

2 November 2022

GEM DIAMONDS LIMITED

Q3 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 July 2022 to 30 September 2022 (“**Q3 2022**” or the “**Period**”).

Highlights:

- Revenue generated in the Period amounted to US\$56.6 million, achieving an average price of US\$2 028 per carat (Q3 2021: US\$1 589 per carat).
- 25 018 carats were recovered during the Period, resulting in 80 174 carats recovered for the year to date (YTD 2021: 82 266 carats).
- 84 989 carats have been sold for the year to date, achieving an average price of US\$1 838 per carat (YTD 2021: US\$1 782 per carat).
- The highest price achieved in the Period was US\$79 543 per carat for a 10.07 carat pink diamond.
- 10 diamonds sold for more than US\$1.0 million each, generating revenue of US\$25.1 million during the Period.
- Four diamonds greater than 100 carats were sold during the Period generating revenue of US\$15.6 million. Three of these diamonds were recovered in Q2 2022.

Corporate and Financial:

- The Group ended the Period with US\$17.4 million cash on hand (excluding US\$15.2 million of September tender proceeds that were received after Period end).
- Drawn down facilities amounted to US\$12.0 million resulting in a net cash position of US\$5.4 million at Period end (excluding US\$15.2 million of September tender proceeds that were received after Period end) (H1 2022: US\$12.1 million).
- The Group had undrawn and available facilities of US\$65.3 million at Period end.
- The 5.5 year term loan facility for the construction of the mining complex at Letšeng, was fully repaid at the end of the Period.

Gem Diamonds' CEO, Clifford Elphick, commented:

“It is pleasing to see that the average price achieved for the Letšeng tenders for Q3 2022 exceeded US\$2 000 per carat, notwithstanding the current downturn in the global economy.

Post Period end, production at Letšeng was impacted by the Lesotho general election on 7 October and the compulsory two-day shutdown of operations legislated by the Government of the Kingdom of Lesotho to allow voting in employee home wards. In addition, a crusher breakdown was experienced in Plant 2, which has since been repaired and the plant is running at normal capacity.”

1. Diamond Market

The downturn in the global economy has impacted the diamond market. However, the tenders in Antwerp, together with a Dubai tender viewing in September 2022, were well-attended and contributed positively to the prices achieved during the Period.

2. Letšeng

2.1. Rough Diamond Sales

	H1 2022	Q3 2022	YTD 2022	YTD 2021	YTD 2022 vs YTD 2021 % Change
Carats sold	57 076	27 913	84 989	84 906	0%
Total value (US\$ millions)	99.6	56.6	156.2	151.2	3%
US\$/carat	1 745	2 028	1 838	1 782	3%

2.2. Production

	H1 2022	Q3 2022	YTD 2022	YTD 2021	YTD 2022 vs YTD 2021 % Change
Waste tonnes stripped	6 289 380	2 116 761	8 406 141	14 167 058	-41%
Ore tonnes treated	3 017 644	1 246 209	4 263 873	4 642 844	-8%
Satellite pipe contribution (tonnes)	1 378 404	713 239	2 091 643	2 313 562	-10%
Carats recovered ¹	55 156	25 018	80 174	82 266	-3%
Grade recovered (cpht) ¹	1.83	2.01	1.88	1.77	6%

¹ Includes carats produced from the Letšeng Plants, the recovery tailings treatment facility and the Alluvial Ventures (AV) plant (Until 30 June 2022)

The 41% reduction in waste tonnes mined and the 10% reduction in Satellite pipe contribution to tonnes treated YTD 2022 is in line with the mine plan.

Letšeng's Plants treated a total of 1.2 million tonnes of ore during the Period and in line with the mine plan, 57% was sourced from the Satellite pipe, and 43% from the Main pipe.

2.3. Production Guidance

Post Period end, the Lesotho general election required a compulsory two-day site wide shutdown at Letšeng to allow the workforce to vote in their respective constituencies, resulting in loss of production. In addition, post Period end, a secondary crusher breakdown in Plant 2 and continued power disruption on the energy supply network resulted in a loss of production. Repairs to the secondary crusher have been completed and the plant is running at normal capacity.

As previously reported in the H1 2022 Trading Update, the 2022 production metrics were guided to the lower end of the original guidance as published in March 2022. The impact of the loss of production in October has resulted in a revision of the full year guidance for tonnes treated to approximately 5.45 million tonnes (previously between 5.60 and 5.80 million tonnes). As a result of the reduction in tonnes treated, guidance with respect to carats recovered and carats sold has been reduced to approximately 104k (previously 112k to 116k) and approximately 105k (previously 110k to 114k) respectively. Cost guidance remains unchanged.

3. Sustainability

Gem Diamonds' Sustainability and Climate Change Reports were nominated as finalists by the influential investor media platform *ESG Investing* in two reporting categories and was announced the winner of the 'Best Climate-Related Reporting (Small Cap)' award at the ESG Investing Awards 2022. The award has been given to Gem Diamonds for its 2021 "Our Approach to Climate Change" report which focused on how climate change considerations are being incorporated into financial planning and strategy at Gem Diamonds.

During the Period, no LTI's occurred at Letšeng, and the Group-wide All Injury Frequency Rate was 0.67. 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