

22 April 2021

GEM DIAMONDS LIMITED

Q1 2021 Trading Update

Gem Diamonds Limited (LSE: GEMD) (“**Gem Diamonds**” or the “**Company**” or the “**Group**”) provides the following Trading Update detailing the Group’s operational and sales performance from 1 January 2021 to 31 March 2021 (“**Q1 2021**” or the “**Period**”).

Highlights:

- Carats produced during the Period were 29 010 (Q1 2020: 26 110).
- Revenue for the Period was US\$43.9 million (Q1 2020: US\$47.3 million).
- Average price achieved for the Period was US\$1 630 per carat (Q1 2020: US\$1 615 per carat).
- Carats sold during the Period were 26 916 (Q1 2020: 29 298).
- 5 diamonds sold for more than US\$1.0 million each, generating revenue of US\$12.4 million during the Period.
- The 2021 production guidance, as reported on 11 March 2021, remains on target.

Covid-19:

- The Group continues to meticulously implement its wide range of Covid-19 protocols, health and safety measures and other precautions to protect its employees and contractors at its operations. This has had a positive effect in containing infections across the Group and has allowed operations to continue in a safe and responsible manner.
- The Group continues to provide support to its workforce, contractors and surrounding communities in its efforts to curb the spread of the virus in all countries where it operates.

Corporate and Financial:

- The Group ended the Period with US\$26.9 million of cash on hand (excluding US\$8.2 million of the March tender proceeds received after the Period end). Drawn down facilities amounted to US\$15.2 million resulting in a net cash position of US\$11.7 million at Period end (Q4 2020: net cash of US\$34.6 million).
- The Group had undrawn and available facilities of US\$59.6 million at Period end.

- During the Period, Letšeng paid the remaining dividend of US\$10.0 million which was declared in 2020. This resulted in a net cash flow of US\$6.7 million to Gem Diamonds and a cash outflow from the Group of US\$0.3 million relating to withholding taxes and US\$3.0 million in respect of the Government of Lesotho’s share of the dividend.
- During the Period, Letšeng settled its 2020 income tax obligations resulting in a US\$11.7 million payment to the Lesotho Revenue Authorities.
- The targeted US\$100 million in incremental revenue, productivity improvements and cost savings over the 4-year period to end 2021 remains on target to be delivered.
- The process to sell Ghaghoo continues.

Gem Diamonds’ CEO, Clifford Elphick, commented:

“It is pleasing to see that carat production during the Period was up some 11% on the same period in 2020 and that the average price of US\$1 630 per carat was also slightly up on Q1 2020. Although the production from the mining mix was not as impressive as the second half of 2020, with fewer large diamonds recovered due to the areas accessed under the mining plan, prices achieved on a like for like basis remained strong for Letšeng’s high value diamond production.

It is anticipated that the mining mix should improve over the coming months as the richer parts of the Satellite pit are accessed in accordance with the mine plan.”

1. Diamond Market

Prices achieved for Letšeng’s diamonds reflected the continued improvement in market conditions, with prices achieved in the Period, on a like-for-like basis, higher than those achieved during the latter part of 2020.

2. Letšeng

2.1. Rough diamond sales

	Q1 2021	Q1 2020	% Change
Carats sold	26 916	29 298	-8%
Total value (US\$ millions)	43.9	47.3	-7%
Achieved US\$/carat	1 630	1 615	+1%

2.2. Production

	Q1 2021	Q1 2020	% Change
Waste tonnes stripped	4 929 683	4 835 113*	+2%
Ore tonnes treated	1 523 103	1 454 754*	+5%
Satellite pipe contribution (tonnes)	765 363	638 880	+20%
Carats recovered ¹	29 010	26 110*	+11%
Grade recovered (cpht) ¹	1.90	1.79	+6%

¹ Includes carats produced from the Letšeng Plants, the Alluvial Ventures (AV) plant and the recovery tailings treatment facility.

*In the prior period and in compliance with the Lesotho Government's lockdown order, Letšeng temporarily suspended operations between 28 March and 26 April 2020 and placed the mine on care and maintenance losing 4 days of production in Q1 2020.

Waste stripping continued in line with the requirements of the updated long-term mine plan to ensure the future availability of ore and incorporates the steeper inter-ramp slope angles. During the Period, a total of 4.9 million tonnes of waste material was mined.

Letšeng's Plants treated a total of 1.3 million tonnes of ore during the Period of which 0.8 million tonnes were sourced from the Satellite pipe and 0.5 million from the Main pipe. In addition, 0.2 million tonnes were treated through the Alluvial Ventures contractor plant.

Following the operational performance in Q1, the 2021 production guidance, as reported on 11 March 2021, remains on target.

3. Health, Safety, Social and Environment (HSSE)

During the Period, 1 LTI occurred, and the Group-wide All Injury Frequency Rate was 0.82.

No major or significant community or environmental incidents occurred across the Group during the Period.

FOR FURTHER INFORMATION:

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67.

ABOUT GEM DIAMONDS:

Gem Diamonds is a leading global diamond producer of large high value diamonds. The Company owns 70% of the Letšeng mine in Lesotho and is currently in the process of selling its 100% share of the Ghaghoo mine in Botswana. The Letšeng mine is famous for the production of large, exceptional white diamonds, making it the highest dollar per carat kimberlite diamond mine in the world. www.gemdiamonds.com