



GEMFIELDS

*Market Update – Quarter ending 30 September 2014
14 November 2014*

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 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 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%

Montepuez Ruby Mine
(Mozambique)
75%

Fabergé Limited
100%

Kariba Amethyst Mine
(Zambia)
50%

15 Madagascar
Exploration Licences
(rubies, sapphires and
emeralds)

Zambian Emerald
Exploration Licences

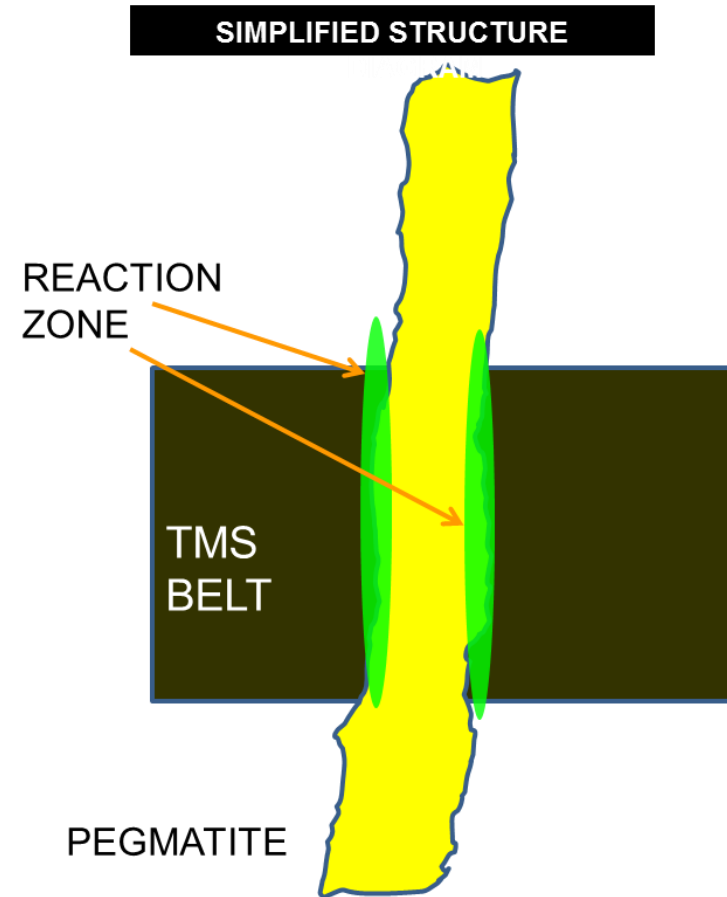
Kamakanga Emerald
Mine (Zambia)
100% (care & maintenance)

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

Sri Lankan sapphire
joint venture with East
West Gem Investments
75%

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 September 2014

KAGEM Quarterly Summary to September-14	Units	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14^(c)	Sep-14
PRODUCTION										
Gemstone Production (Emerald+Beryl)	million carats	7.9	6.6	6.6	8.9	6.5	3.9	3.6	6.2	6.3
Ore Production (Reaction Zone)	'000 tonnes	30.5	23.1	24.5	27.8	21.4	17.2	18.0	23.4	29.4
Grade (Emerald+Beryl/Reaction Zone)	carats/tonne	259	288	265	322	302	224	198	271	214
Waste Mined (including TMS)	million tonnes	2.6	2.2	2.2	2.5	1.9	1.9	1.0	2.5	3.2
Total Rock Handling	million tonnes	2.6	2.2	2.3	2.5	1.9	2.0	1.0	2.5	3.2
Stripping Ratio		84	96	91	89	88	113	55	108	109
CAPITAL EXPENDITURE										
Capital Expenditure – Property, Plant and Equipment	USD million	0.3	3.8	-	0.5	-	-	2.7	0.2	4.5
Capital Expenditure – Capitalised Waste Stripping	USD million	4.6	3.3	3.4	4.6	2.6	2.3	0.4	3.7	3.9
CASH COSTS ^(a)										
Total (Cash) Operating Costs ^(a)	USD million	8.5	7.7	6.9	9.1	6.8	6.8	4.9	8.9	9.3
Gemstone (Cash) Unit Cost (Emerald+Beryl) ^(a)	USD/carats	1.08	1.16	1.05	1.02	1.06	1.76	1.38	1.44	1.48
Ore / Reaction Zone (Cash) Unit Cost ^(a)	USD/RZ tonne	280	333	282	327	319	393	273	380	316
Rock Handling (Cash) Unit Cost ^(a)	USD/tonne	3.29	3.43	3.06	3.64	3.58	3.46	4.90	3.56	2.91
ACCOUNTING COSTS ^(b)										
Total Operating Costs ^(b)	USD million	6.7	7.0	6.7	7.8	7.1	7.2	6.6	11.1	10.3
Gemstone Unit Cost (Emerald+Beryl) ^(b)	USD/carats	0.85	1.06	1.02	0.88	1.09	1.85	1.83	1.79	1.63
Reaction Zone Unit Cost ^(b)	USD/RZ tonne	220	303	273	281	332	419	367	474	350
Rock Handling Unit Cost ^(b)	USD/tonne	2.58	3.18	2.91	3.12	3.74	3.60	6.60	4.44	3.22

1. In the quarter ending 30 September 2014, Kagem recorded gemstone production of 6.3 million carats. Ore grade during the quarter decreased to 214 carats per tonne and gemstone unit costs decreased to USD 1.63 per carat excluding capitalised waste mine costs (and USD 1.48 per carat on a cash cost basis).
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 301 carats per tonne.
3. Kagem’s unaudited total cash operating costs for the nine quarters ending 30 September 2014 totalled USD 68.9 million, implying an average gemstone (cash) unit cost during that period of USD 1.22 per carat of emerald and beryl.

^(a) Cash operating costs include mining and production costs, capitalised waste stripping costs, selling, general and administrative expenses, and exclude PPE-related capital expenditure, depreciation and mineral royalties.

^(b) Total operating costs include mining and production costs, selling, general and administrative expenses, and depreciation relating to both PPE-related and capitalised waste stripping costs, but exclude mineral royalties. 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. As at 30 September 2014, a total of approximately USD 43.11 million of waste moving costs has been capitalised and is being amortised as and when the associated ore is mined. The balance of capitalised waste moving costs, net of amortisation, as at 30 September 2014 amounted to USD 18.4 million. Previously-reported accounting costs excluded depreciation, which is included here.

^(c) Year-end adjustments have been made in the operating costs in the quarter ending 30 June 2014.

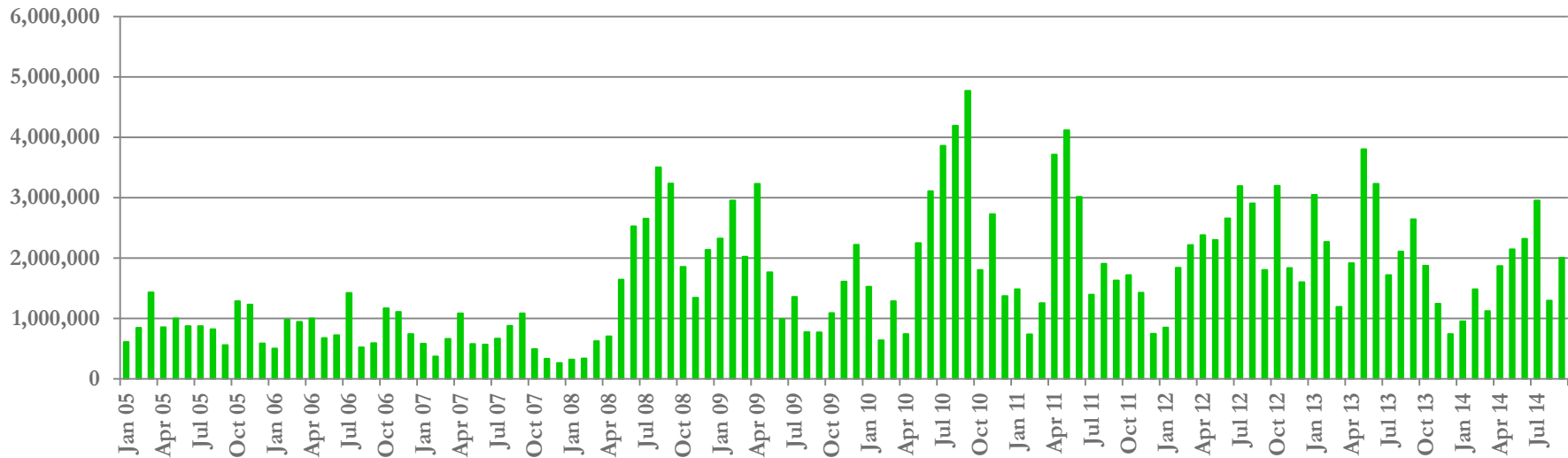
Kagem Annual Summary

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	YEAR to 30 Jun 2014
Gemstone Production (Emerald+Beryl)	million carats	10.2	9.4	9.9	28	17.4	33.0	21.1	30.0	20.2
Ore Production (Reaction Zone)	000 tonnes	22	29	42	80	61	69	103	106	80
Grade (Emerald+Beryl/Reaction Zone)	carats/tonne	462	325	233	349	286	478	205	283	253
Waste Mined (incl. TMS)	million tonnes	1.8	2.8	5.1	4.0	2.5	3.9	8.7	9.5	7.3
Waste+ TMS: Reaction Zone	stripping ratio	83	96	120	50	42	57	84	90	92
Total Rock Handling	million tonnes	1.8	2.8	5.1	4.1	2.6	4.0	8.8	9.6	7.4

1. Gemfields was contracted to manage Kagem in November 2007. Gemfields then 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 20.2 million carats in the year ending 30 June 2014.
3. Grade during the period ending 30 June 2014 stood at 253 carats per tonne, versus 283 carats per tonne in the year ending 30 June 2013.

Kagem Monthly Gemstone Production (carats) Emerald+Beryl

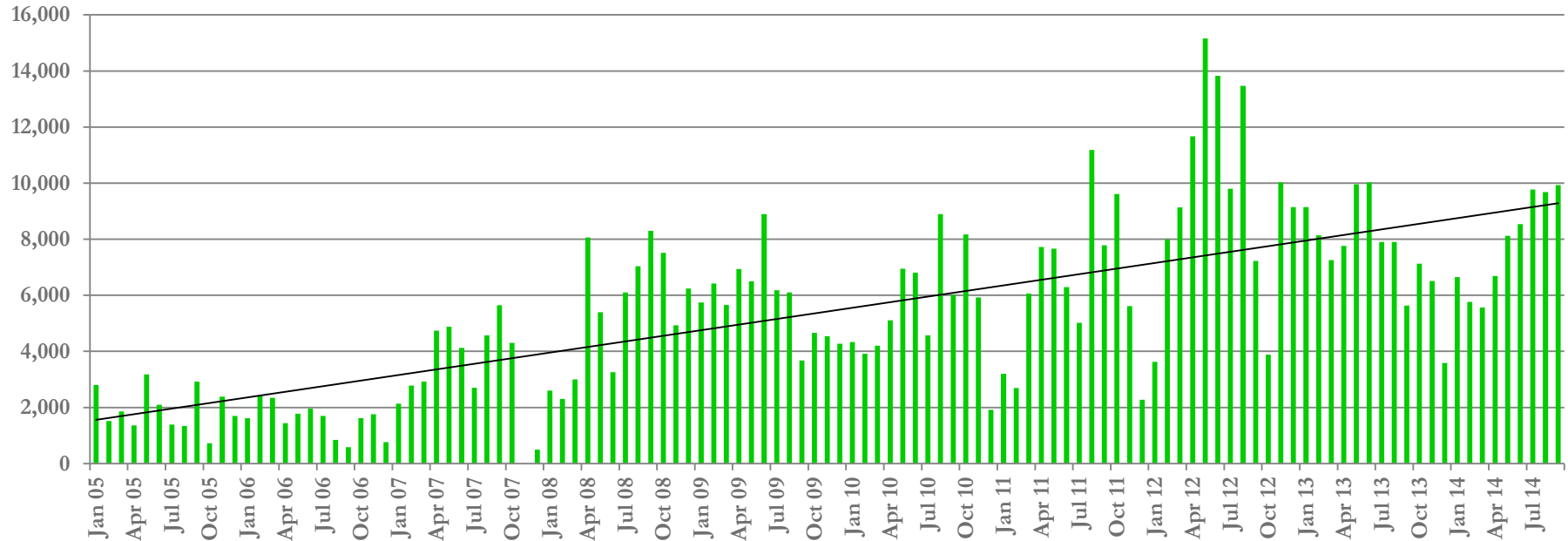
Kagem Monthly Gemstone Production, Emerald+Beryl (carats)



1. During Gemfields' period of ownership (which commenced June 2008), gemstone production has averaged 2.1 million carats per month.
2. Average monthly gemstone production in the quarter ending 30 September 2014 was 2.1 million carats (versus 2.1 million carats per month in the quarter ending 30 June 2014).

Kagem Monthly Ore Mining

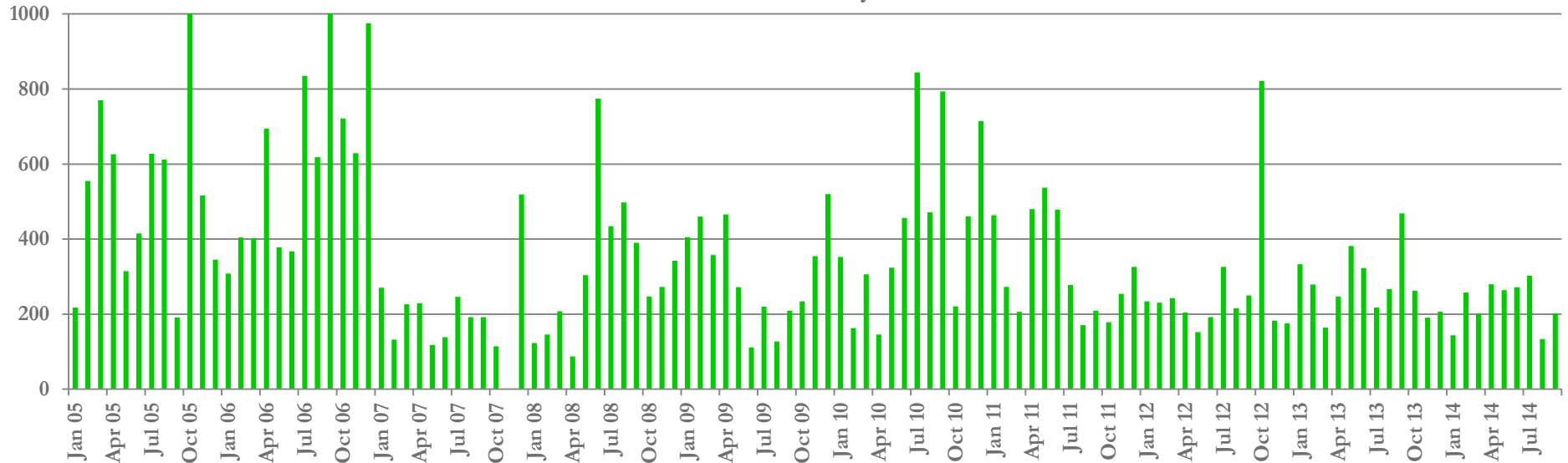
Kagem Reaction Zone (Ore) Mining (tonnes)



1. Average monthly ore mining (called “Reaction Zone”) in the quarter ending 30 September 2014 stood at 9,796 tonnes (versus 7,783 tonnes per month in the prior quarter).

Kagem Monthly Ore Grade

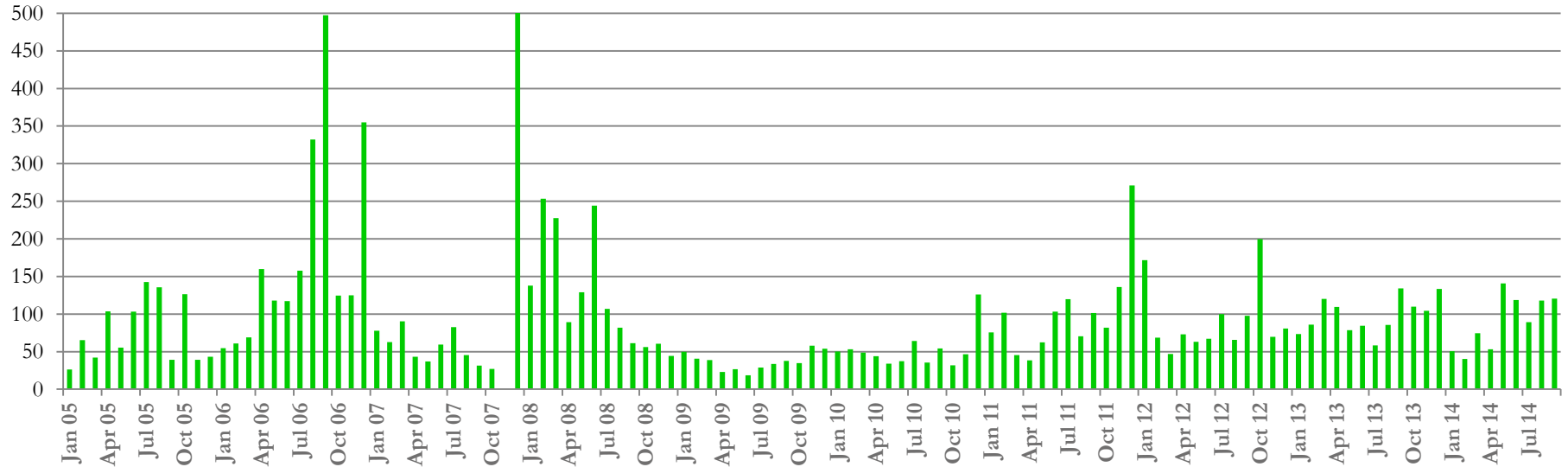
Kagem Reaction Zone All-in Grade (carats per tonne)
 Emerald+Beryl



1. During the quarter ending 30 September 2014, the ore grade averaged 214 carats per tonne (compared with 271 carats per tonne in the prior quarter).
2. Since January 2005, Kagem's cumulative grade is approximately 301 carats per tonne.

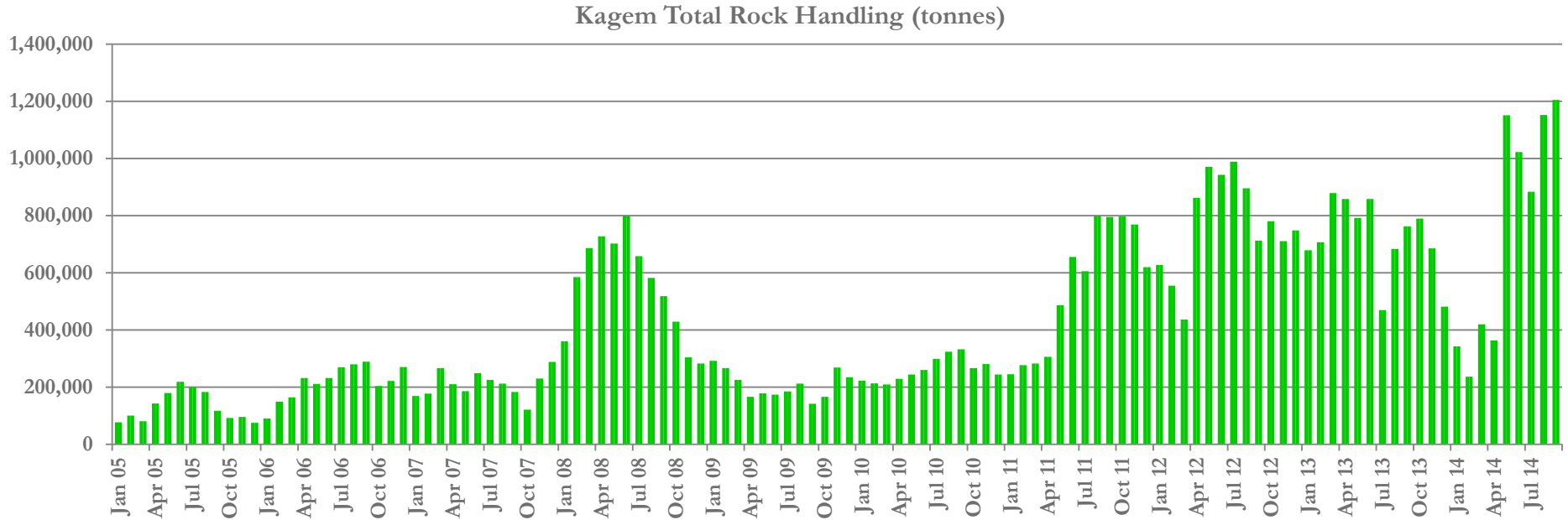
Kagem Monthly Stripping Ratio

Kagem Strip Ratio (Waste+TMS:Reaction Zone)



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. Kagem has been carrying out waste stripping of the highwall in the form of three pushbacks since June 2011.
3. The collective stripping ratio from January 2005 through September 2014 is 78:1.

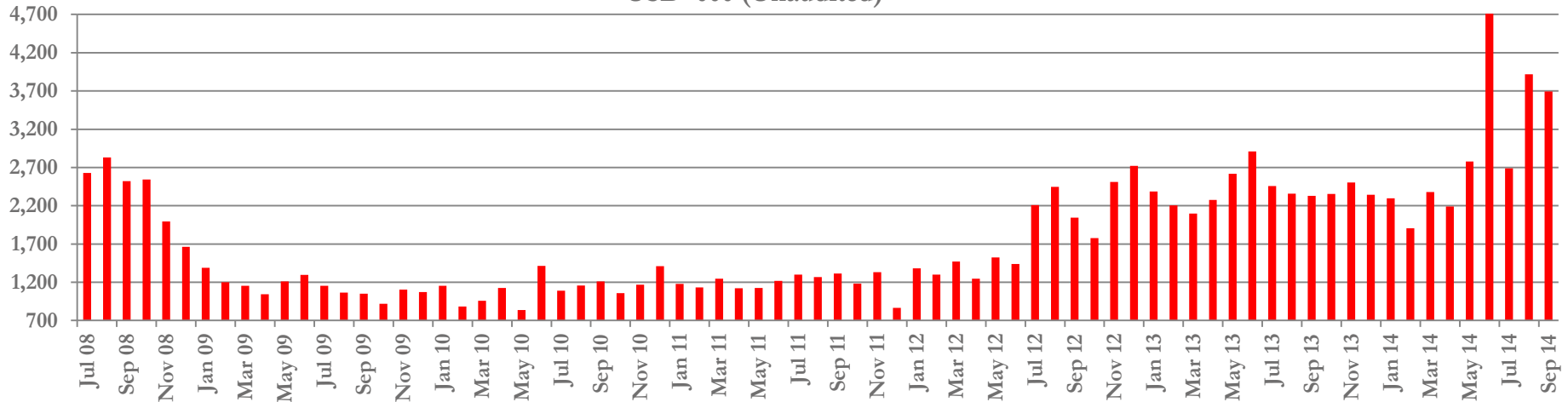
Kagem Total Monthly Rock Handling



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 the “4th pushback”) was initiated in May 2014.

Kagem Total Monthly Operating Costs (unaudited)

Kagem Total Monthly Operating Costs (Accounting Policy Basis)
USD '000 (Unaudited) ^(a)

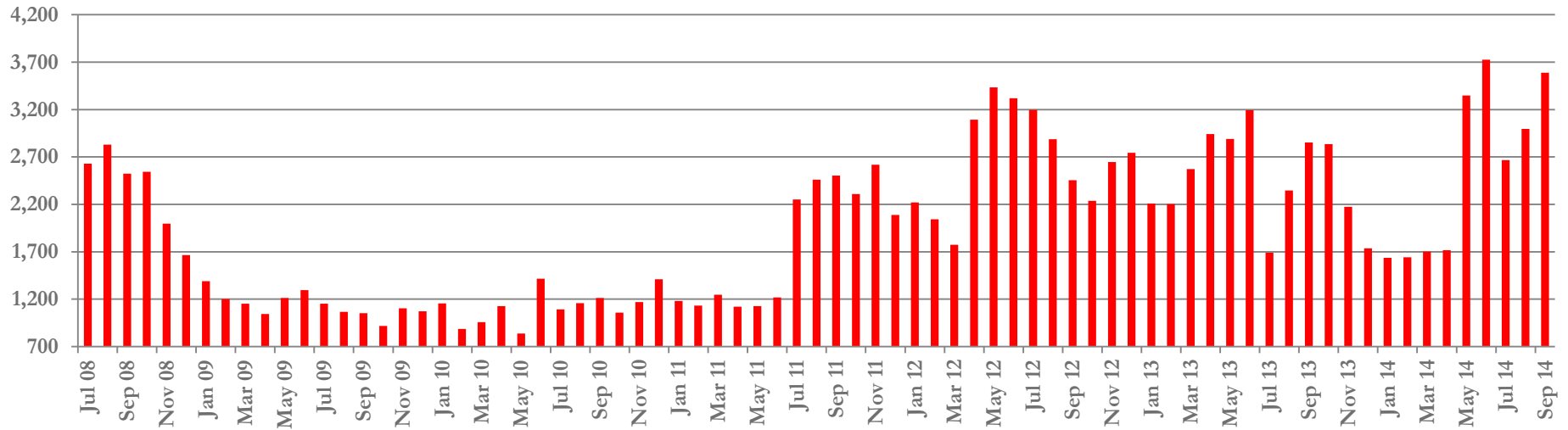


1. From November 2008 to May 2011, significant reductions in monthly operating costs have been achieved primarily through a reduction in the stripping ratio and improved operating efficiencies.
2. Unaudited total operating costs (on an accounting policy basis) in the quarter ending 30 September 2014 were USD 10.3 million (i.e. excluding capitalised pushback/stripping costs).
3. 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 43.11 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.

(a) Total operating costs include mining and production costs, selling, general and administrative expenses, and depreciation relating to both PPE-related capital expenditure and capitalised waste stripping costs, but exclude mineral royalties. Previously reported total operating costs excluded depreciation, which is included here from July 2012.

Kagem Total Monthly Operating Costs (unaudited)

Kagem Total Monthly Operating Costs (Cash Cost Basis)
 USD '000 (Unaudited) ^(a)

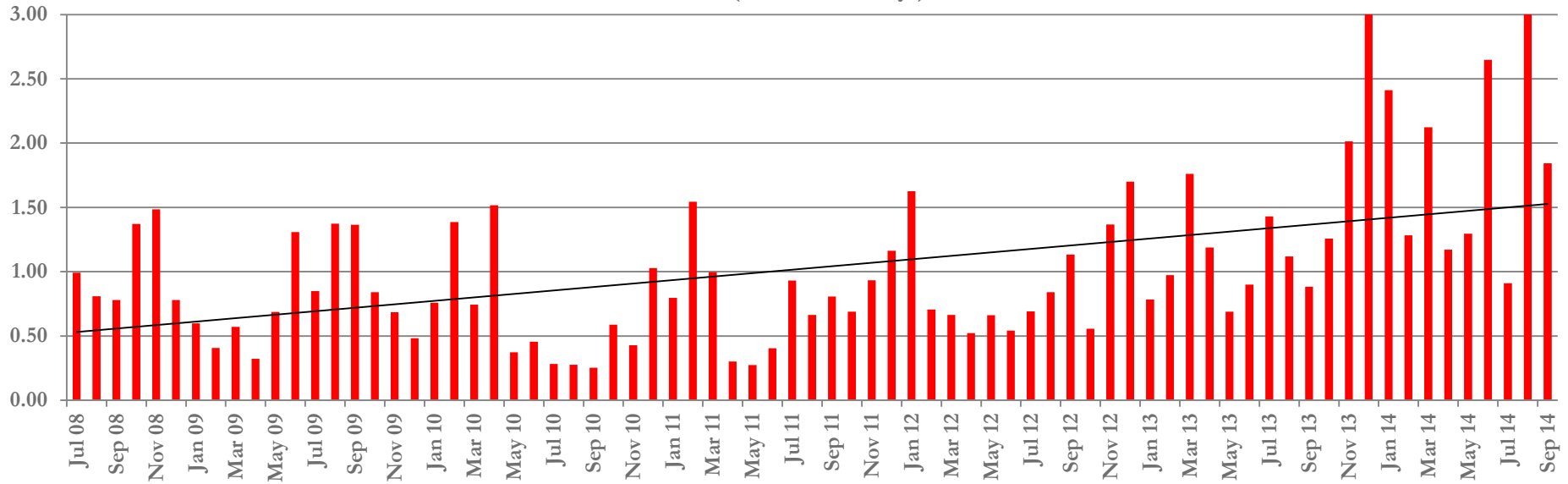


1. From November 2008 to May 2011, significant reductions in monthly operating costs have been achieved primarily through a reduction in the stripping ratio and improved operating efficiencies.
2. Unaudited total cash operating costs in the quarter ending 30 September 2014 were USD 9.3 million (i.e. including pushback / stripping costs).

(a) Total operating costs on a cash cost basis include mining and production costs, capitalised waste stripping costs, selling, general and administrative expenses, and exclude PPE-related capital expenditure, depreciation and mineral royalties.

Kagem Unit Operating Costs (unaudited)

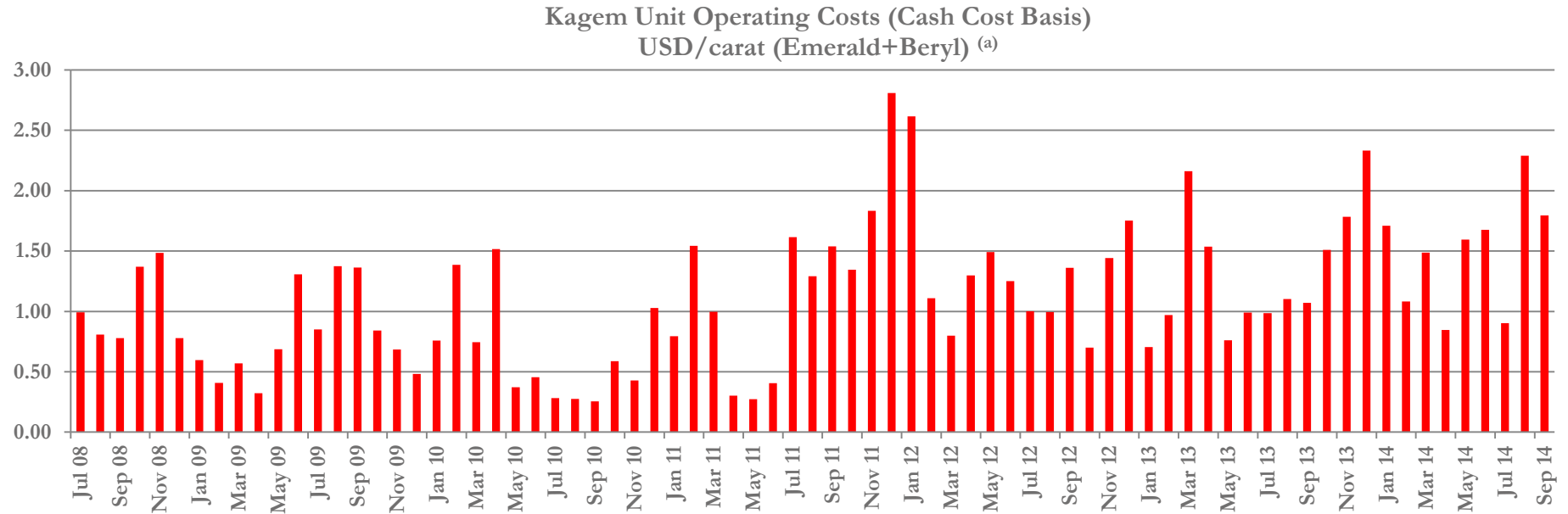
Kagem Unit Operating Costs (Accounting Policy Basis)
USD/carats (Emerald+Beryl) ^(a)



1. Kagem's average unit production cost during the quarter ending 30 September 2014 was approximately USD 1.63 per carat (excluding capitalised pushback / stripping costs).
2. Kagem's average unit production cost during the nine quarters ending 30 September 2014 was approximately USD 1.25 per carat (excluding capitalised pushback / stripping costs).

(a) Unit operating costs are calculated as total operating costs divided by the total gemstone production during the period. Total operating costs include mining and production costs, selling, general and administrative expenses, and depreciation relating to both PPE-related capital expenditure and capitalised waste stripping costs, but exclude mineral royalties. Previously reported total operating costs excluded depreciation, which is included here from July 2012.

Kagem Unit Operating Costs (unaudited)



1. Kagem's average unit production cost during the quarter ending 30 September 2014 was approximately USD 1.48 per carat (on a cash cost basis).
2. Kagem's average unit production cost during the nine quarters ending 30 September 2014 was approximately USD 1.22 per carat (on a cash cost basis).

(a) Unit operating costs on a cash cost basis are calculated as total operating costs on a cash cost basis divided by the total gemstone production during the period. Total operating costs on a cash cost basis include mining and production costs, capitalised waste stripping costs, selling, general and administrative expenses, and exclude PPE-related capital expenditure, depreciation and mineral royalties.



Contact us

Gemfields plc
54 Jermyn Street
8th Floor
London
SW1Y 6LX

United Kingdom

Tel: +44 (0)20 7518 3400
Fax: +44 (0) 20 7197 8193

GEMFIELDS