

4 October 2019

GEM DIAMONDS LIMITED

("Gem Diamonds" or "the Company")

Letšeng mining lease renewal

Gem Diamonds Limited (LSE: GEMD) is pleased to announce that the mining lease for the Letšeng mine has been renewed by the Government of the Kingdom of Lesotho (the Government).

Following a successful statutory negotiation process, the terms of the renewed mining lease were agreed with the Lesotho Mining Board and include the following material terms

- The lease is renewed with immediate effect for a period of 10 years (the maximum period allowed under the 2005 Mines and Minerals Act – the Act) with an exclusive right granted to Letšeng to renew the mining lease for a further period of 10 years
- The respective shareholding in the Letšeng mine remains unaltered
- The royalty payable in respect of diamonds sold by Letšeng is increased from 8% to 10% (the current stipulated rate under the Act) with effect from 3 October 2019
- The royalty may be remitted in whole or in part in the event that Letšeng embarks upon any material capital project
- The number of work permits which may be granted to Letšeng in respect of foreign nationals increases in order to fill any skills gap at the mining operations

Gem Diamonds' CEO, Clifford Elphick commented:

"Gem Diamonds is proud of our long-standing partnership with the Government and the people of Lesotho. The mining lease renewal will allow the Letšeng mine to continue to make a very significant economic and social contribution to the people of Lesotho. Gem Diamonds would like to thank the Government of Lesotho for its ongoing support and we look forward to continuing the shared value creation long into the future."

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67

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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. 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. www.gemdiamonds.com