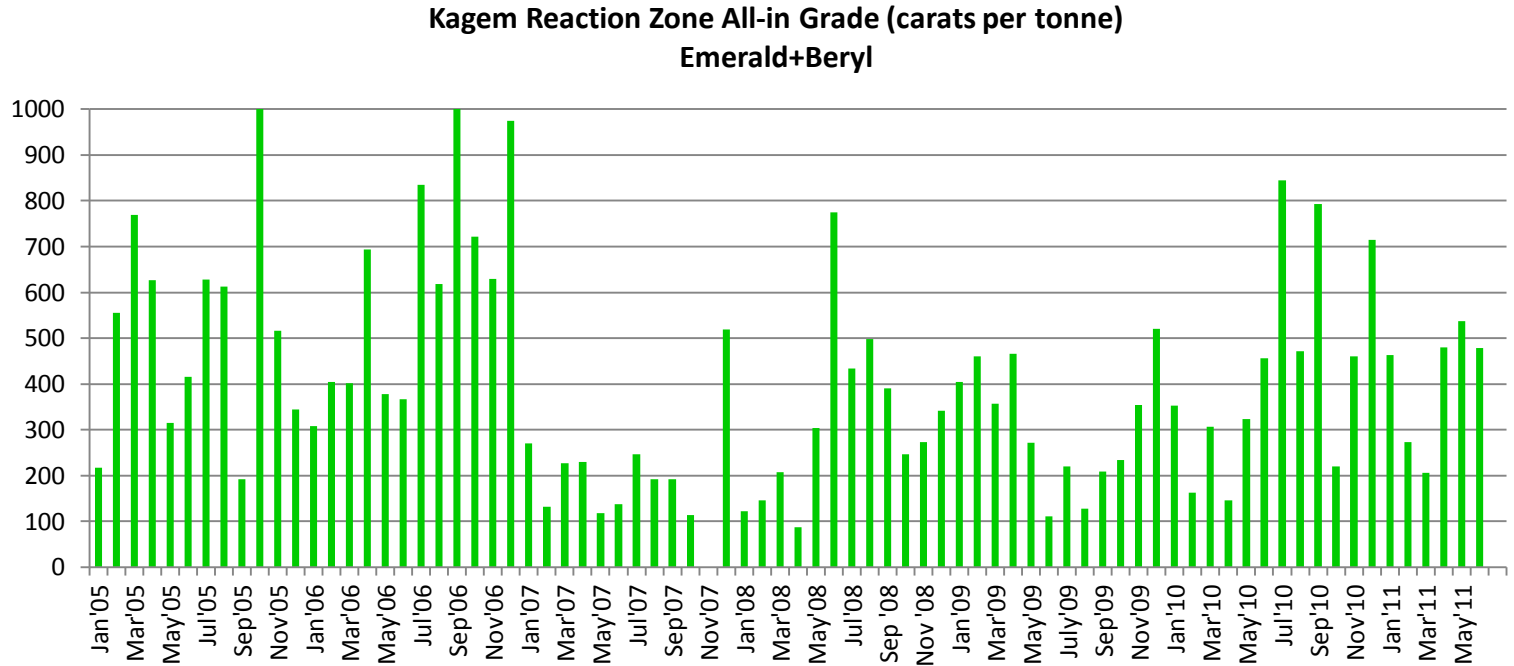
1. During Gemfields' period of ownership (which commenced June 2008), gemstone production has averaged 2.2 million carats per month.
2. Average monthly gemstone production in the quarter ending 30 June 2011 was 3.6 million carats (versus 1.2 million carats per month in the quarter ending 31 March 2011).

Kagem Monthly Ore Mining



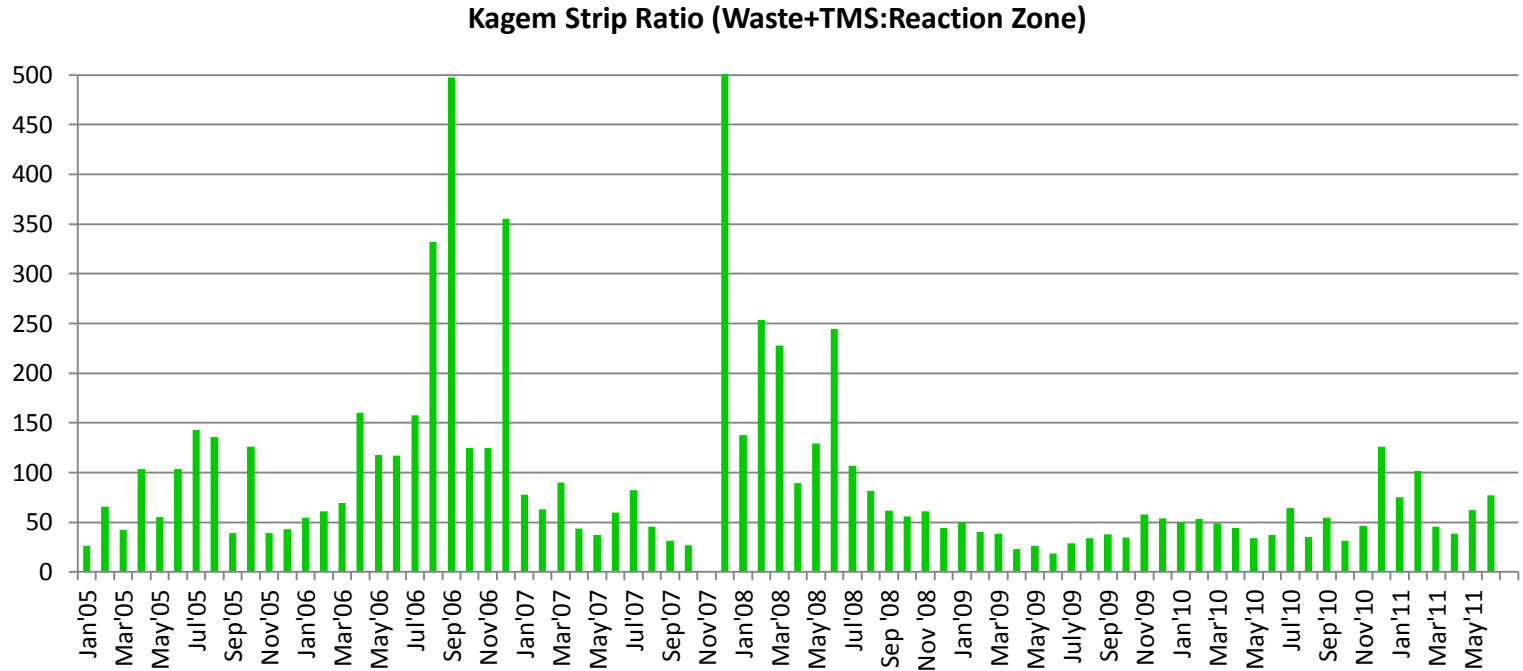
1. Average monthly ore mining (called “Reaction Zone”) in the quarter ending 30 June 2011 stood at an average of 7,228 tonnes per month versus 3,988 tonnes per month in prior quarter.

Kagem Monthly Ore Grade



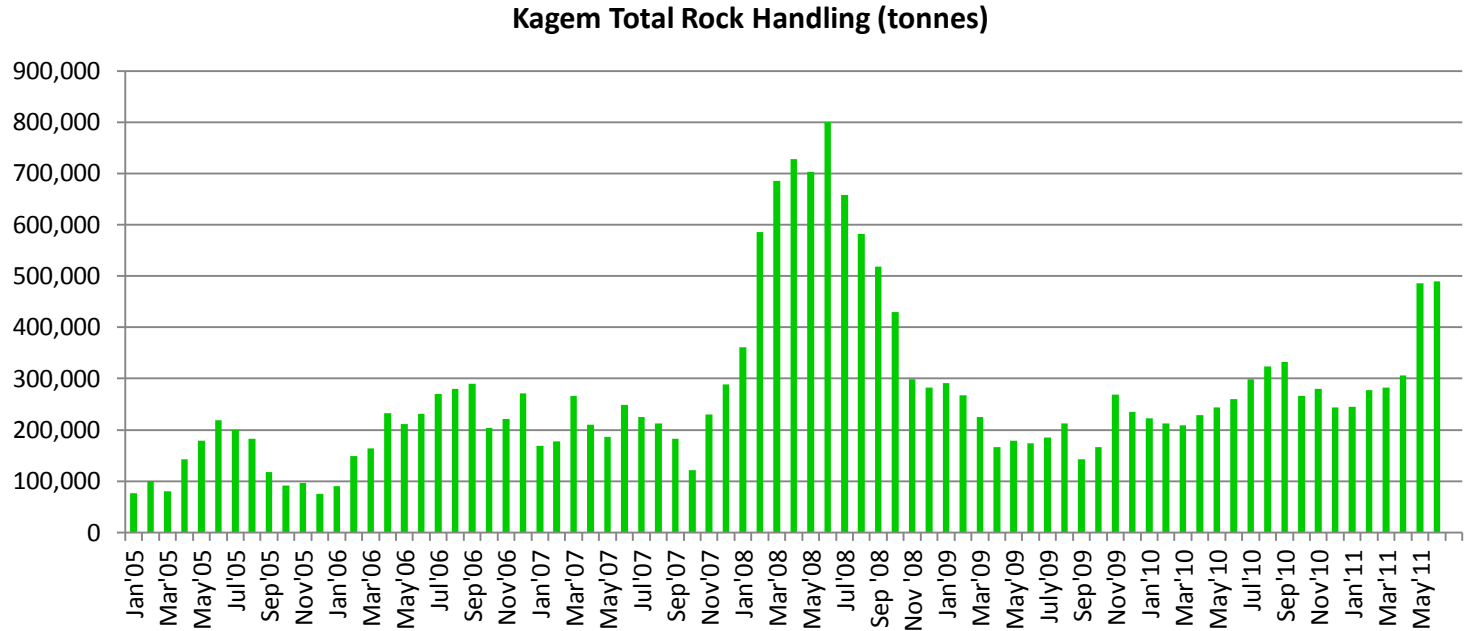
1. During the quarter ending 30 June 2011, the ore grade averaged 500 carats per tonne (compared with 290 carats per tonne in the quarter ending 31 March 2011).
2. Since January 2005, Kagem's cumulative grade is approximately 359 carats per tonne.

Kagem Monthly Strip Ratio



1. The early stages of Gemfields' management of Kagem (which commenced November 2007, with ownership occurring in June 2008) was characterised by the removal of a backlog of waste to open ore areas for future production.
2. The stripping ratio is expected to rise considerably in the short to medium term. The collective stripping ratio from January 2005 through June 2011 is 66:1.

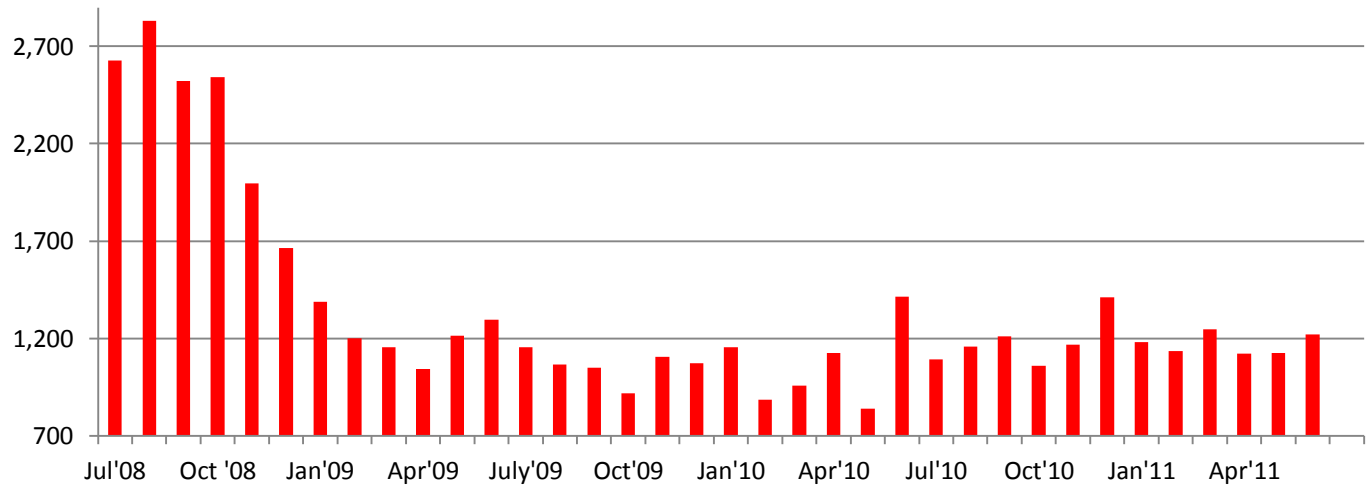
Kagem Total Monthly Rock Handling



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. Rock handling levels are expected to increase in the short to medium term as additional new production areas are opened up.

Kagem Total Monthly Operating Costs (unaudited)

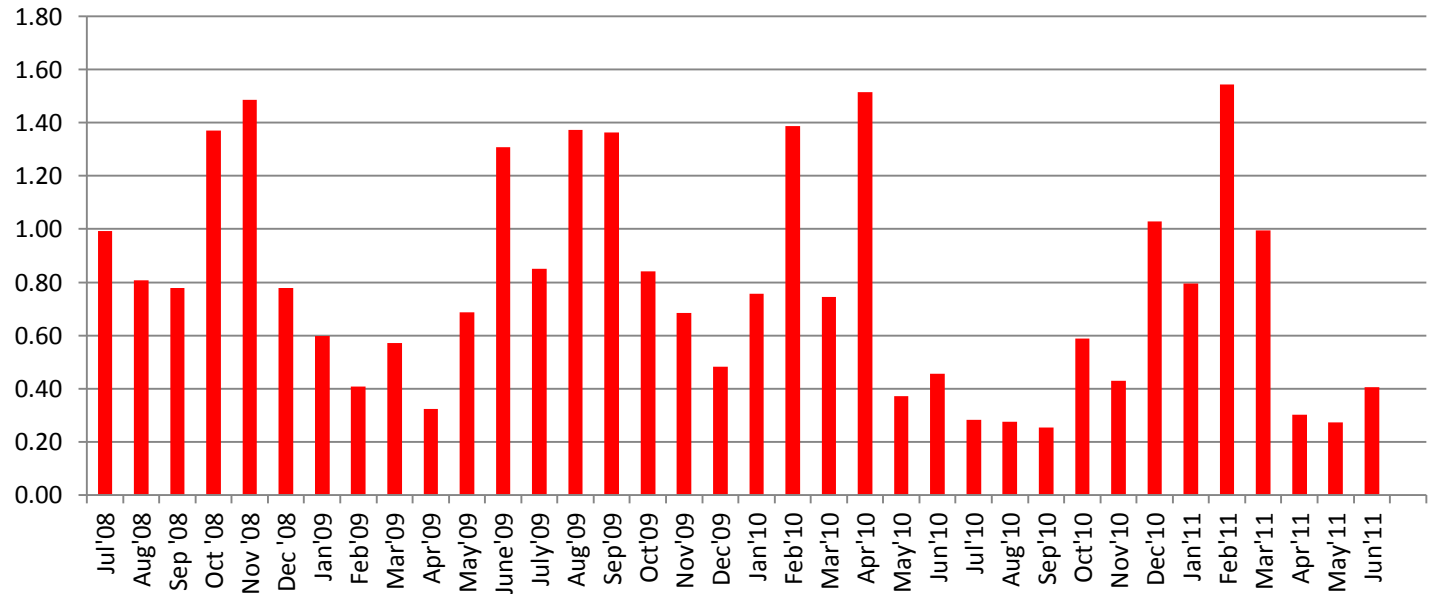
KAGEM's TOTAL MONTHLY OPERATING COSTS
USD '000 (UNAUDITED)



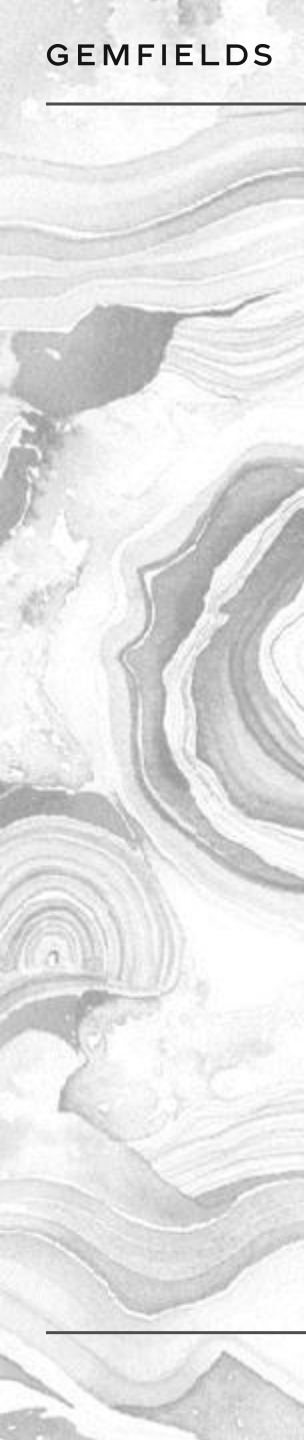
1. Significant reductions in monthly operating costs have been achieved, primarily through a reduction in the stripping ratio and improved operating efficiencies.
2. Operating costs may increase in the short to medium term given the expected increase in stripping ratio.

Kagem Unit Operating Costs (unaudited)

Kagem Unit Operating Costs
USD / carat (Emerald+Beryl)



1. Kagem's average unit production cost during the quarter ending 30 June 2011 was approximately USD 0.32 per carat.
2. The unit production cost in the year ending 30 June 2011 was about USD 0.43 per carat. (versus USD 0.73 per carat for the year ending 30 June 2010).
3. Kagem's average unit production cost during the twelve quarters ending 30 June 2011 was approximately USD 0.62 per carat (emerald + beryl).



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