GEM DIAMONDS

ANNUAL REPORT AND ACCOUNTS 2023

14 March 2024

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The information contained herein is correct as at 13 March 2024.

2023 IN REVIEW

Carats recovered
109 656

US$ per carat achieved
US$1 334

Revenue
US$140.3 million

EBITDA
US$15.2 million

Basic loss per share
1.5 US cents

Net debt
US$21.3 million

Lowest All injury frequency rate to date
0.67

Decarbonisation target (30% by 2030)
26% achieved

Available undrawn facilities
US$45.9 million

DIAMOND MARKET

CHALLENGING MACRO ECONOMIC CONDITIONS IMPACTED NEGATIVELY ON THE DIAMOND MARKET IN 2023

GLOBAL ECONOMIC BACKDROP

- Global economic growth of c.2.9% in 2023
- Prolonged sluggish economic growth in China
- Surge in inflation and interest rates in major economies
- Russian invasion of Ukraine continues
- Israel / Hamas conflict in Gaza
- Yemen Houthi rebel attacks in Red Sea in 2024

DIAMOND MARKET

- Pressure on rough and polished diamond prices
- High inventory levels following aggressive restocking post-Covid
- Major players took steps to rebalance overstocking
  - India's self-imposed 2-month diamond import ban
  - De Beers allowing flexibility for sightholders
- Ultra high-end brands moving forward with diamond jewellery lines

GEM DIAMONDS' MARKET POSITION

- Highest US$ per carat kimberlite producer
- Early signs of price recovery seen in 2024
- Opportunities to capture downstream value continued
- Building high-end luxury brand relationships

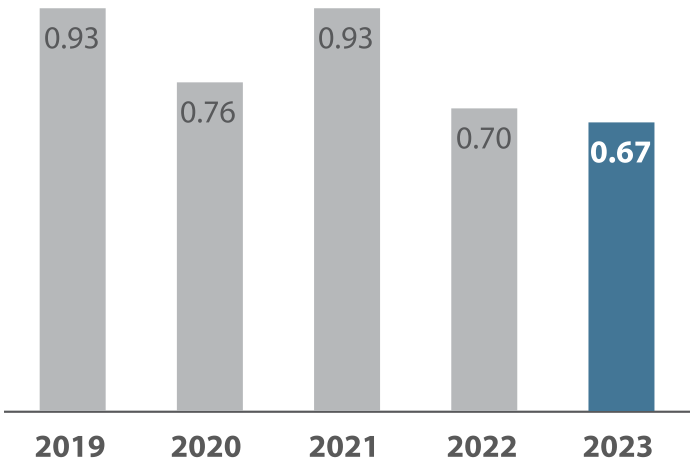
SUSTAINABILITY

ZERO HARM IS A PRIORITY

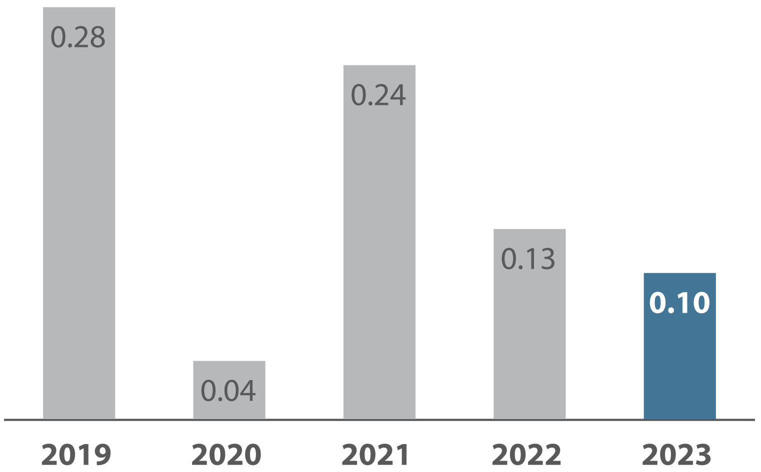
- Safety culture maturity programme completed, yielding positive results in 2023:
  - Zero fatalities
  - Two LTIs (2022: three)
  - AIFR: 0.67 (our lowest on record)

- No major or significant environmental incidents
- No major or significant social incidents

All injury frequency rate (AIFR)



Lost time injury frequency rate (LTIFR)



CLIMATE CHANGE

- Adopted a decarbonisation target of 30% by 2030 against a 2021 baseline
- 26% reduction in Scope 1 and 2 carbon emissions (against a 2021 baseline)
- Completed final phase of our three-year TCFD adoption roadmap
- Focused on:
  - Implementing reduced energy consumption initiatives
    - reduced waste tonnes
    - reduced haulage distances
    - energy-saving lighting solutions
    - electrical load management system
    - Ghaghoo solar plant
  - Assessing lower-carbon and renewable energy sources

SUSTAINABILITY

- Our CSI projects focused on education, infrastructure and SME development:
  - Tertiary scholarships
  - Classrooms constructed / renovated at four schools
  - Development and support of egg and dairy farm projects
- Employment opportunities for our PACs
- 300 kl bioremediation plant constructed
- Aligned to Global Industry Standard on Tailings Management
- Retained ISO 14001 and ISO 45001 certification (for 7th consecutive year)
- Retained FTSE4Good status for 5th consecutive year
- Integration of eight adopted UN SDGs


LETŠENG

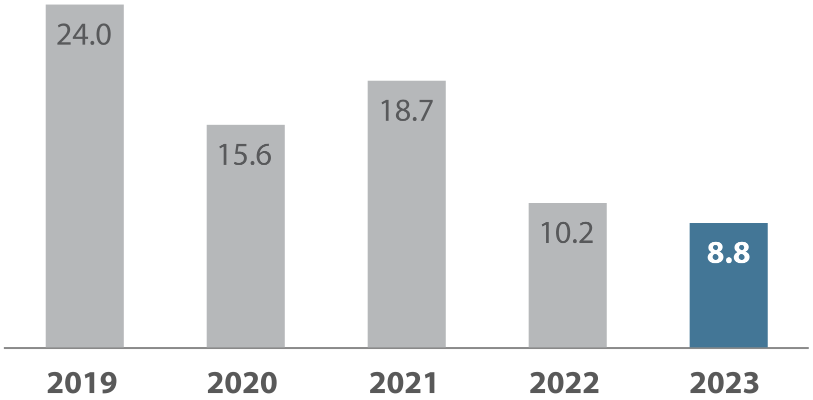
OPERATIONS REVIEW

- Focus on operational efficiencies and cost containment
  - right-sizing at Letšeng completed in June
  - insourcing of mining activities

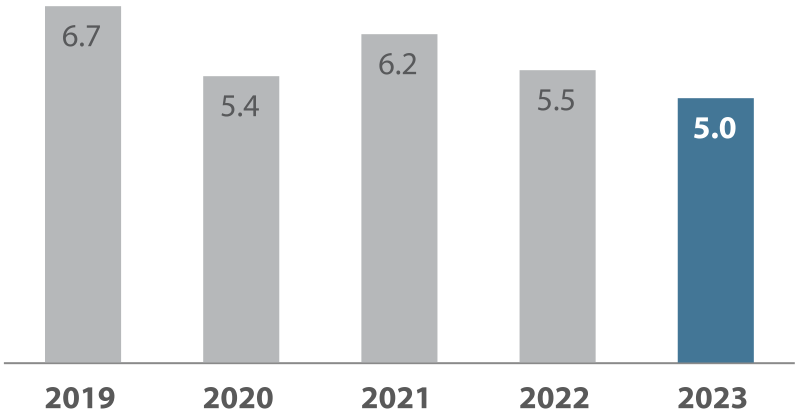
- Reduced waste tonnes:
  - in line with optimised mine plan (MC4W)
  - aligned 2023 waste stripping to lower tonnes treated

- Reduced ore tonnes treated:
  - no AV contribution in 2023 (2022: 0.4m tonnes)
  - grid power interruptions (load shedding)
  - slowing down of plant feed rates in H2 2023, offset by:
    - improved stability and overall plant utilisation
    - new primary crushing area (PCA) commissioned

Waste tonnes mined (millions)

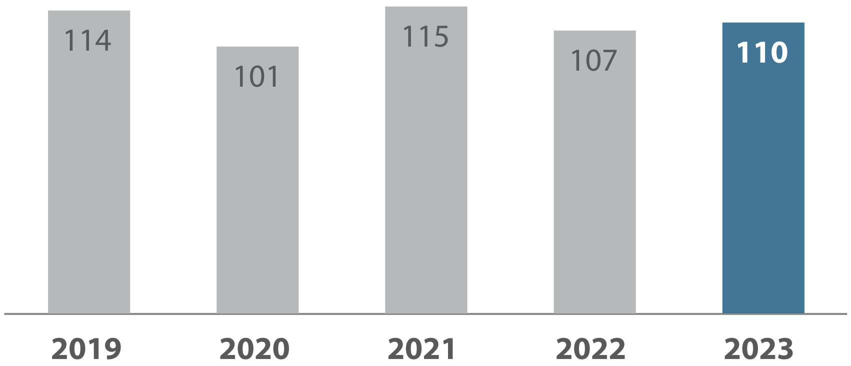


Ore tonnes treated (millions)



OPERATIONS REVIEW

Carats recovered (thousands)



- Carats recovered higher than expected grade
  - H1 2023 grade: 2.05 cpht
  - H2 2023 grade: 2.48 cpht
- Five >100 carat diamonds and thirteen 60-100 carat diamonds recovered is below long-term average
- 3 >100 carat diamonds recovered YTD 2024

Frequency of large diamond recoveries

Weight category	2023	2022	FY average 2008 – 2023
>100 carats	**5**	4	8
60 – 100 carats	**13**	18	18
30 – 60 carats	**71**	69	76
20 – 30 carats	**107**	108	114
10 – 20 carats	**477**	507	449
Total diamonds >10 carats	**673**	706	664

LETŠENG'S 2024 RESOURCE & RESERVE

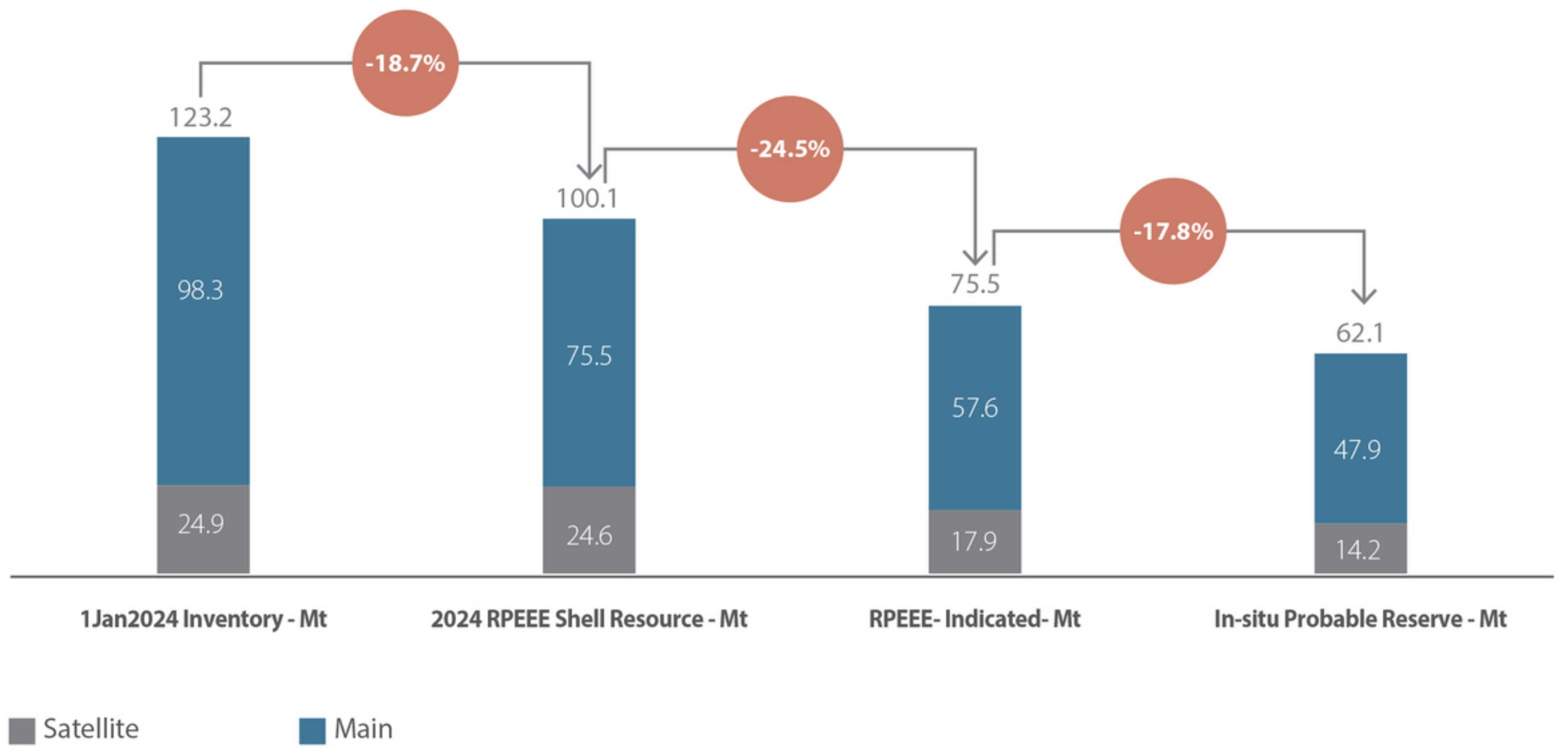
- Completed an extensive 8-year resource development programme at Letšeng, including:
  - Three phases of diamond core drilling:
    - 2017-2020 (31 drillholes, 8 386 metres)
    - 2021-2022 (24 drillholes, 8 640 metres)
    - 2022-2023 (8 drillholes, 2 235 metres)
  - Petrographic, mineral chemistry and microdiamond analysis
  - Discrete domain sampling and production data analysis
  - In-pit mapping data of internal and external domain contacts
  - Updated 3D geological models and Size Frequency Distributions
  - Updated Diamond pricing based on sales data to the end of 2023
  - As-built survey of the open-pit topography as of 31 December 2023

- Significantly improved knowledge of a complex orebody (11 kimberlite domains in the Main pipe and 5 in Satellite pipe)

- Letšeng's 2024 Resource and Reserve Statement has been published (www.gemdiamonds.com)

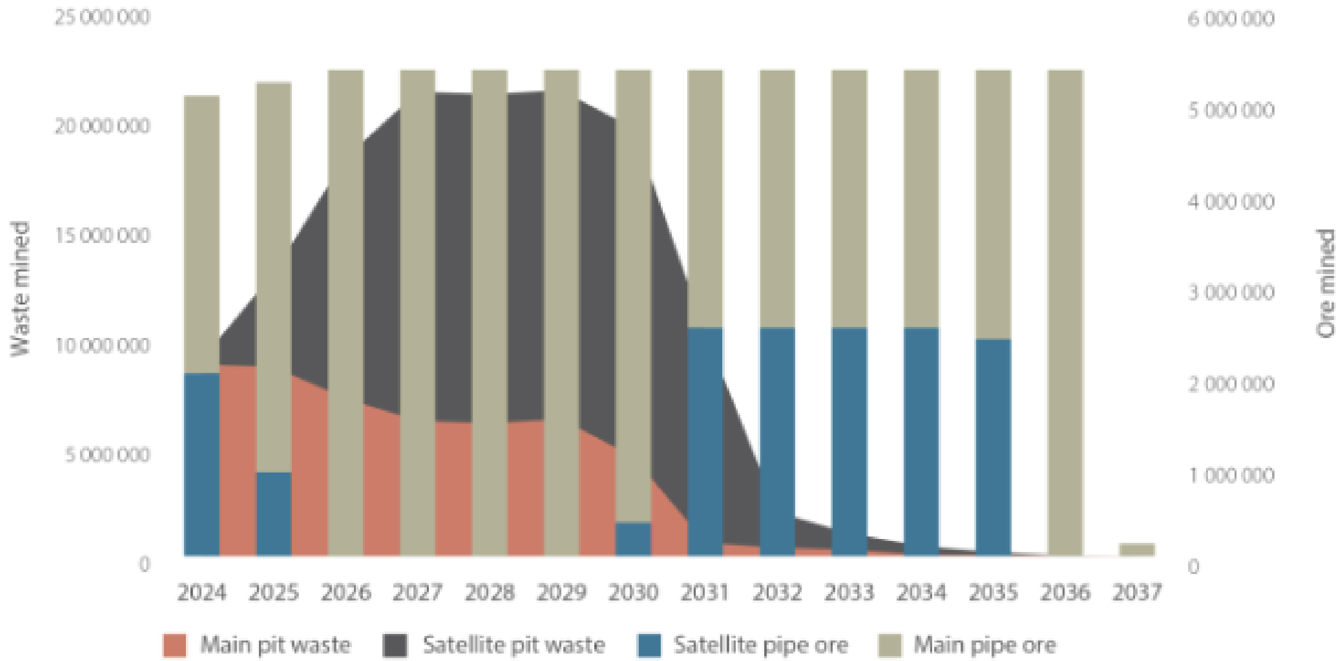
- Replaces 2015 Resource and Reserve Statement (SAMREC)

LETŠENG'S 2024 RESOURCE & RESERVE



- On a like-for-like basis the 2015 probable reserve would have been c.82Mt (post 55Mt depletion):
  - Main Pipe = c.71Mt
  - Satellite Pipe = c.11Mt
- Probable reserve reduced from 2015 due to change in economic inputs and resource classification
- The current Main pit design has the flexibility to access an additional c.12.5Mt (inferred resource)

LONG-TERM MINE PLAN

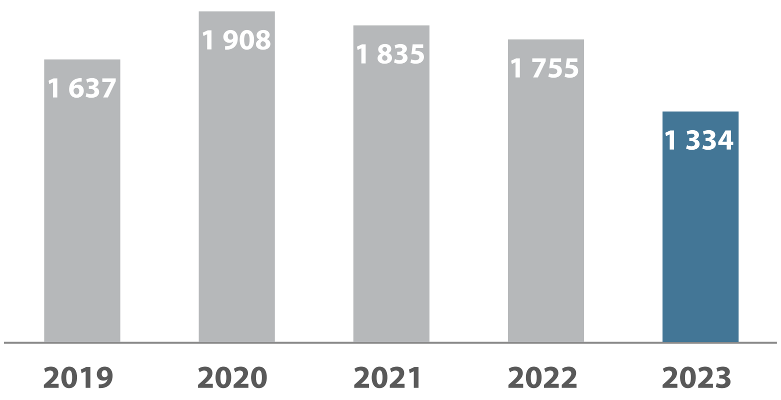


- Long-term mine plan revised (based on 2024 Resource & Reserve Statement)
  - SC5W extraction reduced to 2.0m tonnes pa in 2024 (previously 3.0m tonnes pa)
  - Waste stripping for SC6W moved out to Q3 2025
- Optimisation
  - Satellite pipe underground study and trade-off with open-pit completed
  - Steeper conventional concept in SC6W will significantly reduce waste
  - Upgrading inferred resource in Main pipe (c.2 years of added life)

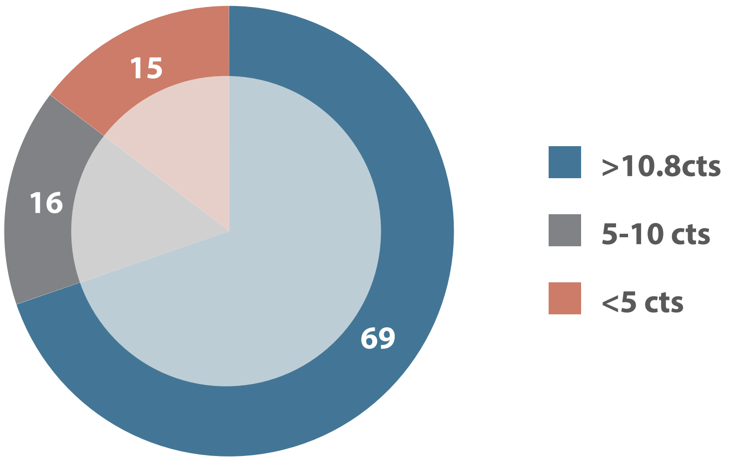
SALES AND MARKETING

- Achieved US$1 334 per carat
- Sold 5 diamonds greater than 100 carats
- Sold 22 diamonds for more than US$1.0 million
- Sold 51 diamonds for more than US$20 000 per carat
- >10.8 carat diamonds contributed 69% of revenue
- Targeted supply to premium, luxury brands resulting in additional revenue of US$0.9 million

Average US$ per carat



Revenue per size fraction



SIGNIFICANT DIAMOND RECOVERIES IN 2023

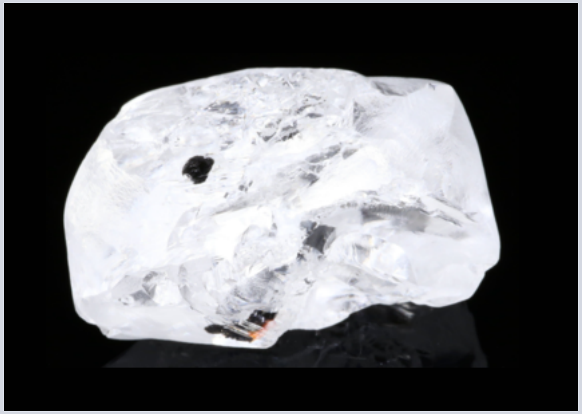
120 CARAT WHITE DIAMOND

117 CARAT WHITE DIAMOND

112 CARAT WHITE DIAMOND

58 CARAT WHITE DIAMOND

(HIGHEST WHITE $/CT)



74 CARAT WHITE DIAMOND

7 CARAT PINK DIAMOND

(HIGHEST $/CT)

FINANCIAL RESULTS

INCOME STATEMENT

US$ million	2023	2022	% Variance
Revenue from contracts with customers	**140.3**	188.9	(26)
Royalties and selling costs	**(15.3)**	(20.3)	
Cost of sales	**(102.1)**	(116.3)	
Corporate expenses (excluding depreciation)	**(7.7)**	(8.6)	
Underlying EBITDA	**15.2**	43.7	(65)
Depreciation and mining asset amortisation	**(7.3)**	(8.4)	
Other operating expenses	**–**	(2.4)	
Net finance costs	**(4.7)**	(4.1)	
Non-cash items	**2.5**	1.6	
Profit before tax for the year	**5.7**	30.4	(81)
Income tax expense	**(4.1)**	(10.2)	
Profit after tax for the year	**1.6**	20.2	(92)
Non-controlling interests	**(3.7)**	(10.0)	
Attributable (loss)/profit	**(2.1)**	10.2	
(Loss)/earnings per share (US cents)	***(1.5)***	*7.3*	*(121)*

LETŠENG UNIT COST ANALYSIS

		2023	2022	% Variance
Ore tonnes treated (millions)		**5.0**	5.5	(9)
Operating Costs	*Direct cash costs[1]*	**288.54**	252.50	
	Plant 3 operator costs	**–**	10.57	
Total direct cash operating costs per ore tonne treated - LSL		**288.54**	263.07	10
Non-cash accounting charges[2]		**85.87**	82.02	
Total operating costs per ore tonne treated – LSL		**374.41**	345.09	8
Average foreign exchange rate		***18.45***	*16.37*	
Total operating costs per ore tonne treated – US$		**20.29**	21.08	(4)

Waste tonnes mined (millions)	**8.8**	10.2	(13)
Total waste cash costs per waste tonne mined – LSL	**66.03**	66.74	(1)
Average foreign exchange rate	***18.45***	*16.37*	
Total waste cash costs per waste tonne mined – US$	**3.58**	4.08	(12)

[1] Direct cash costs represent all operating costs, excluding royalty and selling costs.
[2] Non-cash accounting charges include waste stripping cost amortised, inventory and ore stockpile adjustments and finance lease costs, and excludes depreciation and mining asset amortisation.

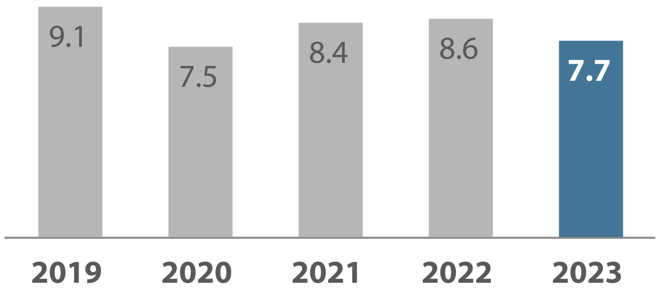
FINANCIAL POSITION

US$ million	2023	2022	% Variance
Non-current assets	**317.6**	313.6	
IFRS 16 Right of use assets	**4.7**	6.3	
Current assets	**41.3**	35.2	
Income tax receivable	**3.7**	2.3	
Cash	**16.5**	8.7	
Total assets	**383.8**	366.2	5
Equity attributable to the parent company	**138.9**	152.6	
Non-controlling interest	**79.2**	80.4	
Total equity	**218.1**	233.1	(7)
Interest-bearing loans and borrowings (long and short term)	**38.6**	5.9	
IFRS 16 lease liabilities (long and short term)	**5.9**	7.9	
Non-current liabilities	**15.7**	17.6	
Deferred tax liabilities	**82.1**	82.0	
Current liabilities	**23.4**	19.7	
Total liabilities	**165.7**	133.1	20

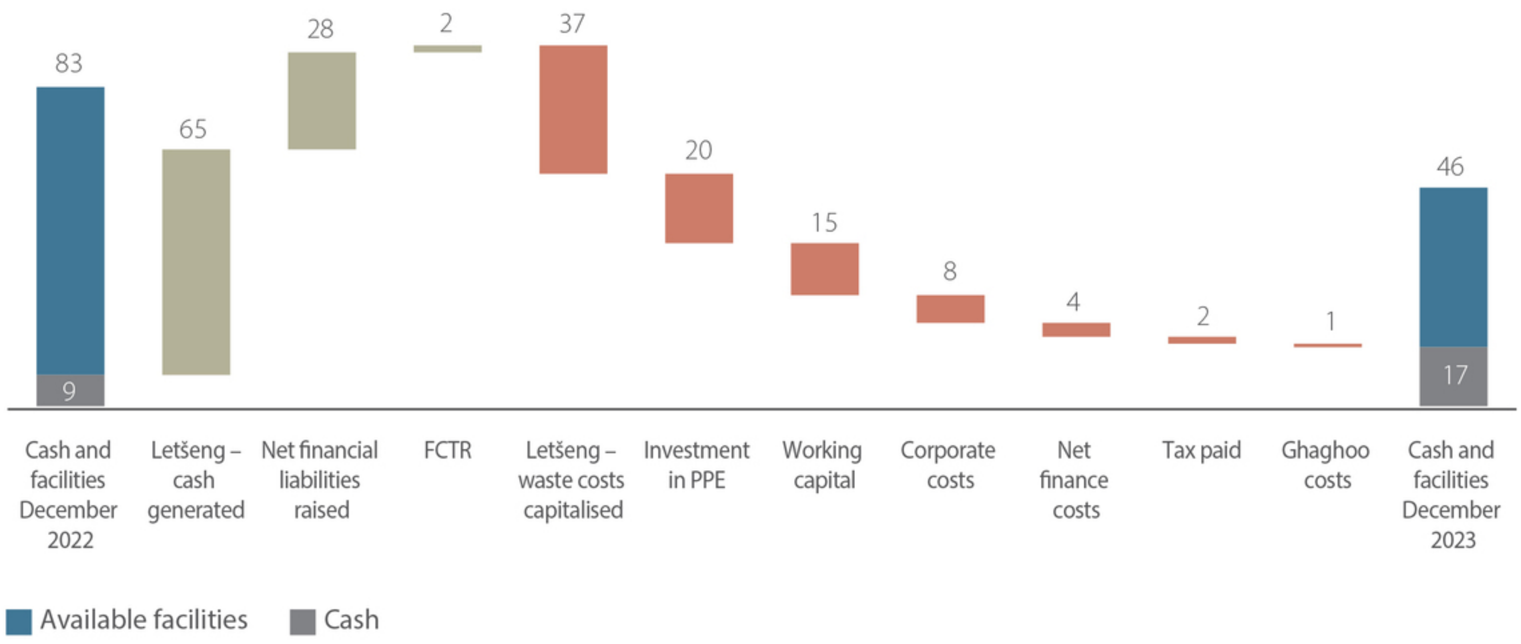
CASH MANAGEMENT

- Group cash of US$16.5 million
- Net debt of US$21.3 million
- Available undrawn facilities at year end - US$45.9 million

Corporate costs (excl depreciation) (US$ millions)



Cash movement (US$ million)



LETŠENG 2024 GUIDANCE

	2024 Guidance
Waste stripped (Mt)	**6 – 7**
Ore treated (Mt)	**4.9 – 5.1**
Satellite pipe ore contribution[1] (Mt)	**1.8 – 2.0**
Carats recovered (Kct)	**88 – 92**
Carats sold (Kct)	**91 – 95**
Direct cash costs (before waste) per tonne treated[2] (Maloti)	**245 – 260**
Operating costs per tonne treated[3] (Maloti)	**345 – 360**
Mining waste cash costs per tonne of waste mined (Maloti)	**60 – 70**
Total capital[4] (US$ million)	**5 – 7**

[1] *The contribution from Satellite pipe material is evenly spread throughout the year.*
[2] *Direct cash costs excludes royalty and selling costs.*
[3] *Operating costs comprise direct cash costs, waste stripping cost amortised, inventory and ore stockpile adjustments, depreciation and mining asset amortisation and finance lease costs.*
[4] *At an exchange rate of US$1: LSL18.90.*


2024
FOCUS AREAS

2024 FOCUS AREAS

EXTRACTING MAXIMUM VALUE FROM OUR OPERATIONS

- Optimise short-term mine planning
- Review all operational contracts
- Rigorous scrubbing of capital projects
- Expanding supply to premium luxury brands
- Reduce energy consumption initiatives

WORKING RESPONSIBLY AND MAINTAINING OUR SOCIAL LICENCE

- 5-year CSI investment strategy delivery
  - education
  - infrastructure
  - SME development
- Residue storage facility management

PREPARING FOR OUR FUTURE

- Renewal of Group's revolving credit facilities
- Optimise long-term mine planning
- External growth and expansion opportunities
- Longer-term alternative energy solutions

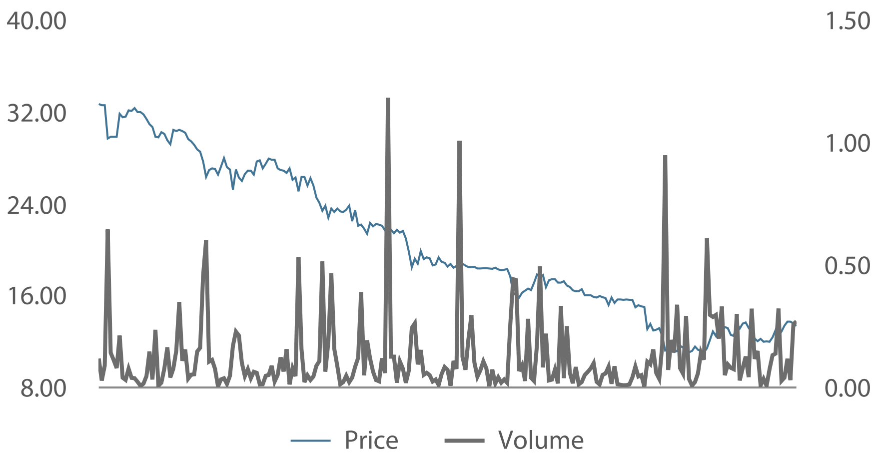
CONTACT US

Gem Diamonds Limited
Kiki Constantopoulos, Company Secretary
IR@gemdiamonds.com

Celicourt Communications
Mark Antelme / Felicity Winkles
T: +44 (0)207 777 6424

APPENDIX A: MARKET INFORMATION

2023 Share price movement



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

Daily average trading volume across all platforms in 2023	**119k**
Shares in issue (excl. treasury shares)	**139 690 012**
Free float (excl. holders above 5%, ESOP and Directors' holdings) (%)	**31.3**
Share price (12 March 2024)	**£0.10**
Market capitalisation (millions)	**£13/US$17**

Major shareholders	As at 13 February 2024 (%)
Sustainable Capital Limited	**21.8**
Graff Investments Limited	**14.9**
Lansdowne Partners Ltd	**13.4**
Aberforth Partners LLP	**12.0**
Gem Diamonds Holdings Ltd	**6.7**
Hargreaves Lansdown Asset Management	**3.2**
Hosking Partners LLP (UK)	**3.1**

Company officers

Clifford Elphick	Chief Executive Officer
Michael Michael	Chief Financial Officer
Brandon de Bruin	Chief Operating Officer

GEM DIAMONDS

2nd Floor, Coastal Building,
Wickham's Cay II, PO Box 2221,
Road Town,
Tortola, British Virgin Islands,
Registration number: 669758

GEM DIAMONDS LIMITED
www.gemdiamonds.com