

Gemfields plc

("Gemfields" or the "Company")

Joint Venture Agreements Regarding Sri Lankan Sapphires and Gemstones

15 September 2014

Gemfields is pleased to announce that it has entered into a joint venture with East West Gem Investments Limited ('EWGI'), a Jersey registered company, in order to progress opportunities in the Sri Lankan sapphire and gemstone sector via three Sri Lankan subsidiaries which will be 75% and 25% held by Gemfields and EWGI respectively.

Under the terms of the agreements, Gemfields has acquired 75% operating interests in sixteen exploration licences (covering diverse minerals) for a consideration of USD 0.4 million. The Sri Lankan joint venture seeks to deploy Gemfields' proven exploration and gemstone experience with a view to replicating the successes achieved in Zambia and Mozambique, where Gemfields' approach has brought considerable benefits for both the local population and the regional economy.

The joint venture will also see Gemfields and EWGI establish a gemstone trading company called Ratnapura Lanka Gemstones (Pvt) Ltd, a company approved by the Board of Investment of Sri Lanka (BOI Sri Lanka). The trading company will focus on sourcing rough sapphires from various sources in the local market.

It is intended that Gemfields' proprietary gemstone grading systems and marketing methodologies will be applied in order to offer the gems to international buyers via Gemfields' proven rough gemstone auction platforms, thereby adding value to Sri Lankan gemstone production, growing the sector and contributing to economic development.

The joint venture agreements seek to develop the broader exploration, mining and sorting infrastructure in Sri Lanka in order to promote a sustainable, transparent and globally competitive gemstone sector.

Ian Harebottle, CEO of Gemfields, commented:

"We are delighted to announce our entry into what we consider to be the third of the 'big three' coloured gemstones. With revenue-producing emerald and ruby operations in Zambia and Mozambique already in the Gemfields portfolio, the proposed development of sapphire operations in Sri Lanka will realise our stated red, blue and green 'traffic light' of coloured gemstones strategy.

Sri Lanka is already known as a key source of sapphires of all colours, and of the highly sought-after padparadscha sapphire. The favourable business climate and attractive incentives available via the Board of Investment of Sri Lanka provide a sound platform for our investment and evaluation of growth opportunities.

We are excited about the possibility of being able to offer a reliable supply of well-graded sapphires to customers attending our auctions, and to ensuring that all gemstone stakeholders in Sri Lanka - including its government and general population - benefit from the value-

addition and transparency that the Gemfields approach has already delivered in Zambia and Mozambique”.

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Notes to Editors:

Gemfields plc is the world's leading supplier of responsibly sourced coloured gemstones and is listed on the AIM market of the London Stock Exchange (ticker: GEM) where it is a constituent of the AIM50 index.

In July 2009, Gemfields commenced a formal auction programme for Zambian emeralds mined at the Kagem emerald mine. To date, the Company has held sixteen auctions of emerald and beryl produced at Kagem and which have generated revenues totalling USD 276 million. The Company has also held two traded emerald auctions (of gems not obtained directly from the Company's own mining operations) which generated revenues of USD 22.0 million.

The Company also owns a 75% stake in the highly prospective Montepuez ruby deposit in Mozambique as well as licences in Madagascar including ruby, emerald and sapphire deposits. In June 2014, Gemfields held its first auction of rough ruby and corundum produced at the Montepuez ruby deposit, generating revenues of USD 33.5 million. In addition, Gemfields holds a 50% interest in the Kariba amethyst mine in Zambia.

Gemfields acquired the Fabergé brand in January 2013 to create 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.