88.4 carat white Letšeng diamond sold during the Period for US$ 48,000 per carat
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 presentation 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. This presentation does 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 if for information purposes only.

The presentation contains 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 “Principal risks and uncertainties” in “The Strategic Report” in our Annual Report for the year ended 2015. The Annual Report is available 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 presentation also contains 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.

Information in this presentation is correct as at 16 August 2016.
Agenda

- Half Year 2016 Results highlights
- Diamond market
- Operational performance
  - HSSE
    - Letšeng
    - Ghaghoo
- Sales, marketing and manufacturing
- Group financial performance
- Group outlook
Half Year 2016 Results Highlights

**Revenue**
US$109m

**EBITDA and EBITDA margin**
US$44m

**Basic EPS (pre exceptional items)**
US cents 9.70

**Cash Generated by Operations**
US$59m
Diamond Market

- Market remains cautious
- High polished inventory levels and liquidity concerns continue to create challenges for the diamond market
- Medium to long term demand/supply fundamentals favourable
- Annual seasonal slow down in rough diamond trading
Group HSSE Performance

- Zero fatalities
- Two Lost Time Injuries
- Group Lost Time Injury Frequency Rate (LTIFR) 0.15
- Group All Injury Frequency Rate (AIFR) 2.61
- Zero major or significant stakeholder or environmental incidents
- The Group continues to strive towards zero harm and implementing international best practice in respect of environmental and social responsibility

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
<th>AIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>0.30</td>
<td>4.45</td>
</tr>
<tr>
<td>2013</td>
<td>0.13</td>
<td>2.49</td>
</tr>
<tr>
<td>2014</td>
<td>0.20</td>
<td>3.01</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
<td>2.87</td>
</tr>
<tr>
<td>H1 2016</td>
<td>0.15</td>
<td>2.61</td>
</tr>
</tbody>
</table>
Letšeng Operational Overview
Letšeng Operational Overview

Strong first half operational performance
• Waste mined - in line with optimised mine plan
• Satellite pipe contribution - 1.0 million tonnes (mt) with Full Year guidance increase to 1.7 - 1.8 mt from 1.65 mt
• Ore treated - Plant 2 upgrade projects resulted in increased daily treated rates
• Grade - 1.72 cpht
• Prices achieved US$ 1 899* per carat impacted by:
  • Area mined in Satellite pipe (historically produced higher grades / smaller stone size)
  • Fewer +100 carat diamonds
• Coarse Recovery Plant - XRT sensitivities optimised and feed preparation methods of ore concentrate improved

*includes carats extracted for manufacturing at rough valuation
Heavy snow falls and extreme winds impacted Letšeng in late July

- Government owned power lines damaged
- Access to mine restricted
- Standby generators operated plants, albeit at reduced rates

Current status

- Power lines repaired and external power supply fully restored within 2½ weeks
- Operations returned to normal - 11 August 2016

Impact on operations

- Guidance reviewed
- Waste tonnes and carats recovered remain within original guidance
- Ore tonnes treated reduced to 6.6 - 6.8mt (from 6.8 - 7.0mt)

Impact on cost guidance

<table>
<thead>
<tr>
<th></th>
<th>Maloti</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct cash cost per tonne treated</td>
<td>155 - 165</td>
</tr>
<tr>
<td>Operating cost per tonne treated</td>
<td>215 - 235</td>
</tr>
</tbody>
</table>
Ghaghoo Operational Overview

Surge bin and processing mill at Ghaghoo
Ghaghoo Operational Overview

**Downsizing progressed**
- Production downsized to 300,000 tonnes per annum
- Sink hole buffer zone successfully created
- Retrenchments undertaken

**Development progressed well**
- Total development metres - 1,168 metres
- Development of all 13 VKSE tunnels on Level 1 completed
- Slot tunnel on Level 1 completed and sub-level cave progressing according to plan
- Development of Level 2 production level commenced

**Plant and recovery optimisation work continues**
- Tonnes treated - 95,569
- Carats recovered - 20,876
- Mill surge bin commissioned providing stable feed to the mill
- Improved mill retention times and increased diamond liberation
- Undiluted material achieved an average grade of 27.6 cpht vs reserve grade of 27.8 cpht

**Impairment provision** - US$ 40 million
The Letšeng Destiny - the 314 carat polished into a 105 carat diamond - “The Graff Vendôme”

Sales, Marketing and Manufacturing

Clifford Elphick
Chief Executive Officer
Diamond Pricing

Letšeng

- Prices achieved for Letšeng’s high value large Type II diamonds have remained resilient in H1 2016
- Prices achieved H1 2016 - US$ 1,899* per carat
- 12 month rolling average - US$ 2,113* per carat

Ghaghoo

- Weaker market in 2015 negatively impacted the prices achieved for the Ghaghoo production
- First sale in January 2016 achieved US$ 160 per carat
- Second sale in June 2016 achieved US$ 155 per carat

*Includes carats extracted for manufacturing at rough valuation
Sales, Marketing and Manufacturing

Sales and marketing

• Flexible sales strategy
• 20 rough diamonds achieved a value of greater than US$ 1.0 million each
• 11.8 carat pink diamond (pictured) achieved the third highest price per carat for a single Letšeng diamond
• 160.2 carat exceptional quality Type IIa rough diamond recovered

Manufacturing

• 145 carats extracted for manufacturing at a rough value of US$ 1.8 million during the Period
• Uplift on polished sales (previously extracted rough diamonds) achieved >14%
Group Financial Performance

Michael Michael
Chief Financial Officer
### Group Financial Performance

<table>
<thead>
<tr>
<th>US$ millions</th>
<th>H1 2016 pre exceptional item</th>
<th>Exceptional item</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>109.1</td>
<td>-</td>
<td>109.1</td>
<td>118.0</td>
<td>(8%)</td>
</tr>
<tr>
<td>Royalty and selling costs</td>
<td>(9.8)</td>
<td>-</td>
<td>(9.8)</td>
<td>(9.7)</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(48.7)</td>
<td>-</td>
<td>(48.7)</td>
<td>(56.1)</td>
<td></td>
</tr>
<tr>
<td>Corporate expenses</td>
<td>(7.1)</td>
<td>-</td>
<td>(7.1)</td>
<td>(6.1)</td>
<td></td>
</tr>
<tr>
<td><strong>Underlying EBITDA</strong></td>
<td>43.5</td>
<td>43.5</td>
<td>46.1</td>
<td>(6%)</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(5.0)</td>
<td>-</td>
<td>(5.0)</td>
<td>(5.6)</td>
<td></td>
</tr>
<tr>
<td>Non cash and other items</td>
<td>1.1</td>
<td>-</td>
<td>1.1</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(0.4)</td>
<td>-</td>
<td>(0.4)</td>
<td>(0.6)</td>
<td></td>
</tr>
<tr>
<td>Impairment of asset</td>
<td>-</td>
<td>(40.0)</td>
<td>(40.0)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax from continuing operations</strong></td>
<td>39.2</td>
<td>(40.0)</td>
<td>(0.8)</td>
<td>40.7</td>
<td>(4%)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(15.1)</td>
<td>-</td>
<td>(15.1)</td>
<td>(15.1)</td>
<td></td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td><strong>Profit/(loss) after tax</strong></td>
<td>24.1</td>
<td>(40.0)</td>
<td>(15.9)</td>
<td>26.3</td>
<td>(8%)</td>
</tr>
<tr>
<td>Attributable profit/(loss)</td>
<td>13.4</td>
<td>(40.0)</td>
<td>(26.6)</td>
<td>15.4</td>
<td>(13%)</td>
</tr>
<tr>
<td>Basic earnings/(loss) per share (US cents)</td>
<td>9.70</td>
<td>-</td>
<td>(19.23)</td>
<td>11.17</td>
<td>(13%)</td>
</tr>
</tbody>
</table>
## Financial Performance - Letšeng Mining Operations

<table>
<thead>
<tr>
<th>Sales</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average price per carat (US$)</td>
<td>1 899</td>
<td>2 264</td>
<td>(16%)</td>
</tr>
<tr>
<td>Carats sold</td>
<td>55 948</td>
<td>46 961</td>
<td>19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>US$ millions</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>106.2</td>
<td>106.3</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA</td>
<td>49.5</td>
<td>41.4</td>
<td>20%</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>47%</td>
<td>39%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit costs (local currency - Maloti)</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct cash cost (before waste) per tonne treated</td>
<td>146.15</td>
<td>142.60</td>
<td>2%</td>
</tr>
<tr>
<td>Operating cost per tonne treated</td>
<td>219.70</td>
<td>209.33</td>
<td>5%</td>
</tr>
<tr>
<td>Waste cash cost per waste tonne mined</td>
<td>27.80</td>
<td>25.84</td>
<td>8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange rate - Average to US$</th>
<th>Maloti</th>
<th>Maloti</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15.41</td>
<td>11.92</td>
<td>29%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unit costs (US$)</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct cash cost (before waste) per tonne treated</td>
<td>9.48</td>
<td>11.96</td>
<td>(21%)</td>
</tr>
<tr>
<td>Operating cost per tonne treated</td>
<td>14.26</td>
<td>17.56</td>
<td>(19%)</td>
</tr>
<tr>
<td>Waste cash cost per waste tonne mined</td>
<td>1.80</td>
<td>2.17</td>
<td>(17%)</td>
</tr>
</tbody>
</table>
Group Cash and Funding

Cash
- Dividend of US$ 11.8 million paid in June 2016
- Group cash of US$ 66.5 million (US$ 53.2 million attributable to Gem Diamonds)
- Net cash of US$ 37.6 million after debt of US$ 28.9 million

Funding
- Total Group facilities of US$ 52.1 million available for draw down

Group Cash Reconciliation
Plant 1 at Letšeng

Group Outlook

Clifford Elphick
Chief Executive Officer
Dividend Policy remains unchanged
Gem Diamonds has a strong balance sheet - net cash position
Ghaghoo remains an important asset for the Group
Long term fundamentals for diamonds remain strong

Letšeng
• Commence construction of mining workshop and services complex
• Diamond damage reduction work on-going
• Implement Fleet Management System
  • Improve grade control
  • Reduce operating costs
• Lift and strengthen the existing tailings wall - extend life by an additional three years

Ghaghoo
• Downsizing optimisation
  • Further cost reductions
  • Key contracts being renegotiated
  • Mine set to deliver at annual rate of 300 000 tonnes
  • Development on Level 2 continues
• Bulk sampling of the VK Main ore body
• Plant optimisation
V-notch measuring water flow at the Mothusi Dam, Letšeng

Thank you
Annexure 1 - Gem Diamonds capital structure

**Major shareholders as at 15 August 2015**

- **Graff Diamonds International Ltd** 15.11%
- **Lansdowne Partners Ltd** 14.98%
- **Gem Diamonds Holdings Ltd** 6.74%
- **Majedie Asset Management** 6.06%
- **Aberforth Partners** 5.08%
- **BlackRock Inc.** 4.92%
- **Other Directors’ holdings** 1.57%

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

- Daily average trading volume (last 6 months) 117.8k
- Shares in issue 138 312 916
- Free float 55.49%
- Share price (15 August 2016) £1.25
- Market capitalisation (millions) £172 / US$220

**Company Officers**

- **Clifford Elphick** Chief Executive Officer
- **Michael Michael** Chief Financial Officer
- **Glenn Turner** Chief Legal and Commercial Officer
- **Johnny Velloza** Chief Operating Officer

SOURCE: FactSet via JPMorgancazenove as at 30 July 2016
<table>
<thead>
<tr>
<th></th>
<th>FY 2016 Revised guidance</th>
<th>FY 2016 Original guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste tonnes mined (Mt)</td>
<td>29 - 32</td>
<td>29 - 32</td>
</tr>
<tr>
<td>Ore treated (Mt)</td>
<td>6.6 - 6.8</td>
<td>6.8 - 7.0</td>
</tr>
<tr>
<td>Satellite ore contribution (Mt)</td>
<td>1.7 - 1.8</td>
<td>1.65</td>
</tr>
<tr>
<td>Carats recovered (Kct)</td>
<td>107 - 109</td>
<td>107 - 109</td>
</tr>
<tr>
<td>Carats sold (Kct)</td>
<td>107 - 110</td>
<td>107 - 110</td>
</tr>
<tr>
<td>Direct cash costs (before waste)</td>
<td>155 - 165</td>
<td>145 - 155</td>
</tr>
<tr>
<td>per tonne treated (Maloti)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating costs per tonne treated</td>
<td>215 - 235</td>
<td>200 - 220</td>
</tr>
<tr>
<td>(Maloti)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining waste cash costs per tonne</td>
<td>28 - 30</td>
<td>28 - 30</td>
</tr>
<tr>
<td>of waste mined (Maloti)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stay in business capital (US$ million)</td>
<td>15 - 17*</td>
<td>8 - 10</td>
</tr>
</tbody>
</table>

*Includes capital spend for commencement of mining workshop