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No statement in this presentation is intended as a profit forecast or profit estimate and no statement in the presentation should be interpreted to mean that earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings. The presentation also contains certain non-IFRS financial information. The Group’s management believes these measures provide valuable additional information in understanding the performance of the Group or the Group’s businesses because they provide measures used by the Group to assess performance. However, this additional information presented is not uniformly defined by all companies, including those in the Group’s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for or alternatives to, but rather as complementary to, the comparable IFRS measures such as revenue and other items reported in the consolidated financial statements.

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Information in this presentation is correct as at 31 January 2017
Agenda

- Gem Diamonds at a Glance
- Operational Overview
- Market and Pricing
- Financial Highlights
- HSSE Overview
Background

- Gem Diamonds is a leading global producer of high value diamonds
- Gem Diamonds has a clear focus on creating value through optimising the Letšeng mine and reviewing the development of the Ghaghoo mine in line with market conditions
- Gem Diamonds seeks to maximise revenue through its internal sales operation in Belgium and through capturing additional margin by pursuing the manufacturing of selected high-end value diamonds
- Gem Diamonds’ objective is to continue to deliver returns to shareholders through the payment of an annual dividend

Letšeng
- Located in the Maluti Mountains of Lesotho
- Famous for large, high quality, exceptional Type II diamonds
- Highest achieving average US$ per carat for a kimberlite mine in the world
- Three treatment plants with 1.6-1.8 million tonne annual throughput
- Two kimberlite pipes: Main pipe 17.0ha; and Satellite pipe 5.2ha

Ghaghoo
- Located in the South-East portion of the Central Kalahari Game Reserve
- Kimberlite pipe 10.4ha in size
- 25 year mining lease from 2011
- Underground mine: access decline through approx. 80 vertical metres of sand overburden
- First underground mine of its kind in Botswana
Remarkable recoveries from Letšeng

- **Letšeng Legacy** 493ct (2007)
- **Letšeng Star** 550ct (2011)
- **Letšeng Destiny** 314ct (2015)

- **Lesotho Promise** 603ct (2006)
- **Leseli La Letšeng** 478ct (2008)
- **Yellow** 299ct (2014)
- **Letšeng Dynasty** 357ct (2015)
Operational Footprint

Gem Diamonds
Limited
UK, BVI
2 employees

Gem Diamonds Sales, Marketing and Manufacturing
Belgium
8 employees

Ghaghoo Mine
Botswana
309 employees/contractors

Gem Diamond Technical Services
South Africa
24 employees

Letšeng Mine
Lesotho
1 829 employees/contractors
Main pit at Letšeng open-pit mine

Operations - Letšeng
Letšeng continues to implement an optimised life of mine plan to significantly enhance the mine’s net present value

- All Injury Frequency Rate (AIFR) at a historical low
- Production targets and annual guidance achieved
- Waste mining ramp up continues with additional fleet and fleet management system implemented
- 1.7 million tonnes of Satellite pipe contribution in 2016
- Optimisation of coarse recovery and diamond recovery plant
  - Refinement of XRT sensitivities
  - Large-diamond specific recovery plant currently being assessed
- Productivity improvement projects implemented to minimise costs and increase performance
- Robust security systems
Processing plant at Ghaghoo underground mine
2016 Operational Performance

Ghaghoo

• Development of the mine under review due in light of current market conditions

• Block 2 development nearing completion

• Downsizing strategy complete
  • Production rate reduced to 300 000 tonnes per annum
  • Operating costs reduced sustainably

• Price weakness for Ghaghoo diamonds
  • US$ 210 per carat in early 2015
  • US$ 142 per carat in late 2016

• Decision on future of Ghaghoo to be made in Q1 2017
88.43 carat white Letšeng diamond sold for c.US$ 48,000 per carat in 2016
The US remains the most important market for diamonds (over 45% of demand) and growth outlook for 2017 is positive.

China has been a strong growth engine for diamonds (2009-2014 CAGR of 18%). Following a period of slower growth the diamond market in China seems to have stabilised. Although inventory levels remain high, expectations for Chinese New Year sales are positive.

India continues to be an important player in the global jewellery and diamond market, although the Indian demonetisation had a negative impact in late 2016 and is expected to continue into 2017.
Diamond Pricing

Letšeng

- Notwithstanding fewer large high quality diamonds being recovered in 2016, prices for these rough diamonds remained firm.

Ghaghoo

- Continued weakness in prices for these diamonds.
- Market for Ghaghoo goods continues to be under pressure.

Letšeng 6 and 12 month rolling $ per carat
Sales, Marketing and Manufacturing Overview

Sales and marketing

- Flexible sales strategy to capitalise on opportunities in both the rough and polished market
- Robust prices achieved for Letšeng’s high quality production in challenging market conditions
- Letšeng sale highlights:
  - 34 rough diamonds achieved value greater than US$ 1 million each
  - 11.78 carat pink diamond achieved US$ 187 000 per carat
  - 12.31 carat pink diamond achieved US$ 109 677 per carat
  - 93.90 carat white diamond achieved US$ 56 561 per carat

Manufacturing

- Downstream manufacturing and partnering activities continued in 2016 to maximise value in accordance with prevailing market conditions
- 339.90 carats at a value of US$ 12.6 million were partnered / extracted for own manufacturing
- Uplift on polished sales (previously extracted rough diamonds) achieved 14%
CAT777 truck at Letšeng mine
Financial Highlights

*2016 figures are due to be released on 15 March 2017. The 2016 figures below represent current market consensus*

**Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Millions</td>
<td>202</td>
<td>213</td>
<td>271</td>
<td>249</td>
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</tr>
</tbody>
</table>

**EBITDA**

<table>
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<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Millions</td>
<td>67</td>
<td>79</td>
<td>106</td>
<td>104</td>
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</table>

**EPS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>US cents</td>
<td>13.10</td>
<td>16.85</td>
<td>25.76</td>
<td>30.20</td>
<td></td>
</tr>
</tbody>
</table>

**Attributable profit (before exceptional items)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Millions</td>
<td>17</td>
<td>21</td>
<td>33</td>
<td>42</td>
<td></td>
</tr>
</tbody>
</table>
Fresh water dam at Ghaghoo mine
2016 HSSE Performance

- Group – Five Lost Time Injuries
- Group – AIFR 1.83 (2015: AIFR 2.75)
- Zero stakeholder or environment incidents
- Continued implementation of international best practice in respect of environmental and social responsibility
HSSE Overview - Group CSI initiatives

Lesotho
- Local farmers at the Wool and Mohair project
- Butha Buthe Vegetable project
- Herd-boy participating in the Letšeng Community Grazing Initiative

Botswana
- Lephepe Primary school Vegetable Garden project
- Lephepe landfill waste dumping site
- Kaudwane Primary school adopted by Ghaghoo
Thank you
Annexure 1 - Gem Diamonds capital structure

**Major shareholders**

As at 31 January 2017

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graff Diamonds International Limited</td>
<td>15.11%</td>
</tr>
<tr>
<td>Lansdowne Partners Limited</td>
<td>14.98%</td>
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<tr>
<td>Majedie Asset Management</td>
<td>6.96%</td>
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<tr>
<td>Gem Diamonds Holdings Limited</td>
<td>6.74%</td>
</tr>
<tr>
<td>Aberforth Partners LLP</td>
<td>5.56%</td>
</tr>
<tr>
<td>Lazard Asset Management</td>
<td>5.12%</td>
</tr>
<tr>
<td>Other Directors’ holdings</td>
<td>1.57%</td>
</tr>
</tbody>
</table>

**Company officers**

- **Clifford Elphick**: Chief Executive Officer
- **Glenn Turner**: Chief Legal and Commercial Officer
- **Michael Michael**: Chief Financial Officer
- **Johnny Velloza**: Chief Operating Officer

Gem Diamonds Limited is listed on the Main Board of the London Stock Exchange LSE: GEMD

- **Daily average trading volume across all platforms (last 6 months)**: 110k
- **Shares in issue**: 138,361,439
- **Free float (excl. holders above 5%, ESOP and Directors holdings)**: 56.3%
- **Share price (31 January 2017)**: £1.23
- **Market capitalisation (millions)**: £170 / US$214

**Gem Diamonds share price performance since 1 January 2016**

SOURCE: FactSet via JPMorgan Cazenove