Six Months of Progress

Interim Results Presentation
September 2007
HIGHLIGHTS > Six Months of Progress

- IPO raised US$635 million
- Growth strategy implemented via organic and acquisitive expansion
  - Gope in Botswana acquired for US$34 million
  - BDI Mining acquired for US$80.1 million
  - Kimberley Diamond Company under offer for US$263 million
- Significant increase in Group resource from 14.9 million to 36.8 million carats
- Operating profit for the period of US$16.8 million on a revenue of US$69.8 million
- Key asset Letšeng Mine producing ahead of plan
- 494 carat diamond recovered on 7 September at Letšeng Mine
HIGHLIGHTS > Corporate

- Gem Diamonds expected to enter FTSE 250 Index on 21 September 2007
- Depth and experience of management team increased
- Board strengthened:
  - Roger Davis appointed Chairman
  - Lord Renwick appointed non-Executive Director
HIGHLIGHTS > Operational

- Year to date Letšeng production strong
  - Tonnes processed increased by 20% to 1.9 million
  - Satellite pipe grade of 2.26 cpht (CPR: 1.98 cpht) and main pipe grade of 1.37 cpht (CPR: 1.23 cpht)
  - Satellite pipe price achieved of US$1 894 (CPR: US$1 608) and main pipe US$1 128 (CPR: US$1 240)
- Letšeng double up on schedule for full production second quarter 2008
- Mine built and operational at Mbelenge in DRC
- Gope feasibility study underway for 6mtpa operation
- Lubembe dredging delivering expected grades
- Plans to expand Cempaka operations initiated
HIGHLIGHTS > Financial

- Gross capital raised of US$635 million from the issue of 34,100,000 shares
- Revenue earned of US$ 69.8 million
- Operating profit of US$16.8 million
- Net profit after tax of US$16.3 million
- Attributable earnings of US$7.9 million – 15 US cents per share
INVESTING ACTIVITIES

- **US$606 million net capital raised**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Botswana</td>
<td>34</td>
<td>8</td>
</tr>
<tr>
<td>Indonesia</td>
<td>80</td>
<td>13</td>
</tr>
<tr>
<td>DRC</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>CAR</td>
<td>1</td>
<td>3</td>
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<tr>
<td>Australia</td>
<td>-</td>
<td>271</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>130</strong></td>
<td><strong>322</strong></td>
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RESOURCE UPDATE

- Total in situ resource increased from 14.9 million to 36.8 million carats
- Probable reserves increased by 16% from 1.3 million to 1.5 million carats
- Letšeng price per carat for remaining resource (main and satellite pipes) increased by 14% to from US$1,307 to US$1,488
- Gope resource increased from 15 million to 18.8 million carats at indicated level of confidence
- Cempaka resource doubled to 2.6 million carats
- CAR resource decreased from 1.5 million to 0.9 million carats post Le Buckle sampling
RESOURCE UPDATE > Resource analysis by category

30 September 2006

- Deposits: US$1bn
- Probable Reserves: US$1.7bn
- Inferred Resources: US$2.5bn

Total carats 14.9 million
In situ value US$5.3 billion

30 June 2007

- Deposits: US$1.2bn
- Probable Reserves: US$1.9bn
- Inferred Resources: US$3.5bn
- Indicated Resources: US$2.5bn

Total carats 36.8 million
In situ value US$9.2 billion

Overall resource increase of 78% of in situ value to US$9.2 billion
In situ value US$5.3 billion

In situ value US$9.2 billion

Resource base now significantly more diversified across five countries
LESOTHO > Creating long term value at Letšeng

- Production statistics significantly enhanced
  - Tonnes processed increased 20% to 1.9 million for 6 months
  - Satellite pipe grade of 2.26 cpht (CPR: 1.98 cpht) and main pipe grade of 1.37 cpht (CPR: 1.23 cpht)
  - Satellite pipe price achieved of US$1 894 (CPR: US$1 608) and main pipe US$1 128 (CPR: US$1 240)

- Plant construction on track for Q208 double up
  - Construction running to schedule
  - Final cost, incl scope changes, within 15% variance of original estimate

- Rewarding investment for Gem Diamonds
  - 70% acquired for net cash price of US$118 million
  - NPV maximisation is next key driver
    - Possibility of further expansion
    - Downstream margin capture
BOTSWANA > Establishing a kimberlite mine at Gope

- Acquired Gope for total cost of US$34 million
- Appointed experienced management team for Botswana conditions
- Initiated discussions with Government, NGO’s and Interested and Affected Parties
- Feasibility study commenced for 6mtpa mine
- Mining License Application process underway

<table>
<thead>
<tr>
<th>KEY STATISTICS</th>
<th>US$</th>
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</thead>
<tbody>
<tr>
<td>Revenue per tonne</td>
<td>± US$24.00</td>
</tr>
<tr>
<td>Estimated cost per tonne</td>
<td>± US$15.00</td>
</tr>
<tr>
<td>Life of mine</td>
<td>± 15 years</td>
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<tr>
<td>Estimated capital expenditure (including pre-strip)</td>
<td>± US$0.5 bn</td>
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</tbody>
</table>
INDONESIA > Progress on high value alluvial mine at Cempaka

- Acquired Cempaka at effective cost of US$53.6 million
  - Woodlark sold for US$26.5 million
- Management team strengthened
- Integrated Cempaka into Group operations
- Initiatives undertaken to improve conventional mining practice
  - Cost of US$16 million
- Geological mapping and drilling interpretation has resulted in increased resource
- Study into alternate mining methods to expand production, including large-scale dredging, commenced
DRC > Mines developed at Mbelenge and Lubembe

- **Mine built at Mbelenge**
  - Commissioning of 100tph plant started on time
  - Production levels behind schedule due to commissioning problems
  - Initial production from low grade areas

- **Lubembe dredge project in progress**
  - Trial mining confirmed grade and resource expectations
  - Upscaling of Lubembe to mine status progressing
  - Aqua sweeper dredges purchased, however delivery late and design shortcomings
  - First parcel of diamonds sold at prices in line with expectations

- **Longatshimo trial mining scheduled for mid 2008**
  - Initial pit sampling of terraces and flats progressing successfully

- **Kimberlite exploration**
  - Reconnaissance aeromagnetic data re-processed and re-interpreted
  - 56 anomalies in Lubembe and 23 in the Longatshimo identified
  - 21 drilled, two identified for follow-up
OTHER > Development projects

- **CAR – Mambéré**
  - Undertook pitting and sampling of Le Buckle
  - Commissioned bulk sampling plant in April 2007
  - Geological model complex
  - Expected grades not confirmed
  - Exploration continues and investigating further in-country opportunities

- **Angola – Chiri**
  - Site visited – kimberlite crater facies partially exposed
  - Project budget nearing finalisation
  - Mobilisation to follow budget approval
KIMBERLEY DIAMOND COMPANY > Acquisition update

- Offer for Kimberley Diamond Company made 19 July 2007
- Offer price of A$ 0.70 values Kimberley at US$ 263 million, 9.4% premium to 30 day VWAP, 1.6% premium to 90 day VWAP
- Bidders’ statement to Kimberley shareholders dispatched on 17 August
- Short term funding of A$10 million provided to Kimberley for working capital
- Defined by FSA to be a Category 1 transaction for Gem Diamonds
  - Circular to Gem Diamonds shareholders expected to be dispatched in last week of September
  - EGM to be held late October, requires 50% majority
- Transaction expected to close late 2007
- Break fee of 1%
KIMBERLEY DIAMOND COMPANY > Rationale

- Provides short to medium term production and cash flow

- Scope for operational and efficiency improvements at Ellendale with targeted throughput of ± 9 mtpa by 2009

- Diamond prices achieved show scope for upward movement

- Fancy yellow diamonds compliment Letšeng high value production

- Diversification into developed economy with stable political environment

- Increases resource base by US$1 billion
KIMBERLEY DIAMOND COMPANY > Rationale

2007

- Botswana US$2.5bn
- Indonesia US$0.9bn
- CAR US$0.2bn
- DRC US$1bn

Lesotho US$4.7bn

In situ value US$9.2 billion

2007 incl Ellendale

- Botswana US$2.5bn
- Indonesia US$0.9bn
- CAR US$0.2bn
- DRC US$1bn
- Lesotho US$4.7bn

In situ value US$10.1 billion

Ellendale further diversifies and enlarges the Group diamond resource
FINANCIAL RESULTS > Income Statement

- **Revenue of US$69.8 million reflect strong performance from Letšeng**
  - Carats sold 39 204 (2006: 30 549)
  - Average price per carat of US$1 776 (2006: US$1 244)
- **Cost of sales of US$33.9 million largely attributable to Letšeng**
- **Central costs incurred of US$8.4 million for six months**
  - Expected to be US$15 million annualised on an ongoing basis
- **As outlined at IPO, share based payments to NED’s and staff amounted to US$14.2 million**
- **Foreign exchange gain of US$5.1 million from IPO funds converted, the Company does not actively hedge forex risk**
- **Interest of 5.05% earned on cash on deposit**
- **Attributable earnings of US$7.9 million, 15 US cents per share**
FINANCIAL RESULTS > Balance Sheet

- PPE relates to mining assets, plants and capital work in progress at Letšeng and Cempaka
- Asset classified for sale is Woodlark Gold Project
  - Sold for U$26.5 million in cash in August 2007
- US$15.6 million of outstanding convertible bonds issued in October 2006
  -Convertible to approximately 800,000 shares
- Trade and other payables of US$31.5 million are mainly Letšeng Diamonds and Cempaka trade creditors, creditors on the second plant at Letšeng and monies owing on BDI Mining acquisition
FINANCIAL RESULTS > Cash Flow Statement

- US$51.9 million in cash at start of period
- Net cash raised of US$606 million from issue of 34 100 000 shares
- US$106.4 million net cash applied to the acquisition of new assets Gope and Cempaka
- US$32.1 million was invested in PPE
- US$16.2 million was invested in Kabongo Development Company by way of a loan granted
- Current cash balance allocated for remaining six months of the financial year as follows:
  - US$4.1 million for BDI Mining
  - US$8.25 million working capital loan to Kimberley
  - US$60 million for the development of assets in Botswana, Indonesia, the DRC and CAR
  - US$263 million for Kimberley acquisition, of which US$39 million has been used to acquire 14.9%
CONCLUSION > On track for solid progress in 2007

- Solid maiden results with an operational profit
- Expected to move to the FTSE 250 Index by the end of September 2007
- Two acquisitions completed and a third in progress
- Diamond resource base expanded and diversified
- Exceptional results and recoveries at Letšeng
- Progress under difficult circumstances in the DRC
- Board composition strengthened
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