RBC Diamond Conference 2010
London: 16th April
Toronto: 20th April
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Gem Diamonds

- Gem Diamonds
  - Focused on higher value diamonds
    - In 2009 diamond prices at Letšeng averaged US$1 534/ct
    - In 2009 diamond prices for Ellendale’s fancy yellow diamonds averaged US$2 480/ct
- Safety is a main priority and in March 2010 Gem achieved 1.7 million man hours worked since the last LTI in November 2009
- Gem Diamonds maintained profitability during the worst recession faced by the diamond industry
- Cost reductions were driven across the group in 2009 resulting in central costs falling some 40 percent
- Operating efficiencies were enhanced across operating mines
- 2009 attributable profit of US$15.5 million
- Gross cash of US$113.8 million at Dec 31 2009 and no debt
- Gem Diamonds focusing on internal and external growth opportunities
Diamond prices 2010—per quarter average

Letšeng ROM (adj)

Ellendale ROM (excl Tiffany yellows)

Ellendale Tiffany yellow production

(US$ per ct)

Q3 08 Q4 08 Q1 09 Q2 09 Q3 09 Q4 09 Q1 10

Of the two sales so far in April 2010:-

Letšeng has achieved an average price of US$1977 per carat and
Ellendale has achieved an average price of US$2550 per carat for the sales of yellow diamonds to Tiffany.
Main producers of +25¢ rough diamonds

<table>
<thead>
<tr>
<th>Company</th>
<th>US$ per ct</th>
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<tbody>
<tr>
<td>Gem Diamonds</td>
<td>20,000</td>
</tr>
<tr>
<td>Alrosa</td>
<td>15,000</td>
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<tr>
<td>Endiama</td>
<td>10,000</td>
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<tr>
<td>Rockwell</td>
<td>5,000</td>
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<tr>
<td>De Beers</td>
<td>5,000</td>
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<tr>
<td>BHP</td>
<td>5,000</td>
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<tr>
<td>TransHex</td>
<td>25,000</td>
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<tr>
<td>Petra DRC</td>
<td>10,000</td>
</tr>
<tr>
<td>DRC</td>
<td>25,000</td>
</tr>
</tbody>
</table>

Size of bubble = relative value

Source: BB Diamond Services
Letšeng's market share of +25¢ elite goods

By mine...

<table>
<thead>
<tr>
<th>Mine</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>snap lake</td>
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<tr>
<td>Baken</td>
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<tr>
<td>Finsch</td>
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<td>Letlhakane</td>
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<td>Orapa</td>
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<td>Venezuela</td>
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<td>Koffiefontein</td>
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<td>S.Af. Remainder</td>
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<tr>
<td>Ekati</td>
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<tr>
<td>DRC</td>
<td></td>
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<tr>
<td>Victor</td>
<td></td>
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<tr>
<td>Cullinan</td>
<td></td>
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<tr>
<td>Catoca</td>
<td></td>
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<tr>
<td>Venetia</td>
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<tr>
<td>Nyurba</td>
<td></td>
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<tr>
<td>Aikhal</td>
<td></td>
</tr>
<tr>
<td>Angola (ex Catoca)</td>
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<tr>
<td>Jwaneng</td>
<td></td>
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<tr>
<td>Udachny</td>
<td></td>
</tr>
<tr>
<td>Mimy</td>
<td></td>
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<tr>
<td>Letseng</td>
<td></td>
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</tbody>
</table>

At $84m we estimate Letšeng's market share of +25¢ Elite goods to be 31%

... or by company

- Rockwell
- TransHex
- SA
- BHP-B
- DRC
- Petra
- Endiama
- De Beers
- Alrosa
- Gem

Source: BB Diamond Services
Note: Accounts for +/− 95% of +25¢ production
Letšeng, Lesotho

- In 2009 Letšeng produced over 700 rough diamonds larger than 10.8 carats – 78% of revenue
- 2009 strategy aimed at profitability and cash flow generation in recession
- 2009 EBITDA US$58.5m
- 2009 cash cost per tonne of $10.80 (2008 - $11.69)
- 2010 organic growth workstreams
- 2010 August: current marketing contract ends
- 2010 focused sales opportunities including beneficiation
Examples of internal operational opportunities

**High Pressure Grinding Rolls**
- Increased effective gap width.
- Increased production of fines.
- Debottlenecking of downstream processes.
- Applications in secondary and tertiary crushing, specifically Letšeng.

**In Line Pressure Jigs**
- Less precise cut point (Tromp curve) than DMS.
- Reduced operating costs (power and FeSi).
- Reduce operating cut-off grades for fine material.
- Application in pre-concentrating DMS feed, specifically Letšeng.

**High volume X-Ray machines**
- 100 tph @ -50 + 20 mm material per unit.
- Replacement of DMS.
- Reduced power and FeSi costs.
- Application: initial replacement of fines DMS at Letšeng.

**Autogenous Milling**
- High capacity, low cost, simple process.
- Early liberation.
- Increased fines generation.
- Potential application on new projects.
Letšeng: Understanding the resource

Satellite Pipe
- NVK: Grade 1.81 cpht - Revenue $2100/carat
- SVK: Grade 2.29 cpht - Revenue $1800/carat

Main Pipe
- K North: Grade 1.45 cpht - Revenue $1800/carat
- K6: Grade 2.51 cpht - Revenue $1100/carat
- K South: Grade 1.13 cpht - Revenue $1900/carat
- K4: Grade 0.96 cpht - Revenue $1100/carat

*Revenue figures are for illustrative purposes only

De Beers Stockpile
- Grade 0.7cpht - Revenue $1100/carat
Ellendale, Australia

- 2009 production measures and targets achieved or exceeded
- Major supplier of rare fancy yellow diamonds
- 2009 average price for total Ellendale production achieved US$232/ct
- 2009 EBITDA US$11.0 million
- Continued focus on cost reduction:
  - 2009 cash cost per tonne US$13.82 (US$14.16 - 2008)
- Supply agreement concluded with Tiffany
  - Tiffany launch Ellendale yellow diamond range
  - First price review in September 2010
- Exploring expansion opportunities
Other internal opportunities

- **Gope:**
  - Ongoing resource evaluation
  - Mining licence negotiations to be continued in 2010
- **Chiri:** Ongoing evaluation for development
- **Cempaka:** Evaluating options
- **DRC:** Alluvial assets sold but a 65% automatic interest maintained in any economic kimberlites

An 0.48 carat Type IIb rare blue diamond recovered from sampling in Gope in Botswana
Outlook and strategy

- Encouraging supply / demand fundamentals
- Organic growth workstreams
- External growth opportunities
- Review of marketing strategy
- Continuation of beneficiation initiatives
Major Shareholders | 15 March 2010
---|---
Capital Group Companies | 15.31%
Lansdowne Partners Ltd | 12.34%
Blackrock Inc | 11.74%
Graff Diamonds International Ltd | 10.27%
Gem Diamond Holdings Ltd (held in trust for Clifford Elphick) | 6.74%
Mirabaud Investment Management | 4.98%
Legal & General | 4.13%
Other Director’s holdings (not including Clifford Elphick) | 2.25%

Company Officers
- Clifford Elphick: Chief Executive Officer
- Glenn Turner: Legal and Commercial Officer
- Kevin Burford: Chief Financial Officer
- Alan Ashworth: Chief Operations Officer
- Richard Chetwode: Head of Investor Relations

Gem Diamonds Ltd is listed on the Main Board of the London Stock Exchange and is a member of the FTSE 250 Index

<table>
<thead>
<tr>
<th>Shares in Issue</th>
<th>138,267,181</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share price (14th April 2010)</td>
<td>£2.90</td>
</tr>
<tr>
<td>Market Capitalisation</td>
<td>£400.5 million</td>
</tr>
</tbody>
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