

## Announcements - Gemstones Of Africa PLC - Option Agreement And Issue Of Equity

Gemstones of Africa Plc (AIM:GOA), is pleased to announce a collaboration and option agreement leading to a joint venture agreement on a group of emerald mining licences in Tanzania, Africa. GOA has the exclusive right to explore and mine for gemstones on six mining licences and one prospecting licence in Tanzania. Its partners are Obtala Resources Plc ("Obtala") and Obtala's subsidiary Mindex Invest Limited. It is also acquiring a prospecting licence with ruby potential by the same arrangement.

The six mining licences, granted for gemstones, occur in the Manyara area of Tanzania, adjacent to Lake Manyara. The Manyara area is known for a variety of gemstones including emeralds, alexandrite, ruby, garnet and spinet. These mining licences are contiguous covering a total area of 6km<sup>2</sup>. The prospecting licence is located at Matombo, in the Morogoro District, an area known for hosting ruby and other gemstones.

Under the terms of the option agreement the Company will acquire the sole right and option to purchase an initial twelve and a half per cent. beneficial interest in the licences in exchange for issuing common shares the equivalent of five per cent. of the Company's issued share capital to Obtala (Option 1), totalling 71,428,571 shares. This equity, which equates to a value of £446,428 (based on the closing price on 12 March 2009 of 0.625p per Ordinary Shares), will be placed in Obtala treasury and are expected to be admitted to trading on AIM on or before 19 March 2009.

If within 24 months of the completion of Option 1 GOA have incurred exploration expenditures in the aggregate amount of not less than US\$75,000, then GOA are further granted by Obtala the sole and exclusive right to a further additional twelve and a half per cent. beneficial interest in the licences (totalling twenty five per cent.).

Chief Executive David Hargreaves commented: "These licences, on the shore of Lake Manyara, are in a known emerald belt which has been worked for some years. They have the benefit of full mining rights, which should speed up the path to production. The company intends to pursue the principle of mine-to-market operation, servicing dedicated customer outlets. Tanzania is a fertile source of gemstones and offers a progressive investment profile."

### **For further information please contact:**

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### **Notes:**

Gemstones of Africa Group Plc. is the holding company of a mineral exploration and development group focusing on gemstone opportunities in Africa. The Group is led by a management team which has international experience of Gemstones and Mining in emerging markets worldwide. The Group's objective is to enter into joint ventures on a number of projects in East Africa and, ultimately, to increase the value of its assets through the development of these resources and where appropriate, commence production of these economically feasible assets.

The Group's strategy will focus on working with local partners to promote a 'mine-to-market' philosophy and develop fair trade principles. It is proposed to produce raw gemstones, undertake the cutting and market the finished quality gems to realise the full value of the assets. The Directors will utilise both internal and external expertise to develop the Mineral Assets and ensure that all gemstones are produced and marketed according to these fair trade principles.