

12 December, 2017

**GEM DIAMONDS LIMITED**

("Gem Diamonds" or "the Company")

**Update on Ghaghoo sale process**

In Gem Diamonds' Half Year 2017 results, announced on 17 August 2017, shareholders were notified that an offer to acquire 100% of the Ghaghoo asset ("Ghaghoo") had been received and was being considered by the Board.

Discussions have not resulted in agreement between parties and this offer has been withdrawn.

The Company is presently in discussions with other parties interested in acquiring 100% of the Ghaghoo asset and will update the market as and when appropriate.

The Board decided to place the Ghaghoo mining operation on care and maintenance in February 2017, due to market conditions. Full care and maintenance status was achieved in March 2017.

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67.

**For further information:**

[www.gemdiamonds.com](http://www.gemdiamonds.com)

**Gem Diamonds**

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**About Gem Diamonds:**

Gem Diamonds is a leading global diamond producer of high value diamonds. The Company owns 70% of the Letšeng mine in Lesotho and 100% of the Ghaghoo mine in Botswana. The Letšeng mine is famous for the production of large, top colour, exceptional white diamonds, making it the highest dollar per carat kimberlite diamond mine in the world. Since Gem Diamonds' acquisition of Letšeng in 2006, the mine has produced four of the 20 largest white gem quality diamonds ever recorded.