

17 August 2022

## GEM DIAMONDS LIMITED

### H1 2022 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 2022 to 30 June 2022 (“**H1 2022**” or the “**Period**”).

#### Highlights:

- 57 075 carats were sold during the Period (H2 2021: 54 573 carats), generating revenue of US\$99.6 million (H2 2021: US\$97.3 million) and achieving an average price of US\$1 745 per carat (H2 2021: US\$1 783 per carat).
- The highest price achieved in the Period was US\$66 059 per carat for an 8.41 carat pink diamond.
- 15 diamonds sold for more than US\$1.0 million each, generating revenue of US\$25.8 million during the Period.
- Three diamonds greater than 100 carats (244.34, 127.58 and 124.65 carats) were recovered during the Period, which were sold in the first tender after Period end for US\$13.9 million.
- Carats recovered during the Period were 55 157 (H2 2021: 56 504).

#### Corporate and Financial:

- The Group ended the Period with US\$24.2 million cash on hand.
- Drawn down facilities amounted to US\$12.1 million resulting in a net cash position of US\$12.1 million at Period end (Q4 2021: net cash of US\$20.9 million).
- The Group had undrawn and available facilities of US\$69.9 million at Period end.
- The 2021 dividend of 2.7 US cents per share (US\$3.8 million) proposed by the Board in March 2022 was approved at the Annual General Meeting on 8 June 2022 and has been paid.
- During the Period, the Company purchased 1 520 170 of its shares at a weighted average purchase price of 60.05 GB pence (78.07 US cents) per share under its share buyback programme. The shares are currently held as treasury shares.
- The purchaser for the Ghaghoo diamond mine did not meet the extended long stop date of 10 May 2022 resulting in the agreement lapsing on that date. The Group continues to pursue

potential sales opportunities while other disposal or closure alternatives are also being considered.

**Gem Diamonds’ CEO, Clifford Elphick, commented:**

“We continue to see a firm diamond market for the high quality Letšeng diamonds in 2022. We are managing the economic impact of global events which are contributing significantly to the slowing down of global economic growth and which are materially impacting energy and commodity prices and disrupting supply chains worldwide.

The sanctions imposed on the Russian diamond producer Alrosa have exacerbated a shortage of rough diamonds in the market, supporting continued strong demand and robust prices for Letšeng’s high-quality rough diamonds”

**1. Diamond Market**

Strong demand and robust prices achieved for Letšeng’s diamonds reflected the continued positive sentiment in the diamond market. The Group hosted another Dubai tender viewing in March 2022 which was well-attended and contributed positively to the firm prices achieved during the Period.

**2. Letšeng**

**2.1. Rough diamond sales**

	H1 2022	Q2 2022	Q1 2022	H2 2021	H1 2022 vs H2 2021 % Change
Carats sold	57 075	28 614	28 461	54 573	5%
Total value (US\$ millions)	99.6	47.5	52.1	97.3	2%
US\$/carat	1 745	1 660	1 831	1 783	-2%

**2.2. Production**

	H1 2022	Q2 2022	Q1 2022	H2 2021	H1 2022 vs H2 2021 % Change
Waste tonnes stripped	6 289 380	2 436 654	3 852 726	8 495 967	-26%
Ore tonnes treated	3 017 664	1 453 010	1 564 654	3 032 710	-
Satellite pipe contribution (tonnes)	1 378 404	744 039	634 365	1 654 169	-17%

	H1 2022	Q2 2022	Q1 2022	H2 2021	H1 2022 vs H2 2021 % Change
Carats recovered <sup>1</sup>	55 157	26 727	28 430	56 504	-2%
Grade recovered (cpht) <sup>1</sup>	1.83	1.84	1.82	1.86	-2%

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

The 26% reduction in waste tonnes mined and the 17% reduction in Satellite pipe contribution to tonnes treated in H1 2022 is in line with plan. Satellite pipe contribution increases in H2 2022 and is on track to meet guidance as set out below.

Letšeng's Plants treated a total of 2.58 million tonnes of ore during the Period, 53% of which was sourced from the Satellite pipe and 47% from the Main pipe. In addition, 0.44 million tonnes of Main pipe material were treated through the third-party processing contractor, Alluvial Ventures. This contract ended on 30 June 2022 as planned.

### 2.3. Guidance for 2022

During the Period, Letšeng experienced excessive rain, increased power disruptions on the energy supply network and negative impacts on the supply of critical parts and spares of equipment which impacted production. However, the 2022 production metrics remain on track to be achieved, albeit at the lower end of original guidance published in March 2022. The related cost impact of disruptions to the supply chain, combined with significant increases in fuel, explosives and other consumables prices were experienced in the Period, exacerbated by the Russian invasion of Ukraine. This is expected to continue into H2 2022, resulting in a revision to the full year cost guidance as set out in the table below. A review of capital projects for 2022 has resulted in a significant reduction of capex for 2022.

	FY 2022	FY 2022
	Revised Guidance June 2022	Original Guidance March 2022
Waste tonnes mined (Mt)	No change	10 - 12
Ore treated (Mt)	No change	5.6 – 5.8
Satellite pipe ore contribution (Mt)	No change	2.8 – 3.0
Carats recovered (Kct)	No change	112 - 116
Carats sold (Kct)	No change	110 - 114
Direct cash costs, (before waste) per tonne treated (Maloti)	250 - 270	220 - 230
Operating costs per tonne treated (Maloti)	330 - 350	275 - 285

	FY 2022	FY 2022
	Revised Guidance June 2022	Original Guidance March 2022
Mining waste cash costs per tonne of waste mined (Maloti)	62 - 65	51 - 53
Total capex (US\$ million)	19 - 23	25 - 30

### 3. Sustainability

The Group won three awards at the *Investing in African Mining Indaba Junior ESG Awards* in May 2022, in the categories of Health and Safety, Responsible Water and Protection of Biodiversity.

In addition, Gem Diamonds' Sustainability and Climate Change Reports have been nominated as finalists by the influential investor media platform *ESG Investing* in two reporting categories, namely (i) Best Sustainability Report: Metals and Mining and (ii) Best Climate-Related Reporting: Small Cap.

During the Period, two LTI's occurred at Letšeng, and the Group-wide All Injury Frequency Rate was 0.82. Letšeng continued to advance its Critical Control Management programme, aimed at eliminating work-related risk to employee health and safety. 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](http://www.gemdiamonds.com)