

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, 5 JUNE 2018 AT 9:30 AM

AT LINKLATERS LLP, ONE SILK STREET, LONDON EC2Y 8HQ

Notice of the 2018 Annual General Meeting of Gem Diamonds Limited to be held at Linklaters LLP, One Silk Street, London EC2Y 8HQ at 9:30 am on Tuesday, 5 June 2018 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 has been sent to you. Alternatively, you can download a copy on our website www.gemdiamonds.com.

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 Link 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 1 June 2018. Alternatively, you may submit your proxy online at www.signalshares.com. If not already registered you will need your Investor Code.

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 Link Market Services (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 Link 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 31 May 2018. Alternatively, you may submit your form of direction online at www.signalshares.com.

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

Ground Floor

Coastal Building

Wickham's Cay II

Road Town

PO Box 2136

Carrot Bay

Tortola

British Virgin Islands

VG1130

4 May 2018

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

NOTICE OF ANNUAL GENERAL MEETING 2018

Dear shareholder,

It gives me great pleasure to invite you to attend the eleventh Annual General Meeting of Gem Diamonds which we are holding at Linklaters LLP, One Silk Street, London EC2Y 8HQ at 9:30 am on 5 June 2018.

As set out in the Company's Articles of Association, the Directors appointed during the year will be standing for election by the shareholders at the Annual General Meeting and all remaining Directors will be retiring and offering themselves for re-election in 2018. Each of the Directors being proposed for re-election, following formal performance evaluation, continues to be effective in their role and to be committed to making available the appropriate time for Board meetings and other duties.

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 10 are ordinary resolutions and relate to more standard business matters and include a resolution relating to remuneration in 2017. Resolutions 11 to 13 are special resolutions and are proposed because they enable your Directors to take advantage of business opportunities as they arise.

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).

Notice of Annual General Meeting continued

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 have been sent 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 Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU (by post or by hand) no later than 9:30 am on 1 June 2018. Alternatively, you may submit your proxy online at www.signalshares.com. If you are not already registered, to register you will need your Investor Code which can be found on your share certificate. 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 have been sent a form of direction which may be used to instruct Link Market Services (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 Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4TU (by post or by hand) no later than 9:30 am on 31 May 2018. Alternatively, you may submit your form of direction online at www.signalshares.com.

We have announced our results for the year ended 31 December 2017, the details of which can be found in our Annual Report online at www.gemdiamonds.com. On our website you will also find our Online Sustainability Reporting Platform, 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.

Yours sincerely

Harry Kenyon-Slaney
Chairman

Notice of Annual General Meeting continued

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eleventh Annual General Meeting of Gem Diamonds Limited will be held at Linklaters LLP, One Silk Street, London EC2Y 8HQ, at 9:30 am on Tuesday, 5 June 2018, to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 13 will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1 Reports and Accounts

THAT the Audited Accounts of the Company for the year ended 31 December 2017, together with the Directors' Report and the Auditors' Report thereon, be received.

2 The Annual Report on Remuneration

THAT the Annual Report on Remuneration, including the Remuneration Committee Chair's statement, as included in the Annual Report for the year ended 31 December 2017, be approved.

3 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.

4 Remuneration of Auditors

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

ELECTION AND RE-ELECTION OF DIRECTORS

5 THAT Mr Harry Kenyon-Slaney be elected as a Director.

6 THAT Mr Mike Brown be elected as a Director.

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

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

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

10 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\$462 285 (representing an amount equal to 33.33% of the Company's issued share capital as at 23 April 2018) (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 2019 (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

11 Disapplication of pre-emption rights

THAT, subject to the passing of resolution 10, 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 10 without first having offered such equity securities to existing shareholders and depositary holders, provided that this power shall be limited:

11.1 to the allotment of equity securities or sale of treasury shares in connection with an offer or issue of, or invitation to apply for, equity securities in favour of:

11.1.1 ordinary shareholders where the equity securities respectively attributable to the interests of the ordinary shareholders (other than the Company) are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them; and

11.1.2 holders of other equity securities, as required by the rights of those securities, or as the Directors otherwise consider necessary, and so that the Directors may impose any limits, exclusions or restrictions and make any arrangements which they deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in, or under the laws of, or the requirements of, any relevant regulatory body or stock exchange in, any territory, or any other matter; and

Notice of Annual General Meeting continued

11.2 to the allotment (otherwise than pursuant to paragraph 11.1 above) of equity securities or sale of treasury shares up to a total aggregate nominal amount of US\$69 343;

such power to apply until the end of the Company's next Annual General Meeting (or, if earlier, until the close of business on 30 June 2019) but, in each case, prior to its expiry the Directors may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not expired.

12 Specific power to disapply pre-emption rights in connection with an acquisition or specified capital investment

THAT, if resolution 10 is passed, the Directors be and are hereby empowered, in addition to any power granted under resolution 11, to allot equity securities (for cash pursuant to the authority given by resolution 10 and/or to sell ordinary shares held by the Company as treasury shares for cash without first having offered such equity securities to existing shareholders and depositary holders), provided that this power shall be:

12.1 limited to the allotment of equity securities or sale of treasury shares up to a total aggregate nominal amount of US\$69 343; and

12.2 used only for the purposes of financing (or refinancing, if the power is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the Notice, such power to expire at the end of the Company's next Annual General Meeting (or, if earlier, at the close of business on 30 June 2019) but, in each case, prior to its expiry the Directors may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power expires and the Directors may allot equity securities (and sell treasury shares) pursuant to any such offer or agreement as if the power had not expired.

13 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 2019 or, if earlier, at the close of business on 30 June 2019, unless revoked, renewed or varied during that period, provided that:

13.1 the maximum aggregate number of ordinary shares authorised to be purchased is 13 868 554; (representing an amount equal to 10% of the Company's issued share capital as at 23 April 2018);

13.2 the minimum price which may be paid for an ordinary share is US\$0.01 per share;

13.3 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

13.4 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

4 May 2018

Registered office

Ground Floor
Coastal Building
Wickham's Cay II
Road Town
Carrot Bay
Tortola
British Virgin Islands
VG1130

London office

2 Eaton Gate
London
SW1W 9BJ
United Kingdom

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

Notice of Annual General Meeting continued

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 Link Asset Services at the address shown on the enclosed form of proxy no later than 9:30 am on 1 June 2018, 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 1 June 2018 (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 a form of direction, holders of depositary interests can instruct Link Market Services (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 Link Asset Services at the address stated on the form of direction during normal business hours no later than 9:30 am on 31 May 2018 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.

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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 Link Asset Services (CREST ID RA10) by 9:30 am on 31 May 2018. For this purpose, the time of receipt will be taken to be the time (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 depositary has received instructions on how to vote on the resolutions from the depositary interest holders, it will complete a form of proxy reflecting such instructions and return the form of proxy to Link Asset Services in accordance with note 2 above.
9. If you hold your shares via the depositary interest arrangement and would like to attend the Annual General Meeting, please contact the depositary, 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 depositary 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 23 April 2018 (being the last practicable date prior to the publication of this notice), the Company's issued shares consists of 138 685 539 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 April 2018 are 138 685 539.
17. As soon as practicable following the Annual General Meeting, the results of the voting at the Annual General Meeting and the numbers 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 will be made available for inspection at the Company's registered office during normal business hours and at least 15 minutes prior to and during the Annual General Meeting:
 - (a) All Directors' service contracts or letters of appointment; and
 - (b) Memorandum and Articles of Association (unchanged from last year).

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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 10 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 11 to 13 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 2017. Shareholders will have the opportunity to put any questions to the Directors before the resolution is proposed to the meeting.

The Annual Report on Remuneration (resolution 2)

Shareholders will be asked to approve the Annual Report on Remuneration (inclusive of the Remuneration Committee Chair's statement) as included on pages 63 to 64 and 72 to 81 in the Annual Report for the year ended 31 December 2017 (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 87 to 93 of the Annual Report.

Re-appointment of Auditors (resolution 3)

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 3 will, if passed, re-appoint Ernst & Young LLP as Auditors to the Company.

Remuneration of the Auditors (resolution 4)

Resolution 4, 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 5 to 9)

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. Under Article 80, new Directors are only eligible for appointment if nominated by the Board. In addition, as 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 current Directors will be retiring and offering themselves for re-election in 2018.

Mr Kenyon-Slaney and Mr Brown, having been appointed during the year, will be standing for election by the shareholders, having been nominated by the Board. Separate resolutions will be proposed for each of these elections.

The non-Executive Board members are classed as "independent" under the UK Corporate Governance Code.

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Biographical details of each of the Directors retiring at the Annual General Meeting who wish to seek election, or are standing for re-election for the first time, are as follows:

NON-EXECUTIVE DIRECTORS

Harry Kenyon-Slaney (56)

Non-Executive Chairman

BSc (Geology) (Southampton University); International Executive Programme (INSEAD France)

Harry Kenyon-Slaney is currently a senior adviser to McKinsey & Co and has over 33 years' experience in the mining industry, principally with Rio Tinto. He is a Geologist by training and his experience spans operations, marketing, projects, finance and business development. He has worked in South Africa, Australia and the UK. Harry is also a Partner at Audley Capital Advisors LLP, a member of the Boards of Directors of Bridon Bekaert Ropes Group and Schenck Process AG, and a non-Executive Director of several private companies. Until 2015, Harry was a member of the Group Executive Committee of Rio Tinto where he held the roles of CEO of Energy, and before that CEO of Diamonds and Minerals. Prior to this he variously led Rio Tinto's global titanium dioxide business, was CEO of Rio Tinto's listed subsidiary, Energy Resources of Australia Limited, was GM operations at Palabora Mining Company in South Africa and held senior marketing roles in copper, uranium and industrial minerals. He began his career as an underground Geologist with Anglo American on the gold mines in South Africa.

Appointed

Harry was appointed to the Gem Diamonds Board in June 2017.

Key skills and experience

Commercial and capital markets. Leadership of large and complex global mining and processing businesses. Public company board governance and government stakeholder engagement.

Board committee membership

Chairman of Nominations Committee and member of Audit, Remuneration and HSSE Committees.

Mike Brown (57)

Non-Executive Director

BSc Eng, Mining PR Eng (ECSA) (University of Witswatersrand); Strategic Executive Programme (London Business School)

Mike has over 35 years' experience in the resources industry in operational, senior management and director roles. He spent six years in Switzerland as the Managing Director Technical at Pala where he oversaw all technical aspects of the investments, including the risks associated with resource performance, project management, ramp up, operations and the associated working capital and financial controls. Prior to joining Pala, Mike spent 21 years with De Beers in Southern Africa in various roles culminating in the post of COO where he was accountable for five operating mines, including greenfield and brownfield growth projects. He also managed the restructuring at De Beers Consolidated Mines (DBCM) in 2005/2006 and again in 2009. Mike has overseen growth projects and building of mines in Namibia, South Africa, Sierra Leone, Vietnam and USA.

Appointed

Mike was appointed to the Gem Diamonds Board in January 2018.

Key skills and experience

Operational, resource performance, project growth and finance.

Board committee membership

Chairman of the HSSE Committee and member of the Audit Committee.

Notice of Annual General Meeting continued

Michael Lynch-Bell (64)

Non-Executive Director

BBA 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 EMEA 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 currently Deputy Chair, Senior Independent non-Executive Director and Chair of the Audit Committee at Kaz Minerals Plc, Chair of Seven Energy International, Chair of the Audit Committee at Lenta Limited and non-Executive Director of Barloworld Limited.

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

Chairman of the Audit and Remuneration Committees and member of Nomination and HSSE Committees.

EXECUTIVE DIRECTORS

Clifford Elphick (57)

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.

Appointed

Clifford formed Gem Diamonds in July 2005.

Key skills and experience

Diamond and Mining Industries; Commercial and Capital Markets.

Board committee membership

Nominations Committee.

Michael Michael (47)

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 CFO.

Notice of Annual General Meeting continued

Appointed

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

Key skills and experience

Finance; Diamond Industry; Capital Markets.

Authority to allot shares (resolution 10)

The purpose of resolution 10 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 10 will, if passed, authorise the Directors to allot relevant equity securities up to an aggregate nominal amount of US\$462 285. This represents 33.33% of the Company's total issued share capital as at 23 April 2018 and reflects the Investment Association (IA) guidance limit of one third of the Company's issued ordinary share capital. 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 2019 or, if earlier, at the close of business on 30 June 2019.

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 11)

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 11 is conditional on the passing of resolution 10 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 2019 or, if earlier, at the close of business on 30 June 2019.

Resolution 11 will give the Directors authority, in certain circumstances, to allot ordinary shares pursuant to the authority granted under resolution 10, or sell treasury shares, for cash without first offering them to existing shareholders in proportion to their existing shareholding.

The authority would be limited to allotment or sales:

- (a) in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of such securities or as the Directors otherwise consider necessary; and
- (b) otherwise up to a maximum nominal value of US\$69 343 (representing 6 934 277 ordinary shares). This aggregate nominal amount represents approximately 5% of the Company's issued ordinary share capital as at 23 April 2018 (the last practicable date prior to the publication of this Notice).

In respect of this aggregate nominal amount, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles (which were last amended on 12 March 2015) (Principles) regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5% should not take place without prior consultation with shareholders. This approach is endorsed by the IA.

Notice of Annual General Meeting continued

Specific power to dis-apply pre-emption rights in connection with an acquisition or specified capital investment (resolution 12)

Resolution 12 is proposed as a separate resolution, in accordance with a recommendation of the Pre-Emption Group and the IA Guidelines, to authorise the Directors to allot an additional quantity of shares (or sell treasury shares) for cash otherwise than to existing shareholders pro rata to their holdings up to an aggregate nominal amount of US\$69 343, representing a further 5% of the Company's issued share capital. The additional authority in resolution 12 may be used only in connection with the financing (or refinancing) of an acquisition or specified capital investment. In accordance with the Pre-Emption Group's Statement of Principles, the Directors confirm that they intend to use the authority sought in resolution 12 only in connection with such an acquisition or specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue, and will provide shareholders with information regarding the transaction if the authority is used. Except for allotments under employee share plans, the Board has no present intention of issuing any further ordinary shares pursuant to the new general authorities in resolutions 11 and 12. No issue will be made which would effectively change the control of the Company or the nature of its business without the prior approval of shareholders at a general meeting.

If the resolution is passed, this authority will expire on the Company's next Annual General Meeting in 2019 or, if earlier, at the close of business on 30 June 2019.

Authority to purchase of own shares (resolution 13)

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 13, 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 13 868 554 ordinary shares having an aggregate nominal value of US\$138 666 which represents 10% of the issued ordinary share capital of the Company as at 23 April 2018. 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 13. This authority will expire on the Company's next Annual General Meeting in 2019 or at the close of business on 30 June 2019, 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 23 April 2018 (being the latest practicable date prior to the publication of this notice), there were 5 050 297 outstanding options granted under all share option schemes operated by the Company and no outstanding warrants. If exercised, the outstanding options would represent 3.6% of the current issued share capital of the Company (excluding any shares held in treasury). If this authority granted under resolution 13 were exercised in full, that percentage would increase to 4.1%.