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Information in this presentation is correct as at 30 January 2015.
Gem Diamonds Limited is listed on the Main Board of the London Stock Exchange LSE: GEMD

**Major shareholders as at 15 January 2015**

- Graff Diamonds International Limited 15.12%
- Lansdowne Partners Ltd 14.99%
- Gem Diamonds Holdings Limited 6.74%
- FIL Limited/FMR LLC 6.26%
- Capital Group Companies Inc. 4.96%
- BlackRock 4.54%
- Other Directors’ holdings 1.79%

**Company officers**

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>Clifford Elphick</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>Alan Ashworth</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>Michael Michael</td>
</tr>
<tr>
<td>Chief Legal and Commercial Officer</td>
<td>Glenn Turner</td>
</tr>
</tbody>
</table>

**Stock performance**

- Daily average trading volume (last 12 months): 196,000
- Shares in issue: 138,202,787
- Free float: 76.34%
- Share price (15 January 2015): £1.78
- Market capitalisation (millions): £246 / US$369
Gem Diamonds’ operations

- **Gem Diamonds Limited**
  - UK, BVI
  - 2 employees

- **Gem Diamonds Sales, Marketing and Manufacturing**
  - Belgium
  - 16 employees

- **Ghaghoo Mine**
  - Botswana
  - 359 employees/contractors

- **Gem Diamond Technical Services**
  - South Africa
  - 23 employees

- **Letšeng Mine**
  - Lesotho
  - 1,557 employees/contractors
Gem Diamonds financial highlights

**REVENUE**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Millions</td>
<td>202</td>
<td>213</td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Millions</td>
<td>65</td>
<td>77</td>
<td></td>
</tr>
</tbody>
</table>

**EPS**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Cents</td>
<td>12</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

**ATTRIBUTABLE PROFIT**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD Millions</td>
<td>17</td>
<td>21</td>
<td></td>
</tr>
</tbody>
</table>

* 2014 figures are unaudited
**Investment thesis**

**LETŠENG MINE - LONG LIFE, PROVEN EBITDA MARGIN**

**GHAGHOO MINE RAMPING UP TO FULL PRODUCTION - EXPANSION**

**STRONG DIAMOND MARKET FUNDAMENTALS - MEDIUM/LONG TERM**

- Consumer confidence remains strong
- Positive outlook for diamond prices medium and long term
- Letšeng produces the highest value diamonds (US$ 2 540/ct FY 2014)
- Low capex projects
- Well placed on cost curve
- Ghaghoo mine in Botswana built on time on budget

- Ghaghoo ramping up to full production
- Strong balance sheet (cash of US$ 111m as at end 2014)
- Net cash of US$ 74m
- Dividend
- EV:EBITDA multiple 3.5x
Reserves and resources

<table>
<thead>
<tr>
<th>As at 1 January 2014</th>
<th>Carats (millions)</th>
<th>Grade (cpht)</th>
<th>US$/ct</th>
<th>In-situ value (US$ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross resources at Letšeng and Ghaghoo (incl. Reserves)</td>
<td>25.54</td>
<td>6.35</td>
<td>601</td>
<td>15.5</td>
</tr>
<tr>
<td>Letšeng Indicated Resource</td>
<td>3.23</td>
<td>1.73</td>
<td>2 086</td>
<td>6.7</td>
</tr>
<tr>
<td>Letšeng Reserve</td>
<td>2.26</td>
<td>1.71</td>
<td>2 045</td>
<td>4.6</td>
</tr>
<tr>
<td>Ghaghoo Indicated Resource</td>
<td>15.49</td>
<td>19.51</td>
<td>242</td>
<td>3.7</td>
</tr>
<tr>
<td>Ghaghoo Reserve</td>
<td>2.08</td>
<td>27.81</td>
<td>267</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Effective, integrated management of our mineral resources is considered a key driver for the success of our business.
## Letšeng resources

<table>
<thead>
<tr>
<th></th>
<th>Carats (millions)</th>
<th>Grade (cpht)</th>
<th>US$/ct</th>
<th>In-situ value (US$ billions)</th>
</tr>
</thead>
<tbody>
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<td>1.71</td>
<td>2 045</td>
<td>4.6</td>
</tr>
</tbody>
</table>

- Letšeng 21 year Life of Mine open pit is now wholly contained within the Reserve category
- Extension of Indicated depth at Letšeng to 350m below mining face
### Ghaghoo resources

<table>
<thead>
<tr>
<th>As at 1 January 2014</th>
<th>Carats (millions)</th>
<th>Grade (cpht)</th>
<th>US$/ct</th>
<th>In-situ value (US$ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghaghoo Indicated Resource</td>
<td>15.49</td>
<td>19.51</td>
<td>242</td>
<td>3.7</td>
</tr>
<tr>
<td>Ghaghoo Reserve (VKSE Phase Only)</td>
<td>2.08</td>
<td>27.81</td>
<td>267</td>
<td>0.5</td>
</tr>
</tbody>
</table>

- Life of mine: 26 years for VKSE (at 700ktpa rate)
- Life of mine: +100 years for entire pipe
- Phase 1 - validating reserve grades and diamond prices
- Expansion plans to follow
Diamond market

- Medium to long term outlook remains strong
- Liquidity concerns
- Letšeng’s high value production remained resilient during Q4 2014
- US$ 2 799/ct achieved in December 2014 tender
Letšeng overview

Ownership:

70% Gem Diamonds Limited
30% Government of Lesotho

- Two kimberlite pipes: Main pipe 17.0ha; and Satellite pipe 5.2ha
- Highest average US$/ct
- Regular recovery of large, top-quality diamonds
- Produced four of the 20 largest white gem quality diamonds ever recorded

Operational performance 2014:

- Waste mined: 19.8mT
- Ore treated: 6.4mT
- Carats recovered: 108,569
- Average US$/ct: US$ 2,540
Letšeng project review

Letšeng expansion/improvement programme

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

**Coarse Recovery Plant**
- Capital - Maloti 140.0m (US$ 12.1m)
- Optimising treatment of high value, coarse fraction
- XRT technology - total recovery of type II diamonds
- Security improvements
- Advanced diamond accounting
- On track for delivery end Q2 2015

**No.2 Plant phase 1 upgrade**
- Capital - Maloti 50.0m (US$ 4.3m)
- Additional 250k tpa
- Further reduce diamond damage - improve liberation
- Commissioning end Q1 2015 - 3 week implementation shutdown

**Incremental upgrade studies ongoing**
Located in the South-East portion of the Central Kalahari Game Reserve
Kimberlite pipe 10.4ha in size
25 year mining licence from 2011
Underground mine: access decline through approx. 80 vertical metres of sand overburden
Phase 1 planned production per annum:
- 720 000 tonnes of ore
- 200 000 to 220 000 cts

Sales:
- First sale of c.10 000 cts in Gaborone and Antwerp in February 2015
- Presence of coloured diamonds confirmed - 3 ct Orange diamond
- Larger diamonds recovered than in geological samples
Ghaghoo development update as at end 2014

- 48 023 tonnes of ore treated
- 10 167 cts recovered
- Recovered grade averaged 21cpht, trending up
- Sealing of fissure water completed - 6 de-watering boreholes 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 end Q2 2015
Group HSSE performance

- US$ 5.9m invested towards CSR initiatives over the last 5 years
- 526,910 hours of vocational training provided to staff over the last 5 years
- Serious disease management programs implemented
- Letšeng retained 5-star IRCA rating for a second year. Highest rating for good HSSE practice
- Ghaghoo retained 4-star IRCA rating for a second year
- Best practice environmental management systems - compliance with IFC guidelines and Equator Principles

![Graphs showing AIFR and LTIFR trends from 2007 to 2014](image)

![Images of team building at Ghaghoo and herd boys at school in Mokhotlong](image)
Gem Diamonds
Sales, marketing and manufacturing
Sales, marketing and manufacturing overview

Ownership:
100%
Gem Diamonds Limited

Gem Diamonds Marketing Services
- The Group’s diamond sorting, valuation, sales and marketing company based in Antwerp, Belgium

<table>
<thead>
<tr>
<th>Ownership:</th>
<th>Gem Diamonds Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>Gem Diamonds Limited</td>
</tr>
</tbody>
</table>

Baobab Technologies
- High-tech rough diamond analysis and manufacturing
- Advanced mapping and analysis of exceptional rough diamonds
- Understanding true value drives higher rough prices
- Polishes high-end diamonds, primarily sourced from the Group’s mining operations

<table>
<thead>
<tr>
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<th>Gem Diamonds Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>Gem Diamonds Limited</td>
</tr>
</tbody>
</table>

Gem Diamonds Marketing Services

<table>
<thead>
<tr>
<th>6 and 12 month rolling average US$/ct</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012</td>
</tr>
<tr>
<td>1,690</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6 month rolling average US$/ct</th>
<th>12 month rolling average US$/ct</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012</td>
<td>FY 2013</td>
</tr>
<tr>
<td>1,892</td>
<td>2,043</td>
</tr>
<tr>
<td>2,325</td>
<td>2,338</td>
</tr>
</tbody>
</table>
Outlook

- Continued operational efficiency and performance improvements
- Delivery of Coarse Recovery Plant project by end Q2 2015
- Delivery of No.2 Plant - Phase 1 upgrade by end Q1 2015
- Refining longer term mine plans, optimising waste stripping profiles - maximise value
- Anticipated strong diamond market/prices over medium to long term
- Ghaghoo Phase 1 production build up, achieve steady state by end Q2 2015
- First Ghaghoo sale February 2015
- Dividend
Thank you