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The presentations contain forward-looking statements which are subject to risk and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to the Group’s projected growth opportunities. Some of the factors which may cause actual results to differ from these forward-looking statements are discussed in certain slides of the presentation and others can be found by referring to the information contained under the heading “Principle Risks” in “The Business Review” in our Full Year 2012 Results Announcement which can be found on our website (www.gemdiamonds.com).

The presentations also contain 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.

Information in this presentation is correct as at 12 March 2013.
Strategy Progressed

**Growth**

Capital discipline

Project Kholo optimised:
- Reduced capex
- Diamond damage reduction
- Diamond security enhanced
- New crushers

Ghaghoo:
- Plant and camp completed
- Access decline advancing

Underperforming assets exited
- Chiri
- Ellendale

Expand manufacturing:
- Volume to be increased
- Generate revenue uplift

**Value Creation**

- Record carats recovered and sold at Letšeng
- Increased throughput and carats recovered and sold at Ellendale
- Extended resource at Letšeng
- Bank facilities implemented US$50m
- Revenues materially affected by lower US$/ct at Letšeng

**Sustainable Development**

- 4 Star in external SHE audit for all operations
- 32 months LTI-free at Ellendale in May 2012
- Boreholes in Botswana operational
- Wool & mohair project in Lesotho completed
- Bunuba Peoples Trust established
**Diamond Market**

- **2012** was a challenging year
- **Rough prices down 15%**
- **Factors** - declining polished prices, Euro crisis, liquidity
- **Q4 improvement in demand and prices**

**2013** has seen improved demand as a result of rough supply constraint

- **Improved polished trading**
- **Supply/demand imbalance**

Positive signs early in 2013, short term expected rough shortage should see some modest price rises perhaps accompanied by improving polished prices

Long term Increasing Supply - Demand imbalance set to drive prices upwards
Regrettably 3 fatalities and 5 other LTIs across the Group
1 000 days LTI-free at Kimberley in May 2012
4 Star ratings in external SHE audit for all operations
Improving Group-wide AIFR of 4.45
Zero major community incidents
Zero major environmental incidents
CSI expenditure of US$0.6m
OPERATIONAL REVIEW – LETŠENG
Record carat production, 114,350 carats, up 2%
Recovered grade of 1.75 cph, up 6%
Ramping up waste profile
Operational efficiencies
Continued focus on cost management
Project Kholo expansion review
Study into the underground mining of the Satellite pipe completed
19 holes drilled in 2012 including 4 deep resource extension holes
226 metres added to the Satellite pipe and 317 metres added to Main pipe
Mining in 2nd half of 2012 and 1st half of 2013 taking place only in the lower value Main pipe.
LETŠENG - PROJECT KHOLO UPDATE

- An update of Project Kholo announced in Dec 2012

Current status

- Development of Plant 3 on hold
- Replacement of secondary/tertiary crushers for Plants 1&2 (Q2 2013)
  - Reduce diamond damage
- Feasibility study underway for new stand alone Recovery Plant (Q2 2013)
  - Latest (Kholo) technologies
  - Reduce diamond damage
  - Improve efficiencies
  - Improve security
- Pre-Feasibility study into “Kholo Optimised” (Q4 2013)
  - Phased introduction of “Kholo” principles/technologies
  - Increased tonnage
  - Reduce diamond damage
  - Increased liberation
Letšeng – Addressing Diamond Damage

Problem:
- High incidence of type II diamonds
- Brittle and prone to damage
- High level of damage through traditional crushers

Immediate Solution:
- Studies done on Letšeng ore in Japan
- Liner configuration designed for Letšeng specific ore
- Improved nip angle and profile for better product
- Installation of Kawasaki Cybas i1200 crushers underway, to be completed by end Q2 2013

Expected Result / Further Opportunities
- Less damage = increased revenue
- Process modelling of the new crushers indicates far less damage
- Opportunity to reduce MCOS by 25% - better liberation
**LETŠENG – UPTSIDE OPPORTUNITIES**

**X-Ray transmissive technology**
- Tested at Letseng to recover type II diamonds
- Results indicate 100% recovery
- Old recovery tailings re-treated and US$12 million revenue generated
- Will enable the mine to recover large high value diamonds early in the process - less damage
- Will replace coarse DMS - less opex
- Proposal completed by Q4 2013

**Waste sorting**
- Near infra-red (NIR) waste sorting test-work underway
- Initial results indicate viability of the process
- Has the potential to remove internal and external waste dilution (up to 25% in some facies)
- Test-work and proposal completed by Q4 2013
Increased production for the 10 mtpa and 7.5 mtpa scenarios start in 2016

The 10 mtpa and 7.5 mtpa scenarios include increased liberation in the carat profiles

Optimising the various waste profiles remains an on-going work stream
Operational Review – Ellendale
**OPERATIONAL REVIEW – ELLENDALE**

- Carat production 155,996 cts, up 30%
- Tonnes ore mined 4.67mt, up 71%
- Tonnes treated 4.17mt, up 34%
- Disposed of to Goodrich Resources for US$15.3m
Ghaghoo Mine Development
Phase 1 production to commence mid-2014
**Ghaghoo Mine Development**

<table>
<thead>
<tr>
<th>Objectives of Phase 1</th>
<th>Current Status</th>
<th>Strategic Options</th>
</tr>
</thead>
</table>
| To prove up key metrics:  
  - Grade  
  - US$ per carat  
  - Milling characteristics for improved liberation  
  - Mining conditions | Phase 1 underway  
  - Total capex spent to end 2012: US$53m (capex budget: US$96m)  
  - Decline advanced c.350 metres  
  - Plant construction 90% complete  
  - Production to commence mid 2014 | U/G - Double up  
  U/G - Maximum production |

Results from Phase 1 will provide updated valuation metrics and underpin future strategy.
GROUP FINANCIAL PERFORMANCE

- Market factors - significant impact on revenues
- Capital discipline to protect balance sheet
- Positive cashflows and profits from Letšeng and through sales and manufacturing divisions
- Underperforming assets exited
- Facilities implemented
## Group Financial Performance

<table>
<thead>
<tr>
<th>US$ millions</th>
<th>2012 Before exceptional items*</th>
<th>2011 Before exceptional items*</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>202.1</td>
<td>306.1</td>
<td>(34%)</td>
</tr>
<tr>
<td>Royalty and selling costs</td>
<td>(19.1)</td>
<td>(26.5)</td>
<td></td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(103.3)</td>
<td>(97.8)</td>
<td></td>
</tr>
<tr>
<td>Corporate expenses</td>
<td>(14.2)</td>
<td>(15.3)</td>
<td></td>
</tr>
<tr>
<td><strong>Underlying EBITDA</strong></td>
<td>65.5</td>
<td>166.5</td>
<td>(61%)</td>
</tr>
<tr>
<td>Depreciation and Amortisation</td>
<td>(18.6)</td>
<td>(21.6)</td>
<td></td>
</tr>
<tr>
<td>Non cash and other items</td>
<td>2.8</td>
<td>5.6</td>
<td></td>
</tr>
<tr>
<td>Net finance income</td>
<td>1.3</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>51.0</td>
<td>152.6</td>
<td>(67%)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(18.4)</td>
<td>(52.9)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>32.6</td>
<td>99.7</td>
<td>(67%)</td>
</tr>
<tr>
<td>Attributable profit</td>
<td>17.1</td>
<td>61.5</td>
<td>(72%)</td>
</tr>
<tr>
<td><strong>Basic EPS (US cents)</strong></td>
<td>12</td>
<td>44</td>
<td>(72%)</td>
</tr>
</tbody>
</table>

*Excludes Kimberley
### Group Financial Performance

<table>
<thead>
<tr>
<th>US$ millions</th>
<th>2012 Before Exceptional Items</th>
<th>Exceptional Items</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>202.1</td>
<td>-</td>
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</tr>
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<tr>
<td>Cost of Sales</td>
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<td>-</td>
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</tr>
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<td>-</td>
<td>(18.6)</td>
</tr>
<tr>
<td>Non cash and other items</td>
<td>2.8</td>
<td>-</td>
<td>2.8</td>
</tr>
<tr>
<td>Net finance income</td>
<td>1.3</td>
<td>-</td>
<td>1.3</td>
</tr>
<tr>
<td>Impairments</td>
<td>-</td>
<td>(16.2)</td>
<td>(16.2)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>51.0</td>
<td>(16.2)</td>
<td>34.8</td>
</tr>
<tr>
<td>Income tax</td>
<td>(18.4)</td>
<td>-</td>
<td>(18.4)</td>
</tr>
<tr>
<td>Profit/(loss) for the period</td>
<td>32.6</td>
<td>(16.2)</td>
<td>16.4</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>-</td>
<td>(70.3)</td>
<td>(70.3)</td>
</tr>
<tr>
<td>Recycling of FCTR on disposal of subsidiary</td>
<td>-</td>
<td>(48.4)</td>
<td>(48.4)</td>
</tr>
<tr>
<td>Profit/(loss) for the period</td>
<td>32.6</td>
<td>(134.9)</td>
<td>(102.3)</td>
</tr>
<tr>
<td>Attributable profit/(loss)</td>
<td>17.1</td>
<td>(134.9)</td>
<td>(117.8)</td>
</tr>
<tr>
<td>Basic EPS (US cents)</td>
<td>12</td>
<td>(98)</td>
<td>(85)</td>
</tr>
</tbody>
</table>
## SEGMENTAL PERFORMANCE

### US$ (mllions)

<table>
<thead>
<tr>
<th></th>
<th>Letšeng Diamonds</th>
<th>Kimberley Diamonds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2012</strong></td>
<td><strong>2011</strong></td>
<td><strong>2012</strong></td>
</tr>
<tr>
<td>Revenue</td>
<td>207.7</td>
<td>300.6</td>
</tr>
<tr>
<td>Royalty and selling costs</td>
<td>(16.7)</td>
<td>(24.5)</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(100.1)</td>
<td>(95.4)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>90.9</td>
<td>180.7</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>43.8%</td>
<td>60.1%</td>
</tr>
<tr>
<td>Attributable profit/(loss)</td>
<td>46.1</td>
<td>89.1</td>
</tr>
<tr>
<td>Exchange rate - Average to US$</td>
<td>Maloti 8.21</td>
<td>Maloti 7.26</td>
</tr>
</tbody>
</table>

### Unit costs (local currency)

| Direct cash costs (before waste) per tonne treated | Maloti 108.24 | Maloti 88.84 | Australian Dollar 16.89 | 19.02 |
| Operating costs per tonne treated*               | 125.57         | 102.15        | 20.86                    | 21.97 |
| Waste cash cost per waste tonne mined            | 24.40           | 21.13          | 4.45                     | 4.04  |

* Operating costs excludes royalty and selling costs and depreciation and mine amortisation and includes inventory, waste and ore stockpile adjustments
Sales and Manufacturing

- Contribution to Group EBITDA of US$6.4m
- US$10.4m at rough value (US$1.2 m in 2011) in inventory on hand at year end.
- Unrealised profit for the year of US$5.4m (US$0.6 m in 2011)
**Group EBITDA Reconciliation**

(USS$m)

- **Non-controllable**
  - FY 2011 EBITDA: 180
  - Forex: 10
  - Sales price: 86
  - Inflation: 6
  - Sub-total: 25
  - Net reduction in costs: 3
  - Waste amortisation: 21
  - Costs due to volumes: 12
  - Investment in C&P: 14
  - Other: 1

- **Controllable**
  - FY 2012 EBITDA: 78

*Includes Kimberley Diamond Company*
GROUP CASH AND FUNDING

Total Group cash on hand at December 2012: US$68m net of debt (US$63m attributable) of which US$51m is in the corporate office

- Working capital facility implemented
  - 3 year facility of M250m (US$29.5m) with Standard Lesotho Bank, facility available for drawdown as from January 2012
  - 3 year facility of US$20m signed with Nedbank Capital (division of Nedbank Ltd) in January 2013, available for immediate draw down
  - As at 11 March 2013, no amounts are drawn down under either facility
Outlook

➡️ Strong start to 2013 with prices up +10%
➡️ Supply remains constrained
➡️ Decrease diamond damage - new crushers
➡️ Feasibility study on new recovery plant
➡️ Complete access decline at Ghaghoo
➡️ Corporate office cost alignment with current asset base
APPENDIX 1 - SHARE INFORMATION

Share prices and trading volumes

<table>
<thead>
<tr>
<th>Major Shareholders</th>
<th>15 Feb 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graff Diamonds International Limited</td>
<td>15.12%</td>
</tr>
<tr>
<td>Lansdowne Partners Ltd</td>
<td>14.99%</td>
</tr>
<tr>
<td>Black Rock Inc.</td>
<td>11.37%</td>
</tr>
<tr>
<td>FIL Limited/FMR LLC</td>
<td>8.17%</td>
</tr>
<tr>
<td>Gem Diamonds Holdings Ltd</td>
<td>6.74%</td>
</tr>
<tr>
<td>Capital Group Companies Inc.</td>
<td>6.25%</td>
</tr>
<tr>
<td>Legal &amp; General Investment Management Ltd</td>
<td>2.80%</td>
</tr>
<tr>
<td>Other Directors’ holdings</td>
<td>2.11%</td>
</tr>
</tbody>
</table>

Gem Diamonds Ltd is listed on the Main Board of the London Stock Exchange

- Shares in issue: 138,267,181
- Share price (11th March 2013): £1.63
- Market Capitalisation: £225m
Appendix 2 – 2013 Guidance

<table>
<thead>
<tr>
<th>Letšeng Guidance</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste tonnes mined (Mt)</td>
<td>15 - 17</td>
</tr>
<tr>
<td>Ore treated (Mt)</td>
<td>6.5 - 7.0</td>
</tr>
<tr>
<td>Carats recovered (Kcts)</td>
<td>115 - 130</td>
</tr>
<tr>
<td>Carats sold (Kcts)</td>
<td>110 - 125</td>
</tr>
<tr>
<td>Direct cash costs (before waste) per tonne treated (Maloti)</td>
<td>115 - 130</td>
</tr>
<tr>
<td>Mining waste cash costs per tonne of waste mined (Maloti)</td>
<td>27 - 30</td>
</tr>
<tr>
<td>Operating costs* per tonne treated (Maloti)</td>
<td>140 - 170</td>
</tr>
<tr>
<td>Polished margin %</td>
<td>10 - 13%</td>
</tr>
<tr>
<td>Stay in business capital**(US$m)</td>
<td>13 - 15</td>
</tr>
</tbody>
</table>

*Operating costs per tonne excludes royalty, selling costs, depreciation and mine amortisation, but includes inventory, waste and ore stockpile adjustments.

**Foreign exchange assumptions ZAR 8.50 to the US dollar (the Lesotho Maloti is pegged to the South African rand).
Thank You