

15 January, 2018

GEM DIAMONDS LIMITED

("Gem Diamonds" or "the Company")

Recovery of exceptional quality 910 carat diamond

Gem Diamonds Limited (LSE: GEMD) is pleased to announce the recovery of an exceptional quality 910 carat, D colour Type IIa diamond from the Letšeng mine in Lesotho, the highest dollar per carat kimberlite diamond mine in the world.

The diamond, the largest recovered from Letšeng, is believed to be the fifth largest gem quality diamond ever recovered.

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

"Since Gem Diamonds acquired Letšeng in 2006, the mine has produced some of the world's most remarkable diamonds, including the 603 carat Lesotho Promise, however, this exceptional top quality diamond is the largest to be mined to date and highlights the unsurpassed quality of the Letšeng mine. This is a landmark recovery for all of Gem Diamonds' stakeholders, including our employees, shareholders and the Government of Lesotho, our partner in the Letšeng mine."

A photograph of the diamond, and further information on the Company, can be viewed on the Gem Diamonds' website www.gemdiamonds.com

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67.

For further information:

Gem Diamonds

Susan Wallace, Company Secretarial department
ir@gemdiamonds.com

Celicourt Communications

Mark Antelme / Jimmy Lea
Tel: +44 (0) 207 520 9261

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.

The remarkable diamonds recovered from Letšeng include:

2006 – Lesotho Promise (603 carat)

2007 – Lesotho Legacy (493 carat)

2008 – Leseli La Letšeng (478 carat)

2011 – Letšeng Star (550 carat)

2014 – Yellow (299 carat)

2015 – Letšeng Destiny (314 carat)

2015 – Letšeng Dynasty (357 carat)