88.4 carat white Letšeng diamond sold for US$ 48 000 per carat
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Information in this presentation is correct as at 31 December 2016
Gem Diamonds - a leading global producer of high value diamonds

• Clear focus on delivering value through optimising the Letšeng mine in Lesotho
  o Highest average dollar per carat kimberlite in the world
  o Famous for large, top colour, exceptional white diamonds

• Ghaghoo mine in Botswana
  o Ramping up production when market conditions allow

• Maximising revenue through:
  o Internal sales & marketing operations in Belgium
  o Additional margin by cutting and polishing initiatives of high-end value diamonds

• Highly experienced leadership team

• Set to continue to return cash to shareholders through annual dividend payments
Major recoveries from Letšeng

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

Gem Diamonds Limited
UK, BVI
2 employees

Gem Diamonds Sales, Marketing and Manufacturing
Belgium
16 employees

100%
Gem Diamonds Limited
21 year mining license from 2011

Ghaghoo Mine
Botswana
250 employees/contractors

Gem Diamond Technical Services
South Africa
24 employees

70%
Gem Diamonds Limited

30%
Government of Lesotho
1604 employees/contractors

Letšeng Mine
Lesotho
21 year Life of Mine open pit
The Letšeng Destiny - the 314 carat polished into a 105 carat diamond - “The Graff Vendôme”

Large Diamond Market
The Market - demand for Letšeng diamonds remains strong

Letšeng

• Prices achieved for high value large Type II diamonds have remained resilient throughout 2016

• Prices achieved H1 2016 - US$ 1 899* per carat

• 12 month rolling average - US$ 2 113* per carat

• Medium to long term outlook remains strong for large, high quality diamonds
  • Reduced sales from De Beers and Alrosa leads to firmer prices
  • Limited global production growth from 2019 onwards resulting in reduced diamond supply

* Includes carats extracted for manufacturing at rough valuation
## Rough Diamond Price Variance

### Average Rough Price by Mine/Pipe 2015 US$/ct.

![Graph showing price variance by mine/pipe](image)

Source: Gemdax

<table>
<thead>
<tr>
<th>Mine/Pipe</th>
<th>Average Price (US$/ct)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>US$2,299/ct</td>
</tr>
<tr>
<td>Others</td>
<td>US$2,299/ct</td>
</tr>
</tbody>
</table>

**Note:** Data sourced from Gemdax.
Price Trends Across Rough Diamond Categories

Major Producers Rough Price Indices
(Est. 2012 - 2016)

Letšeng US Dollar per carat 2012 - 2016
*Includes carats extracted at rough value for polishing.

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>H1 2016</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1,932</td>
<td>2,043</td>
<td>2,540</td>
<td>2,299</td>
<td>1,899</td>
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</tbody>
</table>

Source: Gemdax
GRAFF

The Golden Empress - 132.55 ct fancy intense yellow

GEM DIAMONDS

Sales, Marketing & Manufacturing
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 H1 2016
• Uplift on polished sales (previously extracted rough diamonds) achieved >14%
Investment Proposition

A leading global producer of high value diamonds

A unique set of diamond assets and a strong balance sheet

Long term fundamentals for large, high quality diamonds remain strong

Calibre of leadership team with track record of value creation

Letšeng is a world class diamond mine

✔ Produces the highest value diamonds (US$2,299 per carat in 2015)
✔ Long life asset
✔ Profitable and cash flow generative
✔ Reducing breakage, improved large stone recovery and increasing ore from the Satellite pipe offer further upside

Cash flow generative and strong profitability

✔ Strong Balance Sheet with net cash of US$66.5 million & further US$52.1 million undrawn facilities
✔ Dividend paid for 2016 and on track for 2017
✔ Attractive EV:EBITDA multiple
The Letšeng Promise - the 603 carat polished by Graff into a 26 diamond necklace

Thank you

www.gemdiamonds.com
Annexure 1 - Gem Diamonds capital structure

Gem Diamonds share price performance
1 January 2016 - 31 December 2016

Major shareholders as at 30 November 2016

- Graff Diamonds International Ltd: 15.11%
- Lansdowne Partners Ltd: 14.98%
- Gem Diamonds Holdings Ltd: 6.74%
- Majedie Asset Management: 6.50%
- Aberforth Partners: 5.55%
- BlackRock Inc.: 5.27%
- 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: 138 361 439
- Free float: 55.49%
- Share price (30 December 2016): £1.11
- 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
Annexure 2 - Half Year 2016 Results Highlights

**REVENUE**

US$109m

<table>
<thead>
<tr>
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<th>H1 2014</th>
<th>H2 2014</th>
<th>H1 2015</th>
<th>H2 2015</th>
<th>H1 2016</th>
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<td>149</td>
<td>122</td>
<td>118</td>
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</table>

**EBITDA and EBITDA margin**

US$44m

<table>
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<th>H1 2015</th>
<th>H2 2015</th>
<th>H1 2016</th>
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<td>63</td>
<td>41</td>
<td>46</td>
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</table>

**BASIC EPS (pre exceptional items)**

US cents 9.70

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H2 2014</th>
<th>H1 2015</th>
<th>H2 2015</th>
<th>H1 2016</th>
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<td>15.30</td>
<td>9.76</td>
<td>10.69</td>
<td>19.05</td>
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**CASH GENERATED BY OPERATIONS**

US$59m

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