



Operating responsibly in uncertain times

HALF YEAR RESULTS

2020

3 SEPTEMBER 2020

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The information contained herein is correct as at 2 September 2020.

H1 2020 OVERVIEW

Revenue

US\$69.5 million

EBITDA

US\$11.3 million

Average US\$ per carat

US\$1 707

Net debt reduction of
US\$4.7 million

Business
Transformation
Cumulative to date

US\$65.0 million

All Injury Frequency
Rate (Historical low)

0.33

Earnings per share
from continuing
operations

0.13 US cents

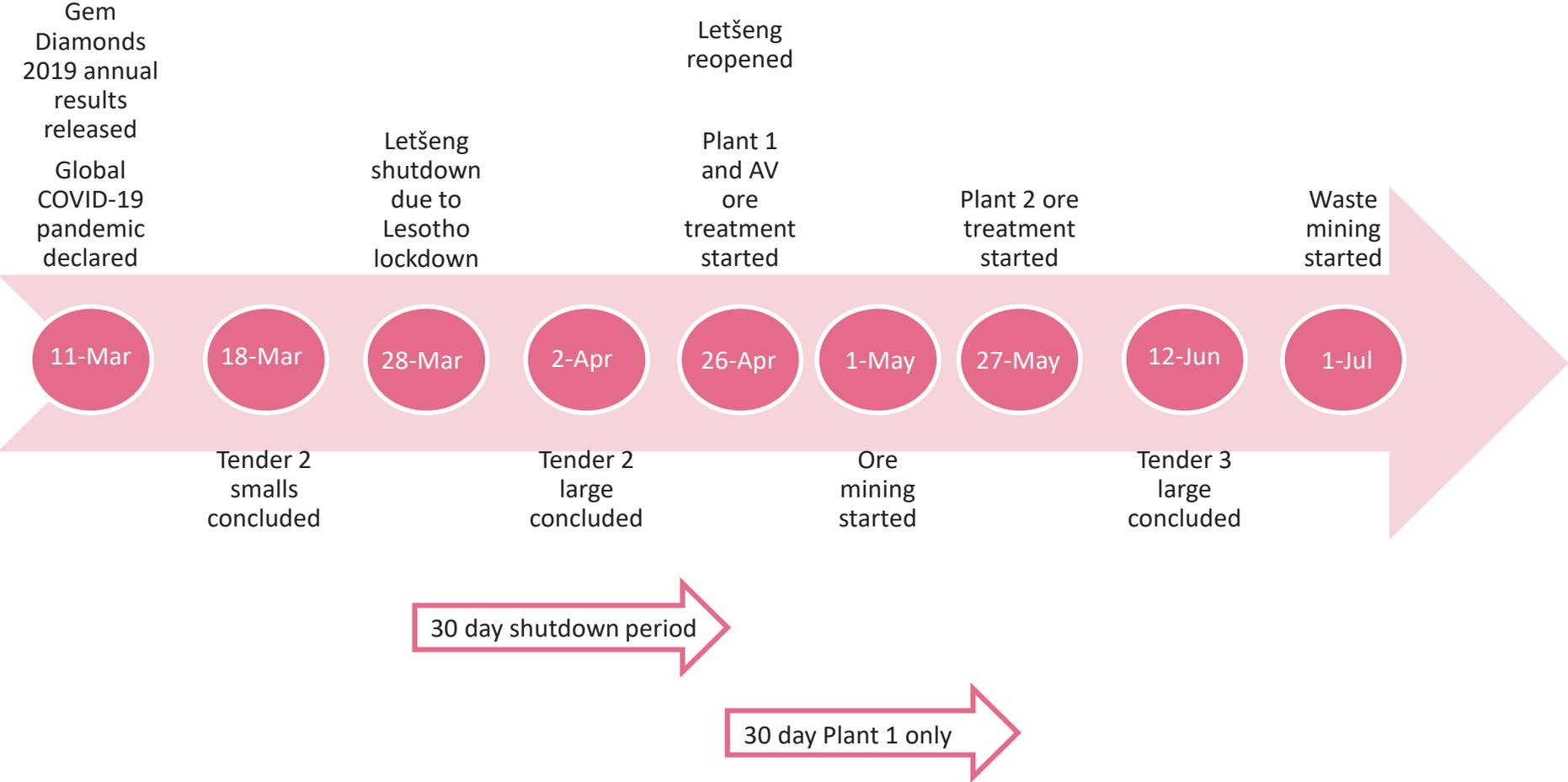
Carats recovered

43 275

Cash flow per share

US\$0.16

H1 2020 EVENTS TIMELINE



2020 DIAMOND MARKET

GLOBAL ECONOMIC BACKDROP

COVID-19 significantly impacted the global economy with national lockdowns

Global GDP contraction of 5.2% anticipated for 2020

Erosion of human capital due to lost work and schooling expected over longer term

Emerging markets expected to contract compared to predicted accelerated growth

DIAMOND MARKET

COVID-19 added significant downward pressure on diamond prices

Mine closures, suspension and slowdown of operations, prolonged care and maintenance

Cancellation of scheduled sales by De Beers and Alrosa

Recovery expected in Q4 2020

GEM DIAMONDS' MARKET POSITION

Impact on pricing of Letšeng's large high-value diamonds from March

Flexible tender processes adopted for sale of diamonds during lockdown periods

Achieved US\$1 707 per carat

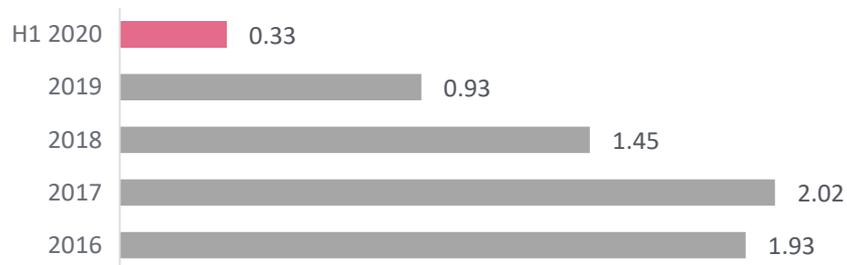
440 and 233 carat Type IIa white diamonds recovered in August

Remains highest US\$ per carat kimberlite producer

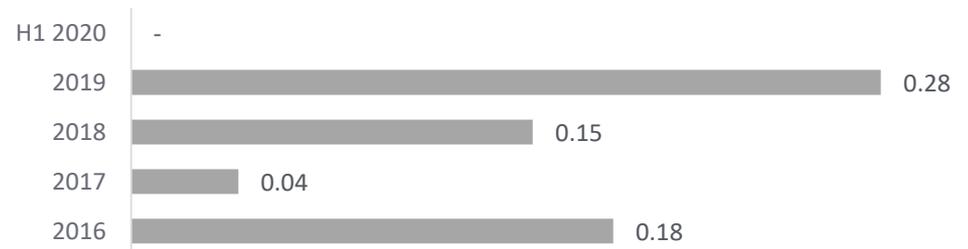
ZERO HARM REMAINS A PRIORITY

- AIFR at historical low
- No fatalities or LTIs in the Period
- Benefits from intensified focus on safety, visible leadership and training implemented in 2019
- Continued focus on dam safety (Global Industry Standard on Tailings Management issued in August 2020)
- No major or significant environmental incidents
- No major or significant social incidents

All injury frequency rate (AIFR)



Lost time injury frequency rate (LTIFR)



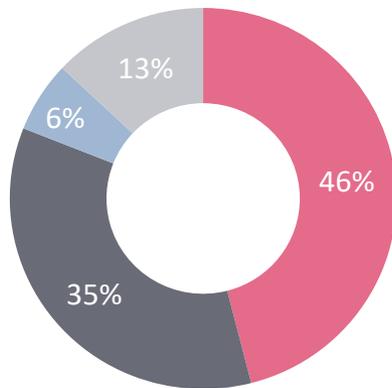
COVID-19: PROTECTING OUR PEOPLE

- Aid provided to surrounding communities
 - Distribution of PPE, sanitizer and “tippy-taps” (contactless hand wash system)
 - Training of 48 community healthcare workers to lead COVID-19 awareness programmes
 - Distribution of food parcels to 482 families
 - Four-room mobile structure donated to Ministry of Health to use as a COVID-19 testing lab
- Detection, isolation and evacuation on site:
 - Thermal screening
 - X-ray screening
 - Polymerase Chain Reaction (PCR) screening
 - COVID-19 serology tests (rapid tests)
 - Contact tracing procedures
 - Promotion of sanitation measures
 - Appropriate social distancing and compulsory wearing of face masks
 - Provision of appropriate PPE
 - Training and counseling
- Identified 98 suspected positive cases by 31 August with a 91% recovery rate (7% of workforce)
- 2 suspected COVID-19 related deaths of employees in off-site quarantine

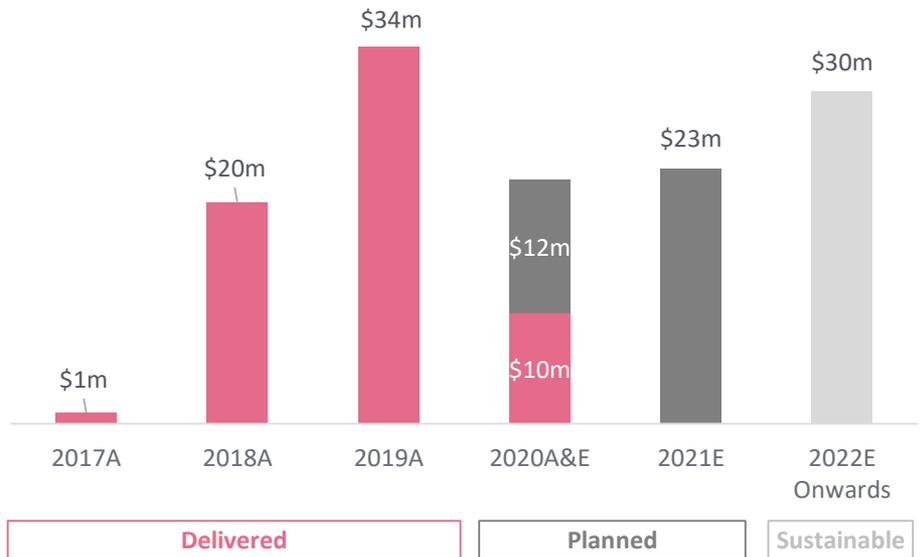
BUSINESS TRANSFORMATION

- Implemented initiatives on track to deliver US\$100 million
- Potential COVID-19 impact on timing of delivery
- US\$65 million benefit achieved to date
- Implementation of continuous improvement strategy continues

US\$100 million implemented



■ Mining ■ Processing
■ Working capital & overheads ■ Corporate activities



LETŠENG OPERATIONAL OVERVIEW

- 30 days operational time lost due to shutdown from 28 March
- Further 30 days phased ramp-up operating on one treatment plant only
- Revised 2020 mine plan implemented
- Normal ore treatment achieved by 27 May
- Reduced waste mining in Q2 - fully commenced in July

Frequency of large diamond recoveries
(number of diamonds)

Weight category	H1 2020	H1 2019	Average 2008 - 2019
>100 carats	7	3	8
60 – 100 carats	21	9	18
30 – 60 carats	47	36	74
20 – 30 carats	57	72	114
10 – 20 carats	180	155	427
Total diamonds >10 carats	312	275	641

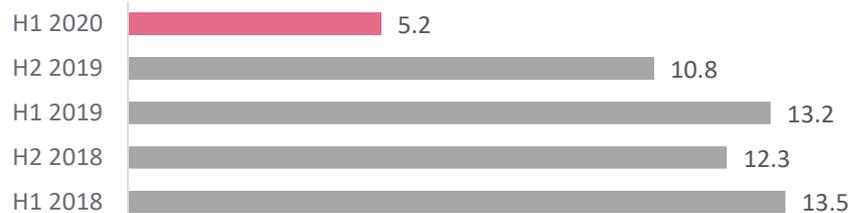
Ore tonnes treated (millions)



Carats recovered (thousands)



Waste tonnes mined (millions)



SIGNIFICANT DIAMOND RECOVERIES IN 2020



439.60 carat Type IIa white diamond recovered on 19 August (sixth largest gem quality diamond recovered at Letšeng since 2006)



182.92 carat



114.37 carat



~233 carat recovered on 31 August



93.17 carat

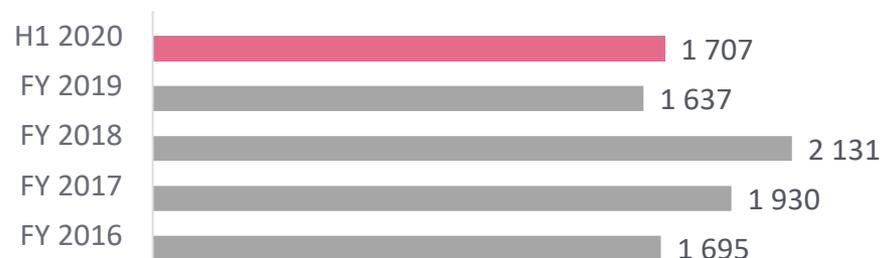


48.16 carat

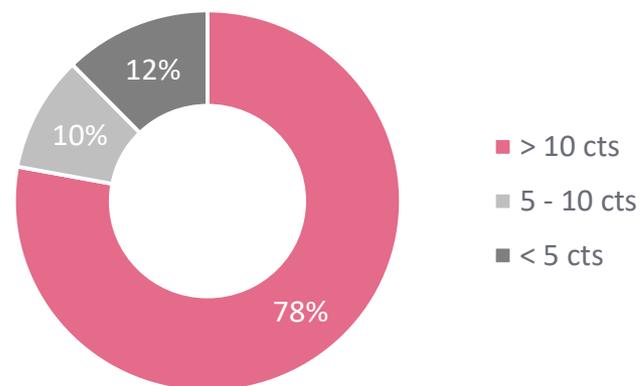
SALES AND MARKETING

- H1 2020 sales highlights:
 - 16 diamonds sold for >US\$1 million each, generating revenue of US\$29 million
 - 16 diamonds sold for >US\$20 000 per carat (US\$26 million)
 - >10.80 carat diamonds account for 78% of revenue (US\$58 million)
- Tender 1 results showed signs of price stabilisation
- Impact of COVID-19 on diamond prices
- Flexible tender processes adopted for diamond sales during lockdown and imposed travel restrictions
- Additional information provided to clients who were not able to physically attend tender viewings

Average \$ per carat



Revenue by size fraction – H1 2020



INCOME STATEMENT

US\$ million	H1 2020	H1 2019	% Variance
Revenue	69.5	91.3	
Royalty and selling costs	(7.6)	(8.4)	
Cost of sales	(43.7)	(52.5)	
COVID-19 standing costs	(3.3)	-	
Corporate expenses	(3.6)	(5.1)	
Underlying EBITDA from continuing operations	11.3	25.3	(55)
Depreciation and mining asset amortisation	(6.2)	(7.1)	
Other income	-	1.4	
Net finance costs	(2.6)	(2.7)	
Non-cash items	-	1.8	
Profit before tax from continuing operations	2.5	18.7	(87)
Income tax expense	(0.7)	(6.6)	
Profit after tax from continuing operations	1.8	12.1	(85)
Attributable profit from continuing operations	0.2	6.6	
Loss from discontinued operations	(1.9)	(2.4)	
Attributable net (loss) / profit	(1.7)	4.2	(140)
<i>Earnings per share (US cents) from continuing operations</i>	0.1	4.8	(98)

LETŠENG COST ANALYSIS

		H1 2020	H1 2019	% Variance
Ore tonnes treated (millions)		2.4	3.3	(27)
Operating Costs	<i>Direct cash costs¹</i>	181.74	148.28	
	<i>Plant 3 operator costs</i>	12.51	13.67	
Sub-total		194.25	161.95	20
Business Transformation costs	<i>Tailings treatment plant costs</i>	3.09	1.63	
	<i>Fees and employee reward scheme</i>	1.66	10.52	
Total direct cash costs (before waste) per tonne treated		199.00	174.10	14
Non-cash accounting charges ²		112.81	47.79	
Total operating cost per tonne treated – LSL		311.81	221.89	41
<i>Average foreign exchange rate</i>		16.66	14.20	
Total operating cost per tonne treated – US\$		18.72	15.62	20
Waste tonnes mined (millions)		5.2	13.2	(60)
Total waste cash costs per waste tonne mined – LSL		43.31	35.63	18
<i>Average foreign exchange rate</i>		16.66	14.20	
Total waste cash costs per waste tonne mined – US\$		2.60	2.51	4

¹ Direct cash costs represent all operating costs, excluding royalty and selling costs.

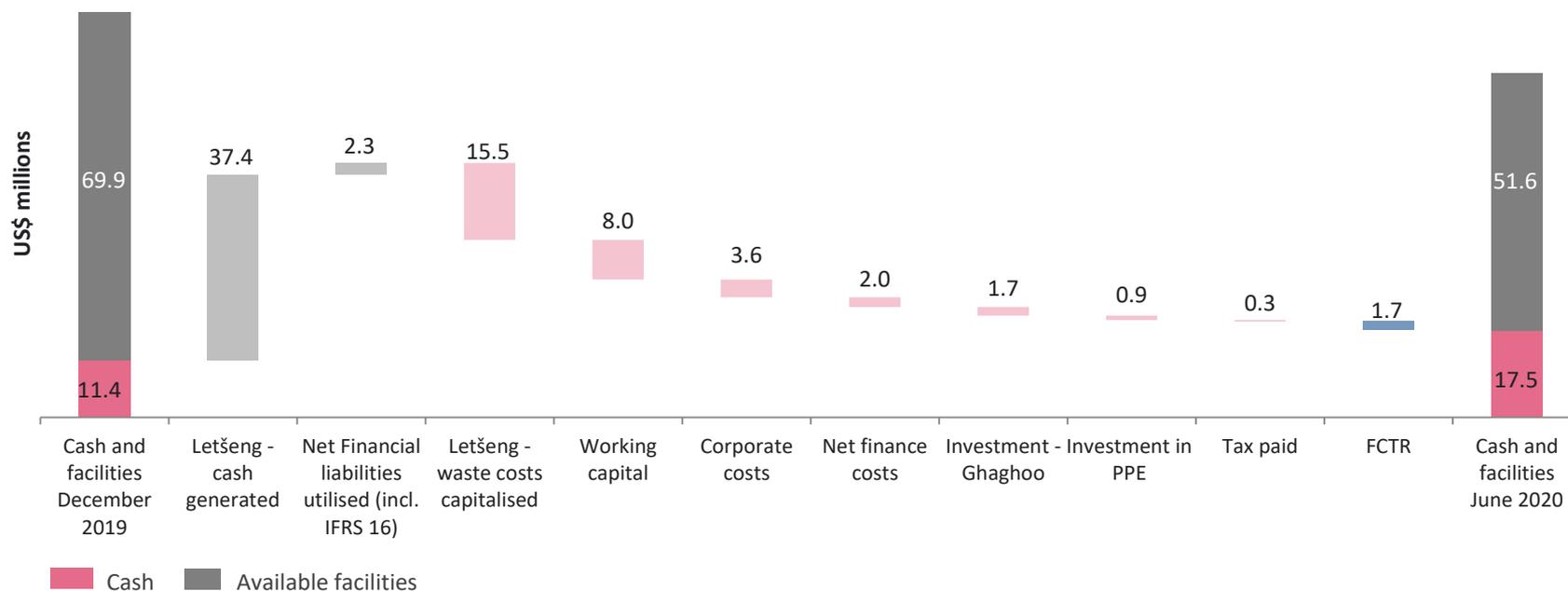
² Non-cash accounting charges include waste stripping cost amortised, inventory and ore stockpile adjustments, and the impact of adopting IFRS 16- Leases, and excludes depreciation and mining asset amortization.

FINANCIAL POSITION

US\$ million	30 June 2020	31 December 2019	% Variance
Non-current assets	268.8	337.3	
IFRS 16 Right of use assets	4.4	8.5	
Deferred tax assets	6.3	7.9	
Current assets	28.2	38.9	
Income tax receivable	5.5	8.2	
Cash	17.3	11.3	
Total assets	330.5	412.1	(20)
Equity attributable to the parent company	93.8	158.7	
Non-controlling interest	101.7	85.4	
Total equity	195.5	244.1	(20)
Interest-bearing loans and borrowings (long and short term)	23.6	22.3	
IFRS 16 lease liabilities (long and short term)	6.0	10.5	
Non-current liabilities	14.7	17.5	
Deferred tax liabilities	72.6	91.0	
Current liabilities	17.7	26.4	
Net liabilities associated with assets held for sale	0.4	0.3	
Total liabilities	135.0	168.0	(20)

CASH

- Cash generated by Letšeng of US\$37.4 million during the Period
- Gross cash of US\$17.5 million
- Net debt of US\$5.5 million
- Available facilities of US\$51.6 million



The Group cash of US\$17.5 million includes US\$0.2 million that is allocated to the discontinued operation.

LETŠENG 2020 REVISED GUIDANCE

	2020 Revised Guidance	2020 Original Guidance
Waste stripped (Mt)	15 - 17	23 - 25
Ore treated (Mt)	5.4 - 5.6	6.7 - 6.9
Satellite pipe ore contribution (Mt)	2.4 - 2.5	2.5 - 2.6
Carats recovered (Kct)	96 - 100	118 - 122
Carats sold (Kct)	92 - 96	115 - 119
Direct cash costs (before waste) per tonne treated ¹ (Maloti)	210 - 220	185 - 195
Operating costs per tonne treated ² (Maloti)	300 - 310	260 - 270
Mining waste cash costs per tonne of waste mined (Maloti)	40 - 42	37 - 39
Total capital (US\$ million)	4 - 6	11 - 13

¹ Direct cash costs excludes royalty and selling costs. H1 2020 COVID-19 standing costs have been excluded.

² Operating costs comprise direct cash costs, waste stripping cost amortised, inventory and ore stockpile adjustments, depreciation and mining asset amortisation and the application of IFRS 16 - Leases.

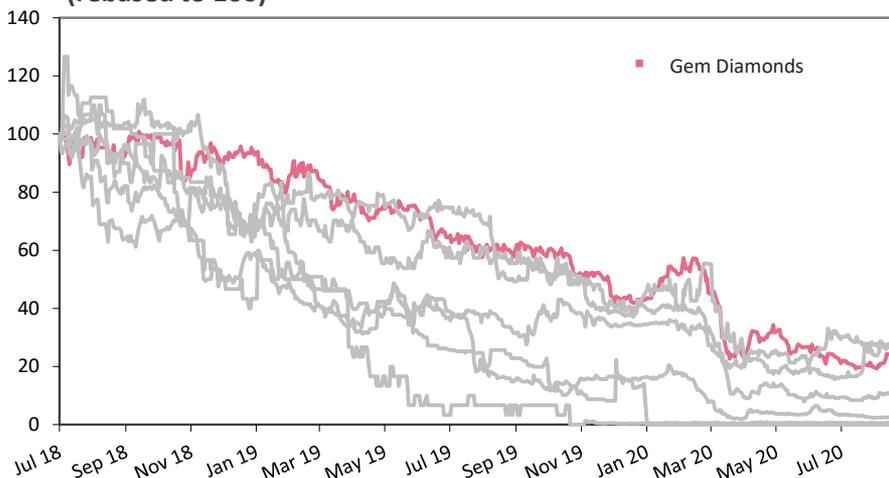
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APPENDIX A: MARKET INFORMATION

Share price performance peer comparison
(rebased to 100)



Major shareholders

Major shareholders	As at 14 August 2020
Sustainable Capital Limited	22.1%
Graff Investments Limited	15.0%
Lansdowne Partners Limited	14.9%
Aberforth Partners LLP	9.9%
Gem Diamonds Holdings Limited	6.7%
Hosking Partners	3.5%
Dimensional Fund Advisors	3.0%
Ruffer LLP	2.2%

Gem Diamonds Limited is listed on the Main Board of the London Stock Exchange LSE: GEMD

Daily average trading volume across all platforms (last six months to 21-Aug)	344k
Shares in issue	139 460 961
Free float (excl. holders above 5%, ESOP and Directors holdings)	71.33%
Share price (2-Sep)	£0.34
Market capitalisation (millions)	£47/US\$63

Company officers

Clifford Elphick	Chief Executive Officer
Glenn Turner	Chief Legal and Commercial Officer
Michael Michael	Chief Financial Officer
Brandon de Bruin	Operations & Business Transformation Executive



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