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The information contained herein is correct as at 28 January 2020.
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
• Low operating cost producer

Sales, Marketing and Manufacturing
• Sales by tender; viewings in Antwerp and Tel Aviv
• Sales held through electronic tender platform with 8 tenders held annually

Innovation and Technology
• Developing value enhancing technologies
• Limits diamond damage and lower operating costs through
  • Detecting diamonds within kimberlite
  • Liberating diamonds using a non-mechanical process
## Our strategy and key priorities

<table>
<thead>
<tr>
<th>Extracting maximum value from operations</th>
<th>Working responsibly and maintaining social licence</th>
<th>Preparing for our future</th>
</tr>
</thead>
</table>
| • Driving business optimisation by enhancing the efficiency of the Group through:  
  • improving operational performance;  
  • stringent cost control;  
  • capital discipline.  
| • 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  
| | • Advancing innovative technologies to enhance revenues and reduce costs through reducing diamond damage in the plant  
| | • Extended mining lease tenure at Letšeng  
| | • Assessing growth opportunities against strict investment criteria  
| | • Diamond market is recovering  
| • Building balance sheet strength  
| • Adding new sales avenues to maximise value  

Diamond market

- Polished diamond market has been under pressure since latter half of 2017:
  - Financing constraints in the midstream
  - Surplus inventory in the manufacturing sector
  - Concerns over lab-grown diamonds entering the market
- Severe downward pressure on pricing of smaller, commercial type rough diamonds over the past two years
- Price disparity between smaller rough diamonds and other categories - widest in five years at end 2018
- To support industry and maintain prices in 2019, ALROSA and De Beers
  - provided leniency in contract buying requirements; and
  - curtailed new diamond supply to the market
- Negative impact on pricing of Letšeng's large, high value diamonds seen since mid-2019
- Lucara reported a >20% decrease in prices on large, high-value diamonds
- Polished inventory levels have gradually decreased
- Recovery of diamond market expected to commence in 2020
Financials

*Final results to be released on 11 March 2020*
Market information

2019 annual share performance

<table>
<thead>
<tr>
<th></th>
<th>Price 27 January (£)</th>
<th>High</th>
<th>Low</th>
<th>Mkt Cap (£mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.63</td>
<td>1.12</td>
<td>0.50</td>
<td>71.0</td>
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</tbody>
</table>

Analyst target prices (£)

<table>
<thead>
<tr>
<th>Analyst</th>
<th>Price (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finncap</td>
<td>1.00</td>
</tr>
<tr>
<td>Panmure Gordon</td>
<td>1.29</td>
</tr>
<tr>
<td>Berenberg</td>
<td>0.92</td>
</tr>
<tr>
<td>BMO Capital Markets</td>
<td>0.50</td>
</tr>
<tr>
<td>J.P. Morgan</td>
<td>0.50</td>
</tr>
</tbody>
</table>
Letšeng

**Mining**
- Total Resource: 5.0 million carats
- Two kimberlite pipes: Main & Satellite (17.0ha; 5.2ha)
- Mining lease renewed for 10 plus 10 years

**Processing and recoveries**
- Three treatment plants
- 6.4 – 6.6 mtpa
- 13.32ct pink diamond sold for record $656 934/ct in 2019
- 11 +100ct diamonds recovered in 2019

**CSRI**
- Dairy farming project
- Egg distribution project
- Vegetable project
- Scholarship programmes
- Footbridge construction
- Police station construction

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**Waste tonnes mined**
(millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24</td>
<td>30</td>
<td>30</td>
<td>26</td>
<td></td>
</tr>
</tbody>
</table>

**Carats recovered**
(thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019*</th>
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</thead>
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<tr>
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<td>109</td>
<td>108</td>
<td>112</td>
<td>126</td>
<td></td>
</tr>
</tbody>
</table>

**Ore tonnes treated**
(millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019*</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>6.7</td>
<td>6.6</td>
<td>6.4</td>
<td>6.5</td>
<td></td>
</tr>
</tbody>
</table>

*Final results to be released on 11 March 2020*
Letšeng Mining Agreement

• Mining Agreement renewed in October 2019
  • 10 year term up to 2029
  • Exclusive option to renew for further 10 years up to 2039

• Work permits – increased from 5 to 60
• Royalties increased from 8% to 10% in line with the 2005 Mining and Minerals Act
• Royalties may be remitted in whole or in part in the event that Letšeng embarks upon any material capital project
• The respective shareholding remained unaltered
Letšeng

Community Projects

- Police station in the Phutha-lichaba village
- Dairy farming project
- School infrastructure construction
- Footbridge construction
- Vegetable project
- Wool & mohair project
Letšeng

Sales and marketing
- Global diamond market under pressure
- Prices for Letšeng large high quality goods showed signs of weakness from mid-2019
- 2019 sales highlights:
  - 27 diamonds sold for > US$ 1.0 million each, generating revenue of US$68.2 million
  - 67 diamonds sold for > $20 000 per carat
  - 685 diamonds > 10.8 carats sold

$ per carat - 12 month rolling average

161ct diamond which sold for US$6.75 million (US$41 919/ct)
## Letšeng

### Frequency of large diamond recoveries

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>&gt;100 carats</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>
<td>11</td>
</tr>
<tr>
<td>60 - 100 carats</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>
<td>20</td>
</tr>
<tr>
<td>30 - 60 carats</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>
<td>82</td>
</tr>
<tr>
<td>20 - 30 carats</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>
<td>139</td>
</tr>
<tr>
<td>Total diamonds &gt;20 carats</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>
<td>252</td>
</tr>
</tbody>
</table>

### Revenue by size fraction - 2019
- > 10 cts: 74%
- 5 - 10 cts: 13%
- < 5 cts: 12%

### Revenue by size fraction - 2018
- > 10 cts: 80%
- 5 - 10 cts: 11%
- < 5 cts: 9%
Letšeng

Significant diamond recoveries in 2019

13.32ct pink (US$656 934/ct)
161.03ct ($41 919/ct)
140.28ct ($21 392/ct)
6.99ct pink (US$171 245/ct)
125.21ct ($28 850/ct)
6.91ct pink (US$55 010/ct)
70.69ct ($48 255/ct)
Business Transformation

- Business Transformation commenced in 2017
- Target of $100m cumulative over 4-year period to 2021 (from revenue, productivity improvements and cost savings)
- Sustainable annual benefit of $30m from 2022
- Implemented initiatives on track to deliver US$100m by 2021
- $50m delivered to date
- Implementation of Continuous Improvement strategy

![Business Transformation Chart]

- US$100m Implemented
- Mining: $21m
- Processing: $28m
- Working capital & overheads: $23m
- Corporate activities: $28m
- Sustainable: $30m

2018A 2019E 2020FC 2021FC 2022 Onwards

Delivered | Planned | Sustainable