

23 August 2021

GEM DIAMONDS LIMITED
("Gem Diamonds" or "the Company")
Sale of Gem Diamonds Botswana Proprietary Limited

Gem Diamonds Limited (LSE: GEMD) announces that it has entered into a binding share sale agreement with Okwa Diamonds (Pty) Ltd ("**Okwa Diamonds**") (the "**Purchaser**") for the sale of 100% of the share capital of Gem Diamonds Botswana Proprietary Limited ("**GDB**").

Okwa Diamonds, an SPV company registered in Botswana, is owned by Vast Resources PLC, a mining and resource development company listed on AIM, and by Botswana Diamonds PLC, a diamond exploration and project development company listed on AIM and the Botswana Stock Exchange. Vast Resources PLC and Botswana Diamonds PLC are both parties to the share sale agreement and guarantee the obligations of Okwa Diamonds.

GDB's primary asset is the Ghaghoo diamond mine in Botswana which has been on care and maintenance since March 2017, and which is wholly owned by GDB. As at 31 December 2020, the gross assets of GDB were US\$3.5 million and the loss attributable to GDB for the 12-month period ended 31 December 2020 was US\$3.3 million. The Purchaser will take over all assets and assume all liabilities of GDB.

The completion of the transaction is subject to certain Suspensive Conditions including relevant regulatory and competition authority approvals within Botswana. It is expected that these will be fulfilled, and the transaction completed in Q4 2021.

Under the share sale agreement, the Purchaser will pay a total consideration of US\$4 million, payable in two instalments of US\$2 million each, the first of which is payable 5 (five) days after the date on which the last Suspensive Condition has been fulfilled or waived. The second payment is payable on or before 23 December 2021, provided the first payment has been made prior thereto. In the event the last Suspensive Condition is fulfilled or waived after 23 December 2021 the full amount of US\$4 million will be payable 5 (five) days after such fulfilment or waiver. Gem Diamonds will use the sale proceeds for general corporate purposes.

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

"This sale is in line with our strategic objective to dispose of non-core assets. Gem Diamonds remains focused on optimising production and efficiency at the Letšeng mine in Lesotho. On behalf of Gem, we wish the Okwa Diamonds team well for the future, and I would also like to thank the Government of Botswana for its assistance during the sale process."

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 / Ollie Mills
Tel: +44 (0)20 8434 2643

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. 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. www.gemdiamonds.com