

## Gemfields plc

(“Gemfields” or the “Company”)

### Results - Jaipur Rough Emerald and Beryl Auction

**20 June 2012**

Gemfields plc (AIM: “GEM”) is pleased to announce the results of the auction of predominantly lower quality rough emerald and beryl held in Jaipur, India from 9-13 June 2012.

#### Highlights

- Healthy Jaipur auction revenues of USD 9.0 million
- The auction saw 10.85 million carats of emerald and beryl mined by Gemfields placed on offer, with 3.47 million carats being sold
- Solid overall demand for Gemfields ethical Zambian emeralds continues, with some weakness apparent only in the lowest quality grades
- Four auctions held in the current financial year total USD 77.9 million in revenue
- Ten auctions held since July 2009 total USD 133.7 million in revenue

Gemfields held an auction of predominantly lower quality rough emeralds in Jaipur, India from 9 to 13 June 2012. Twenty five companies attended the auction, with twenty of these placing bids. The auction saw 10.85 million carats of emerald and beryl mined by Gemfields placed on offer, with the 3.47 million carats sold generating auction sales of USD 9.0 million.

Last week’s auction was the fourth and final auction of the current financial year (which ends on 30 June 2012). The four auctions, two of which were for lower quality material, have generated aggregate sales of USD 77.9 million while the 10 auctions held since July 2009 have generated USD 133.7 million in aggregate revenues.

The overall quality characteristics of the gems placed on offer at last week’s auction were broadly similar to those offered at the previous lower quality emerald auction held in November 2011 in Jaipur (which achieved an average of USD 1.12 per carat for the lots sold). While last week’s auction yielded an average of USD 2.61 per carat for the lots sold, in the Company’s opinion, this figure is artificially inflated by the number of lowest quality lots that remained un-sold due to the weaker demand experienced at these value points with the current per carat value of this quality material having been largely stable over the past six months.

Given the Company’s strong cash position and its belief in the long term fundamentals of the emerald market, Gemfields does not sell lots where the bids do not meet its pre-determined minimum reserve prices. Between November 2011 and June 2012, the Indian Rupee weakened against the US Dollar by 13%, which further negatively affected pricing at this particular auction on account of the large percentage of finished goods produced from this material that is likely to be consumed directly within the Indian domestic retail market.

The results of the four lower quality auctions held to date are summarised below:

AUCTION RESULTS (LOWER QUALITY)	MARCH '10 AUCTION	MARCH '11 AUCTION	NOVEMBER '11 AUCTION	JUNE '12 AUCTION
Dates	11-15 March 2010	10-14 March 2011	21-25 November 2011	9-13 June 2012
Location	Jaipur, India	Jaipur, India	Jaipur, India	Jaipur, India
Type	Lower Quality	Lower Quality	Lower Quality	Lower Quality
Carats offered*	28.90 million	16.83 million	10.83 million	10.85 million
Carats Sold	22.80 million	12.98 million	9.82 million	3.47 million
No. of companies placing bids	25	44	27	20
Average no. of bids per lot	8	14	9	3
No. of lots offered	56	35	26	33
No. of lots sold	49	34	19	17
Percentage of lots sold	88%	97%	73%	52%
Percentage of lots sold by weight	79%	77%	91%	32%
Percentage of lots sold by value	89%	99%	80%	60%
Total sales realised at auction	USD 7.2 million	USD 9.9 million	USD 11.0 million	USD 9.0 million
Average per carat sales value	USD 0.31/carats	USD 0.77/carats	USD 1.12/carats	USD 2.61/carats

\* A larger volume of material was placed on offer in March 2010 following Gemfields extensive inventory building exercise during 2008 and 2009.

The Jaipur auction was again used as a platform to further test levels of demand for rough emerald and beryl made available from other sources of supply (i.e. not certified as having been mined by Gemfields). None of this material is included in the data presented above. The most recent trial comprised of other rough emerald from Zambia and approximately one quarter of this material (by value) was sold. The present net income accruing to Gemfields from traded material remains immaterial in the context of Gemfields' own production, and the Company will continue to refine and evolve the opportunities of selling rough from other sources of supply.

For ease of reference, the results of the six higher quality rough emerald auctions held to date are summarised below:

AUCTION RESULTS (HIGHER QUALITY)	JUL '09 AUCTION	NOV '09 AUCTION	JUL '10 AUCTION	DEC '10 AUCTION	JUL '11 AUCTION	MAR '12 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
Location	London, UK	Johannesburg, SA	London, UK	Johannesburg, SA	Singapore	Singapore
Type	Higher Quality	Higher Quality	Higher Quality	Higher Quality	Higher Quality	Higher Quality
Carats offered	1.36 million	1.12 million	0.85 million	0.87 million	1.07 million	0.77 million
Carats Sold	1.36 million	1.09 million	0.80 million	0.75 million	0.74 million	0.69 million
No. of companies placing bids	23	19	37	32	38	29
Average no. of bids per lot	10	13	18	16	16	11
No. of lots offered	27	19	27	19	25	23
No. of lots sold	26	14	24	18	18	20
Percentage of lots sold	96%	74%	89%	95%	72%	87%
Percentage of lots sold by weight	99.8%	97%	94%	86%	69%	89%
Percentage of lots sold by value	82%	76%	87%	99%	91%	94%
Total sales realised at auction	USD 5.9 million	USD 5.6 million	USD 7.5 million	USD 19.6 million	USD 31.6 million	USD 26.2 million
Average per carat sales value	USD 4.40/carat	USD 5.10/carat	USD 9.35/carat	USD 26.20/carat	USD 42.71/carat	USD 38.25/carat

The specific auction mix and the exact quality of the lots offered at each auction can vary in characteristics such as colour and clarity on account of mined production and market circumstances. Each auction is thus made up of differing overall quality compositions.

Ian Harebottle, CEO of Gemfields, commented:

*"Gemfields is pleased to announce robust results from the recent lower quality emerald auction in Jaipur considering the backdrop of global economic unease and the substantially weaker Indian Rupee against the US dollar. General economic instability typically has a greater negative impact on the lower quality grades than it does on the higher quality material, the latter often being seen as a store of value in times of uncertainty. This effect was clearly seen at this auction, where demand for the lowest quality grades was indeed weaker than it has been for some time. However, due to the Company's strong cash position and operational performance, Gemfields was not obliged to sell lots at sub-optimal prices and is confident in the long term value of these gems.*

*Overall, the on-going appetite for better grades remains firm and ensured that Gemfields was able to deliver another set of encouraging auction results thanks to our positive momentum, the success of our marketing initiatives and the consistency of the emeralds produced at our Kagem mine. In addition, the results are particularly pleasing given that a large supply of rough emeralds recently entered the Indian market from other sources, creating an isolated period of considerable supply which is not sustainable and which bodes well for future auctions"*

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**Notes to Editors:**

Gemfields plc is a leading gemstone miner listed on the AIM market of the London Stock Exchange (ticker: `GEM'). The Company's principal asset is the 75% owned Kagem emerald mine in Zambia, the world's single largest emerald mine. In addition to the Kagem emerald mine, Gemfields has a 50% interest in the Kariba amethyst mine in Zambia.

The Company also owns controlling stakes in a highly prospective ruby deposit in Mozambique and licences in Madagascar including ruby, emerald and sapphires deposits.

In July 2009 Gemfields commenced a formal auction programme for its Zambian emeralds. To date, the Company has held ten auctions which have generated revenues totalling USD 133.7 million.