

# 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, 2 JUNE 2015 AT 9:30 AM

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

---

Notice of the 2015 Annual General Meeting of the Company to be held at The Grosvenor Hotel, 101 Buckingham Palace Road, London SW1W 0SJ, at 9:30 am (London time) on Tuesday, 2 June 2015, is set out on pages 4 and 5 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 in this document to times and dates are to London times and dates.)

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 29 May 2015.

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 28 May 2015.

# 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

7 April 2015

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

## **Notice of annual general meeting 2015**

### **Dear shareholder,**

It gives me great pleasure to invite you to attend the eighth Annual General Meeting of Gem Diamonds (the AGM) which we are holding at The Grosvenor Hotel, 101 Buckingham Palace Road, London SW1W 0SJ at 9:30 am (London time) on 2 June 2015.

This document includes the notice of AGM 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. 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 AGM 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.

In accordance with the UK Corporate Governance Code Principle B.7.1, each year the whole Board offers itself for re-election. All the Directors will be retiring in 2015 and will be offering themselves for re-election in 2015, with the exception of Dave Elzas and Richard Williams who will not be offering themselves for re-election. Dave Elzas joined the Board in October 2005, chairing the Audit Committee during this time. Dave's wealth of experience in finance and diamond trading has been valued by the Board and has contributed to the advancement of the Group's growth strategy. Richard Williams joined the Board in February 2008 and chaired the Remuneration Committee since June 2009. Richard's expertise and insight into security and political risk matters have been vital to the Group's success. On behalf of the Board I wish to offer both Directors my appreciation for their contribution to the Board during their tenure and wish them well in their future endeavours.

Following the retirement of our Company Secretary in January 2015, Glenn Turner agreed to add the role of Company Secretary to his current duties as Executive Director. Glenn is assisted by an Assistant Company Secretary and by Bruce Wallace Associates, an independent firm of Chartered Secretaries, who advise Glenn in all Company Secretarial and Corporate Governance matters.

This year the business of the meeting includes a resolution in relation to a final dividend (resolution 5). Shareholders will be asked to approve a final dividend of 5 US cents per ordinary share, equating to a total dividend of US\$6.9 million in respect of the financial year ended 31 December 2014.

The AGM provides shareholders with an opportunity to communicate with their Board and I hope that you will make use of this.

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 to vote in favour of the resolutions. Those Directors who hold ordinary shares in the Company intend to vote their shares in favour of the resolutions to be proposed at the AGM (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 will find enclosed with this document a form of proxy. Whether or not they intend to be present at the AGM, 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 29 May 2015. The completion and return of a form of proxy will not prevent such shareholders from attending the AGM 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 28 May 2015.

We have announced our results for 2014, 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.

I hope you will be able to attend the AGM and look forward to seeing you.

Yours sincerely,

**Roger Davis**  
Chairman

# NOTICE OF ANNUAL GENERAL MEETING continued

## Notice of annual general meeting

Notice is hereby given that the eighth 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 (London time) on Tuesday, 2 June 2015, 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 Report and accounts

THAT the audited accounts of the Company for the year ended 31 December 2014, together with the Directors' Report and the Auditors' Report thereon, be received.

### 2 The Annual Report on Remuneration

THAT the Annual Report on Remuneration, as included in the Annual Report for the year ended 31 December 2014, 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 Audit Committee be authorised to set the remuneration of the auditors.

### 5 Dividend

To approve and declare a final dividend of 5 US cents per ordinary share in respect of the financial year ended 31 December 2014. This dividend will be paid on 9 June 2015 to the holders of ordinary shares on the register at close of business on 8 May 2015.

## Re-election of Directors

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

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

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

9 THAT Mr Alan Ashworth 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 THAT Mr Roger Davis be re-elected as a Director.

### 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 and to grant rights to subscribe for, or convert any security into, shares up to an aggregate nominal amount of US\$460 853 (representing an amount equal to 33.33% of the Company's issued share capital as at 7 April 2015) (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 (the Allotment Period) save that the Directors may, before the expiry of such Allotment Period, make an offer or agreement 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.

# NOTICE OF ANNUAL GENERAL MEETING continued

## 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 depositary holders, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of US\$69 135 (representing an amount equal to 5% of the Company's issued share capital as at 7 April 2015) 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, save that the Directors may, before the expiry of such period, make an offer or agreement 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 2016 or, if earlier, on 30 June 2016, unless revoked, renewed or varied during that period, provided that:

- 15.1 the maximum aggregate number of ordinary shares authorised to be purchased is 13 826 980 (representing an amount equal to 10% of the Company's issued share capital as at 7 April 2015);
- 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 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 for a share as derived from the London Stock Exchange Trading Systems; 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

7 April 2015

#### 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)

# 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 shareholders' 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 votes (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 29 May 2015, 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 18:00 on 29 May 2015 (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 28 May 2015 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.

## NOTICE OF ANNUAL GENERAL MEETING continued

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 on 28 May 2015. 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 Capita 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.
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 interest 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](http://www.gemdiamonds.com).

### Voting rights and results

16. As at 7 April 2015 (being the last practicable date prior to the publication of this notice), the Company's issued shares consists of 138 269 806 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 7 April 2015 are 138 269 806.
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](http://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 during normal business hours and will also be made available at the AGM:
  - a. All Directors' service contracts or letters of appointment; and
  - b. Memorandum and Articles of Association (unchanged from last year).

# NOTICE OF ANNUAL GENERAL MEETING continued

## **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.

## **Company accounts and report 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 2014. 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 as included in the Annual Report for the year ended 31 December 2014 (the Remuneration Report). The approval of shareholders is requested in an advisory role rather than being mandatory. 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 93 to 95 of the Annual Report.

## **Re-appointment of Ernst & Young LLP as 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 will, if passed, authorise the Audit Committee of the Company to set the remuneration of the auditors.

## **Payment of Ordinary dividend (resolution 5)**

An ordinary dividend of 5 US cents per ordinary share for the year ended 31 December 2014 is recommended for payment by the Directors. If shareholders approve the recommended ordinary dividend, this will be paid on Tuesday 9 June 2015 to all shareholders who are on the share register at the close of business on Friday 8 May 2015. The ordinary dividend equates to an aggregate distribution to shareholders of approximately US\$ 6.9 million.

## **Re-election of Directors (resolution 6 to 12)**

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 he was elected or last re-elected but, unless otherwise agreed, he 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 Directors, with the exception of Dave Elzas and Richard Williams, will be retiring and offering themselves for re-election in 2015. Separate resolutions will be proposed for each of these re-elections.

## NOTICE OF ANNUAL GENERAL MEETING continued

Each of the Directors has demonstrated commitment to the role and their performance is judged as being effective. The biographical details of each of the Directors retiring at the AGM who wish to seek election are as follows:

### **Non-Executive directors**

#### **Roger Davis (58)**

Non-Executive Chairman

*MA (Oxon)*

Roger spent eight years at Barclays, latterly as the CEO of the UK banking operation and as a member of the Board of Barclays plc. Under his leadership, the UK business was significantly restructured. Prior to that, he spent ten years in investment banking in London and held various positions in China and India for Flemings and BZW. Roger started his career with a 12-year service in the British Army. Roger is currently the non-Executive Chairman of Sainsbury's Bank plc and of GRC Limited, and is also a non-Executive Director at Experian plc.

#### **Appointed**

Roger was appointed as Chairman of the Gem Diamonds Board in February 2007.

#### **Key skills and experience**

Commercial and Capital Markets and Public Company Board Governance.

#### **Board committee membership**

Audit, Remuneration and Nominations Committees.

#### **Mike Salamon (59)**

Senior Independent Director

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

Mike is a mining engineer with an MBA and 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 and is a non-Executive Director of Ferrexpo plc.

#### **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.

# NOTICE OF ANNUAL GENERAL MEETING continued

## **Gavin Beevers (65)**

Non-Executive Director

*BSc Hons (Mechanical Engineering) (Lanchester Polytechnic)*

Gavin was the Director of Operations at De Beers from April 2000 until his retirement in 2004. He had joined De Beers in 1979 and was based in Botswana for 11 years. Thereafter he was appointed Assistant General Manager at De Beers Marine in Cape Town until 1994, where after he returned to Botswana as General Manager at the Orapa and Lethlakane Mines. From January 1996 to March 2000, Gavin held the position of Deputy Managing Director of Debswana Diamond Company.

## **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 Committee.

## **Executive Directors**

### **Clifford Elphick (54)**

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 and Commercial and Capital Markets.

## **Board committee membership**

Nominations Committee.

### **Alan Ashworth (60)**

Chief Operating Officer

*BSc (Mining Engineering) (Nottingham University); South African Mine Managers Certificate of Competency*

Alan holds a BSc in Mining Engineering and over 40 years' experience in the mining industry. During his career he has worked in various countries, including South Africa, Namibia, Botswana, Guinea, Ghana, Russia, Indonesia and Australia. He spent 28 years within the De Beers Group, including four years as the General Manager of the Namdeb Diamond Corporation and four years as the Group Manager, Operations and Head of Operations for De Beers Consolidated Mines. From January 2006 until August 2007, he was the Managing Director of Gold Fields' Ghana operations in West Africa.

## **Appointed**

Alan joined Gem Diamonds in November 2007 and was appointed to the Board in April 2008.

## **Key skills and experience**

Operational – Diamond Industry; Mineral Resource Management; Mining (surface and underground); Health and Safety; Sustainability; and Corporate Social Responsibility.

# NOTICE OF ANNUAL GENERAL MEETING continued

## **Michael Michael (44)**

Chief Financial Officer

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

Michael 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 Initial Public Offering. In March 2008 Michael joined Gem Diamonds on a full-time basis as the Group Financial Manager. 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 (54)**

Chief Legal and Commercial Officer and Company Secretary

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

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.

## **Key skills and experience**

Diamond Industry and Legal.

## **Board committee membership**

HSSE Committee.

## **Authority to allot shares (resolution 13)**

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\$460 853. This represents 33.33% of the Company's total issued share capital as at 7 April 2015. 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 2016.

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.

## NOTICE OF ANNUAL GENERAL MEETING continued

### **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. This resolution will allow the Directors to allot equity securities up to an aggregate nominal value of US\$69 135 which (in accordance with institutional investor guidelines) represents approximately 5% of the issued ordinary share capital of the Company as at 7 April 2015, without the shares first being offered to existing shareholders in proportion to their existing holdings.

The Directors consider the authority in resolution 13 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with 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 13 826 980 ordinary shares having an aggregate nominal value of US\$138 269 which represents 10% of the issued ordinary share capital of the Company as at 7 April 2015. The upper and lower limits on the price which may be paid for those shares are set out in the resolution itself. This authority will expire on the Company's next Annual General Meeting in 2016 or 30 June 2016, 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 7 April 2015 (being the latest practicable date prior to the publication of this notice), there were 3 125 633 outstanding options granted under all share option schemes operated by the Company and no outstanding warrants. If exercised, the outstanding options would represent 2.26% 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 2.17%.