

21 April 2022

## GEM DIAMONDS LIMITED

### Q1 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 31 March 2022 (“**Q1 2022**” or the “**Period**”).

#### Highlights:

- 28 461 carats were sold during the Period (Q4 2021: 24 790 carats), generating revenue of US\$52.1 million (Q4 2021: US\$50.0 million) and achieving an average price of US\$1 831 per carat (Q4 2021: US\$2 018 per carat).
- The highest price achieved in the Period was US\$66 059 per carat for an 8.41 carat pink diamond.
- The highest price achieved during the Period for a white diamond was US\$53 834 per carat for a Type IIa white diamond.
- 9 diamonds sold for more than US\$1.0 million each, generating revenue of US\$16.2 million during the Period.
- Carats produced during the Period were 28 430 (Q4 2021: 33 069).

#### Corporate and Financial:

- The Group ended the Period with US\$29.5 million cash on hand.
- Drawn down facilities amounted to US\$9.3 million resulting in a net cash position of US\$20.2 million at Period end (Q4 2021: net cash of US\$20.9 million).
- The Group had undrawn and available facilities of US\$79.2 million at Period end.
- During the Period, Letšeng paid a dividend of US\$13.4 million. This resulted in a net cash flow of US\$8.9 million to Gem Diamonds and a cash outflow from the Group of US\$0.5 million relating to withholding taxes and US\$4.0 million in respect of the Government of Lesotho’s share of the dividend.
- The sale of Gem Diamonds Botswana Proprietary Limited to Okwa Diamonds Proprietary Limited, an entity owned by Vast Resources PLC (“**Vast**”) and Botswana Diamonds PLC (“**BD**”), is ongoing. The parties have agreed to extend the longstop date under the Sale Agreement

further from 31 March 2022 to 10 May 2022 to allow BD to finalise the funding agreements from the alternative financing partner.

- Post Period end, on 12 April 2022 the Group commenced its share buyback programme to purchase up to US\$2.0 million of the Company’s ordinary shares. Purchases are carried out in compliance with the relevant conditions for trading, restrictions regarding time and volume, disclosure and reporting obligations, and price conditions.

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

*“We remain confident about the outlook for diamond prices, particularly for Letseng’s large high-value diamonds with an average price of US\$1 831 per carat achieved during the Period. Prices achieved on a like-for-like basis continued the largely upward trend from 2021.*

*We remain committed to sustaining an appropriate capital return to our shareholders and therefore the Group commenced a share buyback programme on 12 April 2022 in addition to the recently proposed dividend of 2.7 US Cents per share.”*

**1. Diamond Market**

Prices achieved for Letšeng’s diamonds reflected the favourable market conditions, with prices achieved in the Period, on a like-for-like basis, higher than those achieved during the latter part of 2021. The Group hosted its second tender viewing in Dubai in March which was well-attended and contributed positively to the prices achieved during the Period.

**2. Letšeng**

**2.1. Rough diamond sales**

|                             | Q1 2022 | Q1 2021 | % Change |
|-----------------------------|---------|---------|----------|
| Carats sold                 | 28 461  | 26 916  | 6%       |
| Total value (US\$ millions) | 52.1    | 43.9    | 19%      |
| Achieved US\$/carat         | 1 831   | 1 630   | 12%      |

## 2.2. Production

|                                      | Q1 2022   | Q1 2021   | % Change |
|--------------------------------------|-----------|-----------|----------|
| Waste tonnes stripped                | 3 852 726 | 4 929 683 | -22%     |
| Ore tonnes treated                   | 1 564 654 | 1 523 103 | 3%       |
| Satellite pipe contribution (tonnes) | 634 365   | 765 363   | -17%     |
| Carats recovered <sup>1</sup>        | 28 430    | 29 010    | -2%      |
| Grade recovered (cpht) <sup>1</sup>  | 1.82      | 1.90      | -5%      |

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

The 22% reduction in waste tonnes mined in Q1 2022 compared to Q1 2021 is in line with the 2022 published guidance and the waste mining requirements of the long-term mine plan and does not compromise the future availability of ore.

Letšeng's Plants treated a total of 1.35 million tonnes of ore during the Period, 47% of which was sourced from the Satellite pipe and 53% from the Main pipe. Comparatively, there was 17% less Satellite pipe material treated than in Q1 2021, in line with the 2022 mine plan. In addition, 0.21 million tonnes were treated through the Alluvial Ventures contractor plant.

## 3. Sustainability

During the Period, 1 LTI occurred at Letšeng, and the Group-wide All Injury Frequency Rate was 0.16. Letšeng continued to advance its behaviour-based safety programme and has commenced the implementation of a critical control management strategy to further mature our organisational safety culture.

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

In order to ensure the continuation of safe and responsible operations, and notwithstanding a vaccination status of 99.9% at Letšeng, we continue to be vigilant and remain focused on maintaining all requisite and appropriate procedures and protocols implemented in response to the Covid-19 pandemic. The donation of a 4X4 ambulance for use in accessing remote rural areas is an example of this strategy.

**FOR FURTHER INFORMATION:**

**Gem Diamonds Limited**

Susan Wallace, Company Secretarial department  
[ir@gemdiamonds.com](mailto:ir@gemdiamonds.com)

**Celicourt Communications**

Mark Antelme / Felicity Winkles  
Tel: +44 (0) 208 434 2643

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)