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Information in this presentation is correct as at 31 May 2017.
Agenda

- Gem Diamonds at a Glance
- Operational Overview
- Market and Pricing
- Financial Highlights
- HSSE Overview
Gem Diamonds

- Leading global producer of high value diamonds
- Clear focus on creating value through optimising the Letšeng mine and reviewing operations at the Ghaghoo mine in line with market conditions
- Seeks to maximise revenue through its internal sales operation in Belgium and through capturing additional margin by pursuing the manufacturing of selected high-end value diamonds

**Letšeng**
- Located in the Maluti Mountains of Lesotho
- Famous for large, high quality, exceptional Type II diamonds
- Highest achieving average US$ per carat for a kimberlite mine in the world
- Three treatment plants with 1.6-1.8 million tonne annual throughput
- Two kimberlite pipes: Main pipe 17.0ha; and Satellite pipe 5.2ha

**Ghaghoo**
- Located in the South-East portion of the Central Kalahari Game Reserve
- Currently on care and maintenance due to market conditions for Ghaghoo type goods
- Kimberlite pipe 10.4ha in size
- Resource of 20 million carats worth an estimated USD4b
Remarkable recoveries from Letšeng

- **2006**: Lesotho Promise 603ct
- **2007**: Letšeng Legacy 493ct
- **2008**: Leseli La Letšeng 478ct
- **2011**: Letšeng Star 550ct
- **2014**: Yellow 299ct
- **2015**: Letšeng Dynasty 357ct
- **2015**: Letšeng Destiny 314ct
Operational footprint

- Gem Diamonds Limited
  - UK, BVI
  - 2 employees

- Gem Diamonds Sales, Marketing and Manufacturing
  - Belgium
  - 8 employees

- Ghaghoo Mine
  - Botswana
  - 60 employees/contractors

- Gem Diamond Technical Services
  - South Africa
  - 24 employees

- Letšeng Mine
  - Lesotho
  - 1,431 employees/contractors
Satellite pit at Letšeng open-pit mine

Operations - Letšeng
Letšeng 2016 operational performance

- Severe 2016 weather impact contained
- Revised production targets achieved
- 1.7 million tonnes Satellite pipe contribution
- Recovered grade 1% above reserve grade
- Plant 2 upgrade increased throughput objectives achieved - c12% up
- Resource development
  - Separation of plant front ends
  - Core drilling programme
- Mining support services complex
  - Construction of new workshop
  - Relocating infrastructure out of blast zone
Delivering value at Letšeng

Initiatives undertaken to unlock additional value

• Updated open-pit life of mine plan
• Large diamond recovery and breakage initiative projects
• Mining optimisation project:
  • Fleet management system
  • Improved mining processes

Improvement in the size and quality of diamonds recovered at Letšeng

• Three exceptional diamonds recovered: a 114.38 carat, Type II diamond (April 2017), a 80.58 carat, D colour Type II diamond (May 2017) and a 98.42 carat D-colour Type II diamond (May 2017)
Letšeng 2017 open pit Life of Mine plan

- Increase in ore treated tonnes from 6mtpa to 7mtpa for life of mine
- Satellite pipe ore contribution increased from 1.65mtpa to 1.80mtpa up to 2018 and 2.0mtpa from 2019 to 2029
- Reduced capital requirement over life of mine
- Near term improved cashflows and NPV
Letšeng resource performance

- Of the 100 highest US$ per carat diamonds produced over the last six years, twelve were recovered in 2016.

- Lower volume of large high value diamonds recovered in 2016.

- Large high value diamonds account for 70 - 80% of revenue.

![Diagram showing resource performance over years with a focus on 2016.](image-url)
## Letšeng capital forecast

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total tonnes mined (millions)</td>
<td>38.7</td>
<td>39.0</td>
<td>39.0</td>
<td>45.2</td>
<td>45.0</td>
</tr>
<tr>
<td>Tonnes treated (million)</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Project capital (US$m)</td>
<td>15</td>
<td>11</td>
<td>11</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Stay in business capital (US$m)</td>
<td>6</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Capital intensity (US$/tonnes mined)</td>
<td>0.55</td>
<td>0.53</td>
<td>0.51</td>
<td>0.36</td>
<td>0.18</td>
</tr>
</tbody>
</table>
Processing plant at Ghaghoo underground mine
Ghaghoo operational overview

• Downsizing strategy completed in 2016
  • Production rate reduced to 300 000 tonnes per annum
  • Operating costs reduced
• Operation placed on care and maintenance on 16 February 2017 due to ongoing market constraints
  • Sale of final c13 000 carats to take place during Q2 2017
  • Annualised care and maintenance costs of US$3.0 million
• Nine diamonds greater than 10.8 carats recovered in 2016 (largest 40 carats)
• 20 million carat resource in ground estimated at a value of approximately US$4 billion
• Market for Ghaghoo diamonds remains weak
  • US$210 per carat in early 2015
  • US$142 per carat in late 2016 – 32% down
• Operation will remain under review and restart only when prices for Ghaghoo type diamonds improve
88.43 carat white Letšeng diamond sold for c.US$ 48 000 per carat in 2016
Diamond market

• Global economic backdrop
  • Continuing macro-economic uncertainty
  • Slower growth in Chinese economy
  • Demonetisation in India
  • Positive economic trends in US

• Diamond market
  • Stabilised demand and high inventory levels in China
  • Continued US recovery
  • Liquidity
  • Polished inventory levels
  • Hong Kong show positive
Diamond pricing

- Gem Diamonds market position
  - Letšeng prices for high quality diamonds remains firm
  - Market for Ghaghoo commercial goods remains constrained

- Medium to long-term outlook
  - Demand trends expected to grow in real value terms
  - New mines bolster short-term supply, long-term supply declining

Letšeng 6 and 12 month rolling $ per carat
Sales, marketing and manufacturing overview

- Flexible sales strategy to capitalise on opportunities in both the rough and polished markets
- Downstream manufacturing and partnering activities continue to maximise value
- Robust prices achieved for Letšeng’s high quality production in challenging market conditions, but fewer larger diamond recoveries impact the overall average US$ per carat
- Letšeng 2016 sale highlights:
  - 35 rough diamonds achieved a value greater than US$1.0 million each
  - Four spectacular diamonds sold, ranked in top 35 of highest value achieved since 2011
  - Polished sales contributed additional revenue of US$3.1 million

11.78 carat pink (US$ 187 700 per carat)  
12.31 carat pink (US$ 109 677 per carat)  
93.90 carat white (US$ 56 561 per carat)

Third highest US$ per carat since 2011
CAT777 truck at Letšeng mine

Financial Overview
Full year 2016 results overview

Revenue

USD Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
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<tr>
<td></td>
<td>202</td>
<td>213</td>
<td>271</td>
<td>249</td>
<td>190</td>
</tr>
</tbody>
</table>

EBITDA / EBITDA margin (%)

USD Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
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<tr>
<td></td>
<td>67</td>
<td>79</td>
<td>106</td>
<td>104</td>
<td>63</td>
</tr>
</tbody>
</table>

Basic EPS (pre exceptional items)

US cents

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13.10</td>
<td>16.85</td>
<td>25.76</td>
<td>30.20</td>
<td>12.80</td>
</tr>
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</table>

Free cash flow from operations

USD Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(51)</td>
<td>21</td>
<td>61</td>
<td>14</td>
<td>(28)</td>
</tr>
</tbody>
</table>
Fresh water dam at Ghagho mine
Group HSSE performance

- All injury frequency rate at a Group historical low

- Zero
  - Fatalities
  - Major or significant community incidents
  - Major or significant environmental incidents

- Five lost time injuries

### Lost time injury frequency rate (LTIFR)

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
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<tbody>
<tr>
<td>2012</td>
<td>0.30</td>
</tr>
<tr>
<td>2013</td>
<td>0.13</td>
</tr>
<tr>
<td>2014</td>
<td>0.20</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>0.18</td>
</tr>
</tbody>
</table>

### All injury frequency rate (AIFR)

<table>
<thead>
<tr>
<th>Year</th>
<th>AIFR</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>4.45</td>
</tr>
<tr>
<td>2013</td>
<td>2.49</td>
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<tr>
<td>2014</td>
<td>3.01</td>
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<tr>
<td>2015</td>
<td>2.87</td>
</tr>
<tr>
<td>2016</td>
<td>1.93</td>
</tr>
</tbody>
</table>
HSSE Overview - Group CSI initiatives

Lesotho

- Local farmers at the Wool and Mohair project

- Butha Buthe Vegetable project

- Herd-boy participating in the Letšeng Community Grazing Initiative

Botswana

- Lephepe Primary school Vegetable Garden project

- Lephepe landfill waste dumping site

- Kaudwane Primary school adopted by Ghaghoo
Annexure 1 - Gem Diamonds capital structure

<table>
<thead>
<tr>
<th>Major shareholders</th>
<th>As at 31 May 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graff Diamonds International Limited</td>
<td>15.10%</td>
</tr>
<tr>
<td>Lansdowne Partners Limited</td>
<td>14.96%</td>
</tr>
<tr>
<td>Majedie Asset Management</td>
<td>7.93%</td>
</tr>
<tr>
<td>Gem Diamonds Holdings Limited</td>
<td>6.73%</td>
</tr>
<tr>
<td>Aberforth Partners LLP</td>
<td>6.63%</td>
</tr>
<tr>
<td>Lazard Asset Management</td>
<td>4.51%</td>
</tr>
<tr>
<td>Other Directors’ holdings</td>
<td>1.57%</td>
</tr>
</tbody>
</table>

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

| Daily average trading volume across all platforms (6 months to 31 May 2017) | 191 118 |
| Shares in issue (31 May 2017) | 138 506 326 |
| Free float (excl. holders above 5%, ESOP and Directors holdings) | 47.08% |
| Share price (31 May 2017) | £0.92 |
| Market capitalisation (millions) | £127 / $165 |

Company officers

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