

GEM DIAMONDS 

Presentation

November 2013



Disclaimer

The following presentations are confidential and are being made only to, and are only directed at, persons to whom such presentations may lawfully be communicated (“relevant persons”). Any person who is not a relevant person should not act or rely on these presentations or any of their contents.

Information in the following presentations relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments. These presentations do not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in any company within the Group. Neither this documentation nor the fact of its distribution nor the making of the presentation constitutes a recommendation regarding any securities. This presentation is for information purposes only.

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 “Key Group risks 2012” in “The Business Review” in our Annual Report for the year ended 2012. The Annual Report can be found on our website (www.gemdiamonds.com).

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 earning per share for the current or future financial years would necessarily match or exceed the historical published earnings. 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.

The distribution of this presentation or any information contained in it may be restricted by law in certain jurisdictions, and any person into whose possession any document containing this presentation or any part of it comes should inform themselves about, and observe such restrictions.



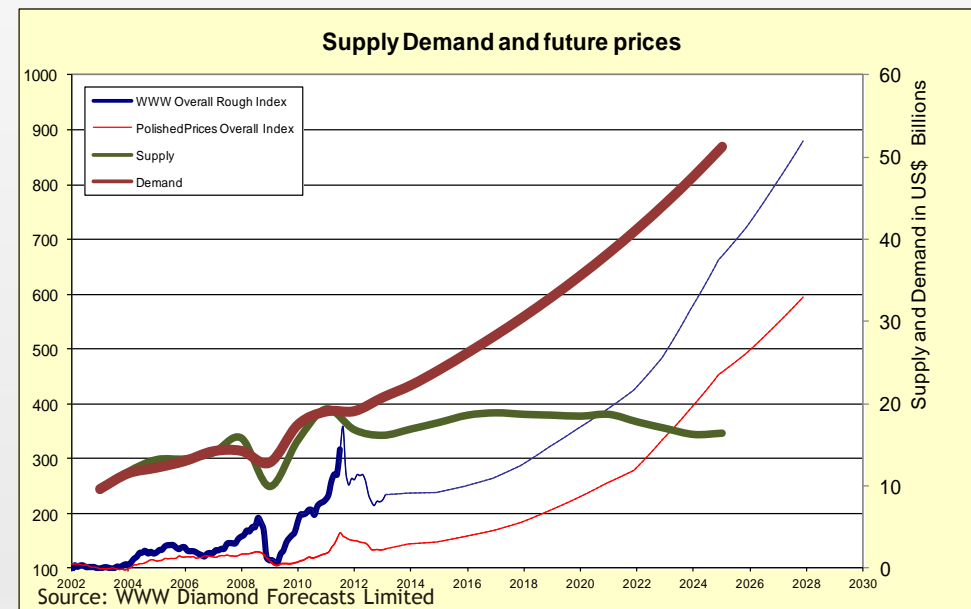
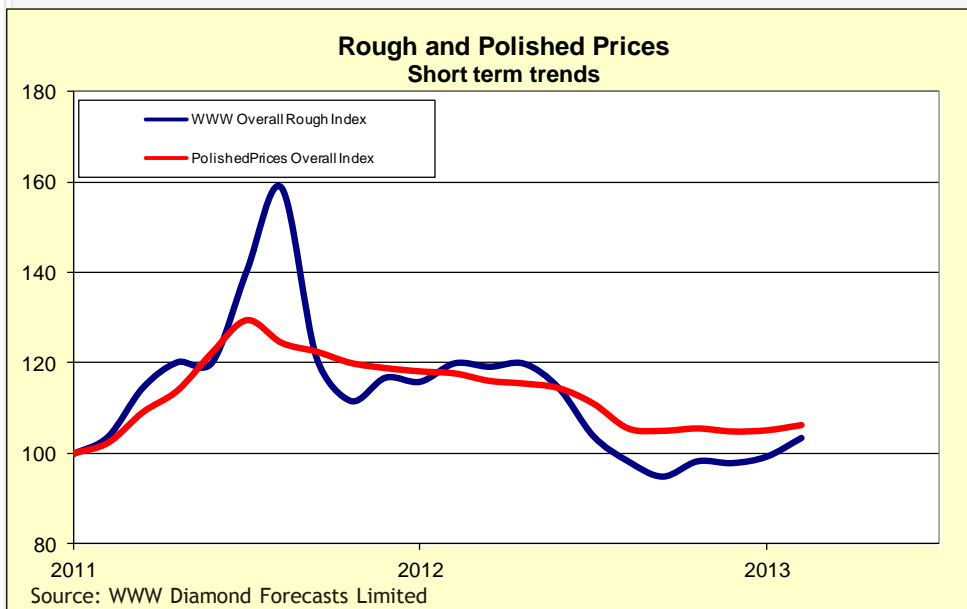
Year to date - November 2013 – Review

- ➔ Diamond Market
- ➔ Letšeng
 - Operational overview
 - Letšeng resource
 - Diamond damage update
 - Letšeng project review
- ➔ Ghaghoo
 - Development update
 - Ghaghoo development - Phase 1
 - Corporate social investment at Ghaghoo
- ➔ Corporate Costs
- ➔ Outlook



Diamond Market

- ➔ 2013 began with improved prices
- ➔ Prices flattened from May onwards
- ➔ Robust prices for Letšeng high value production
- ➔ Improved polished trading
- ➔ Long-term 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

Operational Review – Letšeng



Operational Review – Letšeng

	H1 2013	H2 2012	% Variance H1 2013 to H2 2012	H1 2012
Carat production	42 268	57 234	(26%)	57 116
Carats sold*	47 065	48 892	(4%)	58 725
Recovered grade (cpht)	1.39	1.80	(23%)	1.68
Waste mined (mT)	9.9	9.6	3%	7.8
Ore mined (mT)	3.1	3.0	3%	3.4
Ore treated (mT)	3.0	3.2	(6%)	3.4

* Includes carats extracted for manufacturing

Letšeng Resource – Still delivering exceptional diamonds (7 diamonds worth US\$42.9m since January 2013)



92.9ct sold for \$5.3m (US\$56,494/ct January 2013)



164ct sold for US\$9.0m (US\$54,911/ct) April 2013



99.9ct sold for US\$6.5m (US\$64,631/ct) July 2013



94.4ct sold for \$4.6m (US\$48,619/ct) January 2013



12.5ct blue sold for US\$7.5m
(Letšeng record of US\$603,047/ct) October 2013



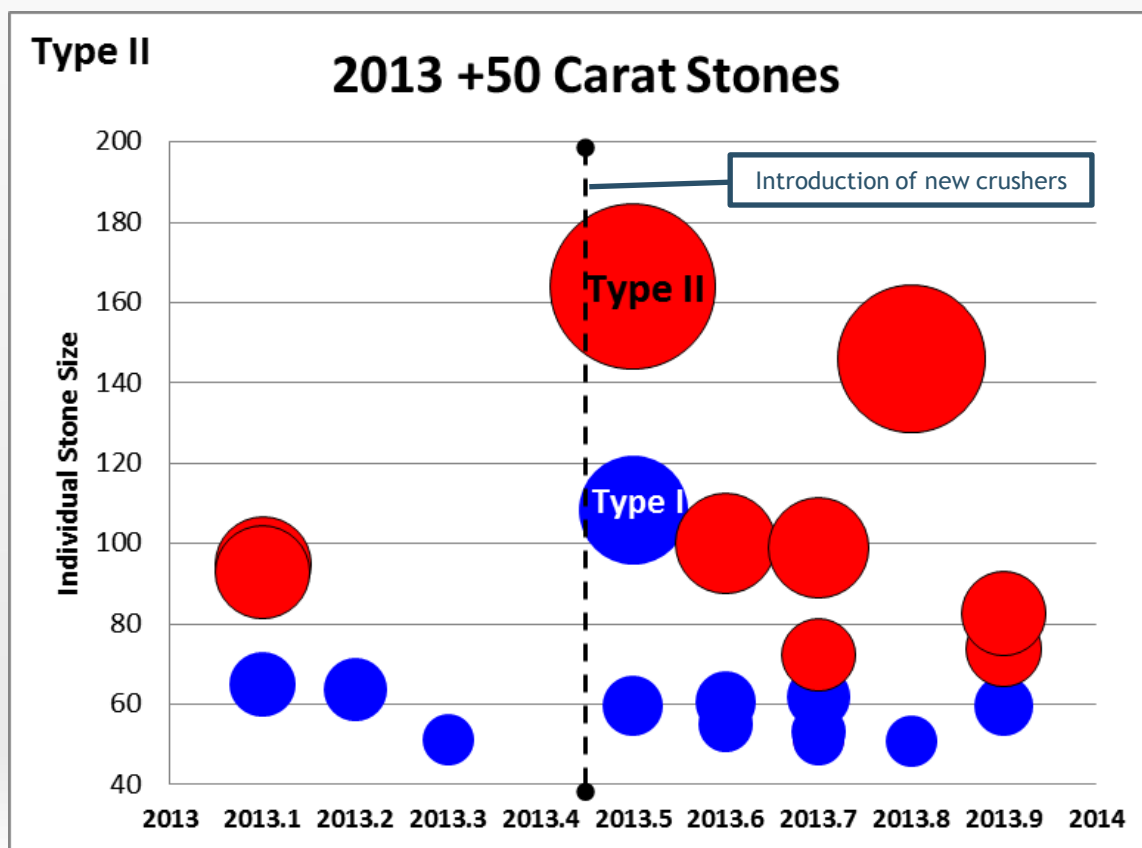
98.29ct sold for US\$5.1m (US\$52,077/ct) September 2013



82.6ct sold for US\$4.9m (US\$59,173/ct) October 2013

Letšeng – Addressing Diamond Damage

- ➔ Noticeable decrease in incidence of severe breakage following installation of 4 new cone crushers in Letšeng's Plants 1 & 2
- ➔ 18 +50 carat diamonds recovered since the installation of the new cone crushers.



Kawasaki Cybas i1200 cone crushers installed in Letšeng's Plants 1&2

Letšeng – Project Review

Current status

→ Design and costing of a new modular Recovery Plant - advanced stage

- To treat the high value, coarse fraction
- Latest XRT technology to ensure recovery of type II diamonds
- Security improvements
- Diamond accounting of all diamonds recovered by these units

→ Expansion studies at Letšeng - work continuing

- Phased introduction of “Kholo” principles/technologies to minimise and spread capex
 - Increased tonnage
 - Reduce diamond damage
 - Increased liberation



Ghaghoo Mine Development



Ghaghoo Development Update

- Access decline continues to progress through competent basalt, with c.200m of basalt ramp development completed as at end October
- Total tunnel length at end Oct 2013 (sand & basalt portions) was 762m, with a further c.300m of waste development and c.700m of kimberlite development to go
- Plant construction completed
- Mining equipment on site
- Processing on target for H2 2014

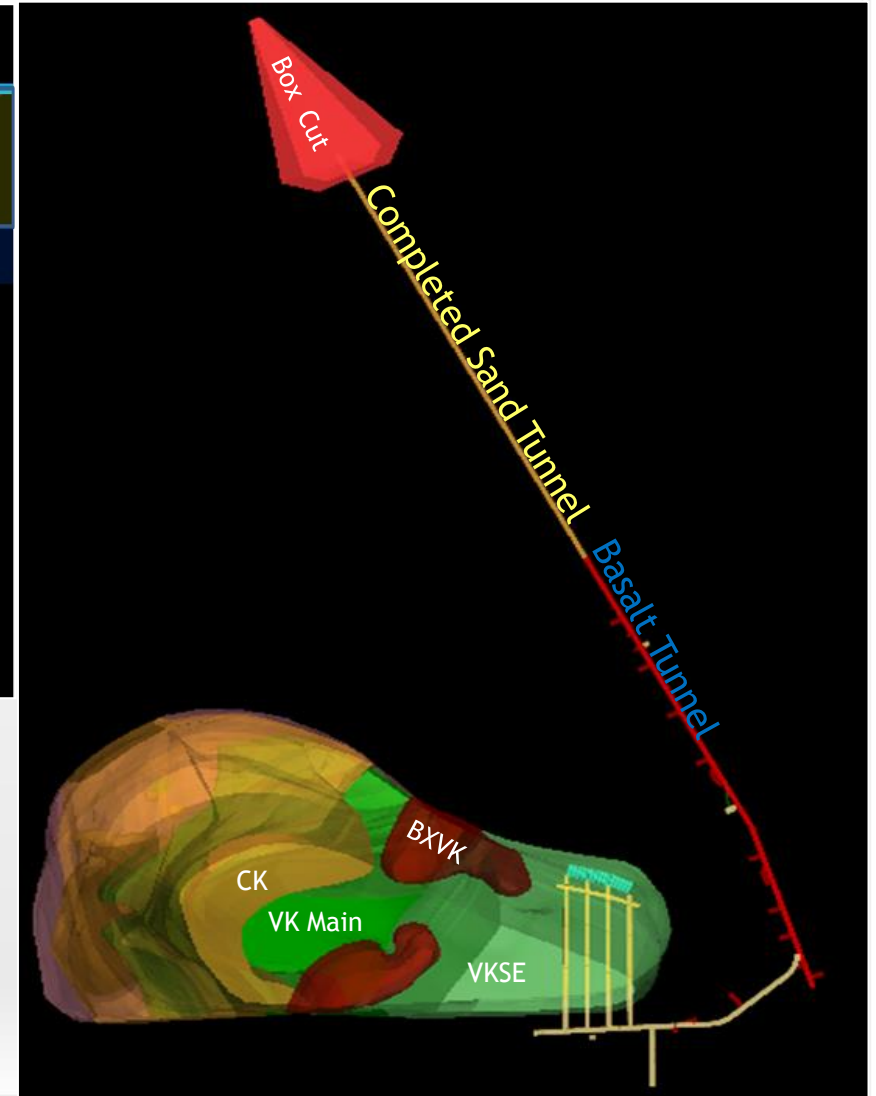
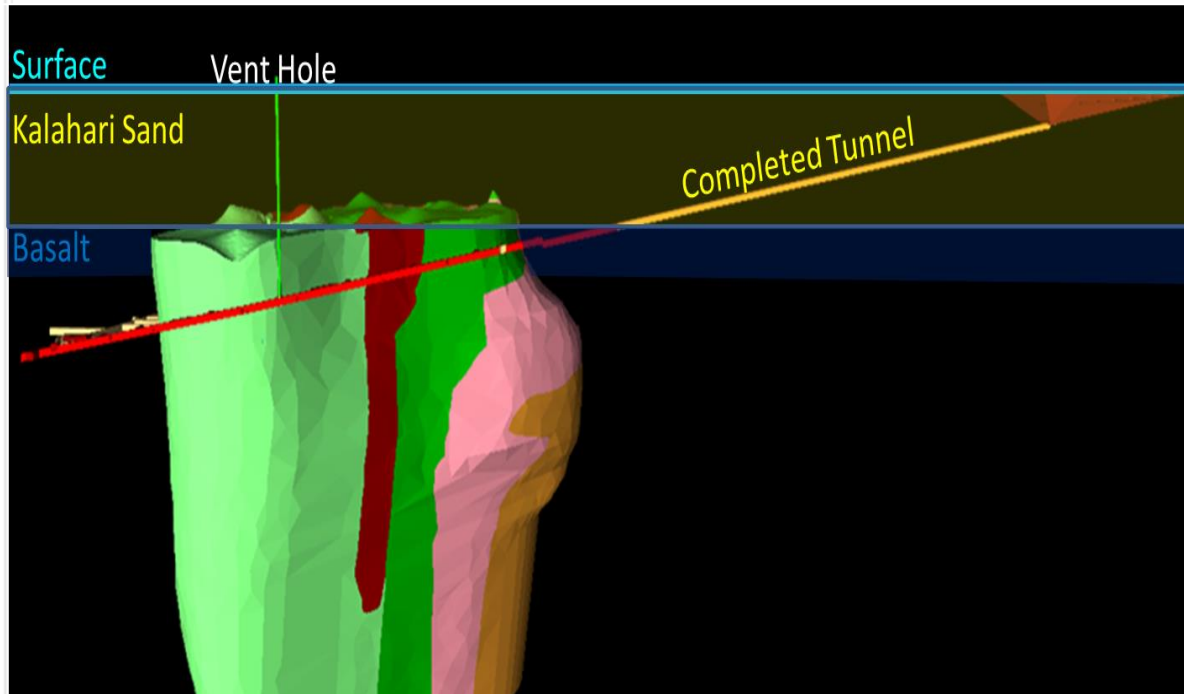


Sand portion of the access decline complete, basalt tunnelling underway



Plant construction complete and awaiting commissioning

Ghaghoo Development - Phase 1



Corporate Social Investment at Ghaghoo

CSRI	Action taken
Education	Workplace training conducted on site
Infrastructure	4 boreholes drilled and equipped - Mothemelo, Metsiamanong, Molapo, Gope
Employment	6.6% of the workforce is made up of locals from the Project Affected Communities
Health	23 locals have been treated in the clinic this year
SME	Needs analysis completed for the Project Affected Communities Community trust has been developed and is ready for implementation



Drinking potable water from the Mothemelo borehole



Equipping the borehole at Mothemelo

Corporate Costs

- Alignment of costs to current asset base
- Restructuring undertaken in 2013 (includes certain once-off costs)
- Steady state costs in 2014

2011	2012	Forecast 2013*	Planned 2014
US\$14.9	US\$14.2	c. US\$14.1	c. US\$12.0

*Includes once-off costs as part of restructuring



Outlook

- ➔ Mining in the Satellite pipe ramped up in Q4 2013
- ➔ Decrease diamond damage - new crushers installed in H1 2013
- ➔ Detailed design and estimate on improved recovery plant
- ➔ Complete access decline at Ghaghoo - on track for production H2 2014
- ➔ Corporate office cost alignment with current asset base
- ➔ Supply remains constrained



Appendix 1 - Share Information

Share prices and trading volumes



Major Shareholders	15 Oct 2013
Graff Diamonds International Limited	15.09
Lansdowne Partners Ltd	14.99
BlackRock Investment Management	11.78
FIL Limited/FMR LLC	11.70
Gem Diamonds Holdings Ltd	6.74
Capital Group Companies Inc.	6.52
Norges Bank Investment Management	3.57
Other Directors' holdings	2.11

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

Shares in issue	138,267,181
Share price (15 October 2013)	£ 1.54
Market Capitalisation (15 October 2013)	£ 213m

Company officers	
Clifford Elphick	Chief Executive Officer
Alan Ashworth	Chief Operating Officer
Michael Michael	Chief Financial Officer
Glenn Tuner	Chief Legal & Commercial Officer

GEM DIAMONDS 

Thank You

