

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your shares or depositary interests, please send this document, together with the accompanying documents, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



(Incorporated in the British Virgin Islands with registered number 669758)

NOTICE OF ANNUAL GENERAL MEETING

TO BE HELD ON TUESDAY, 6 JUNE 2017 AT 9:30 AM

AT THE GROSVENOR HOTEL, 101 BUCKINGHAM PALACE ROAD, LONDON SW1W 0SJ

Notice of the 2017 Annual General Meeting of the Company to be held at The Grosvenor Hotel, 101 Buckingham Palace Road, London SW1W 0SJ at 9:30 am on Tuesday, 6 June 2017 is set out on page 4 of this document, together with a form of proxy (for holders of ordinary shares) or a form of direction (for holders of depositary interests) for use in connection with the Annual General Meeting.

All references to dates and times are to London dates and times unless stated otherwise.

Shareholders and holders of depositary interests are requested to complete and return the form of proxy, or form of direction, as appropriate, whether or not they intend to be present at the Annual General Meeting. To be valid, the form of proxy should be completed and signed in accordance with the instructions printed on it and returned to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU (by post or by hand) as soon as possible and in any event no later than 9:30 am on 2 June 2017.

The completion and return of a form of proxy will not preclude a shareholder from attending and voting at the Annual General Meeting. Holders of depositary interests wishing to vote on the resolutions are required to instruct Capita IRG Trustees Limited, the depositary, to vote on their behalf, either in person or by proxy, in accordance with the enclosed form of direction. The completed and signed form of direction must be received by Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU (by post or by hand) as soon as possible and in any event so as to arrive no later than 9:30 am on 1 June 2017.

Notice of Annual General Meeting continued

Gem Diamonds Limited

(Gem Diamonds or the Company)

(Incorporated in the British Virgin Islands with registered number 669758)

Registered office

2nd Floor, Coastal Building

Wickham's Cay II

Road Town

Tortola

British Virgin Islands

19 April 2017

To the shareholders and holders of depositary interests of Gem Diamonds Limited

NOTICE OF ANNUAL GENERAL MEETING 2017

Dear shareholder,

It gives me great pleasure to invite you to attend the tenth Annual General Meeting of Gem Diamonds which we are holding at The Grosvenor Hotel, 101 Buckingham Palace Road, London SW1W 0SJ at 9:30 am on 6 June 2017.

As previously announced by the Company, I will be standing down from the Board at the Annual General Meeting. Your new Chairman, Mr Harry Kenyon-Slaney, will formally be appointed following the conclusion of the Annual General Meeting. All the Directors will also be retiring at the Annual General Meeting and, other than myself, will be offering themselves for re-election in 2017. Each of the Directors being proposed for re-election is considered to be effective in their role and to be committed to making available the appropriate time for Board meetings and other duties.

The Directors' Remuneration Policy, as set out in the 2016 Annual Report, has been updated to reflect best practice and good governance standards. The Gem Diamonds Limited Employee Share Option Plan 2017 (ESOP) has also been updated in line with good governance principles and includes new provisions that will allow malus, clawback and post-vesting holding periods to apply to ESOP awards. More details of the changes made to the Directors' Remuneration Policy and the terms of the new ESOP can be found in the notes to the resolutions.

This document includes the notice of Annual General Meeting in which we have set out the resolutions on which shareholders are being asked to vote. Resolutions 1 to 13 are ordinary resolutions and relate to more standard business matters and include resolutions relating to remuneration in 2016 and the approval of the remuneration policy. Resolutions 14 and 15 are special resolutions and are proposed because they enable your Directors to take advantage of business opportunities as they arise.

All resolutions to be put to a vote at the Annual General Meeting will be decided by way of a poll. An explanation of the business to be conducted at the meeting is included on pages 8 to 12 of this document.

Your Board considers that the proposals described in this document are in the best interests of the Company and its shareholders and holders of depositary interests as a whole and your Board unanimously recommends that shareholders and holders of depositary interests vote in favour of the resolutions. Those Directors who hold ordinary shares in the Company each intend to vote their shares in favour of the resolutions to be proposed at the Annual General Meeting (other than in respect of their own re-election as a Director).

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I would also encourage shareholders and holders of depositary interests to exercise their right to vote on the business of the meeting in the following ways:

- ▶ Shareholders who hold their shares in certificated form will find enclosed with this document a form of proxy. Whether or not they intend to be present at the Annual General Meeting, such shareholders are requested to complete the form of proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU (by post or by hand) no later than 9:30 am on 2 June 2017. The completion and return of a form of proxy will not prevent such shareholders from attending the Annual General Meeting and voting in person if they wish to do so; and
- ▶ Holders of depositary interests will find enclosed with this document a form of direction which may be used to instruct Capita IRG Trustees Limited, the depositary, how to vote the number of ordinary shares in the Company represented by their depositary interests. Holders of depositary interests are requested to complete the form of direction in accordance with the instructions provided on it and return it as soon as possible and in any case so as to be received by Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU (by post or by hand) no later than 9:30 am on 1 June 2017.

We have announced our results for the year ended 31 December 2016, the details of which can be found in our Annual Report. Also enclosed is a copy of our separate Sustainable Development Report, which we believe gives shareholders an informative and helpful insight into the Company's approach to corporate social responsibility.

The Annual General Meeting provides shareholders with an opportunity to communicate with their Board and I hope that you will make use of this. I do hope you will be able to attend the Annual General Meeting and look forward to seeing you.

It has been an honour to serve this business for a decade. I wish the Company well and I would like to thank my fellow Board members and the entire Gem Diamonds team for their hard work and dedication. I would also like to acknowledge our longstanding shareholders for their loyal and ongoing commitment and support.

Yours sincerely

Roger Davis
Chairman

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the tenth Annual General Meeting of Gem Diamonds Limited will be held at The Grosvenor Hotel, 101 Buckingham Palace Road, London SW1W 0SJ, at 9:30 am on Tuesday, 6 June 2017, to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 and 15 will be proposed as special resolutions. All resolutions will be decided by way of a poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting which is being increasingly adopted by a number of listed companies.

ORDINARY RESOLUTIONS

1 Reports and Accounts

THAT the Audited Accounts of the Company for the year ended 31 December 2016, together with the Directors' Report and the Auditors' Report thereon, be received.

2 Directors' Remuneration Policy

THAT the Directors' Remuneration Policy, as included on pages 86 to 93 of the Annual Report for the year ended 31 December 2016, be approved.

3 The Annual Report on Remuneration

THAT the Annual Report on Remuneration, including the Remuneration Committee Chair's statement but excluding the Directors' Remuneration Policy, as included in the Annual Report for the year ended 31 December 2016, be approved.

4 Re-appointment of Auditors

THAT Ernst & Young LLP be re-appointed as Auditors of the Company (the Auditors), to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.

5 Remuneration of Auditors

THAT the Directors be authorised to set the remuneration of the Auditors.

RE-ELECTION OF DIRECTORS

6 THAT Mr Mike Salamon be re-elected as a Director.

7 THAT Mr Gavin Beevers be re-elected as a Director.

8 THAT Mr Michael Lynch-Bell be re-elected as a Director.

9 THAT Mr Clifford Elphick be re-elected as a Director.

10 THAT Mr Michael Michael be re-elected as a Director.

11 THAT Mr Glenn Turner be re-elected as a Director.

12 Approval of the Gem Diamonds Limited Employee Share Option Plan 2017 (ESOP)

THAT the ESOP be approved and authority be given to the Directors to establish similar overseas plans, modified to take account of local tax, exchange control or securities law, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the ESOP.

13 Authority to allot shares

THAT, in substitution for any existing authority to allot relevant equity securities, which is hereby revoked, but without prejudice to any allotment of securities made pursuant thereto, the Directors be and are hereby generally and unconditionally authorised for the purposes of Article 3.1 of the Company's Articles of Association to exercise all the powers of the Company to allot shares or to grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount of US\$461 306 (representing

Notice of Annual General Meeting continued

an amount equal to 33.33% of the Company's issued share capital as at 6 April 2017) (the Allotment Amount) during the period commencing on the date of the passing of this ordinary resolution and expiring at the conclusion of the next Annual General Meeting of the Company, or, if earlier, at the close of business on 30 June 2018 (the Allotment Period) save that the Directors may, before the expiry of such Allotment Period, make offers or enter into agreements which would or might require relevant equity securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot relevant equity securities in pursuance of such offers or agreements.

SPECIAL RESOLUTIONS

14 Disapplication of pre-emption rights

THAT, subject to the passing of resolution 13, in substitution for any existing authority to disapply pre-emption rights, which is hereby revoked, but without prejudice to any allotment or issue of securities made pursuant thereto, the Directors be and are hereby authorised to allot and issue equity securities for cash pursuant to the authority conferred by resolution 13 without first having offered such equity securities to existing shareholders and depository holders, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of US\$69 203 (representing an amount equal to 5% of the Company's issued share capital as at 6 April 2017) (the Non-Pre-emptive Amount) for a period commencing on the date of the passing of this special resolution and expiring at the conclusion of the Company's next Annual General Meeting, or, if earlier, at the close of business on 30 June 2018 save that the Directors may, before the expiry of such period, make offers and enter into agreements which would or might require such equity securities to be allotted after such expiry and, notwithstanding such expiry; the Directors may allot such equity securities in pursuance of any such offers or agreements.

15 Purchase of own shares

THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Article 10.1 of the Company's Articles of Association to purchase, redeem or otherwise acquire ordinary shares in the Company in such manner and upon such terms as the Directors may determine during the period commencing on the date of the passing of this special resolution and expiring at the conclusion of the next Annual General Meeting of the Company held in 2018 or, if earlier, at the close of business on 30 June 2018, unless revoked, renewed or varied during that period, provided that:

- 15.1 the maximum aggregate number of ordinary shares authorised to be purchased is 13 840 576 (representing an amount equal to 10% of the Company's issued share capital as at 6 April 2017);
- 15.2 the minimum price which may be paid for an ordinary share is US\$0.01 per share;
- 15.3 the maximum price which may be paid for a share is the higher of (i) 105% of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List during the five business days immediately prior to the date of purchase; and (ii) an amount equal to the higher of the price of the last independent trade of a share and the highest current independent bid as stipulated by Commission-adopted Regulatory Technical Standards pursuant to Article 5(6) of the Market Abuse Regulation; and
- 15.4 this authority shall allow the Company to purchase shares after the expiry of this authority under any agreement made before the expiry of this authority, as if the authority hereby conferred had not expired.

By order of the Board

Glenn Turner
Company Secretary

19 April 2017

Registered office

2nd Floor
Coastal Building
Wickham's Cay II
Road Town
Tortola
British Virgin Islands

London office

2 Eaton Gate
London
SW1W 9BJ
United Kingdom

(Incorporated in the British Virgin Islands with registered number 669758)

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IMPORTANT NOTES

The following notes explain the general rights of shareholders and holders of depositary interests and the rights to attend and vote at the Annual General Meeting or to appoint someone else to vote on their behalf.

Holders of ordinary shares

1. A shareholder is entitled to attend and vote at the Annual General Meeting and is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend, speak and vote instead of him or her provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. A proxy need not be a shareholder. A shareholder may appoint the Chairman to vote, as per the shareholder's voting instructions, or at the Chairman's discretion as he shall see fit if the shareholder has expressly authorised the Chairman under the "Discretion to Chairman" option in the voting instructions. Appointing a proxy will not prevent a shareholder from subsequently attending in person and voting at the Annual General Meeting. If a share is held by joint shareholders and more than one of the joint shareholders vote (including by way of proxy), the only vote that will count is the vote of the person whose name is listed before the other voters on the register.
2. The appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should be lodged with Capita Asset Services at the address shown on the enclosed form of proxy no later than 9:30 am on 2 June 2017, or 48 hours before the time for holding any adjourned meeting or (in the case of a poll not taken on the same day as the Annual General Meeting or adjourned meeting) for the taking of the poll at which it is to be used.
3. Any person to whom this notice is sent who is a person nominated under Article 144.5 of the Articles of Association to enjoy information rights (a nominated person) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to nominated persons. The rights described in these notes can only be exercised by shareholders of the Company.
5. Only those shareholders entered on the register as at the close of business on 2 June 2017 (or, if the Annual General Meeting is adjourned, 48 hours before the time fixed for the adjourned meeting) will be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their names at that time. In each case, changes to entries on the register after such time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

Holders of depositary interests

6. By completing the enclosed form of direction, holders of depositary interests can instruct Capita IRG Trustees Limited (the depositary) to vote on their behalf at the Annual General Meeting, either in person or by proxy. The depositary will appoint the Chairman of the meeting as its proxy to cast the votes of depositary interest holders, as per each of the depositary interest holder's voting instructions, or at the Chairman's discretion as he thinks fit if a depositary interest holder has expressly authorised the Chairman under the "Discretion to Chairman" option in the voting instructions. Note that the Chairman will not be able to exercise his discretion automatically unless he has been expressly authorised to do so under the voting instructions. If the form of direction is completed without any indications as to how the depositary should vote, the depositary will abstain from voting the corresponding depositary interest in respect of the resolutions to which there are no indications as to how the depositary should vote. If the depositary interest holder wishes to instruct the depositary (other than electronically using CREST, it must lodge the completed form of direction with Capita Asset Services at the address stated on the form of direction during normal business hours no later than 9:30 am on 1 June 2017 or 72 hours before the time for holding any adjourned meeting or (in the case of a poll not taken on the same day as the Annual General Meeting or adjourned meeting) for the taking of the poll at which it is to be used.
7. Alternatively, depositary interest holders may instruct the depositary how to vote by utilising the CREST electronic voting service. To instruct the depositary how to vote or amend an instruction to vote via the CREST system, the CREST message must be received by Capita Asset Services (CREST ID RA10) by 9:30 am on 1 June 2017. For this purpose, the time of receipt will be taken to be the time

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(as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's Agent is able to retrieve the message. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should contact their CREST sponsor or voting service provider(s) for assistance. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

8. After the depository has received instructions on how to vote on the resolutions from the depository interest holders, it will complete a form of proxy reflecting such instructions and return the form of proxy to Capita Asset Services in accordance with note 2 above.
9. If you hold your shares via the depository interest arrangement and would like to attend the Annual General Meeting, please contact the depository, contact details of which are set out in the form of direction.

Corporate representatives

10. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

Before the meeting

11. To facilitate entry to the meeting, members are requested to bring with them the admission card which is attached to the proxy card.
12. Members should note that the doors to the Annual General Meeting will be open at 9:00 am.
13. Mobile phones may not be used in the meeting hall, and cameras, tape or video recorders are not allowed in the meeting hall.

Questions

14. Any shareholder or holder of depository interests attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Website information

15. A copy of this notice can be found at www.gemdiamonds.com.

Voting rights and results

16. As at 6 April 2017 (being the last practicable date prior to the publication of this notice), the Company's issued shares consists of 138 405 759 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6 April 2017 are 138 405 759.
17. As soon as practicable following the Annual General Meeting, the results of the voting at the Annual General Meeting and the number of proxy votes cast for and against, and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and will also be placed on the Company's website at www.gemdiamonds.com. A summary of the business transacted will also be available, on written request, from the Company Secretary at the Company's London office.
18. The following documents are available for inspection at the Company's registered office and at the office of Linklaters LLP, One Silk Street, London EC2Y 8HQ during normal business hours and will also be made available at least 15 minutes prior to and during the Annual General Meeting:
 - a. All Directors' service contracts or letters of appointment;
 - b. Memorandum and Articles of Association (unchanged from last year); and
 - c. The Gem Diamonds Limited Employee Share Option Plan 2017 rules.

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EXPLANATORY NOTES TO THE RESOLUTIONS

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 13 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than 50% of the votes cast must be in favour of the resolution.

Resolutions 14 and 15 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least 75% of the votes cast must be in favour of the resolution.

ORDINARY RESOLUTIONS

Company Accounts and Reports of the Directors and Auditors (resolution 1)

The first item of business is the requirement for shareholders to receive the Company's Accounts and the Reports of the Directors and Auditors for the financial period ended 31 December 2016. Shareholders will have the opportunity to put any questions to the Directors before the resolution is proposed to the meeting.

Directors' Remuneration Policy (resolution 2)

Shareholders will be asked to approve the revised Directors' Remuneration Policy as included on pages 86 to 93 in the Annual Report for the year ended 31 December 2016. The Board is required to put the policy to a shareholders' vote every three years. The current policy was approved at the 2014 Annual General Meeting and has been updated and revised in line with good governance and best practice standards. The revised policy includes malus and clawback provisions for Executive Directors effective from 2017 bonus payments and 2017 ESOP grants. Clawback may apply for a period of up to two years from payment/the normal vesting date of awards. Post-vesting holding periods of up to two years may also be introduced, thereby extending the overall time horizon to five years. To further align Executive Directors' interests with those of the Company's other shareholders, the Company has introduced a shareholding guideline of 100% of salary from 1 January 2017. Until the guideline has been met, Executive Directors will be required to retain at least 50% of vested awards under the ESOP or any other share-based incentive.

The Annual Report on Remuneration (resolution 3)

Shareholders will be asked to approve the Annual Report on Remuneration (inclusive of the Remuneration Committee Chair's statement) as included on pages 84 and 85 and 94 to 104 in the Annual Report for the year ended 31 December 2016 (the Remuneration Report). The approval of shareholders is requested in an advisory role only. The Remuneration Report gives details of remuneration of the Directors for the year under review. The Auditors have audited certain parts of the Remuneration Report and their report may be found on pages 113 to 119 of the Annual Report.

Re-appointment of Auditors (resolution 4)

The Company is required to appoint Auditors at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external Auditors, Ernst & Young LLP, on behalf of the Board, which now proposes the re-appointment of Ernst & Young LLP as Auditors of the Company to hold office until the next meeting at which accounts are laid. Ernst & Young LLP has indicated its willingness to continue in office. Accordingly, resolution 4 will, if passed, re-appoint Ernst & Young LLP as Auditors to the Company.

Remuneration of the Auditors (resolution 5)

Resolution 5, if passed, authorises the Directors of the Company to set the remuneration of the Auditors as recommended by the Audit Committee.

Election and re-election of Directors (resolutions 6 to 11)

Under Article 79 of the Company's Articles of Association, each Director shall retire at the Annual General Meeting held in the third calendar year following the year in which they were elected or last re-elected but, unless otherwise agreed, shall be eligible for re-election. In addition, and being a UK listed company, the Board has agreed that in accordance with the UK Corporate Governance Code Principle B.7.1, the whole Board will offer themselves for re-election each year. All the other current Directors will be retiring and, other than Mr Davis, offering themselves for re-election in 2017. Separate resolutions will be proposed for each of these elections.

The remaining Board members are classed as "independent" under the UK Corporate Governance Code, apart from Mr Beevers who was appointed in 2007 and is therefore no longer considered independent. At the Board's request Mr Beevers has agreed to offer himself for

Notice of Annual General Meeting continued

re-election at this Annual General Meeting (as a non-independent director). The other Board members consider Mr Beevers' knowledge and technical experience to be invaluable to the Group and to the Board.

Biographical details of each of the Directors retiring at the Annual General Meeting who wish to seek election are as follows:

NON-EXECUTIVE DIRECTORS

Mike Salamon (61)

Senior Independent Director

BSc (Mining Engineering) (University of the Witwatersrand); MBA (London Business School)

Mike has over 30 years' experience in the mining sector. He was a founding Director of Billiton and was instrumental in Billiton's IPO on the London Stock Exchange in 1997 and the subsequent merger with BHP in 2001. Mike retired from his position of Executive Director at BHP Billiton in 2006. Thereafter Mike was appointed Executive Chairman of New World Resources and led its IPO on the London Stock Exchange in 2008. He retired from this position in 2012.

Appointed

Mike was appointed to the Gem Diamonds Board in February 2008.

Key skills and experience

Operational – Mining; Projects; Health and Safety; Sustainability; Corporate Social Responsibility; and Capital Markets.

Board committee membership

Nominations, HSSE and Remuneration Committees.

Gavin Beevers (67)

Non-Executive Director

BSc Hons (Mechanical Engineering) (Lanchester Polytechnic)

Gavin spent most of his career at various De Beers operations in the positions of Assistant General Manager at De Beers Marine in Cape Town, General Manager at the Orapa and Lethlakane Mines, Deputy Managing Director of Debswana Diamond Company and finally Director of Operations of the De Beers Group from April 2000 until his retirement in 2004. His unique experience in mining brings operational oversight to the Group.

Appointed

Gavin was appointed to the Gem Diamonds Board in February 2007.

Key skills and experience

Operational – Mining; Engineering; Health and Safety; Sustainability; and Corporate Social Responsibility.

Board committee membership

HSSE and Audit Committees.

Michael Lynch-Bell (63)

Non-Executive Director

BA Hons Economics and Accountancy (University of Sheffield); Fellowship of the Institute of Chartered Accountants in England and Wales

Michael spent a 38-year career with Ernst & Young (EY) having led its Global Oil and Gas, UK IPO and Global Oil and Gas and Mining transaction advisory practices. He was a member of the assurance practice from 1974 to 1996 when he transferred to the Transaction Advisory Practice. He was also a UK Alumni sponsor and a member of the firm's EMEIA and Global Advisory Councils. He retired from EY as a partner in 2012 and continued as a consultant to the firm until November 2013. Michael is a non-Executive Director at Kaz Minerals Plc, Lenta Limited and Barloworld Limited. Michael is also currently honorary treasurer and board trustee of ActionAid International, a Human Rights campaigning NGO.

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Appointed

Michael was appointed to the Gem Diamonds Board in December 2015.

Key skills and experience

Finance and Capital Markets; Oil and Gas; Mining and Metals.

Board committee membership

Audit and Remuneration Committees.

EXECUTIVE DIRECTORS

Clifford Elphick (56)

Chief Executive Officer

BCom (University of Cape Town); BCompt Hons (University of South Africa)

Clifford joined Anglo American Corporation in 1986 and was seconded to E. Oppenheimer and Son as Harry Oppenheimer's personal assistant in 1988. In 1990, he was appointed Managing Director of E. Oppenheimer and Son, a position he held until leaving in December 2004. During that time, Clifford was also a Director of Central Holdings, Anglo American and DB Investments. Following the privatisation of De Beers in 2000, Clifford served on the De Beers Executive Committee. Clifford is also the non-Executive Chairman of Zanaga Iron Ore Co. Limited and Jumelles Holdings Limited.

Appointed

Clifford formed Gem Diamonds in July 2005.

Key skills and experience

Diamond and Mining Industries and Commercial and Capital Markets.

Board committee membership

Nominations Committee.

Michael Michael (46)

Chief Financial Officer

BCom Hons (Rand Afrikaans University); CA(SA)

Michael has over 20 years' experience in financial management. He joined RSM Betty & Dickson (Audit Firm) in Johannesburg, South Africa, in January 1993 and became Audit Partner at the firm in March 2000. In August 2006 to February 2008, Michael was seconded to Gem Diamonds Limited to assist with the financial aspects of the Main London Listing including the financial reporting, management accounting and tax relating to the IPO. In March 2008, Michael joined Gem Diamonds on a full-time basis as the Group Financial Manager and on 2 April 2013 he was promoted to the position of Chief Financial Officer.

Appointed

Michael joined Gem Diamonds in March 2008 and was appointed to the Board in April 2013.

Key skills and experience

Finance; Diamond Industry; and Capital Markets.

Glenn Turner (56)

Chief Legal and Commercial Officer and Company Secretary

BA LLB (University of Cape Town); LLM (Cambridge)

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Glenn was called to the Johannesburg Bar in 1987 where he spent 14 years practising as an advocate specialising in general commercial and competition law, and took silk in 2002. Glenn was appointed De Beers' first General Counsel in 2002 and was also a member of the Executive Committee. Glenn was responsible for a number of key initiatives during his tenure, including overseeing De Beers' re-entry into the USA.

Appointed

Glenn joined Gem Diamonds in May 2006 and was appointed to the Board in April 2008. Glenn was appointed Company Secretary in January 2015.

Key skills and experience

Diamond Industry and Legal.

Board committee membership

HSSE Committee.

The Gem Diamonds Limited Employee Share Option Plan 2017 (ESOP) (resolution 12)

Shareholders will be asked to approve the ESOP as the Company's previous plan has expired. The ESOP is substantially the same as the Company's previous plan, save for updates to reflect current good governance principles and new provisions to allow malus, clawback and holding periods to be applied. A summary of the principal features of the ESOP is set out in the appendix to this notice.

Authority to allot shares (resolution 13)

The purpose of resolution 13 is to renew the Directors' authority to allot shares.

Under Article 3.1 of the Company's Articles of Association, the Directors may only allot relevant equity securities with the authority of the shareholders in a general meeting. Relevant equity securities as defined in the Company's Articles of Association includes the Company's shares. This ordinary resolution would provide that authority and allow the Directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares.

Resolution 13 will, if passed, authorise the Directors to allot relevant equity securities up to an aggregate nominal amount of US\$461 306. This represents 33.33% of the Company's total issued share capital as at 6 April 2017. No treasury shares are held by the Company. If the resolution is passed, this authority will expire on the Company's next Annual General Meeting in 2018 or, if earlier, at the close of business on 30 June 2018.

The Directors have no intention at present to exercise this authority other than in relation to the Company's employee share arrangements. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

SPECIAL RESOLUTIONS

Disapplication of pre-emption rights (resolution 14)

Article 3.5 of the Company's Articles of Association prevents the issue of equity securities which are, or are to be, paid up wholly in cash and not first offered to the existing shareholders in proportion to the number of shares held by them at the time of the offer. However, it may be in the interests of the Company for the Directors to issue shares to shareholders free of the restriction imposed by Article 3.5.

Resolution 14 is conditional on the passing of resolution 13 and will be proposed as a special resolution and will, if passed, give the Directors authority to issue equity securities for cash without first being required to offer them to existing shareholders. If the resolution is passed, this authority will expire on the Company's next Annual General Meeting in 2018 or, if earlier, at the close of business on 30 June 2018.

This resolution will allow the Directors to allot equity securities pursuant to the allotment authority given by resolution 13, for cash up to an aggregate nominal value of US\$69 203 which (in accordance with institutional investor guidelines) represents approximately 5% of the

Notice of Annual General Meeting continued

issued ordinary share capital of the Company as at 6 April 2017, without the shares first being offered to existing shareholders in proportion to their existing holdings.

The Directors consider the authority in resolution 14 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue having made appropriate exclusions or arrangements to address the strict requirements of the statutory pre-emption provisions.

The Directors intend to adhere to the provisions in the Pre-Emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling three-year period without prior consultation with shareholders.

Authority to purchase of own shares (resolution 15)

Article 10.1 of the Company's Articles of Association gives a general authority to the Company to purchase its own shares but that authority is subject to the approval of shareholders. The Directors believe that granting such approval would be in the best interests of shareholders in allowing them the flexibility to react promptly to circumstances requiring market purchases.

Accordingly, resolution 15, which will be proposed as a special resolution will, if passed, renew the Directors' authority to make one or more market purchases of the Company's shares. The authority contained in this resolution will be limited to a maximum of 13 840 576 ordinary shares having an aggregate nominal value of US\$138 406 which represents 10% of the issued ordinary share capital of the Company as at 6 April 2017. The Company's exercise of this authority is subject to the stated upper and lower limits on the price which may be paid for those shares as set out in resolution 15 on page 5. This authority will expire on the Company's next Annual General Meeting in 2018 or at the close of business on 30 June 2018, whichever is the earlier.

Shares purchased under this authority may be held as treasury shares. The Company may purchase and hold shares as treasury shares up to a maximum amount equal to 50% of the nominal value of the issued ordinary shares as at the date of purchase, rather than cancelling them. Shares held in treasury in this way can be sold for cash or cancelled, either immediately or at a point in the future, or used for the purposes of the Company's employee share schemes. The Directors believe that it is desirable for the Company to have this choice and therefore intend to hold any shares purchased under this authority as treasury shares. This would allow the Company additional flexibility in the management of its capital base.

The Board has no present intention of exercising this authority. Shares will only be repurchased for the purposes of employee share schemes, or if the Directors consider such purchases to be in the best interests of shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

As at 6 April 2017 (being the latest practicable date prior to the publication of this notice), there were 3 039 223 outstanding options granted under all share option schemes operated by the Company and no outstanding warrants. If exercised, the outstanding options would represent 2.20% of the current issued share capital of the Company (excluding any shares held in treasury). If this authority granted under resolution 15 were exercised in full, that percentage would increase to 2.44%.

Appendix

The principal terms of the Gem Diamonds Limited Employee Share Option Plan 2017 (ESOP) are summarised below.

ELIGIBILITY

Any employee (including an Executive Director) of the Company, its subsidiaries, and any designated associated companies, will be eligible to participate in the ESOP at the discretion of the Board of the Company (the Board).

OPERATION

The Board, or in the case of Executive Directors, the Remuneration Committee of the Company, or its delegate(s), make decisions regarding the operation of the ESOP. For the purpose of this appendix reference will be made to the Board only.

GRANTS OF AWARDS

The Board will decide who will be granted awards and over how many shares. The intention is that awards will normally be granted on an annual basis.

Awards may be granted in the form of performance shares (being either conditional rights to receive shares or nil-cost options which either do not have an exercise price or have a nominal exercise price only), or fair market value options with an exercise price (together, Awards). Where an Award is in the form of performance shares, the Award may include an entitlement to dividend equivalents (in either additional shares, or cash) to the extent the Award vests.

The current intention is that all Awards granted to Executive Directors in 2017 will be in the form of performance shares and will include an entitlement to dividend equivalents.

Employees do not pay for the grant of an Award.

Awards will normally only be granted within 42 days from the date of the announcement of the Company's results for any period or a general meeting of the Company's shareholders.

In accordance with market practice, Awards are not pensionable and will normally not be transferable, except on death. No Awards may be granted more than 10 years after the approval of the ESOP by the Company's shareholders.

PERFORMANCE CONDITIONS

All Awards to Executive Directors will be subject to performance conditions determined by the Board at the time of grant. The Board may exercise discretion in choosing whether or not to make Awards to other participants subject to performance conditions. An Award will normally only vest to the extent that any applicable performance conditions are satisfied.

Further details of the performance condition(s) that will apply to Executive Directors' Awards will be set out in the relevant year's Annual Report on Remuneration. The performance period applying to Executive Directors' Awards, over which the applicable performance condition(s) will be measured, will be a period of no less than three years.

For Awards to be granted in 2017, the performance conditions for Executive Directors' Awards will be based on relative total shareholder return, profit and production.

INDIVIDUAL LIMITS

Executive Directors' Awards under the ESOP will not exceed the maximum limit set out in the Directors' Remuneration Policy from time to time. Currently the limits are 125% of salary for performance shares and 250% for fair market value options (subject to an overall maximum with a fair value equivalent to 125% of salary in performance shares).

Appendix continued

OVERALL ESOP LIMITS

In any 10-year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the ESOP and all other employees' share plans operated by the Company. These limits do not include Awards which have lapsed.

Treasury shares transferred to satisfy an Award will be counted as if new shares had been issued for so long as it is considered best practice to do so.

VESTING OF AWARDS

Awards will normally vest, to the extent any applicable performance conditions have been met, at least three years after grant. Awards granted in the form of options will be exercisable over such period as determined at grant (not exceeding 10 years from grant).

Shares will be issued or transferred to the participant shortly after vesting or, where the Award is an option, exercise, unless the Company decides to satisfy the Award in cash.

LEAVING EMPLOYMENT

An unvested Award will normally lapse if the participant leaves employment with the Group. However, if the participant leaves employment with the Group because of disability, ill-health, redundancy, retirement, death, sale of the employer or transfer of the business in which the participant works to an acquirer outside of the Group, or for any other reason if the Board so decides, the unvested Award will continue in effect unless the Board uses its discretion to accelerate vesting.

Where the Board determines the vesting of an Award should be accelerated, the performance condition will be tested to the date of leaving and the Award will vest as at the date of leaving.

In either case, the extent to which the Award vests will, unless the Board determines otherwise, be reduced pro-rata for service.

Awards in the form of options which vest on or after cessation of employment will be exercisable for six months from vesting, or 12 months from vesting in the case of death.

Where a participant holds vested options on leaving employment with the group, such options will normally continue to be exercisable for a period of six months from the date of leaving employment.

CHANGE OF CONTROL

Awards will generally vest early on a change of control and may, at the Board's discretion, also be allowed to vest on the occurrence of other corporate events such as demerger or delisting. Where an Award vests in these circumstances, any applicable performance condition will be tested to the date of the relevant event and, for performance shares, unless the Board determines otherwise, the number of shares in respect of which the Award vests will be reduced to reflect the early vesting.

As an alternative to vesting and/or lapse, participants may be allowed or required to exchange their Awards for broadly equivalent awards over shares in the acquiring company.

HOLDING PERIOD

An Award may be granted on the basis that some or all of the shares in respect of which it vests must be held for a further period. The Board's intention is that any holding period would apply for two years following the normal vesting date of Awards. This means that, where the vesting period is set at three years, the overall Award horizon would be five years from the grant date.

Appendix continued

MALUS AND CLAWBACK

The Board can apply malus (i.e. reduce the number of shares in respect of which an Award vests, delay vesting, impose further conditions on vesting or lapse an Award) to unvested Awards if it considers it appropriate in certain circumstances.

Additionally, an Award may be granted on the basis that clawback may be applied (over a specified time period) to unexercised options or shares delivered following the vesting of Awards if the Board considers it appropriate in certain circumstances.

The circumstances in which malus/clawback may be applied will be specified at the time of grant. For grants to be made to Executive Directors in 2017, the Board intends the circumstances to include misconduct, misstatement and error and for clawback to be able to be applied for two years following the normal vesting date of Awards.

ADJUSTMENT OF SHARE CAPITAL

The Board has discretion to adjust the number or type of shares subject to an Award (and, in the case of options, the exercise price) in the event of a corporate event such as a variation of equity share capital of the Company (including a rights issue), a demerger, special dividend or distribution.

SHARE RIGHTS

Any shares issued following the vesting of Awards (or, in the case of options, exercise) will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date. Awards will not confer any shareholder rights, for example the right to vote the shares, until the Awards have vested (or, in the case of options, been exercised) and the participants have received their shares.

AMENDMENTS

The Board can amend the ESOP in any way. However, shareholder approval will be required to amend certain provisions to the advantage of present or future participants. These provisions relate to eligibility, individual and ESOP limits, the rights attaching to Awards and shares, the adjustment of Awards on variation in the Company's share capital and the amendment powers.

The Board can, without shareholder approval, make minor amendments to benefit the administration of the ESOP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. The Board can also amend any performance conditions without shareholder approval to take account of exceptional circumstances provided the effect of any amendment would not make the condition easier to satisfy.

The Board may also, without shareholder approval, establish further plans based on the ESOP, but modified to take account of exchange controls, tax legislation, or non-UK securities laws. Shares made available under such further plans will be treated as counting against any limits on individual or overall participation in the ESOP.

