Disclaimer

The following presentation is confidential and is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ("relevant persons"). Any person who is not a relevant person should not act or rely on this presentation or any of its 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 Gem Diamonds Group (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 is 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 our Annual Report for the year ended 2017 and our 2018 Half-Yearly report for the six months ended 30 June 2018. These reports can be found 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 earnings 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 should inform themselves about, and observe such restrictions on information in this presentation.

The information contained herein is correct as at 29 January 2019.
Gem Diamonds – an overview

• Listed on the Main Board of the London Stock Exchange (LSE : GEMD)
• Leading producer of large, high quality, exceptional Type II diamonds

Mining - Letšeng Diamonds
• Located in Maluti mountains of Lesotho
• Acquired 2006
• 70% ownership
• Highest $/carat kimberlite mine

Sales, Marketing and Manufacturing
• Sales and tender viewing in Antwerp and Tel Aviv
• Sales held through electronic tender platform
  • 8 tenders held annually
  • Selected sales through partnership arrangements

Innovation and Technology
• Developing value enhancing technologies
• Limit diamond damage and lower operating costs through
  • identifying locked diamonds within kimberlite;
  • liberating diamonds using a non-mechanical process
Financial Highlights

**Revenue** (US$ millions)

- 2014: 271
- 2015: 249
- 2016: 190
- 2017: 214
- 2018*: [Graph]

**EBITDA** (US$ millions)

- 2014: 106
- 2015: 104
- 2016: 63
- 2017: 49
- 2018*: [Graph]

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

- 2014: 26.0
- 2015: 30.0
- 2016: 13.0
- 2017: 6.6
- 2018*: [Graph]

*Final results to be released on 13 March 2019*

**Cash position - 31 December 2018:**

- US$51 million cash
- Net cash US$18 million
- US$50 million available facilities
Our strategy and key priorities

**Extracting maximum value from operations**

- **Business transformation** – driving business optimisation by enhancing the efficiency of the Group through:
  - improving operational performance;
  - stringent cost control;
  - capital discipline; and
  - sale of non-core assets

- **Building** balance sheet strength

- Adding **new sales** avenues to maximise value

**Working responsibly and maintaining social licence**

- Promoting a culture of **zero harm** and responsible care

- Building **long-term, transparent and mutually beneficial** relationships with stakeholders and communities

- **Complying** with regulatory and operating environment

- **Prioritising** organisational health

**Preparing for our future**

- Advancing innovative **technologies to enhance revenues and reduce costs** through **reducing diamond damage** in the plant

- **Extending** mining lease tenure at Letšeng

- Assessing growth opportunities against **strict investment criteria**

- **Diamond market**
Market information

2018 annual share performance

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price 29 January (£)</td>
<td>0.97</td>
</tr>
<tr>
<td>High</td>
<td>1.25</td>
</tr>
<tr>
<td>Low</td>
<td>0.72</td>
</tr>
<tr>
<td>Mkt Cap (£mm)</td>
<td>154.2</td>
</tr>
<tr>
<td>One year return</td>
<td>54.2%</td>
</tr>
<tr>
<td>PE ratio</td>
<td>6.0x</td>
</tr>
<tr>
<td>Average Volume traded</td>
<td>86.4</td>
</tr>
</tbody>
</table>

Analyst target prices (£)

<table>
<thead>
<tr>
<th>Analyst</th>
<th>Price (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finncap</td>
<td>1.50</td>
</tr>
<tr>
<td>Panmure Gordon</td>
<td>1.50</td>
</tr>
<tr>
<td>Liberum</td>
<td>1.45</td>
</tr>
<tr>
<td>Canaccord Genuity</td>
<td>1.45</td>
</tr>
<tr>
<td>Berenberg</td>
<td>1.40</td>
</tr>
<tr>
<td>BMO Capital Markets</td>
<td>1.20</td>
</tr>
<tr>
<td>Barclays</td>
<td>1.15</td>
</tr>
<tr>
<td>J.P. Morgan</td>
<td>1.15</td>
</tr>
</tbody>
</table>
Letšeng

Mining
- Total Resource: 5.0 million carats
- In-situ value US$10.3 billion
- Two kimberlite pipes: Main & Satellite (17.0ha; 5.2ha)
- Mining lease – renewal in progress - 10 year with option for further 10 year extension to 2039

Processing and recoveries
- Three treatment plants
- 6.4 – 6.6 mtpa
- Record recoveries > 100 carats in 2018 - 15 diamonds
- 910 carat Lesotho Legend

HSSE
- No fatalities in 2018
- 4 Lost time injuries in 2018
- Dairy farming project
- Egg farming project
- Scholarship programmes
- Footbridge construction

<table>
<thead>
<tr>
<th>Waste tonnes mined (millions)</th>
<th>Carats recovered (thousands)</th>
<th>Ore tonnes treated (millions)</th>
</tr>
</thead>
</table>
Letšeng

Sales and marketing
- Prices remain firm for Letšeng large high quality goods
- Sold 125 111 carats (2017: 107 152)
- Average price of US$2 131 per carat achieved during 2018 (US$1 930 in 2017)
- 2018 sales highlights:
  - 44 diamonds sold for > US$ 1.0 million each, generating revenue of US$137.2 million
  - 104 diamonds sold for > $20 000 per carat (2017: 84)
  - 701 diamonds > 10.8 carats sold (2017: 600)

$ per carat - 12 month rolling average

Dec 2016  | Jun 2017  | Dec 2017  | Jun 2018  | Dec 2018
---       | ---       | ---       | ---       | ---
1 695     | 1 625     | 1 930     | 2 415     | 2 131

101 ct and 71 ct diamonds recovered in December 2018 to be sold on Tender 1 in 2019
Letšeng

Frequency of large diamond recoveries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;100 carats</td>
<td>7</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>11</td>
<td>5</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>60 - 100 carats</td>
<td>18</td>
<td>11</td>
<td>11</td>
<td>22</td>
<td>17</td>
<td>17</td>
<td>21</td>
<td>15</td>
<td>21</td>
<td>19</td>
<td>22</td>
</tr>
<tr>
<td>30 - 60 carats</td>
<td>96</td>
<td>79</td>
<td>66</td>
<td>66</td>
<td>77</td>
<td>60</td>
<td>74</td>
<td>65</td>
<td>70</td>
<td>74</td>
<td>83</td>
</tr>
<tr>
<td>20 - 30 carats</td>
<td>108</td>
<td>111</td>
<td>101</td>
<td>121</td>
<td>121</td>
<td>82</td>
<td>123</td>
<td>126</td>
<td>83</td>
<td>113</td>
<td>137</td>
</tr>
<tr>
<td>Total diamonds &gt;20 carats</td>
<td>229</td>
<td>207</td>
<td>185</td>
<td>215</td>
<td>218</td>
<td>165</td>
<td>227</td>
<td>217</td>
<td>179</td>
<td>213</td>
<td>257</td>
</tr>
</tbody>
</table>

Revenue by size fraction

- > 10 cts: 9%
- 5 - 10 cts: 11%
- < 5 cts: 80%

125 ct recovered in December 2018 to be sold on Tender 1 in 2019
Letšeng

Significant diamond recoveries in 2018

66.27 ct (US$56 028/ct)

49.84 ct ($52 896/ct)

2.26 ct pink ($62 433/ct)

910 ct Lesotho Legend ($43 956/ct)

151.78 ct ($48 306/ct)

169.10 ct ($55 354/ct)
Business Transformation

- Targeting revenue and productivity improvements and cost savings
- 4 year cumulative target of US$100 million set to end of 2021
- Sustainable annual net benefit of US$30 million from 2022
- On track to deliver
- To date, implemented initiatives expected to deliver +US$60 million over the 4-year target period

Annual expected cash flow benefit

Cumulative $100m

Sustainable $30m

Mining
Processing
Working capital & overheads
Corporate activities