

RNS Number :

Gem Diamonds Limited

10 August 2016

GEM DIAMONDS LIMITED

("Gem Diamonds" or the "Company")

Letšeng Operational Update – Weather Disruption

Extreme weather conditions have been recently experienced across the Maluti Mountains in Lesotho where the Letšeng Mine is located, with excessive snow falls and severe winds limiting access to the mine. Following damage to the overhead power lines, standby generators installed at the mine have been used to mitigate some of the impact, allowing the plants to operate, albeit at reduced rates. The Lesotho Electricity Company (LEC) is currently on site carrying out repairs to damaged overhead power lines. External power supply is expected to be fully restored in the short term.

Full Year guidance for ore tonnes treated and operating costs may need to be re-assessed but due to the strong operational performance in H1, carats recovered are not expected to be affected materially.

The Board will provide an updated view of the current year's operational guidance with the announcement of the Company's Half Year Results. Full Year carats recovered will likely be within original guidance.

Letšeng has provided accommodation and food to approximately 250 local people who were unable to cope during the severe weather. The Deputy Prime Minister and a government delegation have visited the mine and thanked the management for its assistance to villagers during this difficult period.

Notification of Half Year Results

Gem Diamonds Ltd (LSE: GEMD) will announce its Half Year Results for the period ending 30 June 2016 on Wednesday, 17 August 2016 at 0700 BST.

The Company will host an audio presentation following the announcement at 0930 BST. The live audio webcast of this presentation will be available to view via the Company's website: www.gemdiamonds.com

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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 and 100% of the Ghaghoo mine in Botswana. 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.

Gem Diamonds has a growth strategy based on the expansion of the Letšeng mine and bringing the Ghaghoo mine into production, while maintaining its strong balance sheet. The Company seeks to maximise revenue and margin from its rough diamond production by pursuing cutting, polishing and sales and marketing initiatives further along the diamond value chain. With favourable supply/demand dynamics expected to benefit the industry over the medium to long term, particularly at the high end of the market supplied by Gem Diamonds, this strategy positions the Company well to generate attractive returns for shareholders in the coming years.

www.gemdiamonds.com