

1 February 2024

GEM DIAMONDS LIMITED
Q4 2023 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 October 2023 to 31 December 2023 (“**Q4 2023**” or the “**Period**”).

Highlights:

- All operational and financial metrics achieved for FY 2023 were within or better than revised guidance.
- 32 142 carats were recovered during the Period (+16% from Q3 2023), resulting in 109 656 carats recovered for the year (FY 2022: 106 704 carats).
- 104 520 carats were sold in FY 2023, achieving an average price of US\$1 334 per carat (FY 2022: 107 498 carats sold for US\$1 755 per carat).
- The highest price achieved in the Period was US\$33 745 per carat for a 117.09 carat white diamond which sold for US\$4.0 million.
- Six diamonds sold for more than US\$1.0 million each, generating revenue of US\$13.8 million during the Period.
- Post Period end, a large high-quality 295 carat white diamond was recovered and is scheduled to be sold in Q1 2024.
- Letšeng successfully concluded the insourcing of its drill, load and haul activities with no interruption to production.
- No LTI’s were reported during the Period. The Group’s AIFR for FY 2023 was at an all-time low of 0.67.

Corporate and Financial:

- The Group ended the Period with US\$16.5 million cash on hand and utilised facilities of US\$37.8 million, resulting in a net debt position of US\$21.3 million at Period end. The net debt position includes a part payment of US\$13.4 million relating to the purchase of the mining equipment pursuant to the insourcing transaction. The balance of US\$9.2 million was paid in January 2024.
- The Group had undrawn and available facilities of US\$45.9 million at Period end.

1. Diamond Market

The global rough diamond market continued to experience downward pressure in Q4 2023. This negatively impacted the average dollar per carat and revenue achieved during the Period.

2. Letšeng Diamonds production summary

| | H1 2023 | Q3 2023 | Q4 2023 | Q3 - Q4 % Change | FY 2023 | FY 2022 |
|--|------------|------------|------------|---------------------|------------|------------|
| Waste tonnes stripped | 4 846 680 | 2 422 117 | 1 572 830 | -54% | 8 841 627 | 10 153 845 |
| Ore tonnes treated | 2 467 250 | 1 233 987 | 1 323 428 | 7% | 5 024 665 | 5 506 576 |
| Satellite pipe ore tonnes treated | 1 269 987 | 850 013 | 849 031 | 0% | 2 969 031 | 3 037 966 |
| Carats recovered | 50 601 | 26 913 | 32 142 | 16% | 109 656 | 106 704 |
| Grade (cpht) | 2.05 | 2.18 | 2.43 | 10% | 2.18 | 1.94 |
| Carats sold | 52 163 | 23 955 | 28 402 | 16% | 104 520 | 107 498 |
| Total value (US\$ millions) | 71.6 | 31.4 | 36.4 | 14% | 139.4 | 188.6 |
| Achieved US\$/carat | 1 373 | 1 310 | 1 281 | -2% | 1 334 | 1 755 |

Overall tonnes treated by the Letšeng plants in FY 2023 were comparable to 2022. The reduction from 5.5 million tonnes to 5.0 million tonnes was primarily due to the expiry of Alluvial Ventures' processing contract on 30 June 2022, which contributed 0.4 million tonnes in that year. Initiatives to stabilise plant performance during Q3 2023 by reducing throughput rates in the processing plants resulted in improved plant availability leading to an increase in tonnes treated and carats recovered from Q3 2023 to Q4 2023.

Taking into account the reduced tonnes treated for FY 2023, total waste tonnes mined were consequently reduced, which also had a positive impact on costs. This reduction in waste tonnes remains in line with the optimised mine plan and ensures future availability of ore. The slope steepening of the active cutbacks in the Main pipe also contributed to this reduction.

3. Frequency of recovery of large diamonds

The table below represent the number of diamonds recovered in each size category greater than 20 carats.

| Size category | 2023 | 2022 | Average 2008 - 2022 |
|--------------------------------------|------------|------------|------------------------|
| >100 carats | 5 | 4 | 8 |
| 60-100 carats | 13 | 18 | 18 |
| 30-60 carats | 71 | 69 | 76 |
| 20-30 carats | 107 | 108 | 114 |
| Total diamonds > 20 carats | 196 | 199 | 216 |

The number of large diamonds recovered at Letšeng were similar to that in the prior year, however the decrease in prices achieved in 2023 negatively impacted overall revenue achieved during the year.

4. FY 2023 performance to revised guidance

| | FY 2023 | Revised guidance |
|---|---------|------------------|
| Waste tonnes mined (Mt) | 8.8 | 9 - 11 |
| Ore treated (Mt) | 5.0 | 4.9 – 5.1 |
| Satellite pipe ore treated (Mt) | 3.0 | 2.8 – 3.0 |
| Carats recovered (Kct) | 109 | 104 – 107 |
| Carats sold (Kct) | 104 | 102 – 105 |
| Direct cash costs (before waste) per tonne treated (Maloti) | 288 | 285 – 305 |
| Operating costs per tonne treated ¹ (Maloti) | 374 | 380 - 395 |
| Mining waste cash costs per tonne of waste mined (Maloti) | 66 | 65 – 70 |
| Total capex ² (US\$ million) | 9 | 13 – 15 |

¹ Operating costs per tonne excludes royalty, selling costs, depreciation and mine amortisation, but includes inventory, waste and ore stockpile adjustments.

² Capex excludes US\$22.6 million relating to the purchase of the mining fleet at Letšeng.

FOR FURTHER INFORMATION:

Gem Diamonds Limited

Kiki Constantopoulos, Company Secretary

ir@gemdiamonds.com

Celicourt Communications

Mark Antelme / Felicity Winkles

Tel: +44 (0) 20 770 6424

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 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, exceptional white diamonds, making it the highest dollar per carat kimberlite diamond mine in the world.

www.gemdiamonds.com