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Information in this presentation is correct as at 26 January 2015.
Agenda

- Q4 2014 highlights
- Diamond market
- Operational overview
- Sales, marketing and manufacturing overview
- Financial performance
- Outlook
Q4 2014 highlights

LETŠENG:
Letšeng ends good year with continued strong performance
- Good operational performance
- Recovered 25,525 cts
- Average of US$2 140*/ct for Q4 2014
- Average of US$ 2 540*/ct for FY 2014
- Large diamond recoveries (299 ct yellow / 112 ct and 90 ct white diamonds)

GHAGHOO:
Ghaghoo ramp-up progressing with encouraging initial diamond recoveries
- Commissioning of Phase 1 progressing well
- Ingress of water has been arrested
- 10,167 cts recovered up to end December, including a 20 ct white, a 17 ct white and a 3 ct orange diamond
- A 35 ct recovered in January 2015 - largest diamond recovered at Ghaghoo to date
- First sale to be concluded in February 2015

*Includes carats extracted at rough valuation for polishing.
Diamond Market

- Strong prices in H1 2014, softening in Q4
- Liquidity concerns
- Letšeng’s high value production remained relatively resilient during Q4 2014
- US$ 2 799/ct achieved in December tender
- Cautious market expected to continue into Q1 2015.
- Medium to long-term outlook remains strong

Letšeng 12 month rolling average US$/carat for 2014

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
<th>Q4 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$/carat</td>
<td>2 043</td>
<td>2 350</td>
<td>2 543</td>
<td>2 656</td>
<td>2 540</td>
</tr>
</tbody>
</table>
Group HSSE performance full year 2014

- 2014 FY LTIFR 0.2
- 2014 FY AIFR 3.0
- Letšeng retains its 5 star IRCA rating and Ghaghoo awarded a 4-star IRCA rating
- Zero major or significant stakeholder or environment incidents occurred
- Continued implementation of international best HSSE practice
- Ongoing CSR projects at Letšeng
- Established a Ghaghoo Community Trust for project affected communities - projects initiated
## Letšeng operational performance

<table>
<thead>
<tr>
<th></th>
<th>Q4 2014</th>
<th>Q3 2014</th>
<th>QoQ % Change</th>
<th>FY 2014</th>
<th>FY2013</th>
<th>YoY % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste stripped (tonnes)</td>
<td>5,075,503</td>
<td>4,787,791</td>
<td>6%</td>
<td>19,884,721</td>
<td>19,072,657</td>
<td>4%</td>
</tr>
<tr>
<td>Ore treated (tonnes)</td>
<td>1,590,855</td>
<td>1,601,758</td>
<td>-1%</td>
<td>6,421,704</td>
<td>6,225,821</td>
<td>3%</td>
</tr>
<tr>
<td>Carats recovered</td>
<td>25,525</td>
<td>28,365</td>
<td>-10%</td>
<td>108,569</td>
<td>95,053</td>
<td>14%</td>
</tr>
<tr>
<td>Grade recovered (cpht)</td>
<td>1.60</td>
<td>1.77</td>
<td>-9%</td>
<td>1.70</td>
<td>1.53</td>
<td>11%</td>
</tr>
</tbody>
</table>

- Satellite / Main ore mix (39%:61%)
- Mineral resource / reserve performance
- Improved earthmoving efficiencies
- Contractor plant
Letšeng project review

Letšeng expansion/improvement programme

Continued phased introduction of technologies to improve recovery, throughput and diamond breakage

Coarse Recovery Plant
- Capital of Maloti 140.0m (US$12.1m) approved, of which Maloti 62.2 m (US$ 5.7m) was spent in 2014
- To optimise the treatment of the high value, coarse fraction
- XRT technology - ensure total recovery of type II diamonds
- Security improvements
- Advanced diamond accounting
- On track for delivery Q2 2015

No.2 Plant phase 1 upgrade
- Capital of Maloti 50.0m (US$4.3m) approved, of which Maloti 9.8m (US$0.9m) was spent in 2014
- Additional 250k tpa
- Expected to further reduce diamond damage and improve liberation
- Commissioning early 2015 after 3 week implementation shutdown

Incremental upgrade studies ongoing
Ghaghoo development review Q4 2014

- 48 023 tonnes of ore treated
- 10 167 cts recovered as at the end of Q4 2014
- Recovered grade averaged 21cpht
- Sealing of fissure water completed, with 6 de-watering boreholes now in place and operational
- 3 kimberlite tunnels on Level 1 fully developed; 4th tunnel nearing completion
- Development of access ramp to Level 2 commenced
- Development of ventilation system progressing well
- Ramp up to full production progressing - Q2 2015
Sales, marketing and manufacturing overview
Clifford Elphick
Q4 2014 Sales Performance

LETŠENG:

Rough Diamond sales:

<table>
<thead>
<tr>
<th></th>
<th>Q4 2014* (3 tenders)</th>
<th>Q3 2014* (2 tenders)</th>
<th>QoQ % Change</th>
<th>Full year 2014*</th>
<th>Full year 2013*</th>
<th>YoY % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carats sold</td>
<td>31,614</td>
<td>23,550</td>
<td>34%</td>
<td>108,963</td>
<td>97,294</td>
<td>12%</td>
</tr>
<tr>
<td>Total value (US$ millions)</td>
<td>67.7</td>
<td>61.3</td>
<td>10%</td>
<td>276.8</td>
<td>198.8</td>
<td>39%</td>
</tr>
<tr>
<td>Achieved US$/ct</td>
<td>2,140</td>
<td>2,603</td>
<td>-18%</td>
<td>2,540</td>
<td>2,043</td>
<td>24%</td>
</tr>
</tbody>
</table>

*Includes carats extracted for polishing at rough valuation

Diamonds extracted for manufacturing:

- 1,232 cts extracted for manufacturing for the FY at rough value of US$ 17.2m. (US$15.2m at rough value remained in polished inventory at year end, compared to US$2.9m at end 2013)
- A 299.3 ct yellow diamond extracted in Q4 2014 and sold into a partnership in January 2015
- Net impact of polished inventory movement on overall Group revenue is a decrease of US$12.3m in 2014
Ghaghoo preparation for first sale

GHAGHOO:

- First sale of c.10 000 cts in Gaborone and Antwerp in January/February 2015
- Encouraging presence of coloured diamonds: i.e. 3 ct Orange diamond on tender
Group financial performance

- Solid operational performance leads to strong financial results
- Cost management and control
  - Group cash of US$ 110.7m / drawn down US$ 37.1m resulting in a net cash position of US$ 73.6 m
  - Undrawn available facilities of US$ 41.6m.
- In December 2014, Letšeng paid dividends of US$ 51.8m of which US$ 32.6m flowed to Gem Diamonds
- In total for the year, Letšeng paid dividends of US$ 92.0m of which US$ 57.9m flowed to Gem Diamonds
- The Group remains on track to declare a maiden dividend to shareholders following its final results announcement in March 2015
Outlook

- Continued operational efficiency and performance improvements
- Delivery of Coarse Recovery Plant project
- Delivery of No.2 Plant - Phase 1 upgrade
- Refining longer term mine plans, including optimising waste stripping profiles to maximise value
- Anticipated strong diamond market/prices
- Ghaghoo Phase 1 production build up
- First Ghaghoo sale Feb 2015
- Shareholder dividend
Appendix 1 - Capital and corporate structure

### Major Shareholders as at 15 January 2015

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</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>Gem Diamonds Holdings Limited</td>
<td>6.74%</td>
</tr>
<tr>
<td>FIL Limited/FMR LLC</td>
<td>6.26%</td>
</tr>
<tr>
<td>Capital Group Companies Inc.</td>
<td>4.96%</td>
</tr>
<tr>
<td>BlackRock</td>
<td>4.54%</td>
</tr>
<tr>
<td>Other Directors’ holdings</td>
<td>1.79%</td>
</tr>
</tbody>
</table>

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

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily average trading volume (last 12 months)</td>
<td>196 000</td>
</tr>
<tr>
<td>Shares in issue</td>
<td>138 202 787</td>
</tr>
<tr>
<td>Free float</td>
<td>76.34%</td>
</tr>
<tr>
<td>Share price (15 January 2015)</td>
<td>£1.78</td>
</tr>
<tr>
<td>Market capitalisation (millions)</td>
<td>£246 / US$369</td>
</tr>
</tbody>
</table>

Source: FactSet as of 01 January 2015

### Company Officers

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clifford Elphick</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Alan Ashworth</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Michael Michael</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Glenn Turner</td>
<td>Chief Legal and Commercial Officer</td>
</tr>
</tbody>
</table>
## Appendix 2 - FY 2015 Guidance

<table>
<thead>
<tr>
<th>Letšeng guidance for full year 2015</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste tonnes mined (Mt)</td>
<td>20 - 22</td>
</tr>
<tr>
<td>Ore tonnes treated (Mt)</td>
<td>6.3 - 6.5</td>
</tr>
<tr>
<td>Carats recovered (Kct)</td>
<td>100 - 105</td>
</tr>
<tr>
<td>Carats sold (Kct)</td>
<td>100 - 105</td>
</tr>
<tr>
<td>Direct cash costs (before waste) per tonne treated (Maloti)</td>
<td>145 - 155</td>
</tr>
<tr>
<td>Mining waste cash costs per tonne of waste mined (Maloti)</td>
<td>28 - 30</td>
</tr>
<tr>
<td>Operating costs per tonne treated(^1) (Maloti)</td>
<td>195 - 215</td>
</tr>
<tr>
<td>Stay in business capital (US$m)</td>
<td>8 - 10</td>
</tr>
<tr>
<td>Project capital(^2) (US$m)</td>
<td>13 - 15</td>
</tr>
</tbody>
</table>

1. Operating costs per tonne excludes royalty, selling costs, depreciation and mine amortisation, but includes inventory, waste and ore stockpile adjustments
2. Letšeng project capital includes the coarse recovery plant and the first phase Plant 2 upgrade and second phase feasibility studies