



GEMFIELDS

*Kagem Mining a Gemfields Group Company
15 April 2015*

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.

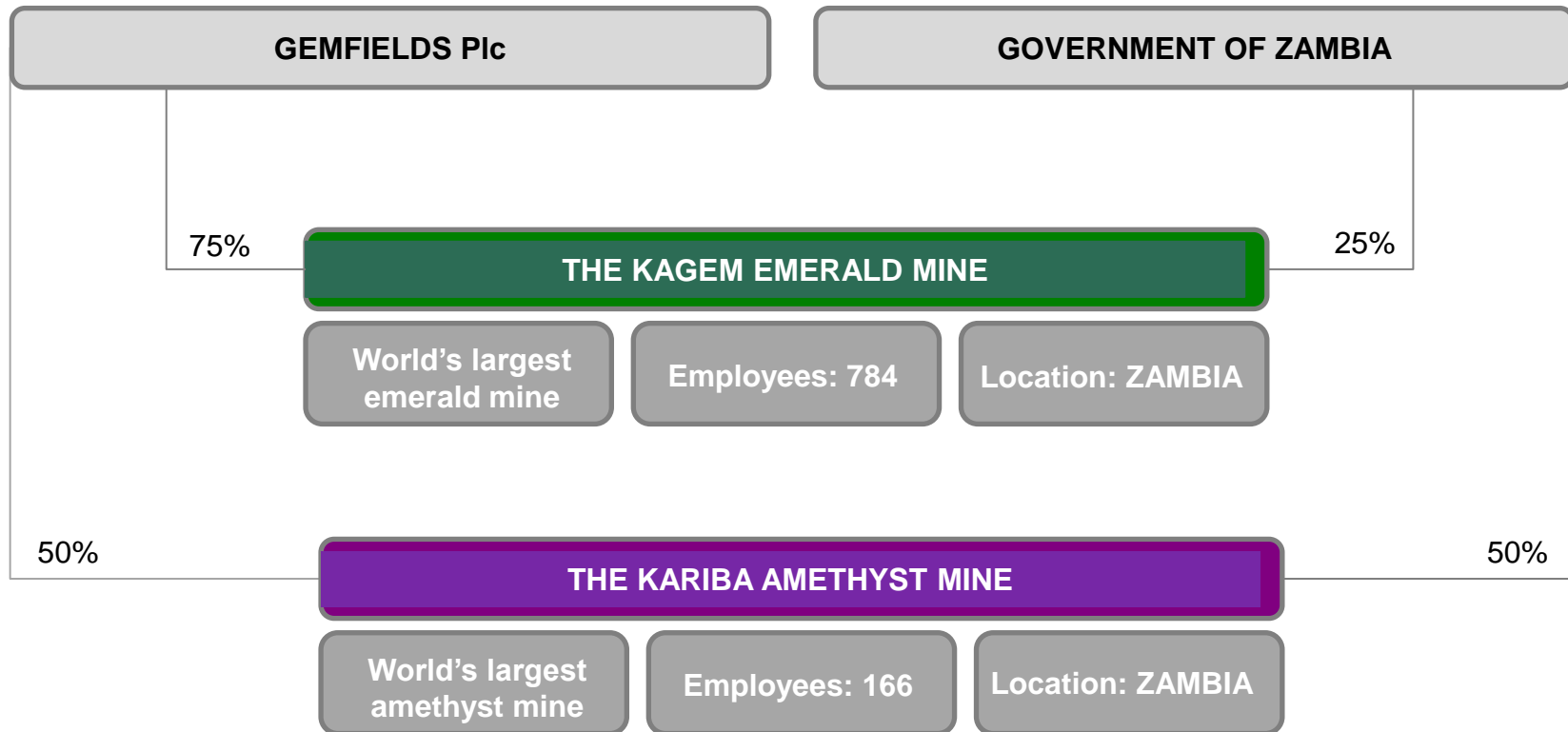
Certain statements in this presentation, or given in response to questions, may constitute forward-looking statements. These statements relate to future events or future performance and reflect the Company’s expectations and assumptions regarding the growth, results of operations, performance and business 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
15 April 2015

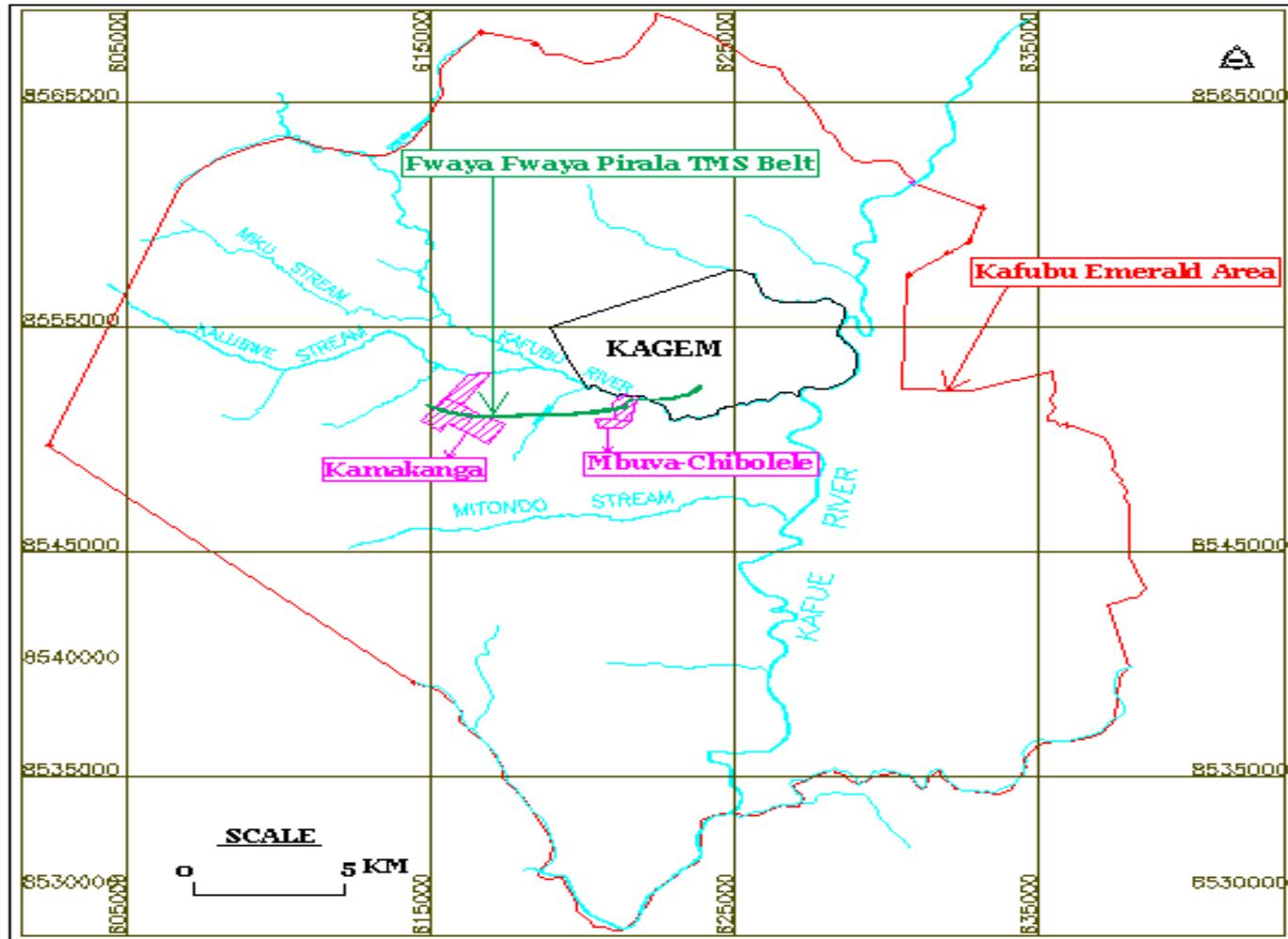
Kagem Emerald Mine

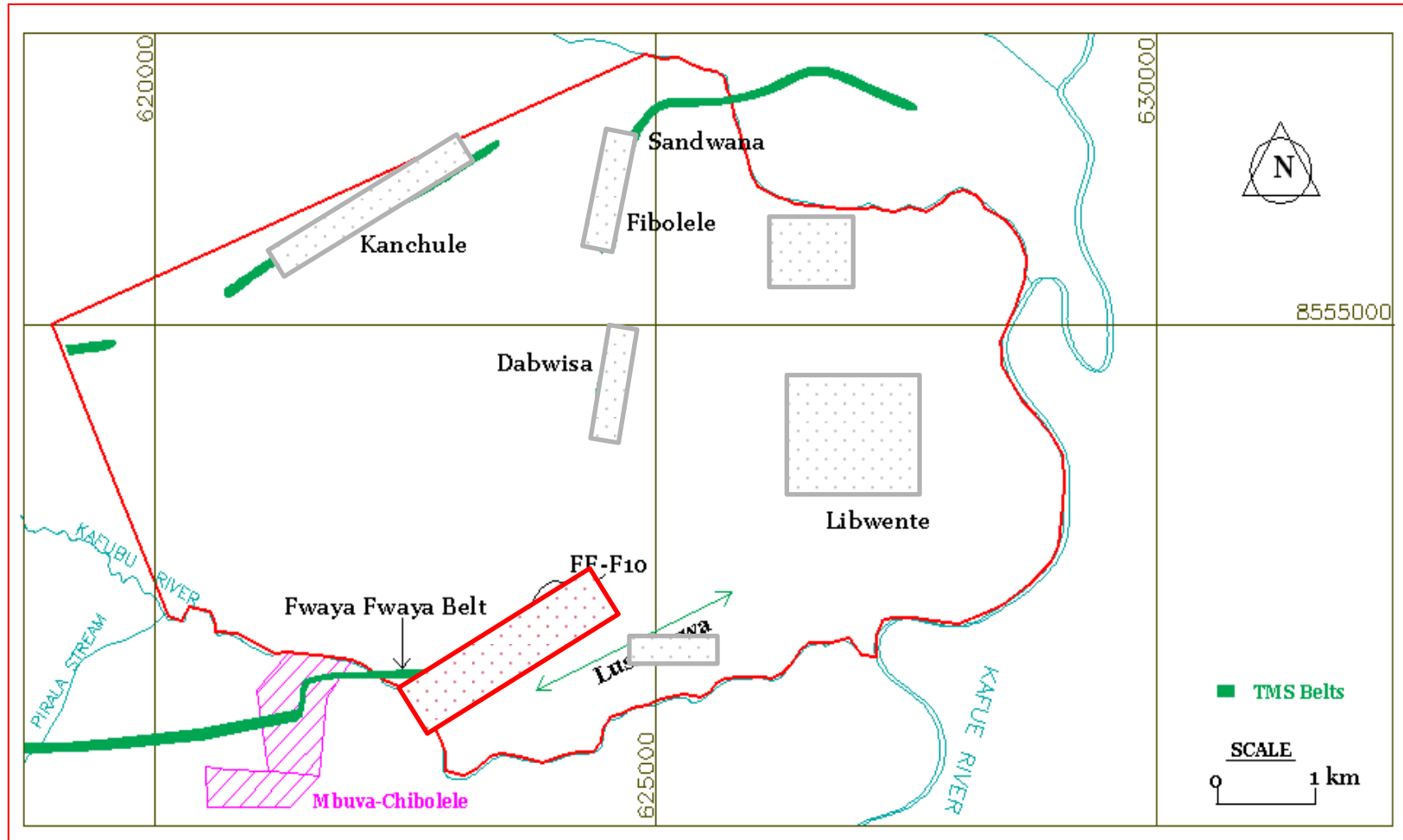


Gemfields and The Government of Zambia



Kagem location in Kafubu emerald area



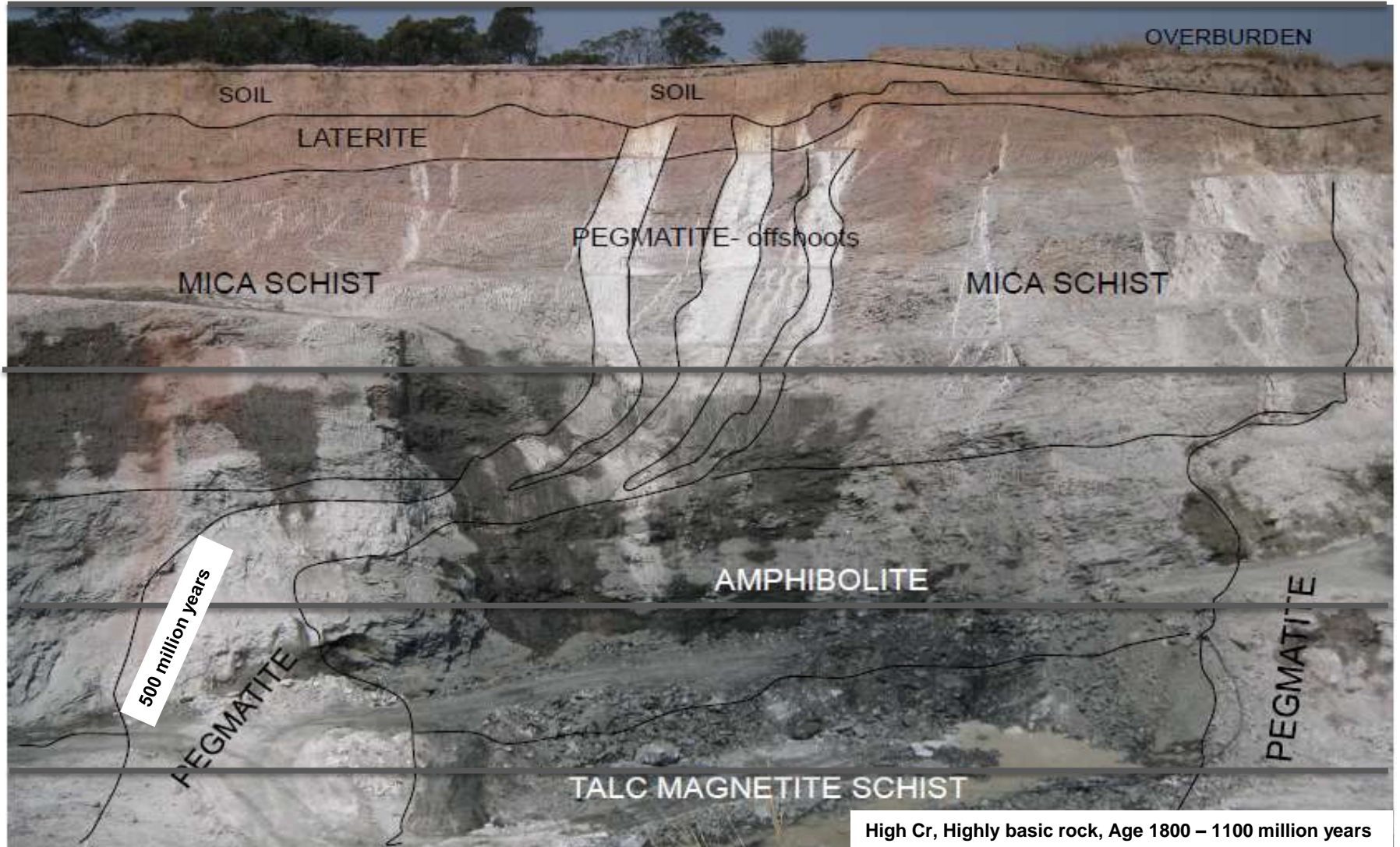


AREA ACTIVELY MINED

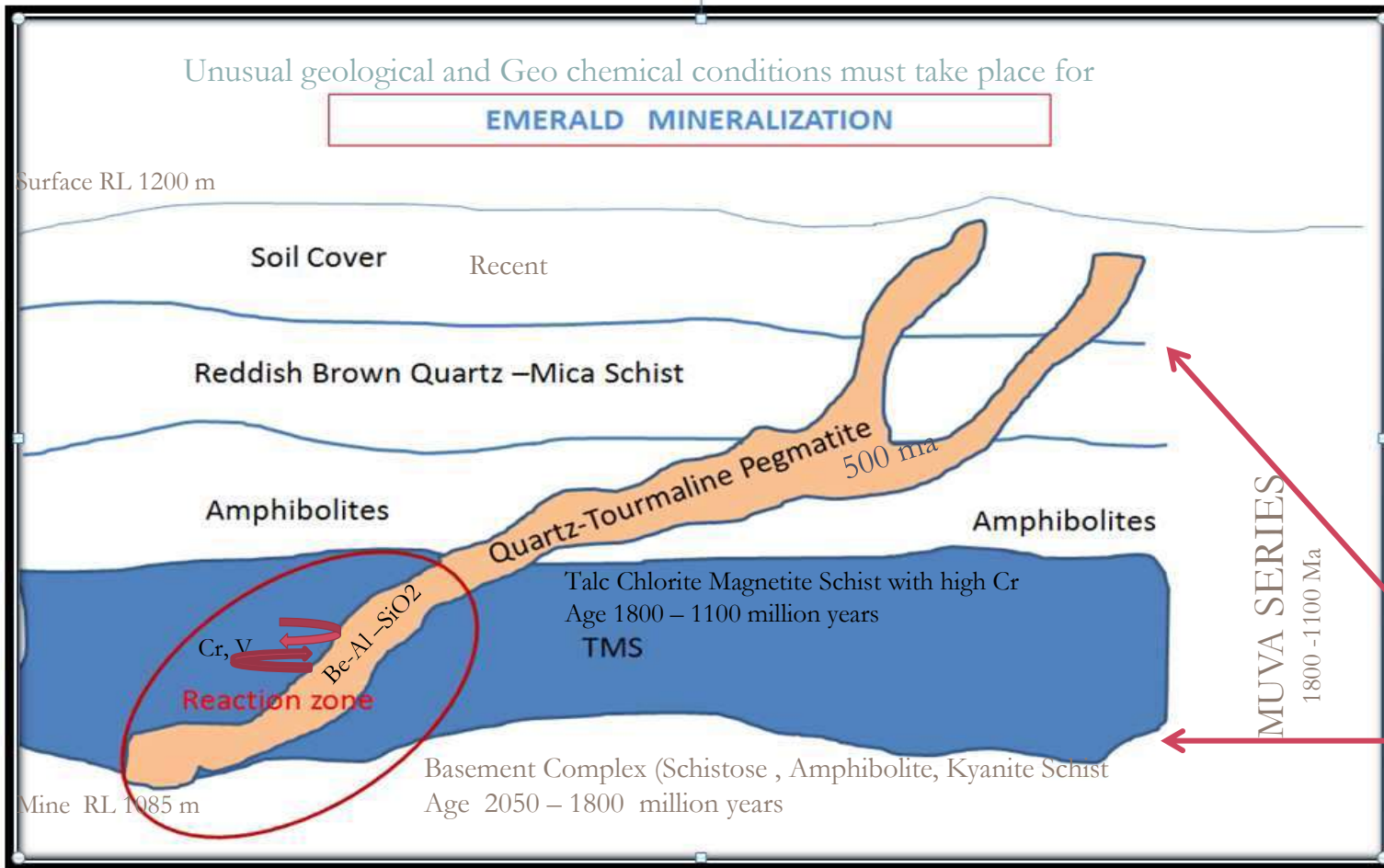


POTENTIAL AREA FOR MINING IN FUTURE

The Pit — A Cross Section



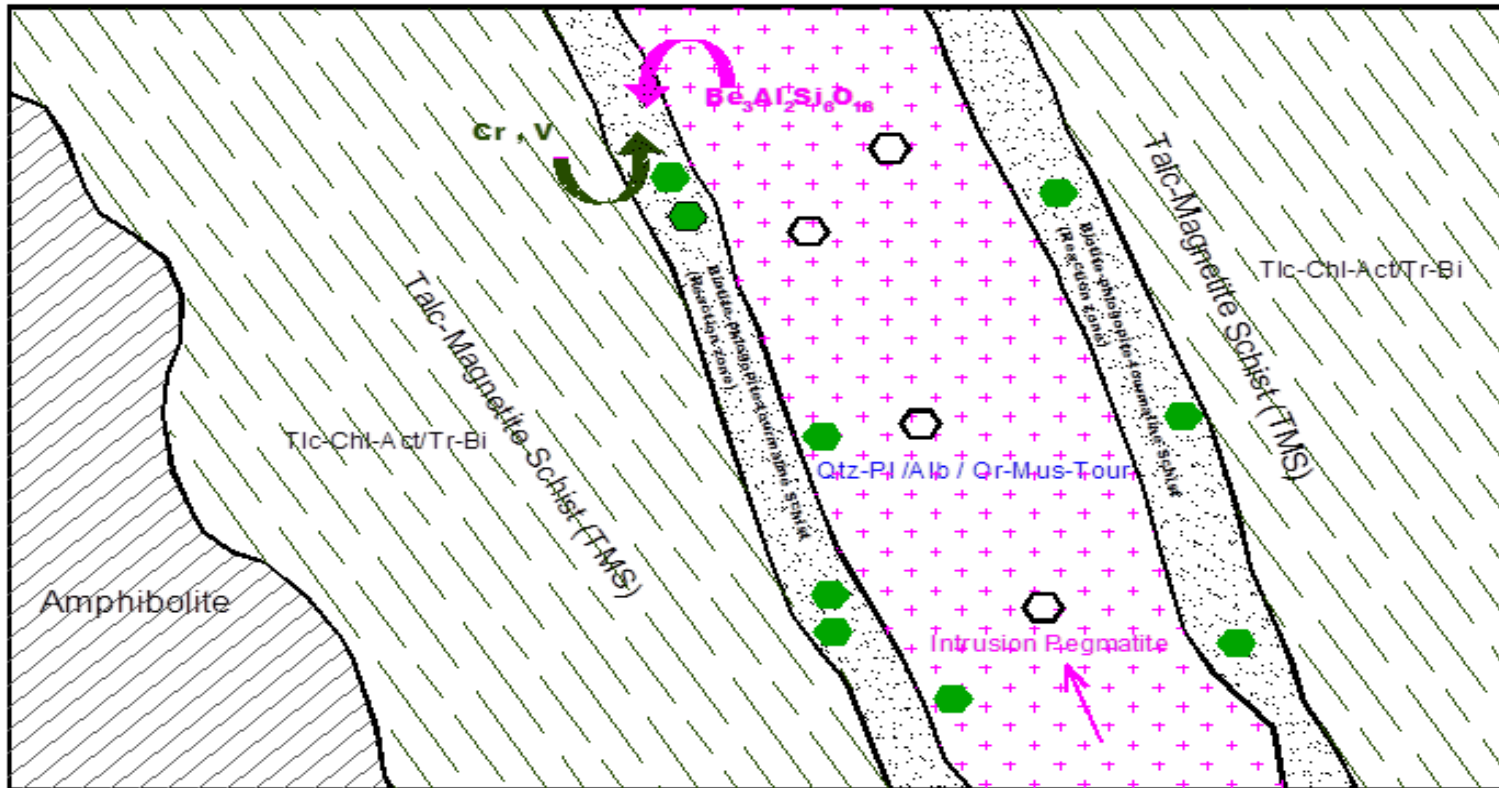
Emerald mineralisation explained



Zambia Stratigraphic Sequence

SUPERGROUP	MAJOR GROUP (and some equivalents)
	Kalahari
	Loam Formation
Karoo	Upper Karoo
	Lower Karoo
	Kataba
	Kundelungu
	Manzha Fm.
Katanga	Mine Series (Broken Hill) (Monze) (Solwezi)
	Manzha River
Muva	Mpanzha (Sasara) (Mloba River)
	Mporokoso (Kafue) (Fambwe)
	Kapemba (Nakonde)
Basement	Mulungushi (Muse) (Mkuze)

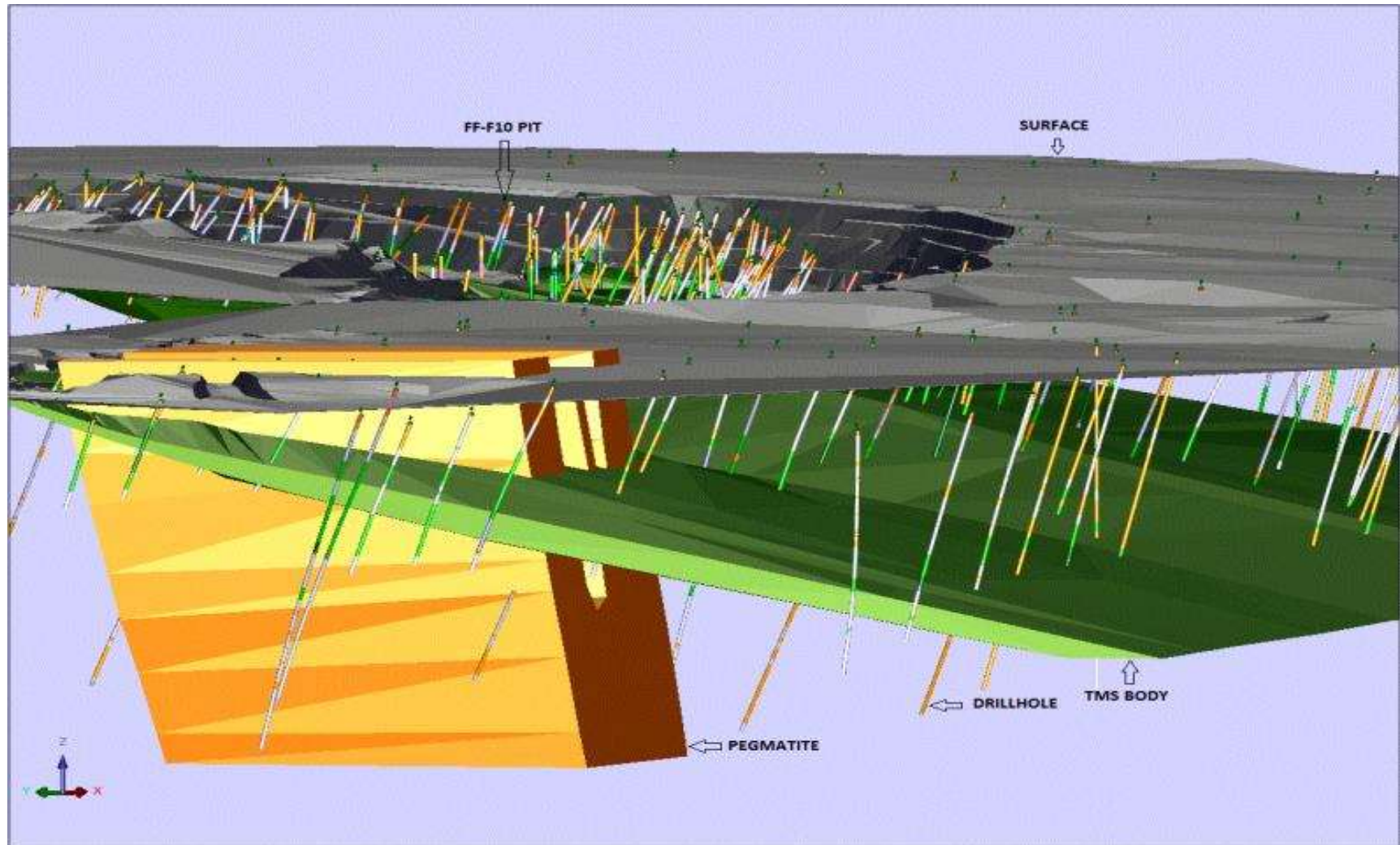
IDEAL CONDITIONS FOR EMERALD MINERALISATION



 Beryl
  Emerald

- Occurrence of Host rock (TMS) and presence of Chromiferous elements (Cr, V) in its composition.
- Intrusion of Pegmatite containing Beryllium elements.
- Alteration / Reaction / Ionic exchange between the pegmatitic fluids and the host rocks.
- Incorporation of Cr/ V & Be under exceptional geological and geochemical conditions, 590 -630 deg temperature and 400-600 MPa pressure results in emerald mineralisation.

Surpac model



Inherited problems

- Huge waste removal backlog
 - Rock handling — only 125,000 tonnes p/month
 - Ore handling — only 3,000 tonnes p/month
 - No ore at the pit bottom for production
 - Very poor equipment health
 - Broken Machinery was spread across the property and lay wherever they had broken down
 - Ineffective security systems
 - No formal reporting structures and accountability
 - De-moralized management and work force
 - Poor health and safety
-

Pit position in 2008 prior to Gemfields partnership



Gemfields plc
15 April 2015

And today...



Gemfields plc

15 April 2015

In-pit dumping is done in the mine — using a strip and fill method. This keeps the size of the both pit and dumps small, and ensures that the environmental liability is as low as possible.



Gemfields plc
15 April 2015

Pit stability — a priority



Mining at Kagem today

- Gemfields have invested over US\$60 million since acquiring the mine in 2008.
 - Procurement of new fleet of mining equipment.
 - 33 KV electrification line at mine connected to the national grid at a cost of US\$ 600,000.
 - Detailed mine plan finalized for ten years, up till June 2024.
 - Approved environment project brief including EMP in place.
 - Safety-health-environment focus.
 - State-of-the-art mine planning division: proper benching, smooth haul roads, and improved reconciliation.
 - Closer Supervision: regular shift meetings and pit offices for operational and maintenance crews set up at the pit top.
 - All employees are unionized and represented by elected representatives of the unions.
-

Turn Around Strategy

- Fresh investment in all resources. Emphasis on improving the resource base of the mine.
 - Multifold expansion of mining operations – TRH from 125,000 to 1,000,000 tonnes p/month.
 - Increased ore mining rate from 3,000 tonnes p/month to 8,000 tonnes p/month.
 - Effective utilization of capital, human and machine resources.
 - State-of-the-art technology in all phases of exploration, design, planning, mining, processing and security.
 - Standardisation and benchmarking of processes with standard operating procedures in place.
-

Union Negotiations 2012 - 2014

- Collective agreement with the union was completed and implemented for the year 2012-2014, effective from 1st April 2012.
 - Kagem was one of the first companies in Zambia to implement the collective agreement in time in 2012.
 - At that time, only 19 employees were unionized and covered in the collective agreement. Due to the management's initiative, all the workmen were brought under one umbrella, all were unionized and represented by elected representatives. All the employees were put on renewable five year contracts as opposed to the existing two year contracts at that time.
 - Management spent \$1.2 million in addition to its normal monthly expenditure after the successful negotiations in harmonizing the labor force at a time when the company was in a position of a cash crunch.
 - The national leadership of the union has commended the efforts of the management team.
 - The company sponsored several workshops for the union branch representatives and shop stewards to understand their role better.
 - Various HR policies such as Group Recruitment Policy, Group Leave Policy, Group Redundancy Policy, Group Disciplinary Policy & Procedure and Group Grievance & Complaints Policy have been implemented.
-

Union Negotiations 2014 - 2016

- We concluded the union negotiation for the period 2014 to 2016 successfully without any stoppage of work or confusions during the period of the negotiations and the collective agreement has been signed between the Management team and the unions.
 - Kagem is the only gemstone mine in the country to make all its workmen to be permanent employees in line with the Government's policy.
 - The main features of the new agreement which is effective from 1st April, 2014 are:
 - i. All eligible employees who are under the age of 55 have been placed on **permanent and pensionable** terms. Such employees will now belong to an independent pension scheme.
 - ii. Basic salary increment of 14% for 2014 – 2015 and another 14% pre – negotiated for 2015 – 2016.
 - iii. Accrued gratuity will be paid to eligible employees as at 31st August, 2014 in October 2014.
 - iv. Employees who are over the age of 55 will be allowed to complete their current fixed term contract.
 - v. Number of registered children (for medical scheme) has been increased from 4 to 5.
 - vi. Upward adjustment have been made to the subsistence allowance, long service awards, funeral grant and Christmas bonus.
-

Mining At Kagem



Manual Mining



Mechanised Mining

Future Expansion and Opportunity

- Future resources and near-term expansion opportunities are actively being investigated both within the Kagem Mining License (onsite) and on other owned licenses.
- Onsite:
Following detailed mapping and planned exploration drilling of prospective areas, a bulk sampling pit is defined if the results show potential. Three belts (to date) on the license have showed potential and are currently being bulk-sampled for future resources:
 - Fibolele Pit
 - Libwente South Pit
 - Ishuko Pit
- Other Licenses:
 - Mbuva-Chibolele (a previously operating mine currently under care and maintenance; a start-up mine plan is prepared).
 - Kamakanga (exploration drilling complete, and bulk sampling plan is being prepared).

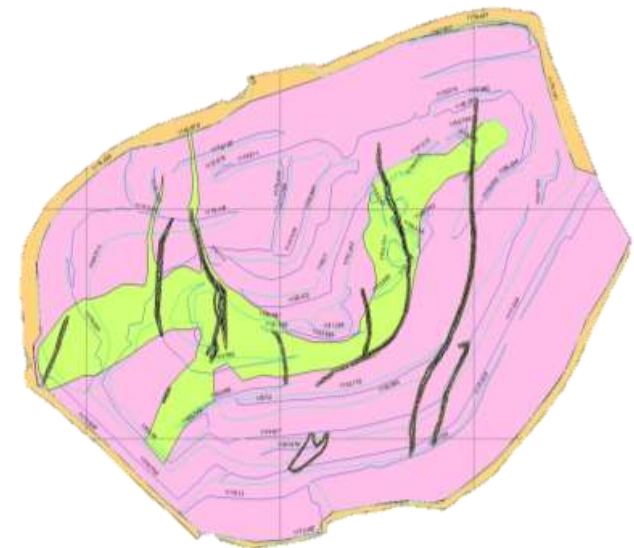
Fibolele Pit

- Based on the positive results of the initial two-phases, continuation of the operations with Phase III will include the merging to the adjacent SW pit.
- Final pit dimensions of Phase III will be 590m by 160m by 50m covering an area of 9.53 Ha targeting 5.1 million tonnes TRH.



Above: Aerial Image of the Fibolele Bulk Sampling Pit

Below: Geological Plan of the Fibolele Bulk Sampling Pit



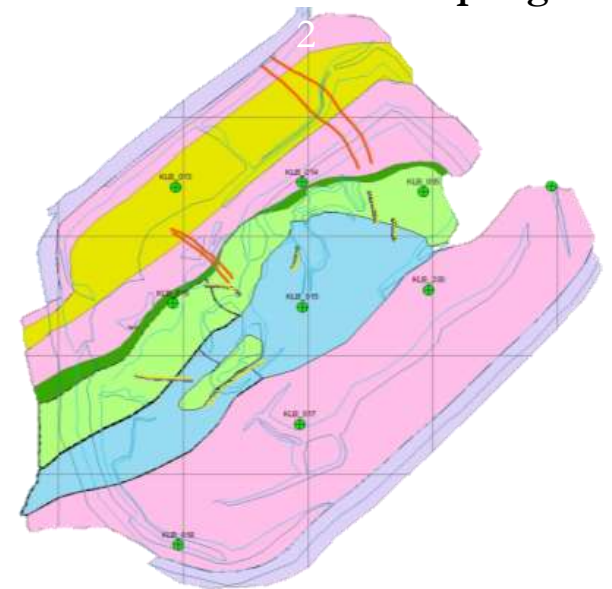
Libwente South Pit

- Total drilling campaign of 137 holes, achieving 12,585m of diamond core drilling outlined a significant TMS body which established the Libwente bulk sampling operation in July 2014.
- Presently, the pit is around 18m deep with the deepest point being about 22m. Five QT veins (and associated pegmatite) of a width varying between 0.20m and 0.80m. Currently producing from all of the contacts and achieved RZ above the targeted 6%.



Above: Aerial Image of the Libwente South Sampling Pit

Below: Geological Plan of the Libwente South Bulk Sampling Pit



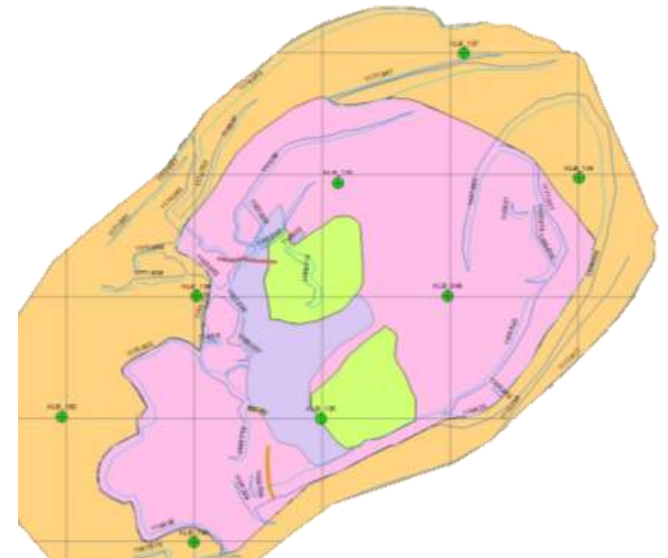
Ishuko Pit

- Located about 200m SW of the Libwente South Pit, the Ishuko Pit was established with additional drilling with a hanging wall of TMS at 3m to 36m.
- The pit is about 5m to 6m deep in the deepest part and TMS has been exposed over 50m along the WNW-ESE direction.



Above: Aerial Image of the Ishuko Sampling Pit

Below: Geological Plan of the Ishuko Bulk Sampling Pit



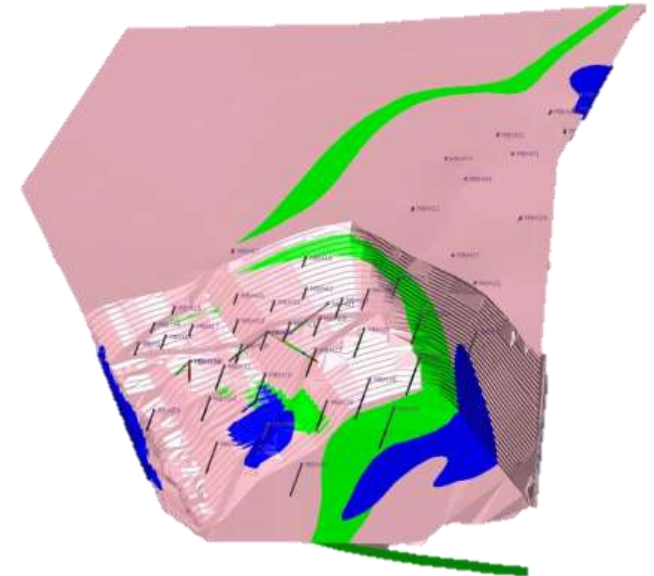
Mbuva-Chibolele

- Mbuva-Chibolele property has all the detailed exploration work completed and ready for immediate action for bringing it up to operational level.
- This operation could be started quickly with the previous data scheduling high wall development along the dip length toward the south.



Above: Aerial Image of the Mbuva-Chibolele Pit and License

Below: Geological Plan of the Mbuva-Chibolele Pit



The Results

- Gemfields is committed to the long-term re-capitalisation of the Kagem mine; it provided an interest free loan in excess of K580 million (US\$ 108 million) until June 2013 to keep the operation running at Kagem.
 - This policy has been directly responsible for Kagem's success in recent years, ensuring that Kagem – and Zambia as a Nation – is increasingly recognised as a global leader in the coloured gemstone industry, and allowing Kagem to become the single largest emerald industry contributor to Zambia's National Economy, despite it being just one of Zambia's numerous registered emerald producers and exporters.
 - The approach has already turned Kagem around, from a long history of loss making to one where it has been able to increase achievable prices on the global markets almost tenfold and where it has been able to contribute more than KR 2,436 million (US\$ 324.9 million) to Zambia's direct foreign earnings.
 - All these earnings have been repatriated back to Zambia, where they have been used to settle old debts inherited from the previous management and allow Gemfields to continually reinvest in the Kagem mine and the global marketing of Zambian emeralds.
 - It paid Corporate Tax for the first time in the history of Kagem.
 - It paid Dividends to its shareholders for the first time in the history of the company, now two times in a row.
-

The Results cont.

- Transparency introduced in emerald auction procedure by inviting Zambian Government stake holders, for e.g, representatives from the Ministry of Finance and the Ministry of Mines to participate in the auctions. The Director on the Board of Kagem, nominated by the Zambian Government, witnesses and approves the auction results in a Board Meeting before the official announcement of the results.
 - Enhanced revenue through sales strategy & marketing.
 - New sorting and grading system introduced in the company to increase sales revenue.
 - Zambia's image has improved immensely in the world market. Zambian emeralds are most sought after by the buyers now.
 - Emphasis is on improving the resource base of the mine.
 - Increased exploratory drilling, mapping of all pegmatites and resource calculations using mining software has improved the technical input of the mine.
-

Gemfields plc
15 April 2015

Wash Plant At Kagem



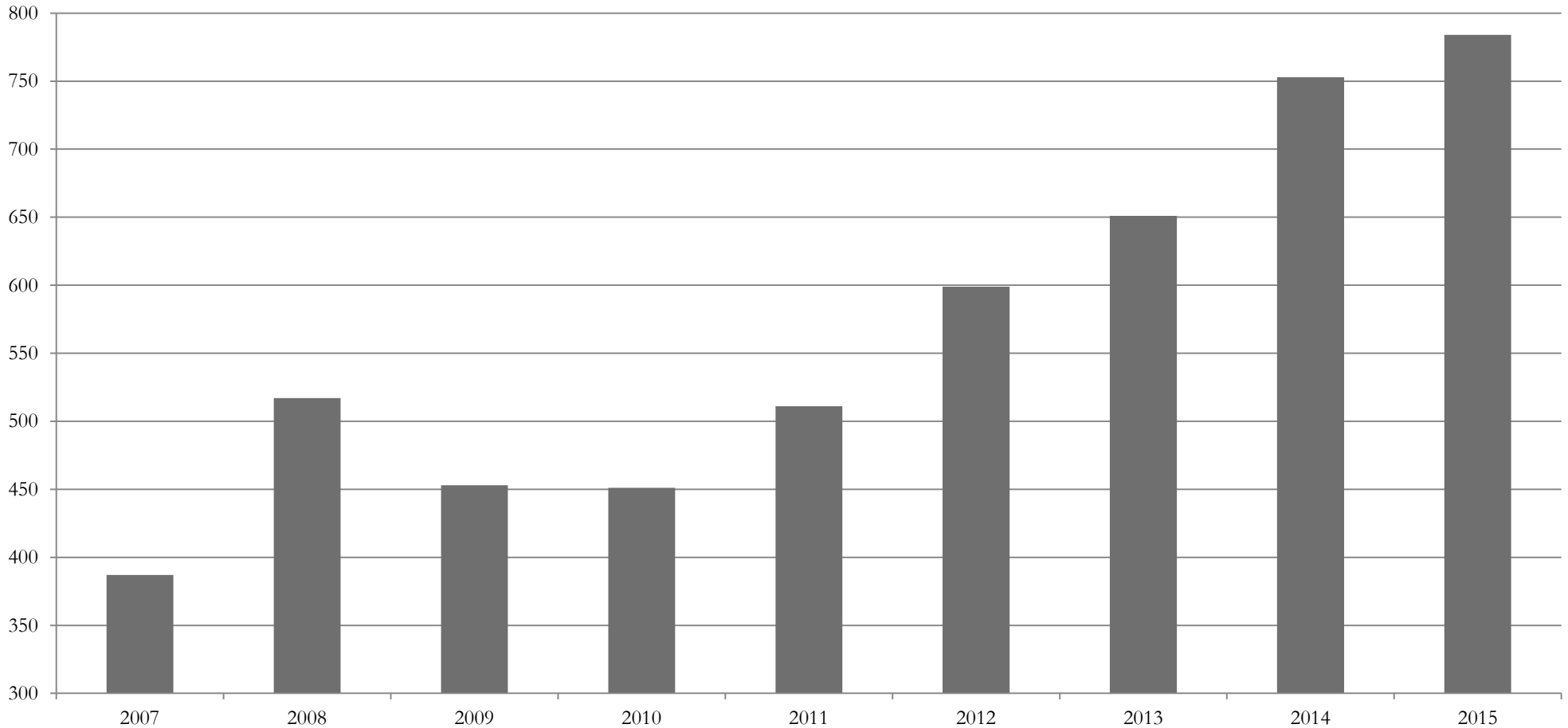
Grading and sorting *Zambian emeralds* at Kagem

- First time a grading system is formulated by Kagem / Gemfields for *Zambian Emerald*.
- This has helped the customers to get consistent supply of the *Zambian emerald* for their product.



Value Addition — Local Employment

Employment Opportunities Created at Kagem



Rough emerald and beryl sales (higher quality)

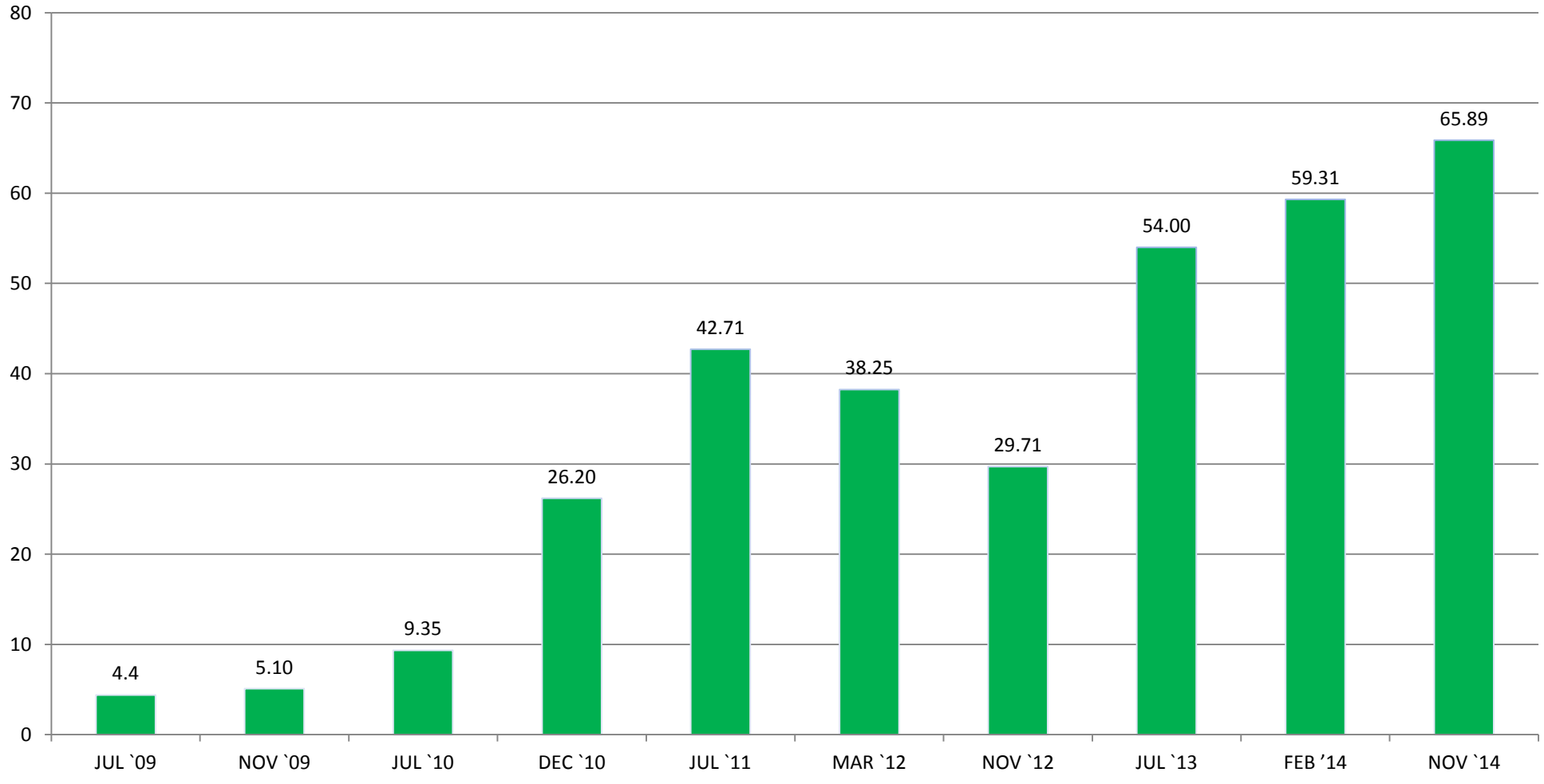
AUCTION RESULTS (HIGHER QUALITY)	JUL '09 AUCTION	NOV '09 AUCTION	JUL '10 AUCTION	DEC '10 AUCTION	JUL '11 AUCTION	MAR '12 AUCTION	NOV '12 AUCTION	JUL '13 AUCTION	FEB'14 AUCTION	NOV'14 AUCTION
Dates	20-24 Jul '09	23-27 Nov '09	19-23 Jul '10	6-10 Dec '10	11-15 Jul '11	19-23 Mar '12	29 Oct – 2 Nov '12	15-19 Jul '13	21-25 Feb'14	13-17 Nov'14
Location	London, UK	Johannesburg, SA	London, UK	Johannesburg, SA	Singapore	Singapore	Singapore	Lusaka	Lusaka	Lusaka
Carats offered	1.36 million	1.12 million	0.85 million	0.87 million	1.07 million	0.77 million	0.93 million	0.58 million	0.84 million	0.60 million
Carats Sold	1.36 million	1.09 million	0.80 million	0.75 million	0.74 million	0.69 million	0.90 million	0.58 million	0.62 million	0.53 million
No. of companies placing bids	23	19	37	32	38	29	35	36	34	34
Average no. of bids per lot	10	13	18	16	16	11	11	8	13	12
No. of lots offered	27	19	27	19	25	23	19	18	17	17
No. of lots sold	26	14	24	18	18	20	16	18	15	16
Percentage of lots sold	96%	74%	89%	95%	72%	87%	84%	100%	88%	94%
Percentage of lots sold by weight	99.8%	97%	94%	86%	69%	89%	98%	100%	74%	89%
Percentage of lots sold by value	82%	76%	87%	99%	91%	94%	90%	100%	86%	89%
Total sales realised at auction	US\$ 5.9 million	US\$ 5.6 million	US\$ 7.5 million	US\$ 19.6 million	US\$ 31.6 million	US\$ 26.2 million	US\$ 26.8 million	US\$ 31.5 million	US\$ 36.5 million	US\$ 34.9 million
Average per carat sales value	US\$ 4.40/carats	US\$ 5.10/carats	US\$ 9.35/carats	US\$ 26.20/carats	US\$ 42.71/carats	US\$ 38.25/carats	US\$ 29.71/carats	US\$ 54.00/carats	US\$ 59.31/carats	US\$ 65.89/carats

Rough emerald and beryl sales (lower quality)

AUCTION RESULTS (LOWER 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
Dates	11-15 Mar 2010	10-14 Mar 2011	21-25 Nov '11	9-13 Jun '12	15-19 Apr '13	11-15 Nov '13	5-8 Aug 2014	24-27 Feb 2015
Location	Jaipur, India	Jaipur, India	Jaipur, India	Jaipur, India	Lusaka, Zambia	Lusaka, Zambia	Lusaka, Zambia	Lusaka, Zambia
Type	Lower Quality	Lower Quality	Lower Quality	Lower Quality	Lower Quality	Lower Quality	Lower Quality	Lower Quality
Carats offered*	28.90 million	16.83 million	10.83 million	10.85 million	17.34 million	5.62 million	12.11 million	10.1 million
Carats Sold	22.80 million	12.98 million	9.82 million	3.47 million	6.30 million	4.94 million	11.58 million	3.9 million
No. of companies placing bids	25	44	27	20	25	20	21	21
Average no. of bids per lot	8	14	9	3	6	7	7	5
No. of lots offered	56	35	26	33	28	21	21	26
No. of lots sold	49	34	19	17	23	19	17	19
Percentage of lots sold	88%	97%	73%	52%	82%	90%	81%	73%
Percentage of lots sold by weight	79%	77%	91%	32%	36%	88%	96%	39%
Percentage of lots sold by value	89%	99%	80%	60%	76%	91%	88%	88%
Total sales realised at auction	US\$ 7.2 million	US\$ 10.0 million	US\$ 11.0 million	US\$ 9.0 million	US\$ 15.2 million	US\$ 16.4 million	US\$ 15.5 million	US\$ 14.5 million
Average per carat sales value	US\$ 0.31/carat	US\$ 0.77/carat	US\$ 1.12/carat	US\$ 2.61/carat	US\$ 2.42/carat	US\$ 3.32/carat	US\$ 1.34/carat	US\$ 3.72/carat

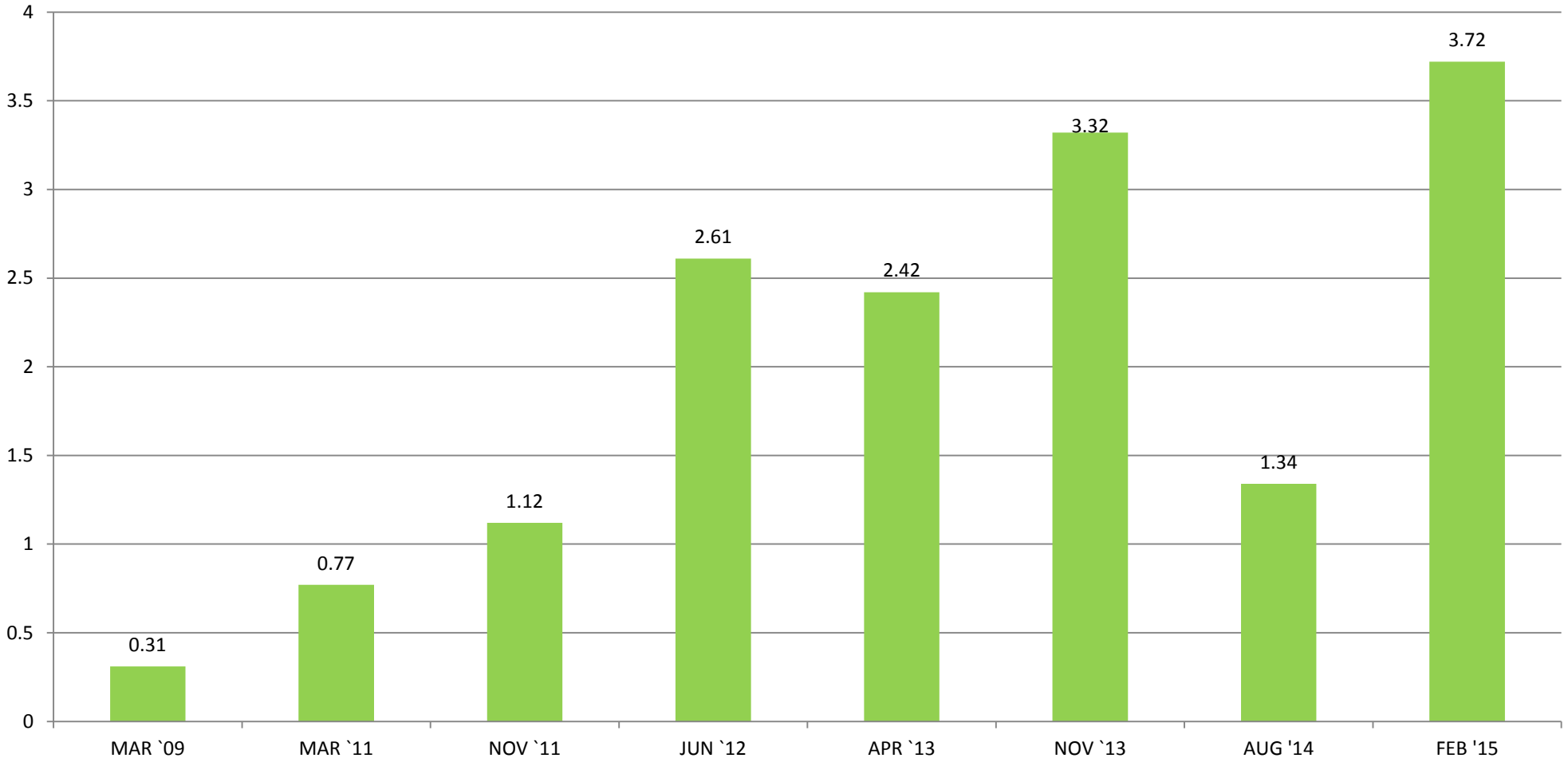
Kagem rough emerald and beryl auction: high grade

Actual Sales Price (USD/carat)
Calculated as: USD Received / Total Weight Sold



Kagem rough emerald and beryl auction: low grade

Actual Sales Price (USD/carat)
Calculated as: USD Received / Total Weight Sold



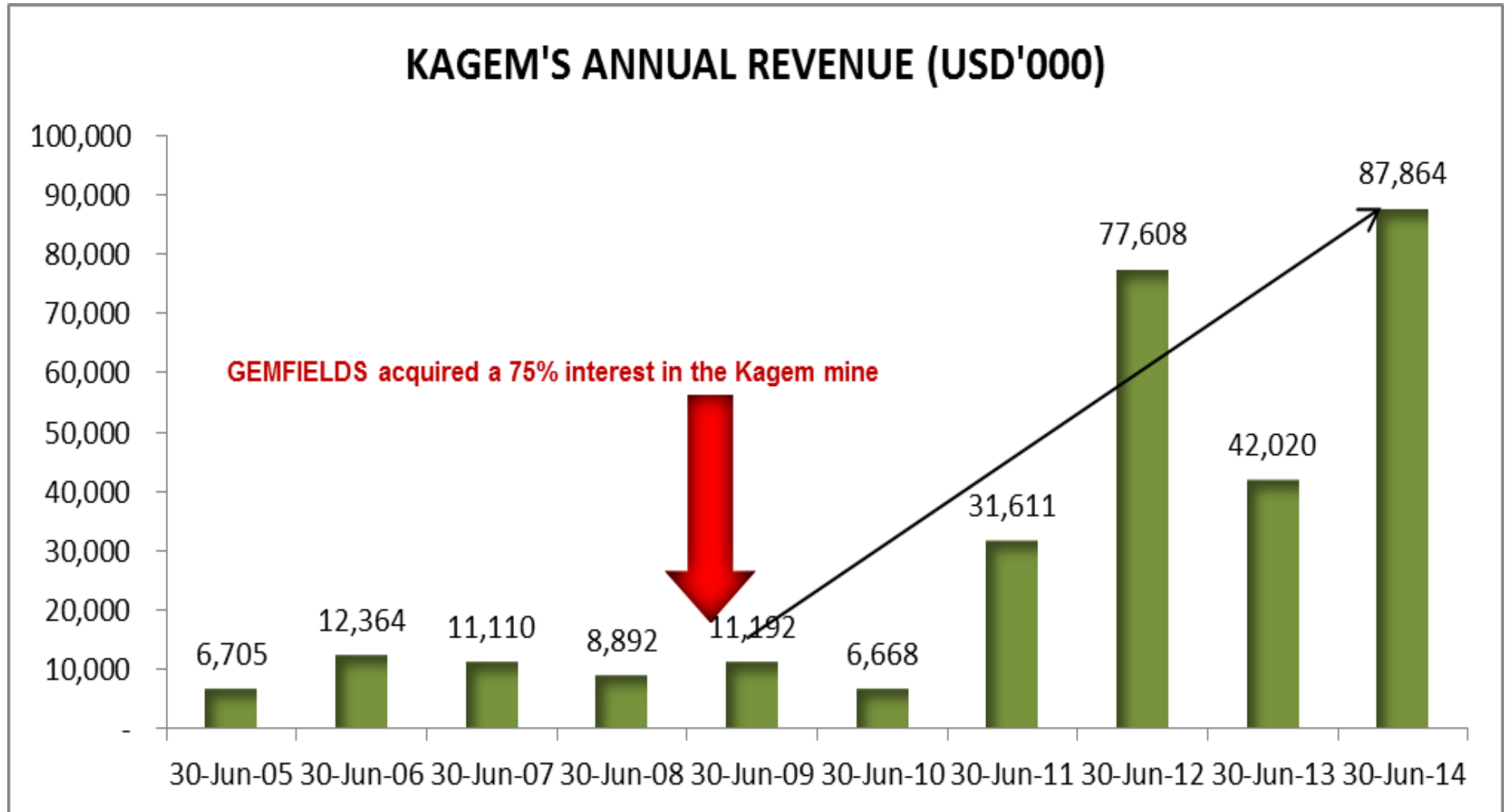
Gemfields plc
15 April 2015

Safety First

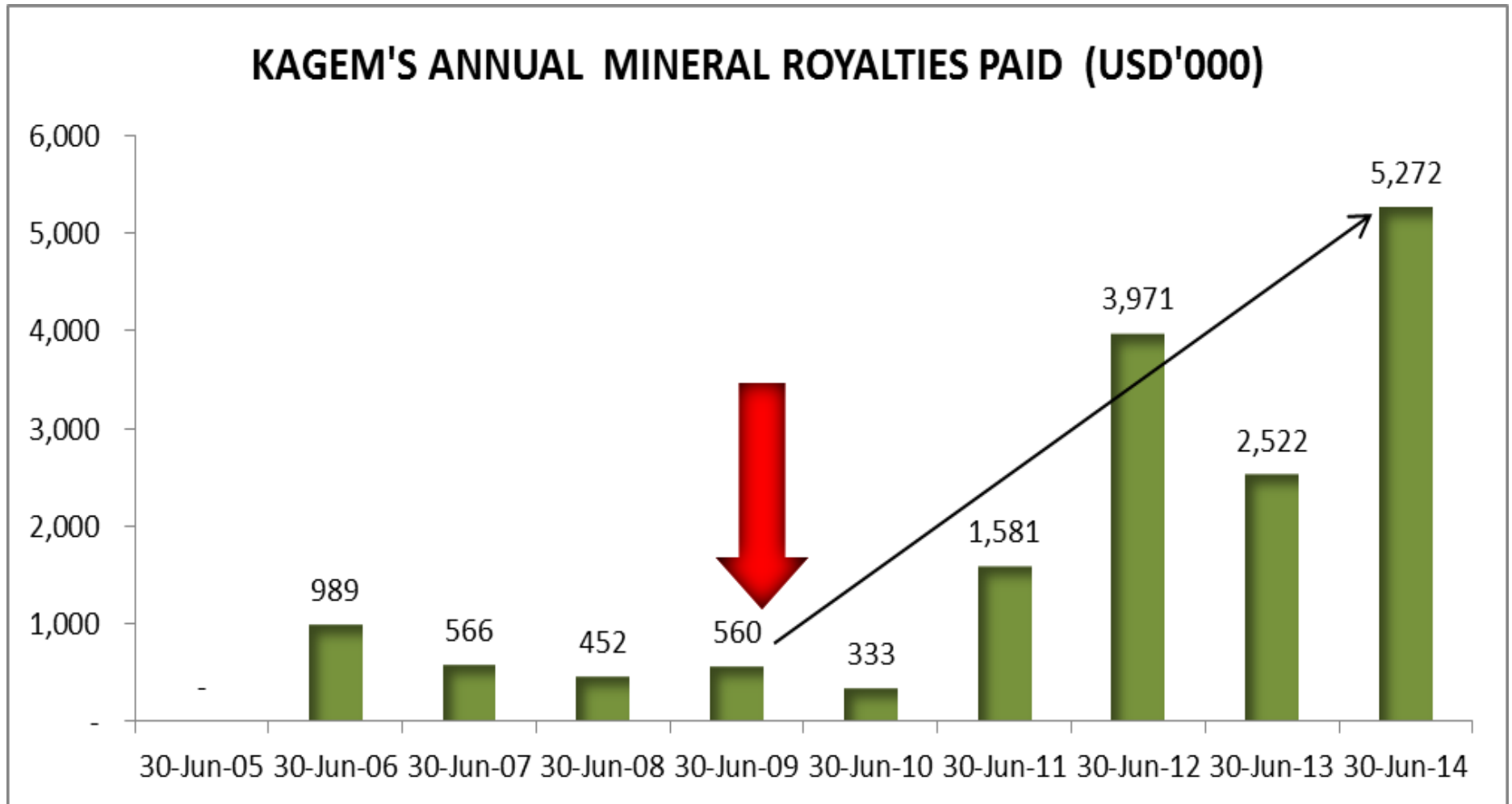
More than Three Million One Hundred injury free man-shifts recognised by the Mines Safety Department



Kagem revenues

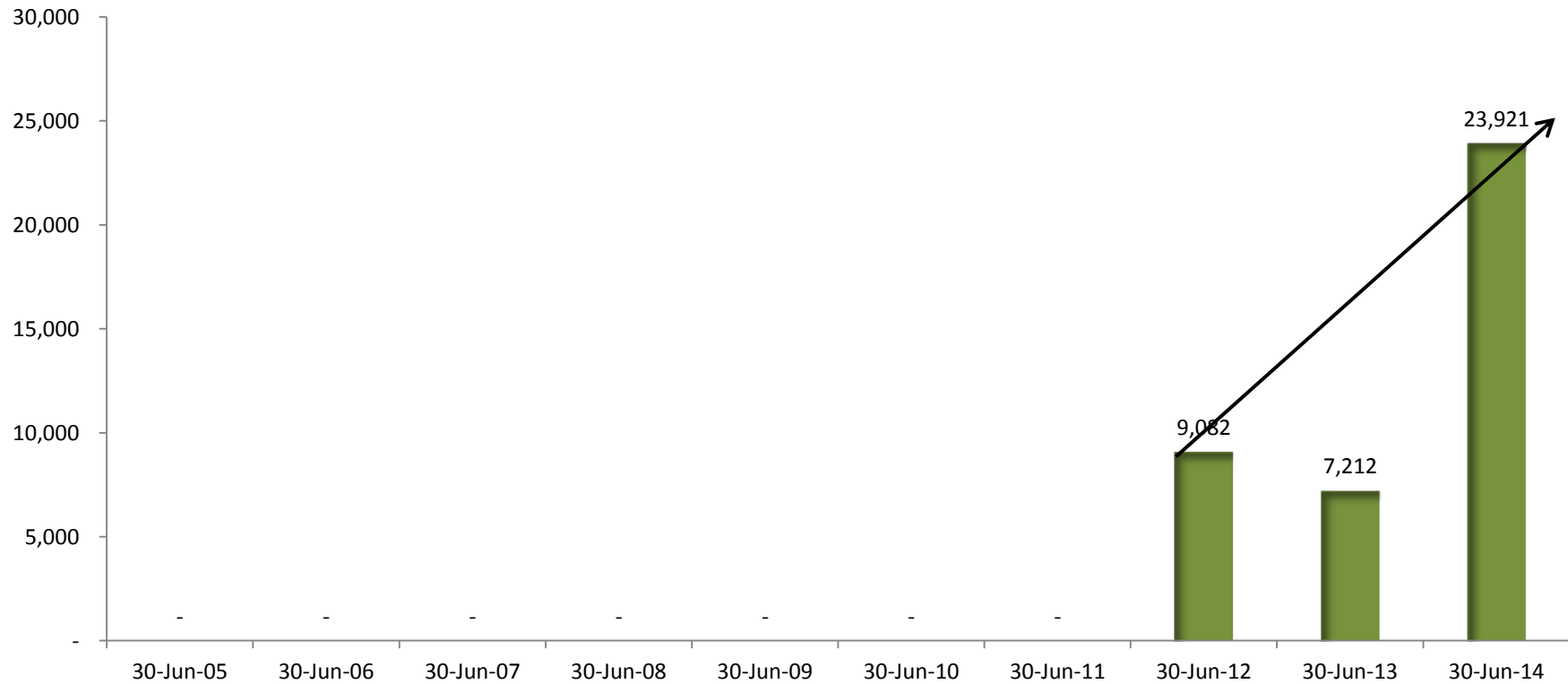


Royalties paid to Zambian revenue authority



Kagem profits

KAGEM'S ANNUAL CORPORATE TAX PAYABLE /PAID (USD'000)

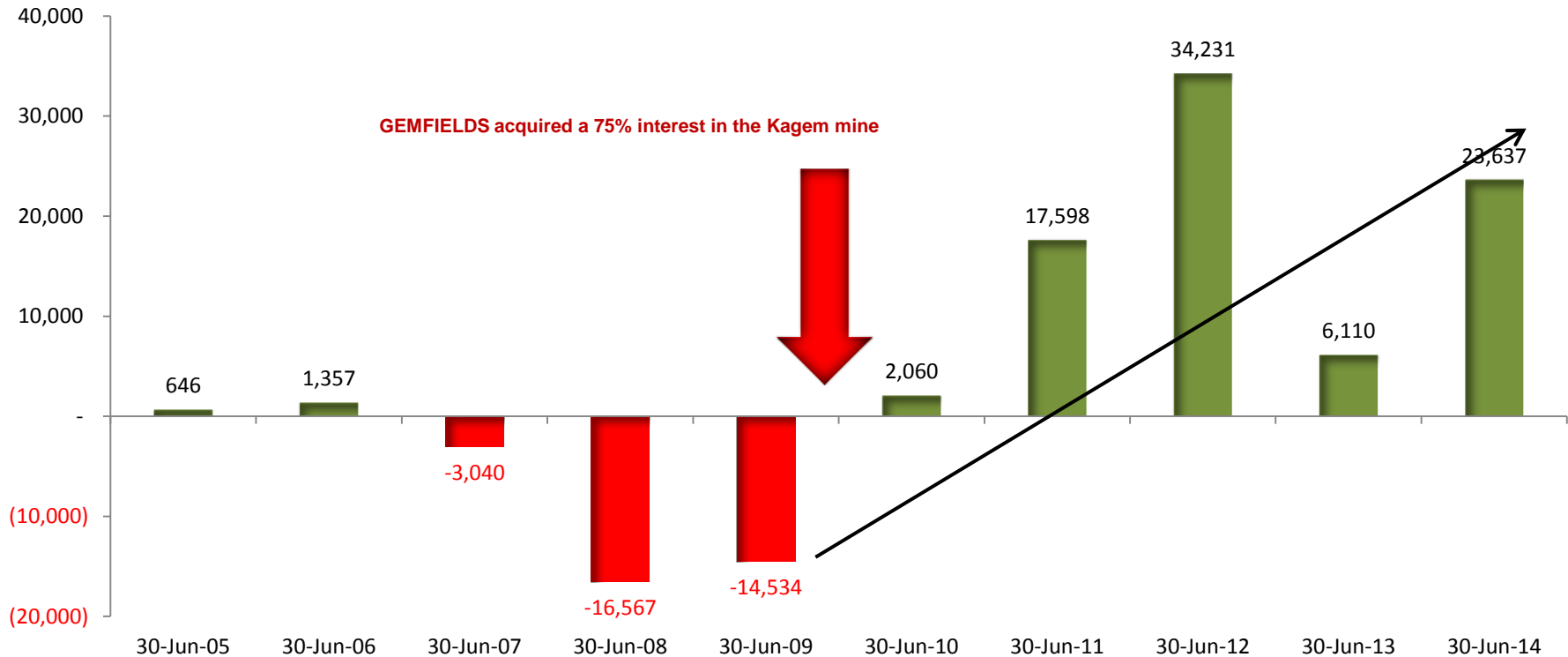


Clear local value addition demonstrated

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

Kagem profits

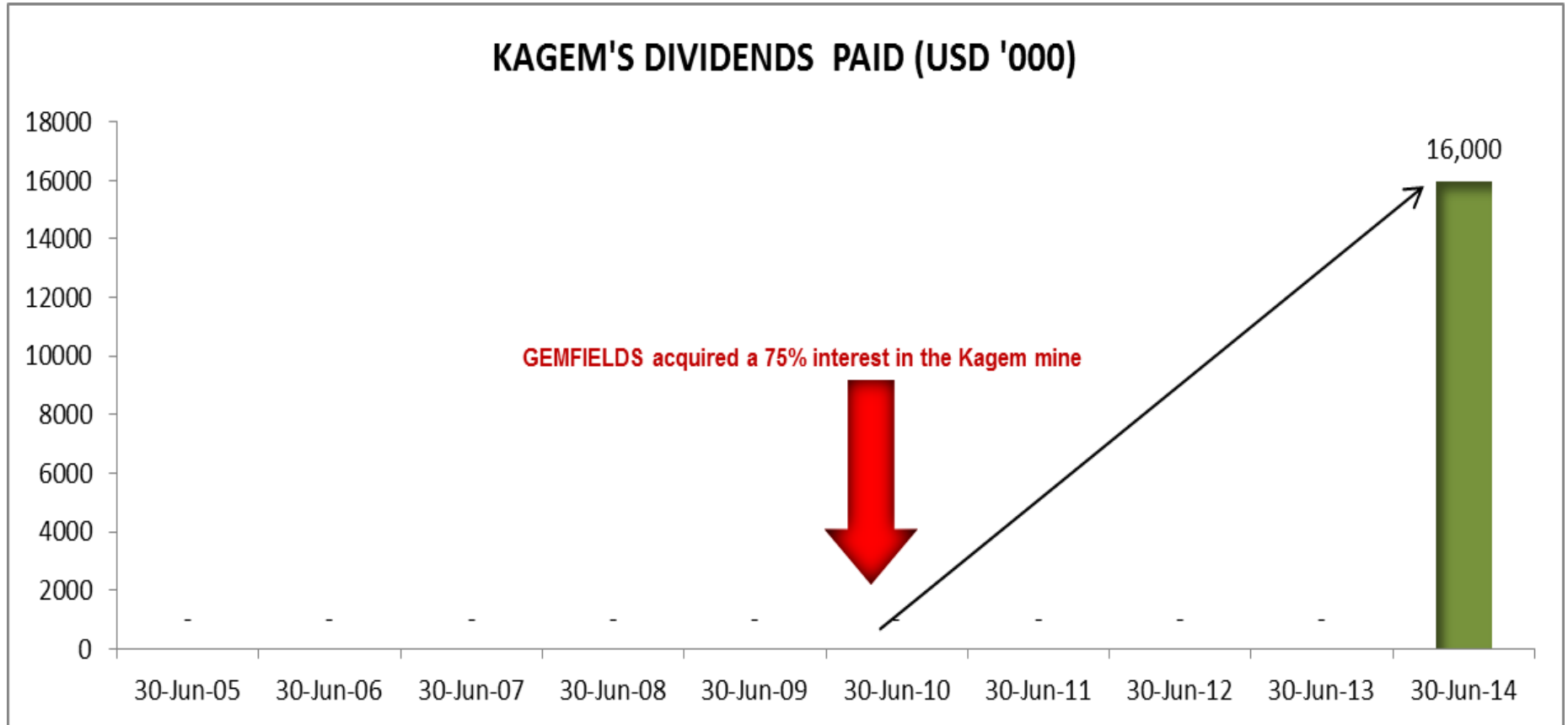
KAGEM'S ANNUAL PROFITS (USD'000)



Clear local value addition demonstrated

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

Kagem profits



Genfields plc
15 April 2015

The first ever dividend paid by Kagem in its 29 year history and the first such payment to the Government of Zambia from any gemstone operation in Zambia.



Minister of Finance, Government Republic of Zambia, Hon. Alexander Chikwanda receives a K10.94m dividend cheque from Kagem Mining Chairman William B Nyirenda, flanked by the company's Director Operations CV Suresh, Head-Finance Irvine Mwitwa.

Corporate Social Responsibility

The CSR policy aims to ensure that our projects enjoy the maximum possible impact through adopting a sustainable long term strategy including all the stakeholders — but most importantly the local population.

- Major stakeholders include traditional establishment, all government departments with particular interest, District Commissioner's Office, Local Council, certain Community and Faith Based Organizations, farm groups, etc.
 - This is aligned to our approach to government policies, objectives, targets, outlined in the Millennium Development Goals and The Vision - 2030.
 - Kagem recently had the ground breaking ceremony for both Chapula Secondary School and Nkana Health Centre (13 January, 2015). These 2 projects comprise the company's largest social investment into the local community and form the base of its 2015 CSR Programme at US\$ 1.3 million.
-

Corporate Social Responsibility

The company has identified, together with the community, areas that would be supported.

These sectors include the following:

- Education (Chapula Basic School, Kapila Community School, and Kafwaya Memorial Community School).
 - Health (Nkana Clinic, Pilala Health Centre, and CHAMP).
 - Food Security and Agriculture (Blessing Green Farms Cooperative, and Kapila Green Farms Cooperative).
 - Culture through its traditional establishment (Chief Nkana and Chief Lumpuma's Palace, respectively).
 - We have spent an excess over US\$ 500,000 up to date.
-

Corporate Social Responsibility

The Company has various projects with aim to help the local community.
The Company has a full fledged Community Project Coordinator in place for effective implementation.

School at Kapila & Chapula



Farmers at the Blessing Farms & Kapila Green Farms, fully supported by Kagem.



Primary Medical Facility at Nakana

Gemfields & Government in Partnership



FROM MINE TO MARKET



LEAVING AN ENVIRONMENT



FOR THE NATION!





Contact us

Gemfields Plc
54 Jermyn Street
London
SW1Y 6LX
United Kingdom

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

GEMFIELDS