

20 June 2019

GEM DIAMONDS LIMITED
("Gem Diamonds" or "the Company")
Sale of Gem Diamonds Botswana Proprietary Limited

Gem Diamonds Limited (LSE: GEMD) announces that it has entered into a binding agreement with Pro Civil (Pty) Ltd ('Pro Civil') for the sale of 100% of the share capital of Gem Diamonds Botswana Proprietary Limited ('GDB'). Pro Civil is a company registered in Botswana.

GDB's primary asset is the Ghaghoo diamond mine in Botswana which has been on care and maintenance since March 2017, and which is wholly owned by GDB. GDB reported for the period ended 31 December 2018, loss before tax of BPW 49.5 million (US\$ 4.9 million) and, as at the same date, had gross assets of BWP 42.3 million (US\$ 3.9 million).

Under the share sale agreement, Pro Civil will make a once-off upfront payment of US\$5.4m for the share capital of GDB. Gem Diamonds will use the sale proceeds for general corporate purposes. In addition, Pro Civil will assume the environmental liability currently associated with GDB.

Subject to regulatory approvals within Botswana, the transaction is expected to be completed in the third quarter of 2019. The Government of Botswana has been consulted throughout the process and is fully conversant with the relevant details of the transaction.

Clifford Elphick, Chief Executive Officer of Gem Diamonds, commented:

"This sale is in line with our strategic objective to dispose of non-core assets. Gem Diamonds remains focused on optimising production and efficiency at the Letšeng mine in Lesotho. On behalf of Gem, we wish the Pro Civil team well for the future, and I would also like to thank the Government of Botswana for its assistance during the sale process."

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67

For further information:

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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