



GEM DIAMONDS



ANNUAL REPORT AND ACCOUNTS

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PRESENTING THE GEM DIAMONDS ANNUAL REPORT AND ACCOUNTS 2024

The Annual Report and Accounts covers Gem Diamonds Limited and its subsidiaries (the Group) for the financial year ended 31 December 2024.

This report has been prepared in accordance with:

Regulatory guidance

- Applicable English and British Virgin Islands law.
- Regulations and best practice as advised by the Financial Reporting Council (FRC) and the Department of Business, Innovation and Skills in the United Kingdom (UK).
- Guidance from the Task Force on Climate-related Financial Disclosures (TCFD).
- Information on payments made to governments was compiled as required under the UK's Report on Payments to Governments Regulations 2014 (as amended December 2015) as applicable to companies involved in extractive activities. It is also intended to satisfy the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority in the UK.
- International Financial Reporting Standards (IFRS).
- The UK Corporate Governance Code 2018 (the Code), which is publicly available at www.frc.org.uk.

Voluntary guidance

- Guidance from the International Integrated Reporting Framework, which is publicly available at www.integratedreporting.org.
- Guidance from the Global Reporting Initiative (GRI) Standards as updated from time to time.
- Guidance from the International Finance Corporation Environmental, Health and Safety (IFC EHS) Guidelines and Equator Principles.
- Applicable standards of the International Organization for Standardization (ISO).

THE 2024 REPORTING SUITE

In addition to this report, our reporting suite includes:

Sustainability Report 2024

The Annual Report and Accounts should be read in conjunction with our Sustainability Report, which provides extensive detail on environmental, social and governance (ESG) matters and is available on our website at www.gemdiamonds.com. Additional information and case studies on the Group's sustainability activities can also be found at www.gemdiamonds.com.

Board approval of this report

The Board, supported by the Audit Committee, is responsible for ensuring the integrity and completeness of this report. The Board applied its collective mind to the preparation and presentation of this report. We consider the broader interests of our stakeholders, including communities and the environment, when making decisions. We believe the report provides a balanced and appropriate representation of the Group's performance, strategy and material risks. Acting fairly and in good faith, we have considered what is most likely to promote the long-term sustainability and success of Gem Diamonds.

The Board approved the Annual Report and Accounts 2024 on 12 March 2025.

By order of the Board

Harry Kenyon-Slaney

Chairperson

12 March 2025



STRATEGIC REPORT

OUR GUIDING PRINCIPLES

CARAT 
Purpose <i>Produce the best diamonds, in the best way, leaving a lasting legacy</i>

CLARITY 
Vision <i>A world full of Gem diamonds</i>



CUT 
The way we do things (values) Care – We listen and respond responsibly to the needs of our employees, communities, customers and shareholders. We honour our commitments to all stakeholders, and we care for the natural environment in which we operate. Trust – We empower our people and trust them to make decisions that will deliver on our strategy. Ethical – We promote a culture of ethical behaviour and conduct ourselves in a manner consistent with good governance practices. We have zero tolerance for bribery and corruption and pride ourselves on being socially and environmentally responsible. Respect – We cultivate an open and transparent culture where we respect and value the beliefs, ideas and contributions of all our stakeholders. Everyone matters and is treated equally. Flexible and open-minded – We encourage and consider ideas from employees and project-affected communities (PACs) while remaining responsive and agile. Passionate and fun – We enjoy the work that we are fortunate to do and the people we do it with. We seek opportunities to explore and develop while encouraging a healthy work-life balance.

COLOUR 
Culture At Gem Diamonds we invest in our workforce to create an environment where every person is proud to be part of our organisation. Mutual respect and care are not only shared throughout the Group but extend to the wider society. Individuals are valued for their differences and are empowered to thrive, grow and contribute to a common goal, holding themselves and each other accountable for delivering on their promises. We support, develop and empower our people so that: <ul style="list-style-type: none">• a meaningful, sustainable contribution is made to the countries in which we operate;• we can deliver long-term value to our shareholders; and• our employees benefit in the short and long term.

2024 IN NUMBERS



Financial

Measure	2024	2023	% change
Average price per carat achieved (US\$)	1 390	1 334	4
Revenue (US\$ million)	154.2	140.3	10
Total direct cash cost (excluding waste costs) per tonne treated (LSL)	252.4	288.5	(13)
Total direct cash cost (including waste costs) per tonne treated (LSL)	319.2	404.7	(21)
Total operating cost per tonne treated (LSL)	366.3	374.4	(2)
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) (US\$ million) ¹	29.7	15.2	95
Profit for the year (US\$ million)	8.1	1.6	406
Corporate costs excluding depreciation (US\$ million)	(7.7)	(7.7)	–
Basic earnings / (loss) per share (EPS) (US cents) ²	2.1	(1.5)	240
Cash and short-term deposits (US\$ million)	12.9	16.5	(22)
Cash flows from operating activities (US\$ million)	51.2	35.0	46
Drawn down bank facilities (US\$ million)	20.2	37.8	(47)
Net (debt) / cash (US\$ million) ³	(7.3)	(21.3)	(66)
Available undrawn bank facilities (US\$ million)	69.0	45.9	50



People

Average number of employees (including contractors)	1 257	1 401	(10)
Gender diversity (% female employees including contractors)	21	23	(9)
Skills development (training hours)	13 186	14 796	(11)
Fatalities	0	0	–
Lost time injuries (LTIs)	3	2	50
Lost time injury frequency rate (LTIFR)	0.18	0.10	80
All injury frequency rate (AIFR)	0.61	0.67	(9)
ISO 45001 (occupational health and safety) certification	Yes	Yes	–



Operational

Capital expenditure excluding waste (US\$ million)	5.8	30.4	(81)
Ore tonnes treated (millions)	5.0	5.0	–
Waste tonnes mined (millions)	5.4	8.8	(39)
Carats recovered	105 012	109 656	(4)
Carats sold	109 967	104 520	5



Sustainability

Corporate Social Investment (CSI) (US\$ million)	0.3	0.4	(25)
Major or significant stakeholder incidents	0	0	–
Major or significant environmental incidents reported	0	0	–
Significant residue storage facility breaches	0	0	–
Total carbon footprint (tCO ₂ e)	104 762	110 198	(5)
ISO 14001 (environmental management) certification	Yes	Yes	–

¹ Refer Note 4, *Operating profit* on page 137 for the definition of non-GAAP (Generally Accepted Accounting Principles) measures.

² Refer to Group financial performance for GAAP measures on page 113.

³ Net (debt)/cash is a non-GAAP measure and calculated as cash and short-term deposits less drawn down bank facilities (excluding insurance premium financing and credit underwriting fees).

GROUP STRUCTURE

Sales and marketing

Gem Diamonds Marketing Services (100% ownership)

The Group's diamond sorting, sales and marketing operation in Belgium:

- Maximises the revenue achieved on diamond sales.
- Develops the Gem Diamonds/Letšeng brand in the market.
- Enhances customer relationships.

Our diamonds are predominantly sold through a tender process. Technical mapping and analysis determine the value of Letšeng's large high-quality rough diamonds and are used to achieve the highest rough value through a tender process or other available sales channels.

The Group's electronic tender platform provides an enhanced experience for clients and significantly increases internal efficiencies in the sales and marketing function, while ensuring highest obtainable prices on an international market.

Diamond analysis and manufacturing

Baobab Technologies (100% ownership)

The Group's high-tech rough diamond analysis operation in Belgium:

- Estimates the value of exceptional large high-value rough diamonds through technical mapping and analysis.
- Manages the manufacturing process of selected diamonds through third-party manufacturers for final polished sale.

Head office

Gem Diamonds Limited

The Group's holding company, listed on the London Stock Exchange, provides oversight of governance structures and overall strategy. It is based in London, United Kingdom.



Technical and administrative services

Gem Diamond Technical Services (100% ownership)

A wholly owned South African mining services company providing technical support to the Group across the entire value chain.

Technology and innovation

Gem Diamonds Innovation Solutions (100% ownership)

A Cyprus company that houses the Group's innovation and technology research and development projects and related intellectual property rights.

Letšeng

Letšeng Diamonds (70% ownership; 30% owned by the Government of the Kingdom of Lesotho)

Our open pit diamond mine in Lesotho is the highest-achieving average US\$ per carat kimberlite mine in the world. The operation focuses on mining and processing ore safely, responsibly and efficiently from its two kimberlite pipes (Main and Satellite), which are 17.0ha and 5.2ha, respectively. Ore is processed through two treatment plants with an annual throughput of approximately 5.1 million tonnes. Letšeng Diamonds has a valid mining lease until 2029, with an exclusive option to renew until 2039.

Ghaghoo

Gem Diamonds Botswana (100% ownership)

An underground diamond mining development in Botswana placed on care and maintenance in 2017. Relinquishment of the mining licence and site handover to the Botswana Department of Mines is expected to be finalised by the end of March 2025.

TYPICAL DIAMOND VALUE CHAIN



Letšeng is a long-term asset with an open-pit resource base. It is a low-cost operation with a track record of successful mine plan optimisation and cost-reduction initiatives.

- Valid mining lease period to **2029** with an exclusive option to renew to **2039**
- **627 871GJ** of direct energy consumed
- **0.46m³** water per tonne treated
- Social and environmental management plans implemented
- Workforce of **1 194** people (including contractors) at year-end
- Highly experienced **management team**
- **450** registered customers

OUR APPROACH

Our strategic focus on extracting maximum value from our operations prioritises production optimisation and consistency, continually improving efficiencies, reducing costs and enhancing cash generation.

The health, wellness and development of our workforce are prioritised throughout the Group.

Zero tolerance for harm of employees, human rights violations, bribery and corruption.

The Group values and safeguards its social licence to operate.

TOP REVENUE DRIVERS:

- Resource grade performance
- Diamond market
- Number of large (>10ct) high-quality diamonds recovered
- Exceptional large, high-value diamond recoveries
- Reduction in diamond damage
- Main versus Satellite pipe ore mix at Letšeng
- Available undrawn debt facilities **US\$69.0 million**.
- Annual capex investment (excluding waste) of **US\$5.8 million**.

TOP COST DRIVERS:

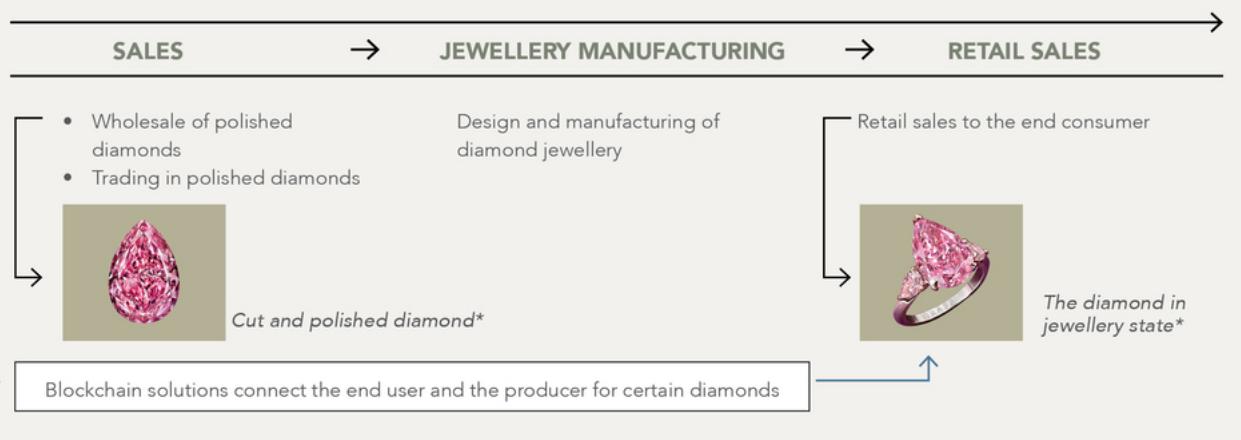
- Necessary waste stripping
- Increasing depth of pits, longer haulage distances
- Remoteness of mines
- Foreign exchange rate fluctuations
- Inflationary pressures

OUTPUTS

- Rough carats sold: **109 967**
- Rough carats recovered: **105 012**

586 >10.8ct diamonds, contributing **78%** of revenue
23 diamonds selling for more than US\$1.0 million each, contributing **US\$63.7 million** to revenue

DIAMOND JEWELLERY



OUTCOMES: 2024 DELIVERY



Total carbon footprint of **104 762 tCO₂e**
Zero major or significant environmental incidents
5.0 million m³ of water recycled
Group rehabilitation provision of **US\$11.0 million**
100% of diamond exports comply with the Kimberley Process

Since inception, Gem Diamonds has worked in partnership with the Government of the Kingdom of Lesotho to make a positive contribution to national priorities. We continue to invest in initiatives that support long-term and sustainable development in our PACs. Our Sustainability Report provides a comprehensive report on ESG matters.

Gem Diamonds has adopted eight UN SDGs (1, 2, 3, 6, 8, 10, 12, 13) as part of our Sustainability Framework.



Zero fatalities
LTIFR of **0.18**
AIFR of **0.61**
Human rights training included in employee induction programme
Zero major or significant stakeholder incidents
Supply chain controls in place to prevent child and forced labour

Invested **US\$0.3 million** in needs-based corporate social investment projects
Letšeng in-country procurement: **US\$34.4 million**
Letšeng paid royalties in Lesotho of **US\$15.8 million**



US\$154.2 million revenue
Underlying EBITDA of **US\$29.7 million**
Net debt of **US\$7.3 million**
Focus on cost containment and enhancing operational efficiencies during the year.

Our viability statement on page [27](#) explains how the outcomes ultimately lead to a sustainable business model that delivers on our vision.

*Images supplied by Graff Diamonds International.



Financial



People



Sustainability

OVERARCHING BUSINESS DRIVERS

OPERATING RESPONSIBLY	GEM DIAMONDS' POSITION
<p>Shareholders, funders, regulators, employees, communities, consumers and other stakeholders expect companies to adhere to responsible and ethical practices. This includes providing safe working conditions and fair labour practices for employees, operating in an environmentally responsible manner, ensuring the safe operation and governance of dams and residue storage facilities, preparing for and responding to climate-related risks and opportunities, and contributing to global and local sustainability initiatives.</p> <p>Stakeholders are also increasingly interested in ESG factors when making buying, investment and lending decisions. For mining companies, among the most prominent topics on the ESG agenda are climate change preparedness and carbon emissions reduction.</p> <p>In response to the growing demand for sustainable jewellery and the need for traceability programmes, certain jewellery manufacturers and retailers are insisting on traceability and proof of provenance of diamonds.</p> <p>Refer to the Climate Change Report on page 47 and our Sustainability Report 2024, available at www.gemdiamonds.com, for more insight.</p>	<p>We are committed to ethical business practices, with corporate governance as a cornerstone of our long-term sustainability and value creation. We continuously enhance our workplace safety systems and processes to uphold our commitment to achieving zero harm.</p> <p>The Group is deeply committed to environmental sustainability, and Gem Diamonds' inclusion in the FTSE4Good Index reflects our adherence to high ESG standards. We have adopted eight UN Sustainable Development Goals (SDGs) and the TCFD recommendations, and our residue storage facility management aligns with the International Council on Mining and Metals' (ICMM) Global Industry Standard on Tailings Management (GISTM).</p> <p>All our diamond exports comply with the Kimberley Process¹, ensuring ethical sourcing and trade. We maintain full transparency and safeguard the provenance of our diamonds, participating in the Gemological Institute of America's (GIA) Diamond Origin programme for selected diamonds. This initiative provides consumers with information about the country of origin of their diamonds and highlights the positive impact of the diamond mining industry on local communities and economies.</p> <p>US\$2.1 million invested in environmental stewardship (2023: US\$2.3 million)</p> <p>0.61 AIFR (2023: 0.67)</p> <p>Zero major or significant environmental or stakeholder incidents reported (2023: Zero)</p>

SUSTAINABLE RETURNS	GEM DIAMONDS' POSITION
<p>Ensuring sustainable returns for shareholders while continuously creating value for all stakeholders is key to securing our future.</p> <p>Refer to the CEO Review and the CFO Review on pages 30 and 33 respectively for more information on the Group's financial results and operational performance.</p>	<p>The downward pressure on diamond prices persisted in 2024. Despite these external challenges, the initiatives implemented over the past 24 months – focused on cost reduction and operational efficiency – enabled the Group to deliver a strong performance throughout the year.</p> <p>US\$29.7 million underlying EBITDA² (2023: US\$15.2 million)²</p>

¹ The Kimberley Process (KP) unites administrations, civil societies and industry in reducing the flow of conflict diamonds around the world. For more information, visit www.kimberleyprocess.com.

² Refer Note 4, Operating profit on page [137](#) for the definition of non-GAAP measures.

MARKET DEMAND FOR DIAMONDS

Market demand for diamonds will continue to be influenced by traditional industry factors, including affordability, desirability, value chain efficiency, and the overall buying experience. Diamond affordability is closely tied to economic growth and consumers' disposable income.

Desirability is reflected in the share of diamond jewellery sales within total luxury consumption and the cultural acceptance of diamond gifting. The increasing practice of using diamonds in bridal jewellery in India and China, the expansion of diamonds into a broader range of luxury goods, and the growing number of high-net-worth individuals worldwide are key drivers of rising demand for polished diamonds.

GEM DIAMONDS' POSITION

We sell the majority of our rough diamonds on tender and are subject to immediate market forces. We also have agreements to sell diamonds directly to the preferred manufacturers for some of the world's premium luxury brands.

Diamonds from Letšeng are at the top end of the market in terms of size, colour, quality and price. High-net-worth customers for large high-quality polished diamonds tend to be less affected by global economic turbulence, and historically the prices for larger high-quality diamonds have been more resilient to short and medium-term market pressures.

The diamond market remained under significant pressure in 2024 due to a challenging macro-economic environment and international conflicts which negatively impacted rough and polished diamond prices.

The average price per carat achieved for Letšeng's diamonds increased by 4% compared to 2023. Large diamond recoveries increased (13 greater than 100 carat diamonds sold in 2024 compared to five in 2023, and 98 diamonds between 30 and 100 carats compared to 84 in 2023).

US\$1 390 average price per carat achieved in 2024

(2023: US\$1 334 per carat)

78% of revenue derived from diamonds greater than 10.8 carats in 2024

(2023: 69%)

DIAMOND SUPPLY

The supply of diamonds is inextricably linked to the economics of diamond mining. In extended periods of low rough diamond prices, mines close, which reduces supply. Established producers tend to maintain stockpile inventory, primarily in lower-value commercial diamonds, which they release into the market as demand ticks up, resulting in a slower price increase in the short term following an increase in demand.

The popularity of lab-grown diamonds is growing, but prices continue to decrease, which has also resulted in factories closing down. These diamonds sell at a significant discount to natural diamonds and are not considered as a replacement for natural diamonds, but rather as another diamond look-alike in the same category as cubic zirconias and moissanite stones.

GEM DIAMONDS' POSITION

Annual global rough diamond production is expected to steadily decrease to around 110 million carats by 2030, having peaked in 2017 at 151 million carats. Total global rough diamond production is estimated at approximately 105 million carats in 2024. The decrease is largely due to a combination of planned mine closures, closures of marginal mines and the suspension and slowdown of certain other operations.

A primary focus is to reduce diamond damage in mining and treatment activities to improve the recovery of large, high-value diamonds and thereby protect their value.

Manufacturing of lab-grown diamonds has increased exponentially (from c.1 million carats in 2015 to a forecasted c.20 million carats in 2024), and although these have gained popularity due to their favourable price point, this has not impacted demand or prices of large high-value diamonds at the premium end of the diamond market.

105 million carats global rough diamond production in 2024 (estimated)

(2023: 121 million carats)

SOCIAL VALUE

The Letšeng mine, which is co-owned by the Government of the Kingdom of Lesotho (30%), is an important employer and makes a substantial positive contribution to the country's socio-economic development.

Refer to our Sustainability Report 2024, available at www.gemdiamonds.com, for more insight into our social contribution.

GEM DIAMONDS' POSITION

We acknowledge our privileged position as custodians of the natural resources in the countries in which we operate, and we strive to maintain mutually beneficial relationships with our employees, contractors, communities, regulators, governments and wider society. We develop and empower our people, and endeavour to make a meaningful, sustainable contribution to the countries and communities in which we operate. We engage the government, employees and communities in life of mine communications to inform them about relevant aspects of our operations and the expected economic lives of our mines.

The Group's community investments are informed by engagements with the PACs to identify needs such as access to tertiary education, basic infrastructure (roads, bridges and water supply) and local business development to create long-term sustainable employment opportunities independent of the mine.

Letšeng makes a significant contribution to the Lesotho economy through dividends, royalties and tax contributions, and provides employment for 1 194 people (including contractors). This number excludes casual workers who are regularly employed at Letšeng on a short-term basis. The mine also provides procurement opportunities to support the local economy and the broader population of Lesotho.

55 student scholarships since 2006

US\$20.7 million paid in taxes, royalties, dividends and lease payments in Lesotho (2023: US\$21.0 million)

US\$0.3 million invested in local communities in Lesotho (2023: US\$0.4 million)

US\$34.4 million Letšeng in-country procurement (2023: US\$62.7 million)

CHAIRPERSON'S STATEMENT

In a year marked by significant challenges, our commitment to strong governance and adaptability enabled us to navigate the pressures of a downturn in the diamond market while laying a solid foundation for sustainable growth in the future.



The economic backdrop in 2024 created real stress in the entire diamond value chain, necessitating intensified focus by the business on controllable variables to preserve value for all stakeholders.

Harry Kenyon-Slaney
Chairperson

Dear shareholders,

On behalf of the Board of Directors, I am pleased to share with you the Gem Diamonds Annual Report and Accounts for 2024, which outlines the Group's performance during another challenging year for the diamond market.

The diamond industry continued to face significant challenges amid global macro-economic headwinds. Despite efforts by major producers to limit supply, both diamond demand and prices remained under considerable pressure. Additional factors, such as the high inventory levels in and the growing prevalence of lab-grown diamonds, further exacerbated the challenges facing the industry.

At Letšeng, the positive impact of numerous initiatives implemented over the past 24 months is evident in the 2024 results. These efforts included strengthening cost controls, strategic workforce alignment, the insourcing of key activities – such as mining services and processing – and a strong focus on enhancing operational efficiencies. The financial results are discussed in the CFO Review on page 33 and the financial statements are available from page 105. The COO Review on page 40 contains the full details of Letšeng's operational performance during 2024.

The terms for the relinquishment of the mining licence and handover of the Ghaghoo mine site to the Botswana Department of Mines have been agreed and, subject to final approval, the process is expected to be finalised by the end of March 2025. We would like to express our gratitude to the Government of Botswana for their cooperation on this matter.

We are pleased to report that no significant environmental or social incidents were reported at any of our operations during the year.

GOVERNANCE MATTERS IN 2024

The Governance section from page [53](#) provides full details of all corporate governance matters relevant to the Group in 2024.

No changes were made to the makeup of the Board of Directors during 2024, and the governance structure was aligned with the independence requirements of the UK Corporate Governance Code. The Board was fully representative with respect to both gender and ethnic minority groups.

Michael Lynch-Bell, the Senior Independent Director (SID) and Chair of the Audit and Remuneration Committees, is retiring in advance of the 2025 AGM. The Board will appoint Janet Blas as the new non-Executive Director effective 1 April 2025. Janet will also take up the position of Chair of the Audit Committee, while Rosalind Kainyah will succeed Michael as SID and Chair of the Remuneration Committee.

We are aware of the changes included in the UK Corporate Governance Code 2024 and will be implementing these as relevant.

The findings from the internal Board performance review concluded at the end of 2023 were considered. The review offered only minor improvement opportunities, which were implemented in 2024. These included a modest refining of the Committee meeting structure and schedule to improve efficiency and a review of ongoing training provided to Directors to support them in their work.

Consistent with past practice, 99% of the workforce at Letšeng is from within Lesotho. Enhancing female representation in our workforce remains a key priority, and we have implemented various initiatives in local communities and schools to raise awareness of the diverse career opportunities available in the mining sector. Through these efforts, we aim to position Letšeng as an employer of choice for women.

THE BOARD'S PRIORITIES IN 2024

- Ensuring that the Letšeng mine was operated in a safe and effective manner and overseeing the development of the updated mine plan and the associated steeper conventional slope design in the Satellite pit.
- Preparing for the implementation of the recommendations of both the Taskforce on Nature-related Financial Disclosures (TNFD) and the new S1 and S2 standards issued by the International Sustainability Standards Board (ISSB).
- Overseeing the effective insourcing of the mining contract, which was concluded towards the end of 2023, and preparing for a similar transition in the processing operations, which was concluded in the final quarter of 2024.
- Finalising the conditions under which the Ghaghoo mine in Botswana is to be transferred back to the ownership of the Government of Botswana.
- Implementing the various governance recommendations generated by the Board performance review conducted in late 2023 and preparing for the retirement of the Senior Independent Director.
- Considering shareholder returns such as dividends or share buyback programmes in the context of cash availability and the investment required to deliver the updated mine plan.

SAFETY PERFORMANCE

The safety and health of our workforce remains our highest priority. Letšeng maintained its exceptional safety performance during 2024, and this consistency is a testament to the efforts and commitment of the entire workforce over many years. The Board would like to express its gratitude to management for their strong leadership in this critical aspect. We do, however, remain constantly vigilant and alert to both existing and emerging risks as we strive to extend our strong and collaborative safety culture.

The COO Review on page [40](#) contains full details of Letšeng's safety performance during 2024.

LETŠENG'S UPDATED MINE PLAN

Letšeng's NI 43-101 Technical Report and 2024 Resource and Reserve Statement was published in March 2024 and is available on the Group's website at www.gemdiamonds.com.

As reported in the Annual Report and Accounts 2023, a number of different options to extend the life of the Satellite pit had been under consideration for some time. During 2024, a group of internationally recognised experts were engaged to determine whether it would be viable to steepen the slope angles in certain basalt sectors of the Satellite pit, thereby allowing for a considerable reduction in waste stripping required for an additional Satellite pit cutback. An intense review process ensued, driven by senior Executive Management and overseen by the Board, to evaluate the technical, safety, economic and overall feasibility of the concept, which was completed in the last quarter of 2024. Following sign-off by the external experts and the Board, the Letšeng mine plan was updated, resulting in a substantial reduction in waste volumes in the last open pit cutback of the Satellite pit. After careful consideration of all key factors, the Board approved the updated mine plan. An investor presentation was made to the market on 3 December 2024 and is available on the Group's website at www.gemdiamonds.com.

It is important to note that while waste for the final cutback of the Satellite pit is being mined, no Satellite ore will be available from 2026 to the end of 2029. During this time, the business will be completely dependent on Main Pipe ore, which typically produces diamonds of a lower value than the Satellite Pipe, with higher-value ore from the Satellite Pipe returning to the mix late in 2029. The Board will continue to provide the necessary focus and oversight to navigate this challenging period. We would like to thank our banking partners and lenders, who have demonstrated their trust in our ability to manage through this period by extending our revolving credit facilities, which expired in December 2024, for a further 24-month period.

Refer to the COO Review for details of the updated mine plan on page [43](#).

DECARBONISATION STRATEGY

At the beginning of 2023 we announced our decarbonisation strategy, which sets out our commitment to reduce our Scope 1 and Scope 2 carbon emissions by 30% (as measured against our 2021 emissions) by 2030. We are pleased to report that we have already achieved a cumulative 27% reduction against the 2021 baseline by the end of 2024 and that we remain on track to meet our 2030 target.

A wide range of different initiatives have been identified and implemented to reduce our energy usage, aided by the refinement of the mine plan, which will lead to a reduction in waste mining and thereby directly reduce our Scope 1 carbon emissions. The carbon and energy footprint of the Group in 2024 is detailed in the Climate Change Report on page [47](#).

Our primary focus is to reduce our reliance on high-carbon grid electricity supplied by Eskom and diesel-generated electricity on site. We are actively exploring alternative large-scale, long-term renewable energy solutions that could be effective in the specific high-altitude geography of the Maluti mountains of Lesotho.

STAKEHOLDER ENGAGEMENT

The Government of the Kingdom of Lesotho is a significant shareholder and our partner in the Letšeng mine, and we remain committed to maintaining strong and constructive relationships with officials across all departments. The Board extends its gratitude to the Lesotho Government for its cooperation and for its ultimate support of Letšeng's updated mine plan. The new plan secures Letšeng's long-term sustainability, reinforcing its role as a key employer and contributor to Lesotho's economy.

We recognise the critical importance of maintaining open and transparent communication with all stakeholders. Dialogue based on mutual trust and respect enables us to keep them informed of key developments in our operations and to address any concerns they may have. Transparency is essential to maintaining stakeholder trust, and this in turn ensures that wider economic, social and political headwinds can be navigated smoothly and in the best interests of all parties. To this end, we have established a range of formal and informal stakeholder engagement forums that meet regularly, ensuring that key discussions and concerns are routinely relayed to the Board for its consideration.

LOOKING TO THE FUTURE

The primary focus of the Board in 2025 will be to support management and oversee the successful implementation Letšeng's updated mine plan and further mine plan optimisation efforts.

The Board will consider changes in regulatory guidance that may impact the Group, such as the UK Corporate Governance Code 2024 and the TNFD recommendations, and oversee the implementation thereof.

We will stay abreast of developments in the diamond market and respond appropriately both operationally and by selling Letšeng's rough diamonds through appropriate channels to achieve the highest obtainable market prices.

As certain members of the Board approach retirement, we are committed to overseeing a seamless transition by selecting new members who possess the necessary skills and expertise to navigate the challenges ahead. At the same time, we remain dedicated to fostering diversity and ensuring a well-rounded leadership team that can effectively guide the Group into the future.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude, first and foremost, to our people. Our executive and senior management led the operations with unwavering focus through yet another challenging year for the diamond market, and every member of our workforce played a vital role in the Group's success in 2024. We also sincerely appreciate the ongoing support of our community partners, the Government of the Kingdom of Lesotho, the Government of Botswana, and our shareholders. Lastly, I would like to thank my fellow Directors for their valuable contributions and insights throughout the year. In particular, I would like to thank Michael Lynch-Bell for his many years of dedicated service on the Board, acting as SID and Chairperson of the Audit and Remuneration Committees. We look forward to welcoming Janet Blas to the Board and to benefiting from the fresh perspectives she will bring.

Harry Kenyon-Slaney

Chairperson

12 March 2025

STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement ensures transparency, trust, and a sustainable social licence to operate.

STAKEHOLDER MANAGEMENT

Gem Diamonds' strong stakeholder relationships – particularly with its workforce, regulators, communities, and government partners – are essential to maintaining our social licence to operate. Through regular, transparent engagement, we gain valuable insights for decision-making, support long-term sustainability, and enhance our contribution to broader society.

The Board is responsible for stakeholder engagement, ensuring that any issues raised are reviewed, well understood, and integrated into its work. Stakeholder input and impact inform decision-making on strategy, sustainability, remuneration, CSI and other key matters. Our communication channels are detailed below:

Electronic channels	Written communication	Direct interaction	Media
<ul style="list-style-type: none"> Company website Virtual meetings Email, SMS and WhatsApp communications Electronic tender platform 	<ul style="list-style-type: none"> Annual Report and Accounts Sustainability Report Quarterly and interim results statements and presentations Regulatory news releases Newsletters 	<ul style="list-style-type: none"> In-person meetings AGMs Investor roadshows Results presentations Industry conferences Tenders Informal interaction Independent analysis of community needs Community representative meetings Employee Engagement Committee meetings Corporate Social Responsibility Investment (CSRI) Committee meetings 	<ul style="list-style-type: none"> Press releases Interviews Media briefings Social media platforms

The Group's stakeholder engagement is assessed in the Board's annual performance review process.

STAKEHOLDER ENGAGEMENT

Shareholders

Our shareholders include institutional and private shareholders. The shareholders are the owners of the Group, and the Board is ultimately accountable to them for performance. They offer a potential avenue for the funding of future expansion opportunities. Our strategy aims to maximise shareholder value in a sustainable manner.

The Chairperson, Senior Independent Director and Executive Directors regularly interact with shareholders at requested meetings, during roadshows to larger investors, and at the Annual General Meeting (AGM), which is attended by all Directors. The CFO is responsible for the investor relations function and is supported by an independent investor relations consultancy. Feedback and concerns from investors are considered at Board meetings.

Shareholder interests include:

- growth opportunities;
- sustainable returns and capital allocation;
- cash flow generation and balance sheet strength;
- ESG considerations including corporate governance and ethics, responsible environmental and social practices, climate change and residue storage facility (RSF) management; and
- fair executive remuneration practices.

Engagements post the AGM

At the Company's AGM on 5 June 2024, the Board noted the proportion of the votes cast against Resolution 2 relating to the three-year cycle to approve the Directors' Remuneration Policy (Resolution 2 was passed with 65.8% of participating shareholders voting in favour), Resolution 3 relating to the approval of the Directors' Remuneration Report (Resolution 3 was passed with 68.0% of participating shareholders voting in favour) and Resolution 13 referring to the renewal of the authority of Directors to allot shares (Resolution 13 was passed with 69.9% of participating shareholders voting in favour). In accordance with Provision 4 of the UK Corporate Governance Code, the Company is required to engage with significant shareholders who vote against resolutions. In November 2024, the Group

published an update on the views received from shareholders and actions taken by the Board, which is available on the Group's website at www.gemdiamonds.com.

The largest shareholder at the time of the 2024 AGM, who voted against the above three resolutions, has since sold all of their shares in the Company. The Board will continue to engage with its largest shareholders on material matters prior to the 2025 AGM.

Majority interest in shares

As at 28 February 2025, the Company was notified of the following major interests (at or above 3%) in the issued ordinary shares of the Company in accordance with the Disclosure Guidance and Transparency Rules (DTR) 5:

Shareholders	Number of ordinary shares	% of issued share capital
Lansdowne Partners Limited	19 493 603	14.0
Graff Investments Limited	19 446 395	13.9
Aberforth Partners LLP	16 709 450	12.0
Gem Diamonds Holdings Limited ¹	9 325 000	6.7

¹ C Elphick is interested in these ordinary shares by virtue of his interest as a potential beneficiary in a discretionary trust which has an indirect interest in these ordinary shares.

There were no further updates at the date of this report. Changes in major interests in the Company are updated on the Company's website periodically. The shareholder base comprises 139.7 million issued ordinary shares of US\$0.01 each (excluding the 1.5 million treasury shares held by Gem Diamonds).

Workforce engagement

Our employees and contractors are integral to running our operations and executing our strategy. Operating in a remote region of a small country with limited resources makes the retention and development of local skills a key priority. We are committed to maintaining regular communication with employees on all matters that affect them and providing platforms for them to express their needs.

Engagement with employees through daily informal interactions, the Employee Engagement Committee, the Group's website, the quarterly Letšeng newsletter, and frequent pre-shift "toolbox" talks with smaller shift teams, provide opportunities to interact. Regular site visits to Letšeng are also undertaken by the Board and Executive Management.

Mazvi Maharasoa, a non-Executive Director, is the Board's representative with delegated responsibility to engage with the broader workforce and provide direct feedback to the Board on key concerns raised. Mazvi chairs the Group-wide Employee Engagement Committee, which includes employee representatives from all companies in the Group. The Committee provides a platform for the Board to effect two-way communication to ensure that the workforce's voice is heard in the boardroom and that Board expectations can be communicated to employees directly. The Committee met formally twice during the year, and no significant matters were raised by employees during these engagements that required action from the Board.

Employee interests include:

- fair treatment and safe working conditions;
- competitive remuneration; and
- skills development and opportunities for advancement.

Bankers, insurers and funders

Banks and other funders allow the Group to invest in capital projects and expansion opportunities. Insurance providers allow us to mitigate certain risk elements, and form part of the Group's overall risk management strategy.

The finance department engages with bankers and funders on an ongoing basis regarding facilities, compliance with covenants, and debt renegotiations. At each operation, the finance team regularly interacts with insurance brokers, engaging in detail around renewal anniversaries with oversight from Group risk management and the Audit Committee.

In December 2021, the Group-wide debt refinancing was successfully concluded with the renewal of the Group's revolving credit facilities for an amount of US\$69.7 million for a three-year period. During the year, these revolving credit facilities were successfully extended for a 24-month period, extending the expiry date to December 2026.

US\$29.4 million of the facilities are sustainability-linked loans (SLLs) where the margin and resultant interest rate decreases if the Group meets certain carbon reduction and water conservation key performance indicators (KPIs). These KPIs are aligned to the Group's sustainability strategy.

Providers of finance interests include:

- responsible management of the Group's financial position to ensure commitments can be met as they fall due;
- maintaining required covenants;
- performance against sustainability and climate-related targets for the SLLs;
- ESG practices and regulatory compliance, including effective management of residue storage facilities; and
- transparency in reporting potential material matters in a timely manner.

Refer to page [33](#) in the CFO Review for more details.

Project-affected communities (PACs)

We are committed to ensuring that our PACs benefit from our operations, recognising that the strength of our relationships with them is vital in safeguarding our social licence to operate.

We take a multi-level approach to stakeholder engagement, which includes monthly engagements with local community leaders, quarterly meetings with residents of local villages, and regular forums with district-level stakeholders and leadership. Letšeng's Community Liaison Officer (CLO) engages with the surrounding communities, government officials and community-elected representatives.

PACs select their community representatives to attend the Corporate Social Responsibility Investment (CSRI) subcommittee of the Letšeng Board, establishing a direct link between community needs and Board decision-making. In addition to regular community engagement forums, a grievance mechanism is in place, allowing PAC members to submit issues directly to mine management.

Social and environmental impact assessments (SEIAs) and community needs analyses identify the most pressing community needs and concerns. They are conducted through consultation processes facilitated by independent external specialists. The needs and concerns identified through these independent studies form the foundation of our corporate social investment (CSI) strategies and community engagement plans.

Community needs and concerns include:

- basic infrastructure provision and local economic development;
- improved access to education, skills development and healthcare;
- regular engagement and updates regarding progress on community projects;
- responsible and safe mining;
- environmental and social practices;
- responsible residue storage facility management and disaster response mechanisms;
- local employment opportunities; and
- operational support in response to climate-related impacts, such as extreme weather events.

In 2024, the Group procured US\$2.0 million of goods from PACs located around Letšeng and US\$27.7 million of goods from the broader Mokhotlong region. From 2016 to 2024, the Group has invested US\$5.1 million in needs-based and sustainable CSI initiatives. In 2024, the Group invested US\$0.3 million in CSI projects in small and medium enterprise (SME) development, education and basic infrastructure provision.

Clients

Gem Diamonds' strong client relationships drive demand for our unique diamonds and help secure the best possible prices. We engage regularly with clients in the course of business and at tenders, and also communicate through our Group website and press releases. Clients have access to our electronic tender platform, which provides specific tender-related information.

Clients care about:

- consistent availability of large, high-quality diamonds;
- regular and transparent tenders;
- transparency and traceability of the provenance of rough diamonds; and
- responsible environmental and social practices.

Eight large and four small rough diamond tender viewings were held in Antwerp in 2024. We were able to rely on our loyal client base for support during the year while the diamond market remained under significant pressure.

Suppliers and business partners

Suppliers and business partners provide the essential products and services required to run our operations and achieve our strategic objectives, which is why we build strong relationships with them. We recognise the increased importance of ensuring responsible business practices across supply chains and acknowledge the significant impact suppliers and business partners can have on our operations and reputation. To this end, we ensure that formal written contracts are in place, and that negotiations are conducted with fairness, transparency, and responsibility – the principles that guide our procurement culture.

Suppliers and business partners care about:

- fair payment terms;
- local procurement opportunities; and
- responsible environmental and social practices.

Regulators and government

The Government of the Kingdom of Lesotho is a 30% shareholder in Letšeng. We respect and adhere to regulations in all countries in which we operate and maintain good relationships with governments and regulators. Engagements with regulators are held as appropriate. We interact with the government regularly regarding operational challenges where support is required, regarding employment and progress on community initiatives, and to support local and national development priorities.

Government and regulator priorities include:

- responsible environmental and social practices and the health and safety of employees;
- good governance and ethics;
- community relationships and investments;
- local employment and procurement; and
- contribution to Lesotho's GDP through dividends, royalties and tax contributions.

In challenging years like 2024, it is crucial to communicate openly, honestly, and transparently with our government partners, as we rely on their support to navigate difficult times and ensure the delivery of sustainable value for all stakeholders. We engaged regularly with the Lesotho Government throughout the year to keep them informed of developments related to Letšeng's mine plan, and we are grateful for the support we received in this regard.

Our engagement with the Botswana Government, particularly the Director of Mines, has been very positive, and we appreciate their cooperation in the handover of the Ghaghoo mine site and the relinquishment of the mining licence.

OUR STRATEGY

Our strategy is designed to maximise stakeholder value sustainably in line with the Group's purpose, vision, and values, which reflect our commitment to creating social value and responsibly managing the natural resources of the countries in which we operate.

The Group strategy is developed by the management team, led by the CEO, and presented to the Board for review and approval. The strategy is reviewed each year against developments in regulations, governance requirements, current market conditions and the short, medium and long-term economic and market outlook. Where necessary, the strategy is revised to adjust for any such developments.

Our three strategic priorities aim to deliver maximum value for all stakeholders:



Extracting Maximum Value from Our Operations



Working Responsibly and Maintaining Our Social Licence



Preparing for Our Future

2024 STRATEGY REVIEW

In June 2024, the Board and executive leadership reviewed the strategy in light of prevailing macro-economic, industry and diamond market conditions. The review also considered the effect of these conditions on industry peers and the Group's operations, and explored opportunities to enhance shareholder value through operational optimisation, external growth, asset diversification and alternative operating structures.

Our short, medium and long-term strategic objectives remain unchanged, supported by a business model well suited to achieving them. Our ability to adapt in the short to medium term helps safeguard long-term fundamentals and sustain our strategy.

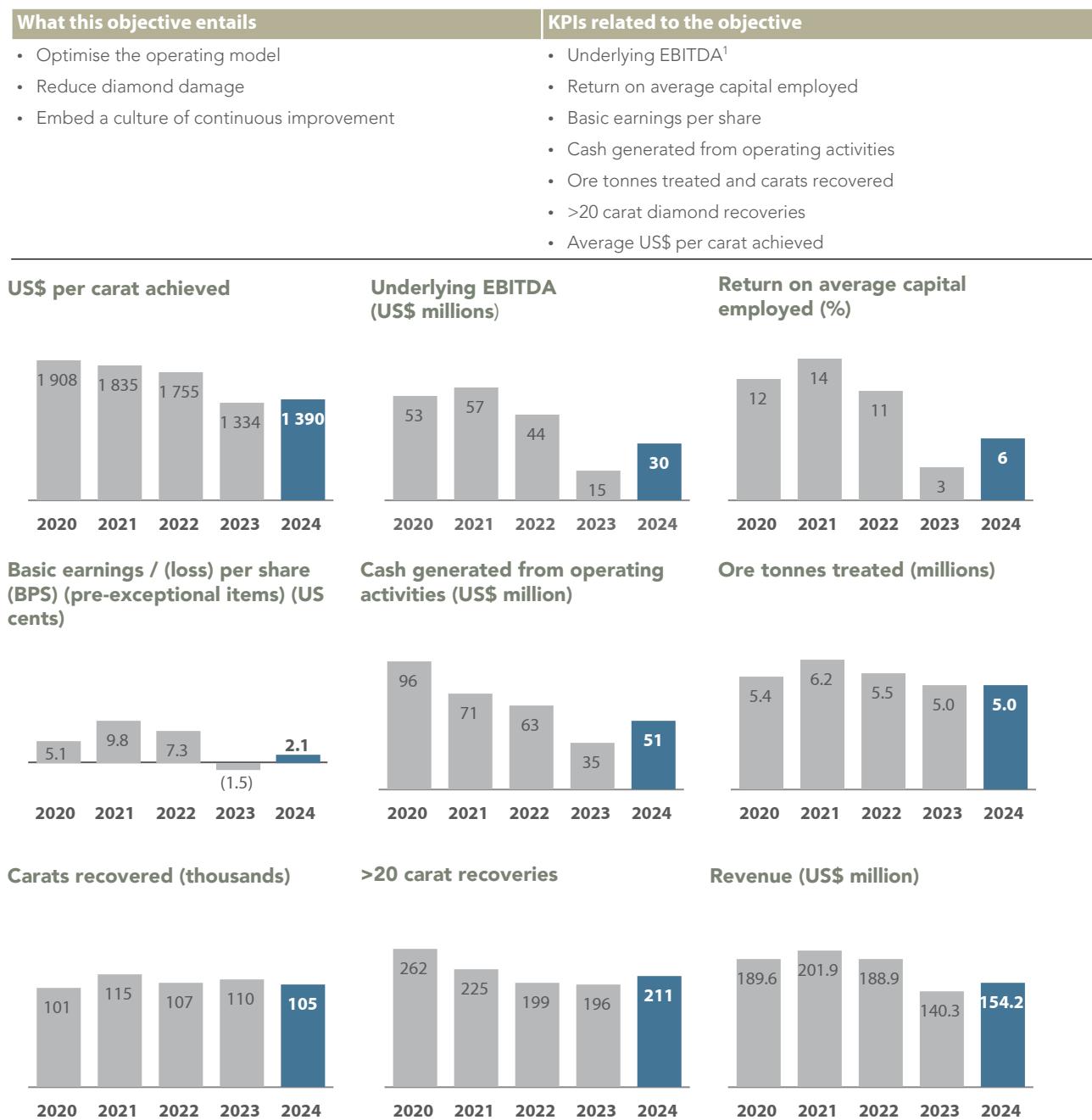
The Group's overarching business drivers are set out on page 8. We aim to effectively contain costs while recovering the highest-value diamonds to sell for the best market prices. The short to medium-term priority remains maximising value from our Letšeng operation through three main focus areas:

Optimising the current operating model	Letšeng's updated mine plan results in a significant reduction in waste volumes. We continue to closely manage costs, maintain operational excellence and rigorously interrogate capital expenditure.
External growth opportunities	The Group has been a single-asset operation for a number of years, and although Letšeng is the highest dollar per carat kimberlite mine in the world, it has a finite life and the operating environment is becoming more challenging as the pits deepen. It is essential for the Group to explore external growth opportunities, either through acquiring other diamond-producing assets or through diversifying into different commodities.
Independent power generation	Investigating and implementing longer-term alternative energy solutions is a top priority for the Group. These will support our decarbonisation strategy and also alleviate our dependency on Eskom, which could institute load shedding at any time.

The tables below further define our strategic objectives and link them to relevant KPIs and targets. Our 2024 performance against our strategic objectives is included in the CEO Review on page 30, the CFO Review on page 33, and the COO Review on page 40.



1. Extracting Maximum Value from Our Operations



¹ Refer Note 4, *Operating profit* on page [137](#) for the definition of non-GAAP (Generally Accepted Accounting Principles) measures.

2. Working Responsibly and Maintaining Our Social Licence



What this objective entails

Embed a culture of zero harm and responsible care for our workforce, PACs and environment, and drive the eight priority UN SDGs the Group has adopted:

- No poverty
- Zero hunger
- Good health and well-being
- Clean water and sanitation
- Decent work and economic growth
- Reduced inequalities
- Responsible consumption and production
- Climate action

KPIs related to the objective

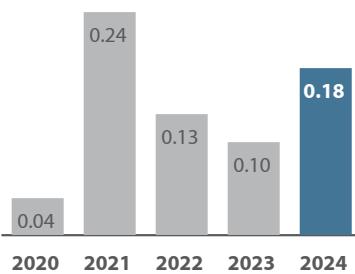
- Safety measures: Zero fatalities, LTIFR¹, AIFR¹
- Best environmental practices adopted
- Zero major environmental or stakeholder incidents
- Zero significant residue storage facility breaches
- Sustainability legal compliance
- Community investment
- ISO certifications
- Fair remuneration practices
- Employment opportunities for communities
- Adopted ethical Modern Slavery & Child Labour policies
- Anti-bribery & Corruption policy
- Decarbonisation target adopted

¹ Measures the safety performance of the Group (including contractors) and is expressed as a frequency rate per 200 000 man hours.

Fatalities

— — — — —

Lost time injury frequency rate (LTIFR)



All injury frequency rate (AIFR)

— — — — —

3. Preparing for Our Future



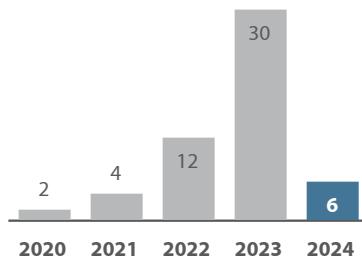
What this objective entails

- Investigate and implement alternative lower-energy solutions
- Assess external growth opportunities
- Long-term mine planning and optimisation

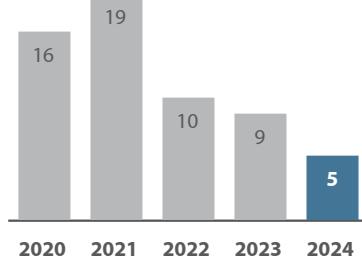
KPIs related to the objective

- Capital expenditure (excluding waste)
- Waste tonnes mined
- Extending life of mine
- Mining in accordance with life of mine plan
- Mergers and acquisitions

Capital expenditure (excluding waste) (US\$ million)



Waste tonnes mined (millions)

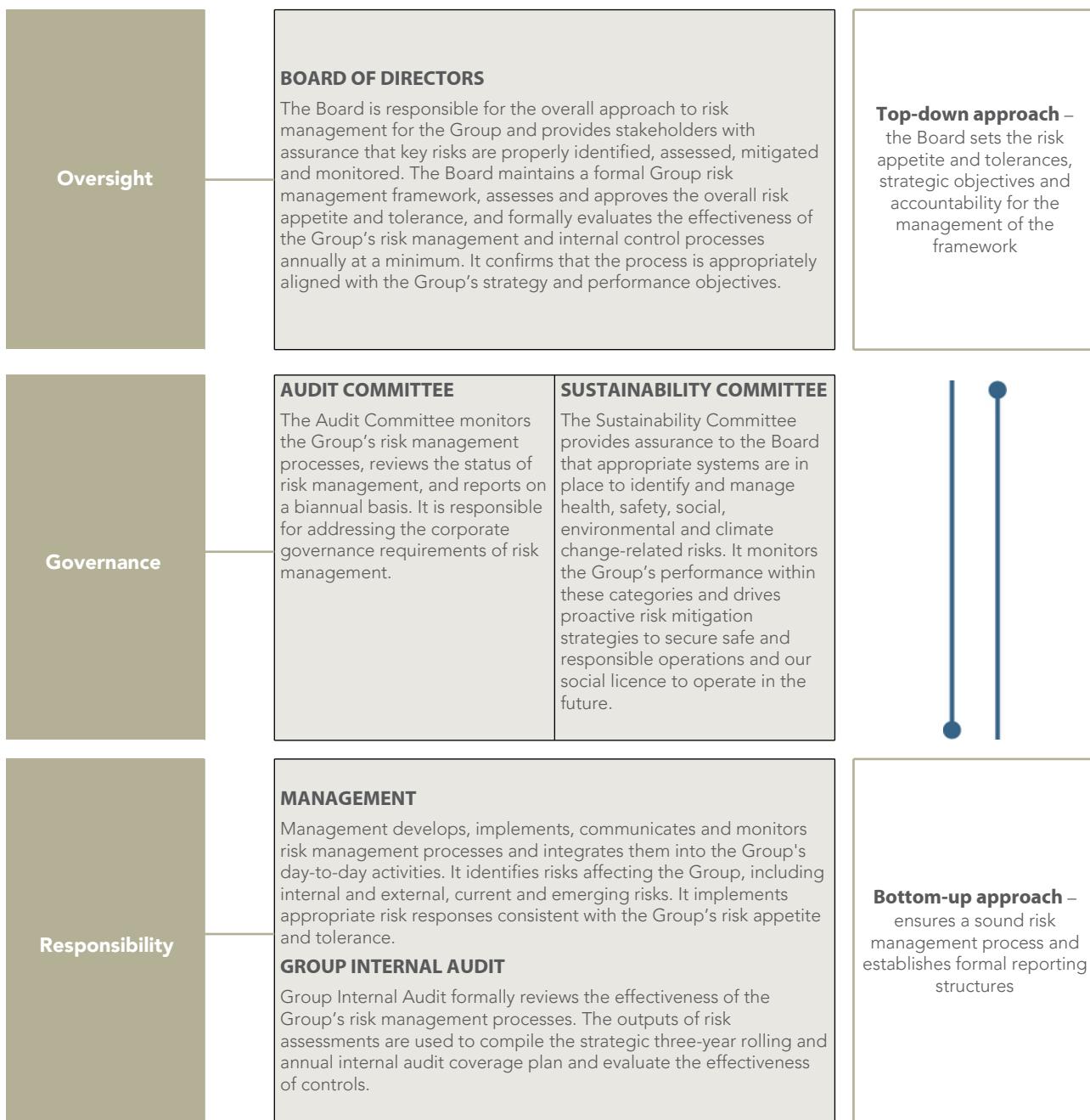


RISK MANAGEMENT

HOW WE APPROACH RISK

The Group's risk management framework, which is fully integrated with strategic and operational planning, aims to identify, manage and respond to the Group's risks and uncertainties. The framework combines top-down and bottom-up approaches with appropriate governance and oversight.

Risk management framework



The Board is ultimately responsible and accountable for the Group's risk management function. It is supported by its subcommittees and senior management in overseeing the Group's most relevant and significant current and emerging risks. These risks are actively identified, assessed, prioritised, managed and mitigated as much as reasonably possible, as they could negatively impact the Group's ability to execute its strategy.

While the Group's risk management framework focuses on risk identification and mitigation, many of the factors that give rise to these risks also present opportunities. Gem Diamonds tracks these opportunities and incorporates them into the strategy where they appropriately support the Group's purpose.

The Board and its subcommittees have identified the following key strategic, operational and external risks, which have been set out in no order of priority.

	 Exposure increased	 Exposure unchanged	 Exposure reduced
1. Rough diamond demand and prices 	<p>Risk:</p> <p>Numerous factors beyond our control could affect the price and demand for diamonds. These factors include geopolitical tension, macro-economic conditions, global diamond production levels and consumer trends. Medium to long-term demand is forecast to outpace supply, but short-term uncertainty and liquidity constraints within the diamond sector may negatively impact rough diamond pricing.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Monitoring market conditions and trends Flexibility in sales processes and utilisation of multiple sales and marketing channels including additional viewing opportunities Ability to enter into partnership agreements to share in the upside of polished diamonds Maintaining the integrity of the tender process 	<p>Strategic impact:</p>  
2. Variability in cash generation 	<p>Risk:</p> <p>Marginal cash resources and variability of cash flows could negatively affect the Group's ability to effectively operate, repay debt and fund capital projects, and impact strategic short and long-term decision-making. The risk is directly impacted by other principal risks such as rough diamond demand and prices, performance of the resource, economic viability of reserves and volatility of exchange rate.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Rigorous cost and capital discipline is in place Funding facilities are in place to manage variability in the short to medium term Focus on cost discipline to achieve greater operational efficiencies Ongoing drive for continuous improvement to deliver operational efficiencies 	<p>Strategic impact:</p>  

<p>3. Diamond resource and reserve performance</p> 	<p>Risk:</p> <p>Letšeng's low-grade orebodies make the operation sensitive to resource variability. Unexpected variability in key resource/reserve criteria, such as volume, tonnage, grade and price, could significantly impact mine planning, forecasting and financial stability, in both the short and medium term, and could influence decisions regarding future growth.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Gathering geological evidence on variations within the resource (lithology, density, volume/tonnage, grade, diamond population size and value distribution), applying industry best practice and engaging independent experts to audit and provide advice Continual review of the reserve extraction strategy considering the prevailing technical and economic environment Ongoing pit mapping, petrography, drilling and 3D modelling Grade control, bulk sampling, density and moisture content measurements (on-site and independent lab verification), dilution control, stockpile management, data management, quality control and internal auditing of production data (including geological, processing, recovery and sales data) Managing the Diamond Accounting System and Mineral Resource Management (MRM) database, and monitoring recovery data on a daily and monthly basis, as well as per export period, to follow trends in diamond distributions, large stone recovery frequencies and average diamond prices per kimberlite domain 	<p>Strategic impact:</p>  
<p>4. Availability of sustainable and reliable power supply</p> 	<p>Risk:</p> <p>Regular power interruptions (load shedding by the South African power utility, Eskom) compound the need for and cost of self-generated power in the context of escalated diesel prices. Unscheduled power interruptions and poor quality of power supply reduce the available processing time and negatively influence the reliability and stability of plant equipment.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Exploring solutions with the Lesotho Electricity Company (LEC) for grid and/or renewable power Assessing the potential to generate renewable energy for own use Prioritisation of load and allocation of power Identification and implementation of consumption-reduction initiatives 	<p>Strategic impact:</p>   
<p>5. Growth and access to capital</p> 	<p>Risk:</p> <p>The volatility of the Group's share price and lack of growth opportunities negatively impact the Group's market capitalisation. Constrained cash flows add pressure on returns to shareholders. The Group currently relies on a single mine with a finite life for its revenues, profits and cash flows.</p>	<p>Risk response:</p> <p>The Group's strategic objectives are to drive share price growth through:</p> <ul style="list-style-type: none"> Assessing mergers and acquisitions and diversification opportunities Focusing on existing operations to unlock further value through rationalisation and efficiency improvements 	<p>Strategic impact:</p>   

<p>6. Workforce</p> 	<p>Risk:</p> <p>Achieving the Group's objectives and sustainable growth depend on our ability to attract and retain suitably qualified, experienced and ethical employees. Gem Diamonds operates in an environment and industry where shortages in experience and skills are prevalent.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Human resource practices are designed to identify skills shortages and implement development programmes and succession planning for employees Remuneration practices and incentives are in place to appropriately remunerate and retain skills Training and coaching plans are in place to address skills and experience shortages 	<p>Strategic impact:</p>   
<p>7. Information technology (IT) and operational technology (OT) systems, and cybersecurity</p> 	<p>Risk:</p> <p>The Group's operations rely on secure OT and IT systems to process financial and operating data in its information management systems. If these systems are compromised, there could be a material adverse impact on the Group through a lack of production and/or compromised recovery parameters. Integration of operating systems due to insourcing of the processing activities increase the risk exposure in the short term.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Application of technical and process IT controls and policies in line with industry-accepted standards Appropriate back-up procedures, firewalls and other appropriate security applications are in place Vulnerability assessments to identify gaps and devise corrective actions 	<p>Strategic impact:</p>  
<p>8. Production interruption</p> 	<p>Risk:</p> <p>Material mine and/or plant shutdowns, pit closures or periods of decreased production could arise due to various events. These events could lead to personal injury or death, environmental impacts, damage to infrastructure and delays in mining and processing activities, and could result in financial losses and possible legal liability.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Robust business continuity plans are in place to ensure limited delays due to disruptions Appropriate levels of critical resources (fuel, ore stockpiles, etc) are maintained to mitigate the impact of any production interruptions Appropriate insurance is maintained 	<p>Strategic impact:</p>  
<p>9. Health, safety and wellness</p> 	<p>Risk:</p> <p>The probability of a major health or safety incident occurring is inherent to mining operations. Such incidents could impact the well-being of employees, PACs, our licence to operate, the Group's reputation, and compliance with our mining lease agreement. The health and safety of our people is critical to the business.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Appropriate health and safety policies, practices, training, and awareness campaigns are in place A dam safety management framework has been implemented in alignment with the ICMM's GISTM ISO 45001 (Occupational Health and Safety Management) accreditation is maintained A safety management and leadership programme, visible felt leadership, and detection and prevention strategies have been developed and implemented We continually assess our organisational safety culture maturity to address current and emerging issues 	<p>Strategic impact:</p>  

<p>10. Security of product</p> 	<p>Risk:</p> <p>Theft is an inherent risk in the diamond industry. The high-value nature of the product at Letšeng makes it susceptible to theft and could result in significant losses that would negatively affect revenue, cash flows and strategic short and long-term mine plan decision-making.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Zero tolerance of non-conformance to diamond security policies and regulations Advanced security access control and surveillance systems are in place Monitoring of security process effectiveness is performed by the Executive Committee and the Board Appropriate diamond specie insurance cover is in place Vulnerability assessments and assurance audits are conducted by internal and independent third parties 	<p>Strategic impact:</p>   
<p>11. Social licence to operate</p> 	<p>Risk:</p> <p>The Group's operations are subject to country risk being the economic, political and social risks inherent in doing business in certain areas of Africa, Europe and the United Kingdom. These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to taxes and regulations, foreign exchange rate fluctuations and the enforceability of contract rights.</p> <p>The Group's social licence to operate is underpinned by the support of its stakeholders, particularly employees, regulators, PACs and society. This support is an outcome of the way the Group manages issues such as ethics, labour practices and sustainability in our wider environment, as well as our risk management and engagement activities with stakeholders.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Implementation of an appropriate CSI strategy, based on a community needs analysis, that provides infrastructure and access to education and healthcare and supports local economic development Adoption of relevant standards, best practices and strategies Appropriate governance structures across all levels of the Group, including an established Employee Engagement Committee Regular engagement with all stakeholders, including government, regulators, community leadership and PACs 	<p>Strategic impact:</p>  

<p>12. Climate change</p> 	<p>Risk:</p> <p>Climate change-related risks (transitional and physical risks) are recognised as top global risks, and investors are increasingly focused on the management of these risks. The uncertainty of potential carbon taxes and the impact of climate change present significant current and future risks to the Group which, if not identified and managed responsibly, could negatively impact the Group's long-term operational and financial resilience.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> TCFD recommendations adopted and climate change strategy developed Adoption of a Group decarbonisation strategy and 2030 target Governance and management practices implemented to oversee the implementation of the adopted strategy and 2030 target New reporting standards adopted Adoption of UN SDG framework Energy footprint and carbon emissions monitoring and reporting 	<p>Strategic impact:</p>  
<p>13. Environmental</p> 	<p>Risk:</p> <p>Failure to manage vital natural resources, environmental regulations, and pressure from neighbouring communities could affect the Group's ability to operate sustainably. Furthermore, investors and stakeholders are increasingly focused on environmental practices.</p>	<p>Risk response:</p> <ul style="list-style-type: none"> Appropriate sustainability and environmental policies are in place and regularly reviewed The current behaviour-based care programme embeds environmental stewardship A dam safety management framework has been implemented Annual social and environmental management plan audit programme implemented ISO 14001 (environmental management) accreditation maintained Adopted the UN SDG framework Rehabilitation and closure management strategy adopted and updated annually Implementation of an integrated water management framework Water footprint monitoring and reporting Concurrent rehabilitation strategy implemented 	<p>Strategic impact:</p>   

 <p>Extracting Maximum Value from Our Operations</p>	 <p>Working Responsibly and Maintaining Our Social Licence</p>	 <p>Preparing for Our Future</p>
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EMERGING RISKS

The Group risk framework includes an assessment of emerging risks. These are defined as risks that:

- are likely to materialise or impact over a longer timeframe than existing risks;
- do not have much reference from prior experience; and
- are likely to be assessed and monitored against vulnerability, velocity and preparedness when determining likelihood and impact.

The current emerging risks that are being monitored by the Group are:

- generational shifts in consumer preferences; and
- future workforce (automation, skills for the future, etc).

VIABILITY STATEMENT

The Board has assessed the viability of the Group over a period significantly longer than 12 months from the approval of the financial statements, in accordance with the UK Corporate Governance Code. The Board considers three years from the financial year end to be the most relevant period for consideration for this assessment, given the Group's current position and the potential impact on the Group's viability of the principal risks documented on pages [21](#) to [26](#).

While the Group maintains a full business model, based predominantly on the life of mine plan for Letšeng, the Group's annual business and strategic planning process also uses a three-year time horizon. This process is led by the CEO and CFO and involves all relevant functions including operations, sales and marketing, finance, treasury and risk. The Board participates in the annual review process through structured Board meetings and annual strategy review sessions. A three-year period provides sufficient and realistic visibility in the context of the industry, the environment in which the Group operates, and the current short-term mine plan, even though the life of mine, the mining lease tenure and available estimated reserves exceed three years.

The business and strategic plan reflects the Board's best estimate of the Group's prospects. The Board evaluated several additional scenarios and assessed their potential impact on the Group by quantifying their financial impact and overlaying this on the detailed financial forecasts in the plan.

The Board's assessment of the Group's viability focused on the critical principal risks categorised within the strategic, external and operational risk types, together with the effectiveness of the potential mitigations that management reasonably believes would be available to the Group over this period.

GROUP FACILITIES

The Group has access to US\$69.7 million in RCFs when fully available. Of these RCFs, US\$6.0 million was utilised at the end of the year. The Group's RCFs mature on 21 December 2026 following the successful 24-month extension of the facilities that was finalised during the year. In addition, there is a general banking facility of US\$5.3 million with no set expiry date which is reviewed annually by the lenders. This facility was fully available at the end of the year.

ROUGH DIAMOND MARKET

For a review of the diamond market, refer to page [30](#).

The diamond market remained under significant pressure in 2024 due to a challenging macro-economic environment and international conflicts that negatively impacted rough and polished diamond prices. The market is expected to remain under pressure, with signs of a modest recovery in diamond prices seen in 2025.

OPERATIONAL UPDATES

For a review of our operations and costs, refer to pages [34](#) and [41](#) of the Performance Review.

At Letšeng, the risk of rising operating costs has been minimised to an extent by a wide array of implemented right-sizing and insourcing within the mining, processing and housekeeping activities, together with improved plant stability and reduced waste mining requirements (the approved redesign of a steeper SC6W reduces waste stripping by 65.8 million tonnes compared to the previous conventional design). Cost reduction and mine plan optimisation remain ongoing priorities within the business.

CLIMATE CHANGE

The Board is cognisant of the risks presented by climate change and conscious of the need to minimise carbon emissions. A Group-specific climate change scenario analysis was conducted to assess the short to medium and longer-term physical risks. The short to medium-term impacts fall within the viability period. The physical risks identified for Letšeng, such as drought, strong winds, extreme precipitation and cold, are similar to its current operating conditions. The operation is therefore well geared to manage these conditions within its current and medium-term operational activities, cost structure and business planning. Additional cash investment required in the event of these short to medium-term physical risks materialising has been assessed as low with no material impact on the current operations and viability of the Group.

In terms of transitional risks, as users of grid-supplied and fossil fuel energy, the short-term focus is on improving energy efficiencies in our operational processes and reducing the use of fossil fuels. Options are being assessed in light of the size, nature and location of the Group's operations, the required investment and the expectations of our main stakeholders. Any material investment during the viability period is considered unlikely. Due to uncertainty around the cost and timing of implementation of carbon-related taxes, the impact of such taxes on the Group's operations and cash flows has been excluded from the viability assessment and scenario stress testing. Management and the Board will continue to assess these impacts as the information becomes more certain. The Group has adopted a carbon-pricing model that will be used to responsibly assess the potential financial impact of future projects. The Group has also adopted a decarbonisation strategy that is aimed at reducing potential future carbon tax liabilities.

STRESS TESTS

The scenarios tested considered the Group's revenue, cash flows and other key financial ratios over the three-year period. The scenarios included the compounding effect of the factors below and were applied independently of each other. In addition, the scenarios assumed the successful renewal of the RCFs following their expiry in December 2026. The stress scenarios reflect the magnitude of outcomes that would result in a net debt position equivalent to the total RCFs.

Effect	Extent of sensitivity analysis	Related principal risks	Area of business model affected
A decrease in forecast rough diamond revenue from reduced market prices or production volumes caused by unforeseen production disruptions.	10%	<ul style="list-style-type: none"> Rough diamond demand and prices Production interruption Diamond resource and reserve performance Variability in cash generation 	<ul style="list-style-type: none"> Entire business model, i.e. inputs, activities, outputs and outcomes
A strengthening of local currencies to the US dollar from expected market forecasts.	9% (R16.70:\$1)	<ul style="list-style-type: none"> Variability in cash generation 	<ul style="list-style-type: none"> Financial capital inputs and outcomes

CONCLUSION

The Group ended the year in a net debt¹ position of US\$7.3 million with undrawn available credit facilities of US\$69.0 million. These facilities expire on 21 December 2026 following the 24-month extension concluded in 2024. The Group will follow all necessary processes to renew these facilities for an extended period before the 2026 expiry date, as has been the practice in the past.

The Board is aware that the implementation of Letšeng's updated mine plan will present material challenges for the business, with no availability of Satellite ore until the end of 2029 while the steeper slopes are being implemented. During this period, our focus will remain on factors within our control, including cost containment, sound capital allocation, and maintaining operational efficiencies, all while responsibly managing our cash resources. The ongoing optimisation of the mine plan (as mentioned in the COO Review on page [46](#)) will be a major focus.

Based on the robust assessment of the principal risks, prospects and viability of the Group and the successful renewal of the facilities, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 December 2027.

¹ Net debt is calculated as cash and short-term deposits less drawn down bank facilities (excluding insurance premium financing and credit underwriting fees).

The Strategic Report, including pages [1](#) to [28](#), was approved by the Board of Directors on 12 March 2025 and signed on its behalf by:

Harry Kenyon-Slaney
Chairperson
12 March 2025



PERFORMANCE REVIEW

CHIEF EXECUTIVE OFFICER'S REVIEW

Global economic uncertainty and negative consumer confidence further impacted the diamond market in 2024.

The global economic landscape in 2024 was marked by uncertainty, with persistent inflation, higher interest rates for longer periods and geopolitical tensions weighing on growth. While some economies showed resilience, challenges such as supply chain disruptions, fluctuating commodity prices, and slower demand in key markets continued to create volatility, all of which negatively impacted consumer confidence and luxury spending.

The economic landscape in China, an important consumer of diamonds, was marked by slow growth in 2024 due to persistent property sector challenges and weak consumer confidence. Despite government stimulus measures, including monetary easing and infrastructure spending, economic momentum remained subdued due to sluggish domestic demand and global trade uncertainties. Geopolitical tensions and supply chain shifts also impacted export performance.

These macro-economic challenges contributed to the continued downturn of the diamond market, where demand and prices remained under pressure despite efforts by major producers to regulate supply. The lower end of the diamond market was also impacted by the continued rise in sales of lab-grown diamonds, whose popularity and pricing continue to influence consumer purchasing decisions.

High inventory levels, and higher interest rates impacting diamond manufacturers who rely on financing, further negatively influenced pricing. A similar prolonged downturn of the diamond market has not been seen in more than four decades.

In this environment, we maintained our strong focus on improving operational efficiencies and cost containment to ensure the future economic viability of our operations. This included insourcing mining, processing and certain other activities, renegotiating selected contracts, and interrogating all capital expenditure. The initiatives that were implemented over the past 24 months at the Letšeng operation yielded pleasing results, with a strong operational performance in 2024. The fact that we are the only fully operational diamond mine remaining in Lesotho speaks to our resilience and agility to adapt in the face of these challenges.



The pressure on rough and polished diamond prices persisted in 2024, driven by weak demand and economic uncertainty.

Clifford Elphick
CEO

Our NI 43-101 Technical Report containing Letšeng's 2024 Resource and Reserve Statement was published in March 2024 and is available on the Group's website at www.gemdiamonds.com. Following from this, a major focus in 2024 was to evaluate the resource to determine how to maximise returns and ensure sustainable mining for the remaining economic life of the mine. The steeper conventional slope design in the Satellite pit, which will significantly decrease waste volumes, was signed off by world-renowned experts, approved by the Board, and presented to the market in December 2024. The details of this important work are set out in the COO Review on page 43.

We are actively working towards our decarbonisation target of a 30% reduction in Scope 1 and 2 emissions by 2030 (measured against our 2021 footprint). We are pleased to report that we achieved a cumulative 27% reduction against the 2021 baseline by the end of 2024 and are on track to meet our 2030 decarbonisation target.

EXTRACTING MAXIMUM VALUE FROM OUR OPERATIONS

We operated safely, responsibly and efficiently during the year. Production stabilised following the implementation of targeted initiatives to improve plant stability and increase diamond recoveries. Overall carats recovered decreased by 4% compared to 2023, mainly due to a lower contribution from the higher-grade Satellite Pipe during the year. We reduced our waste investment by 39% compared to 2023, with a total of 3.4 million tonnes.

13 diamonds greater than 100 carats were recovered during the year, and exceptional sales included an 11 carat pink diamond that was sold for US\$45 537 per carat, a 63 carat Type IIa white diamond that was sold for US\$41 007 per carat, and a 113 carat Type IIa white diamond that was sold for US\$39 345 per carat.

We have an effective, transparent and competitive tender sales process in Antwerp. Selected rough diamonds were also sold pursuant to the limited supply agreement established in 2022 with two key diamond manufacturing clients who supply polished diamonds to some of the world's most premium luxury brands. These diamonds are polished to precise specifications required by the brands, realising additional upside polished value for the Group. This is a further step in the Group's strategy of focused delivery of top-quality diamonds to promote Letšeng as an exceptional diamond brand and Lesotho as the place origin, and to achieve premium prices for our diamonds.

Despite the persistent downward pressure on rough and polished diamond prices throughout the year, our average price achieved increased to US\$1 390 per carat in 2024 compared to US\$1 334 per carat in 2023, mainly due to the increased number of diamonds greater than 100 carats sold. The higher prices achieved and increase in carats sold resulted in total revenue of US\$154.2 million, a 10% increase compared to 2023.

The Group managed to change its cost base, and as a result achieved an underlying EBITDA¹ of US\$29.7 million and ended the year in a net debt² position of US\$7.3 million.

Full details of the Group's financial performance are included in the CFO Review on page [33](#).

¹ Refer Note 4, *Operating profit* on page [137](#) for the definition of non-GAAP (Generally Accepted Accounting Principles) measures.

² Net debt is a non-GAAP measure and calculated as cash and short-term deposits less drawn down bank facilities (excluding insurance premium financing).

WORKING RESPONSIBLY AND MAINTAINING OUR SOCIAL LICENCE

We maintained our excellent safety performance in 2024. We recorded no fatalities for the fifth consecutive year, three LTIs (2023: two), and achieved our lowest overall AIIR on record of 0.61 (2023: 0.67). The drive to mature the organisational safety culture since June 2021 continues to yield results of which we are very proud, especially given the harsh operating environments at Letšeng and Ghaghoo. We will continue to entrench a workplace safety culture founded on individual responsibility, mutual care and collaboration.

We adhere to the highest environmental management standards. The bioremediation plant that was successfully commissioned in February 2024 is effectively reducing nitrates in the water leaching from our blasted waste rock dump.

GEM DIAMONDS' CONTRIBUTION TO LESOTHO

Local procurement directly from PACs

US\$2.0 million

(LSL36.7 million)

Local procurement from regional communities

US\$27.7 million

(LSL508.0 million)

Local procurement

US\$34.4 million

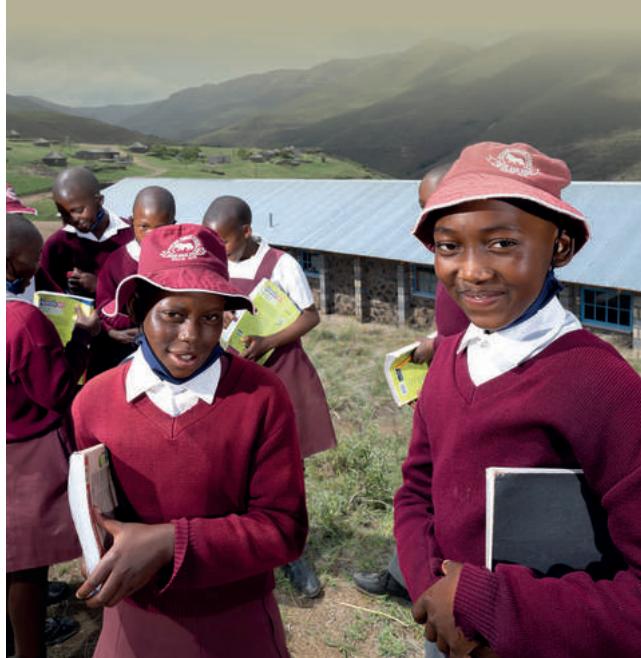
(LSL630.9 million)

Investment in **training** to improve
individual skills

55 bursaries and scholarships for local
students since 2006

13 schools and **12 villages**

provided with potable water and dignified
sanitation facilities to date



Our residue storage facility management process aligns with the ICMM's GISTM. Our residue storage and freshwater facilities are subject to regular inspections by internal as well as independent external experts. These professional external reviews, together with the internal governance, monitoring and reporting processes, provide assurance that our freshwater dam and residue storage facilities are being managed in a safe and responsible manner.

Our CSI activities are built around our chosen eight UN SDGs and are focused on supporting infrastructure development, education and health while assisting and stimulating small businesses. In 2024, we supported small agricultural operations including those in egg, vegetable and dairy production, maintained gravel roads in nearby villages, and installed sustainable water supply infrastructure for five villages. From 2016 to 2024, the Group has invested US\$5.1 million in sustainable CSI initiatives.

In 2024, Letšeng contributed a total of US\$20.7 million (LSL379.0 million) to the Lesotho fiscus in the form of taxes, royalties, dividends and mining lease payments. We are proud of our contribution to this developing economy and our position as a significant employer and contributor to the overall fiscus of Lesotho.

PREPARING FOR THE FUTURE

Our primary focus in 2025 is the safe and timely implementation of Letšeng's updated mine plan following the approval of the steeper conventional concept for the Satellite pit. This will significantly reduce the waste mining investment required for the final open pit cutback of the Satellite pit. The reliance on lower-value Main Pipe ore until the end of 2029, while the waste stripping of the final cutback of the Satellite pit is being implemented, presents financial challenges, as no higher-value Satellite Pipe ore will be accessible during this period. We are well prepared to navigate this difficult period, largely assisted by the step change that we have implemented in our cost base over the past few years and the availability of our revolving credit facilities following the successful 24-month extension of these at the end of 2024.

We remain focused on the need to identify and implement sustainable alternative energy solutions for the short, medium and long term. Grid electricity supply in 2024 was relatively stable due to the suspension of load shedding by Eskom since March 2024. We do, however, note the challenges ahead for Lesotho due to the extremely high electricity consumption of the machinery being used to construct the second phase of the Lesotho Highlands Water Project. We would like to express our appreciation to the Lesotho Government and, in particular, His Majesty King Letsie III, for leading efforts across Europe to get support for alternative energy solutions in Lesotho.

Our capital plans prioritise funding for projects that will sustain growth and create value. The planned capital projects in 2025, although not financially significant, include the required extension of the Patiseng coarse residue storage facility to align its capacity with future mining activities, replacement of the mining fleet to align with the updated mine plan, and other opportunities, such as extending the life of Satellite Cut 5 West, to aid with diamond recoveries.

OUTLOOK

2024 was marked by national elections in a number of major economies, the outcomes of which have increased uncertainty and may lead to further volatility, with looming trade wars and a subdued global growth outlook. There have been reports of a modest recovery in diamond prices in early 2025 and we are optimistic that this will continue. In this regard, it is pleasing to note that the global luxury market continued its growth trend in 2024. The luxury market appears well positioned to cope with economic turbulence, with high-end luxury brand Richemont reporting single-digit growth in their jewellery sales year on year and further investment in their jewellery manufacturing capacity.

In the medium to long term, rough diamond prices should be supported by favourable demand and supply fundamentals, with a projected further decrease in natural rough diamond supply. Over the longer term, this dynamic of rising demand and constrained supply is expected to benefit high-quality rough diamonds in particular. The fundamentals that underpin our business are sound and strongly position Gem Diamonds for success.

APPRECIATION

I would like to extend my sincere gratitude to the Board for their unwavering support and commitment in 2024, especially for their valuable input, guidance and support during the important work that culminated in Letšeng's updated mine plan being approved. I am grateful to our executive and management teams and our workforce, and appreciate the dedication required to deliver the operational and safety performance of 2024. In addition, their commitment to delivering our strategic goals and upholding our values was commendable. I would like to thank our lenders, with whom we have a long-standing relationship, who continue to support our business with the extension of our facilities. A special word of thanks to our clients for their continued trust in Letšeng's diamonds, and to our shareholders for their ongoing support. Finally, I would like to thank the Government of the Kingdom of Lesotho and the Government of Botswana for their support.

Clifford Elphick
Chief Executive Officer
12 March 2025

CHIEF FINANCIAL OFFICER'S REVIEW

The Group delivered a pleasing financial performance in 2024, driven by operational excellence in the face of ongoing pressure on the diamond market.

The unstable global economic conditions and resultant pressure on the diamond market continued into 2024, despite easing inflation and conservative interest rate cuts in certain major economies.

Letšeng performed well operationally, achieving or exceeding all mining and processing guidance metrics (refer to the COO Review on page [40](#)). The increase in carats sold assisted in setting off lower diamond prices, resulting in revenue from the sale of rough diamonds of US\$152.8 million, achieving an average price of US\$1 390 per carat for the year. In addition, US\$1.4 million of margin uplift was generated, bringing total revenue for the year to US\$154.2 million.

Underlying EBITDA increased to US\$29.7 million from US\$15.2 million in 2024. The Group reported a profit attributable to shareholders for the year of US\$2.9 million, equating to a basic profit per share of 2.1 US cents on a weighted average number of shares in issue of 139.7 million.

The Group ended the year with a cash balance of US\$12.9 million and drawn down facilities of US\$20.2 million, resulting in a net debt position of US\$7.3 million and available undrawn facilities of US\$69.0 million, compared to the net debt position of US\$21.3 million at the end of 2023. The improvement in net debt of US\$14.0 million is a testament to the Group's performance and resilience despite the ongoing challenges in the diamond market.



Amid a challenging
diamond market, our
disciplined approach to
cost control and capital
allocation resulted in
pleasing financial results.

Michael Michael
CFO

Summary of financial performance

Refer to the full annual financial statements from page [105](#).

US\$ million	2024	2023
Revenue from contracts with customers	154.2	140.3
Royalties and selling costs	(16.5)	(15.3)
Cost of sales ¹	(100.3)	(102.1)
Corporate expenses (excluding depreciation)	(7.7)	(7.7)
Underlying EBITDA²	29.7	15.2
Depreciation and mining asset amortisation	(11.4)	(7.3)
Share-based payments	(0.5)	(0.3)
Other operating expenses	(0.9)	–
Foreign exchange gain	1.1	2.8
Net finance costs	(6.5)	(4.7)
Profit before tax for the year	11.5	5.7
Income tax expense	(3.4)	(4.1)
Profit after tax for the year	8.1	1.6
Non-controlling interests	(5.2)	(3.7)
Attributable profit/(loss)	2.9	(2.1)
Earnings/(loss) per share (US cents)	2.1	(1.5)

¹ Including waste stripping amortisation but excluding depreciation and mining asset amortisation.

² Underlying EBITDA as defined in Note 4, Operating profit of the notes to the consolidated financial statements.

Revenue

Revenue increased 10% compared to 2023, mainly due to a 5% increase in carats sold of 109 967 carats compared to 104 520 in 2023. Rough diamond revenue of US\$152.8 million (2023: US\$139.4 million) was generated at Letšeng, achieving an average price of US\$1 390 per carat (2023: US\$1 334 per carat). The 4% increase in the average price per carat achieved can be attributed to the improved quality of recoveries and the increased number of larger than 100 carat diamonds sold (13 compared to five in 2023), as prices, on a like-for-like basis, decreased during the year.

Additional revenue is generated through an arrangement with two diamond manufacturing customers to supply polished diamonds to some of the world's most premium luxury brands, and other partnership arrangements. These agreements allow the Group to share in the margin uplift on the sale of polished diamonds. In 2024, additional revenue of US\$1.4 million (2023: US\$0.9 million) was generated from these arrangements.

US\$ million	2024	2023
Group revenue summary		
Rough diamond sales	152.8	139.4
Polished diamond margin	1.4	0.9
Group revenue	154.2	140.3

Expenditure

Energy costs

Eskom imposed no load shedding for the last nine months of 2024, compared to a total of 335 days of load shedding in 2023 that necessitated the use of diesel-powered generators to sustain operations. The decrease in mining activities due to lower volumes mined (refer to the COO Review on page [40](#)) further contributed to a significant decrease in diesel consumption during the year.

The impact was a 6.4 million litre decrease in diesel consumption compared to the prior year, and despite a 3% increase in the average cost per litre, an overall decrease of 34% in diesel costs was achieved. In local currency, the costs decreased to LSL222.6 million (US\$12.1 million) from LSL336.0 million (US\$18.2 million) in 2023.

Grid electricity usage increased by 60% due to the increase in Eskom power availability during the year. Maximum demand utilisation decreased by 4% due to the effective management of these thresholds. Overall electricity costs only increased by 10% to LSL60.3 million (US\$3.3 million), notwithstanding increased utilisation and a 9.6% tariff increase.

Overall energy costs, including diesel and electricity, amounted to LSL283.0 million (US\$15.4 million) in 2024 (2023: LSL390.9 million, US\$21.2 million), a 28% decrease from 2023 in local currency. Energy costs as a percentage of direct cash costs decreased to 22% (2023: 27%), and the energy cost per tonne treated decreased by 28% to LSL56.38 (US\$3.07) from LSL77.79 (US\$4.24) in 2023.

Letšeng unit cost analysis

Unit cost per tonne treated	Direct cash costs ¹	Non-cash accounting charges and working capital movement ²	Total operating cost	Waste cash costs per waste tonne mined
2024 (LSL)	252.39	113.95	366.34	61.87
2023 (LSL)	288.54	85.87	374.41	66.03
% change	(13)	33	(2)	(6)
2024 (US\$)	13.77	6.21	19.98	3.37
2023 (US\$)	15.63	4.66	20.29	3.58
% change	(12)	33	(2)	(6)

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

² Non-cash accounting charges and working capital movement include waste stripping amortised, inventory and ore stockpile adjustments, and finance lease costs, and exclude depreciation and mining asset amortisation.

Operating expenditure

Group cost of sales (excluding depreciation) decreased marginally by 2% in 2024 to US\$100.3 million from US\$102.1 million in 2023.

- Direct cash costs (excluding waste) decreased by 13% to LSL1 266.7 million (US\$69.1 million) compared to LSL1 449.8 million (US\$78.6 million) in 2023. In 2023, these costs were affected by increased energy costs (detailed above), price increases from suppliers on explosives, equipment, spare parts and tyres, and additional once-off severance payments and consulting fees related to the right-sizing of the Letšeng operation. Direct cash costs per tonne treated decreased by 13% to LSL252.39 (US\$13.77) from LSL288.54 (US\$15.63) in 2023, in line with the overall decrease and due to similar ore tonnes treated during the year of 5.0 million tonnes (2023: 5.0 million tonnes).
- Non-cash accounting charges and working capital movement refers to waste amortisation, stockpile and diamond inventory movements and interest and depreciation on IFRS 16 leases. These charges increased by 33% to LSL571.9 million (US\$31.2 million) (2023: LSL431.5 million, US\$23.4 million), mainly due to an increase in stockpile and inventory on hand at the end of 2024. This resulted in diamond inventory and stockpile movement of LSL112.3 million (US\$6.1 million) in the current year compared to a credit to the income statement of LSL25.6 million (US\$1.4 million) in 2023.
- Total operating costs in local currency decreased to LSL1 838.5 million (US\$100.3 million) from LSL1 881.3 million (US\$102.1 million) in 2023, which includes the impact of direct cash costs, non-cash accounting charges and working capital movements detailed above. The unit cost per tonne treated decreased by 2% to LSL366.34 (US\$19.98) per tonne treated (2023: LSL374.41, US\$20.29 per tonne treated), mainly due to the various cost containment measures implemented during the year, such as the insourcing of the mining and processing activities.
- Waste cash costs decreased by 43% to LSL335.4 million (US\$18.3 million) from LSL583.8 million (US\$31.6 million) in 2023, mainly due to the 39% reduction in waste tonnes mined (5.4 million tonnes compared to 8.8 million tonnes in 2023) driven by initiatives such as the steepening of slopes in the Main pit. The insourcing of mining activities and other cost containment initiatives, together with reduced diesel consumption resulted in a 6% decrease in waste cash cost per waste tonne to LSL61.87 (US\$3.37) from LSL66.03 (US\$3.58) in 2023, despite the significantly lower waste tonnes mined.

US dollar-reported costs

Gem Diamonds' revenue is generated in US dollars, while the majority of operational expenses are incurred in the relevant local currency in the operational jurisdictions. Local currency rates for the Lesotho loti (LSL) (pegged to the South African rand) were stronger against the US dollar on average compared to 2023, although the year ended at weaker levels. This increased the Group's US dollar-reported costs and decreased local currency cash flow generation. The average and year-end exchange rates are set out in the table below:

Exchange rates	2024	2023	% change
LSL per US\$1.00			
Average exchange rate	18.34	18.45	(1)
Year end exchange rate	18.87	18.29	3
BWP per US\$1.00			
Average exchange rate	13.56	13.36	1
Year end exchange rate	13.93	13.39	4
GBP per US\$1.00			
Average exchange rate	0.78	0.80	(3)
Year end exchange rate	0.80	0.78	3

Royalties and marketing costs

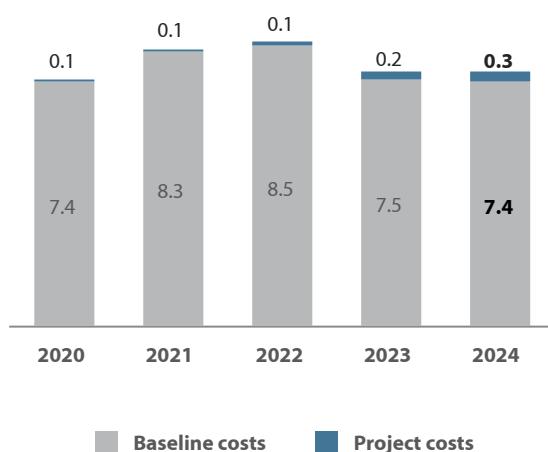
In terms of Letšeng's mining lease, royalties are paid to the Government of the Kingdom of Lesotho on the value of rough diamonds sold. The Group's sales and marketing operation in Belgium incurs costs relating to diamond selling and marketing. Royalties and selling costs increased by 7% to US\$16.5 million (2023: US\$15.3 million), in line with the increase in rough diamond revenue.

Corporate costs

The technical and administrative office in South Africa and the head office in the UK provide expertise in all areas of the business to realise maximum value from the Group's assets. Central costs are incurred in South African rand and British pounds, respectively.

Corporate costs (excluding depreciation) were maintained at similar levels to 2023 at US\$7.7 million. Project costs of US\$0.3 million were incurred on the ongoing sales process of Ghaghoo and investigating external growth opportunities (2023: US\$0.2 million).

Historical corporate costs (excl. depreciation) (US\$ million)



Underlying EBITDA¹ and attributable profit

Group underlying EBITDA¹ increased by 95% to US\$29.7 million (2023: US\$15.2 million), mainly due to the increase in revenue in the current year. The profit attributable to shareholders was US\$2.9 million, which translates to a profit of 2.1 US cents per share based on a weighted average number of shares in issue of 139.7 million.

¹ Underlying EBITDA as defined in Note 4, Operating profit of the notes to the consolidated financial statements.

Statement of financial position – selected indicators

US\$ million	2024	2023*
Property, plant and equipment	269.9	298.6
Non-current: receivables and other assets	7.3	4.5
Current: receivables and other assets	6.6	3.6
Inventory	34.1	37.6
Cash and short-term deposits	12.9	16.5
Net income tax (payable)/receivable	(6.8)	3.7
Non-current: interest-bearing loans and borrowings	(16.6)	(5.2)
Current: interest-bearing loans and borrowings	(4.4)	(33.4)
Net deferred tax liabilities	(65.0)	(70.4)
Non-current: rehabilitation provisions	(12.6)	(15.7)

*Certain balances as previously presented were restated. Refer Note 28, Restatement of prior year balances in the notes to the consolidated financial statements.

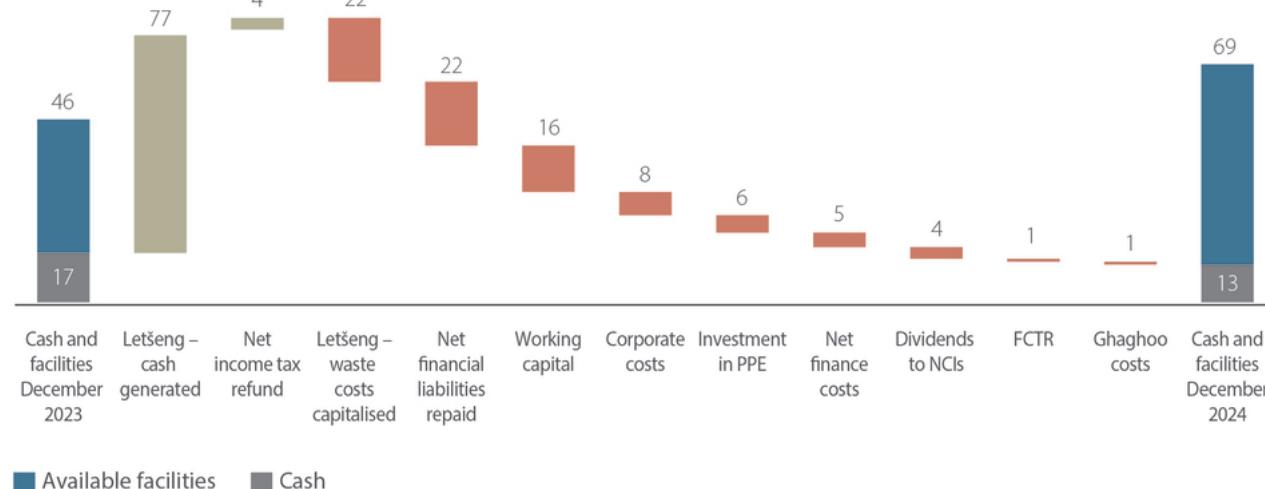
Capital expenditure

Total capital expenditure (excluding waste stripping) was US\$5.8 million during the year (2023: US\$30.4 million). In 2023, the mining fleet and support equipment were acquired for US\$22.7 million following the insourcing of the mining activities at Letšeng. The capital spend in the current year related to the upgrade of the recovery and sorthouse facilities, the upgrade of the stores facilities to enhance inventory management, the expansion of the Patiseng residue storage facility to build necessary capacity, and amounts relating to the finalisation of the Resource and Reserve Statement that was published in March 2024.

Cash on hand

The Group ended the year with cash on hand of US\$12.9 million (2023: US\$16.5 million) and net debt of US\$7.3 million (2023: US\$21.3 million), which reflects an improvement in net debt of US\$14.0 million year on year. Group cash generated by operations was US\$68.3 million before capital and waste investment of US\$27.6 million.

Cash movement (US\$ million)



Loans and borrowings

The Group-wide debt facilities for Letšeng (LSL450.0 million (US\$23.8 million) and ZAR300.0 million (US\$15.9 million)) and Gem Diamonds (US\$30.0 million), which were concluded in December 2021 for an initial three-year period, were due to expire in December 2024. These facilities were successfully extended during the year for a further 24-month period, extending the expiry date to 21 December 2026.

Letšeng has a ZAR100.0 million (US\$5.3 million) general banking facility with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division), which is reviewed annually. The facility was utilised from time to time during the year and was fully repaid by year end.

The funding partners for the existing facilities are Nedbank, Standard Bank and Firstrand Bank (through their respective operations). Nedbank's portion of the funding, totalling US\$29.4 million, is a sustainability-linked loan (SLL), an innovative structure that links the margin and resultant interest rate on the SLL to the Group's ESG performance. The margin on the SLL decreases subject to the Group meeting certain carbon reduction and water conservation KPIs that are aligned with the Group's sustainability strategy. These KPIs are assessed at the end of every financial year.

The two KPIs included for the SLLs both need to be met at each measurement date before the margin reduction on these loans becomes effective. At 31 December 2023 and 31 December 2024, both the carbon emission and water conservation KPIs were met, and therefore the margin reduction was applied to outstanding balances in 2024 and will apply to outstanding balances in 2025.

In 2022, Letšeng implemented a four-and-a-half-year project facility agreement with Nedbank for the replacement of the PCA for an amount of ZAR132.0 million (US\$7.2 million). The facility is underwritten by the Export Credit Insurance Corporation of South Africa (ECIC). Quarterly repayments of this facility commenced in Q1 2024, and at the end of 2024 an amount of LSL94.3 million (US\$5.0 million) was outstanding. The facility expires in May 2027.

On 15 May 2024, Letšeng entered into a secured five-year term loan facility of LSL200.0 million (US\$10.6 million) jointly with Standard Lesotho Bank and Nedbank Lesotho. The loan is secured by a special notarial bond over the mining fleet and equipment acquired as part of the insourcing of the mining activities at the end of 2023. The loan is repayable in equal monthly instalments that commenced in May 2024, and expires on 30 April 2029.

At year end, the Group had utilised facilities of US\$20.2 million, resulting in a net debt position of US\$7.3 million and available facilities of US\$69.0 million. Gem Diamonds, the Company, ended the year with US\$6.0 million of its facility drawn down (2023: US\$6.0 million) and US\$24.0 million available. Letšeng ended the year with no utilisation of its revolving credit facility (2023: US\$24.6 million) and the full US\$39.7 million available.

Summary of loan facilities as at 31 December 2024

Company	Term/description/expiry	Lender	Interest rate	Amount US\$ million	Drawn down/ Balance due US\$ million	Available US\$ million
Gem Diamonds Limited	Extended two-year revolving credit facility Expires 21 December 2026	Nedbank Standard Bank Firstrand Bank	Facility A (US\$30 million): Term SOFR (4.33%) + 5.21%	30.0	6.0	24.0
Letšeng Diamonds	Extended two-year revolving credit facility Expires 21 December 2026	Standard Lesotho Bank Nedbank Lesotho First National Bank of Lesotho Firstrand Bank Nedbank	Facility B (LSL450 million): Central Bank of Lesotho rate (7.75%) + 3.25% Facility C (ZAR300 million): South African JIBAR (8.35%) + 3.00%	23.8	—	23.8
Letšeng Diamonds	Four-and-a-half-year project facility Expires 31 May 2027	Nedbank Export Credit Insurance Corporation	ZAR132 million South African JIBAR (8.35%) + 2.50%	15.9	—	15.9
Letšeng Diamonds	Five-year term loan facility Expires 30 April 2029	Standard Lesotho Bank Nedbank Lesotho	LSL200 million Lesotho prime rate (11.25%) minus 1.5%	7.0	5.0	—
Letšeng Diamonds	General banking facility Reviewed annually	Nedbank	ZAR100 million South African Prime Lending Rate (11.25%) minus 0.70%	10.6	9.2	—
Total				92.6	20.2	69.0

Ghaghoo

The terms to relinquish the mining licence and hand over the Ghaghoo mine site to the Botswana Department of Mines have been agreed, and the process is expected to be finalised by 31 March 2025.

Care and maintenance cash costs decreased to US\$1.6 million in 2024 (2023: US\$1.8 million), which is included in other operating expenses in the financial results. An additional US\$0.2 million (2023: US\$0.2 million) on the unwinding of the environmental rehabilitation provision resulted in a non-cash interest charge which is included in finance costs. In addition, a US\$0.6 million reduction in the rehabilitation provision has been included in operating income and expenses.

The site has been cleaned up in preparation for the handover and will be appropriately maintained until the process has been finalised.

Insurance

The perception of risk in the mining industry has improved, with insurers offering more competitive rates for mining companies. In 2024, insurance premiums for the Group increased marginally by 2% compared to 2023. The Group is in the third year of a five-year multi-aggregate insurance policy to mitigate the increased risk of higher deductibles in the unlikely event of an unexpected loss.

Letšeng's business interruption claim for insured losses arising out of the COVID-19-related shutdown in 2020, when the mine was required to be placed on care and maintenance, is ongoing.

Share-based payments

The share-based payment charge for the year was US\$0.5 million (2023: US\$0.3 million). In line with the approved 2021 Remuneration Policy, on 17 April 2024, 1 996 048 nil-cost options were granted to certain key employees and Executive Directors under the GDIP. Refer to Note 26, Share-based payments on page [158](#) for more detail.

TAXATION

The Group applies all relevant principles in accordance with prevailing legislation when assessing its tax obligations. The Group's effective tax rate was 29.4%. Most of the Group's taxes are incurred in Lesotho, which has a corporate tax rate of 25%. The effective tax rate is above the Lesotho corporate tax rate mainly due to deferred tax assets not recognised on losses incurred in other operations, the impact of the alignment of foreign tax at different rates and withholding taxes paid, partially offset by a reduction of the withholding tax provision on unremitted earnings. Refer to Note 6, Income tax expense on page [138](#) for more detail.

The Group continues to pursue a long-standing legal matter relating to an amended tax assessment that was issued to Letšeng by the Revenue Services Lesotho in December 2019, contradicting the application of certain tax treatments in the current Lesotho Income Tax Act, 1993. We expect to pursue this matter in the courts in 2025. We have sought senior legal counsel, and their advice indicates good prospects for success. Refer to the accounting treatment for this matter, Note 1.2.26, Critical accounting estimates and judgements, for further detail.

OUTLOOK

The diamond market is expected to remain under pressure, with signs of a modest recovery in diamond prices seen in early 2025. The implementation of Letšeng's updated mine plan will present material challenges for the business, with no availability of Satellite Pipe ore until the end of 2029 while the steeper slopes are implemented. During this period, our focus will remain on factors within our control, including cost containment, sound capital allocation decisions, and maintaining operational efficiencies while responsibly managing our cash resources.

Michael Michael

Chief Financial Officer

12 March 2025

CHIEF OPERATING OFFICER'S REVIEW

The Group delivered strong operational results in 2024, driven by a steadfast focus on efficiency and commitment to safety.

The benefits of the structural changes implemented in 2023 – including management, workforce, and operational methodology adjustments at Letšeng – are evident in the 2024 operational results. Continuous optimisation of Letšeng's mine plan has significantly reduced waste volumes and, together with numerous initiatives implemented during the year to reduce costs, has strengthened the operation's resilience to withstand the challenging conditions that the diamond industry is facing.

As we continue to prioritise the safety and well-being of our workforce, we are proud to report that we maintained an exceptional safety performance in 2024. Our AIFR reached a record low of 0.61, while we achieved an impressive LTIFR of 0.18. These results reflect our unwavering commitment to a culture of safety and operational excellence.

We remain fully committed to our decarbonisation target of a 30% reduction in Scope 1 and 2 emissions by 2030, compared to our 2021 baseline. For a comprehensive overview of our 2024 performance and progress toward this target, refer to the Climate Change Report on page [47](#).

Following the release of the NI 43-101 Technical Report, which includes Letšeng's 2024 Resource and Reserve Statement, in March 2024 (available on our website at www.gemdiamonds.com), a key focus this year was optimising Letšeng's long-term life of mine plan. Notably, a steeper open pit concept was approved for the final cutback of the Satellite pit, leading to an updated mine plan that was communicated to the market in December 2024. For full details on Letšeng's updated mine plan, refer to page [43](#).

Jaco Houman joined the Group in 2016 and has been part of Executive Management as Senior Manager: Technical and Projects since 2021. Jaco has decided to pursue other opportunities and will be leaving in March 2025. I would like to thank Jaco for his valuable contributions during his time with us and wish him every success in his new endeavours.



Ongoing optimisation of Letšeng's mine plan, alongside Group-wide initiatives to improve operational efficiencies and reduce costs, has bolstered our resilience in navigating a challenging diamond market.

Brandon de Bruin
COO

GROUP SAFETY PERFORMANCE

Safety performance	Unit	2024	2023	% change
Fatalities	Number	0	0	–
LTI ^s	Number	3	2	50
LTIFR	200 000 man hours	0.18	0.10	80
AIFR	200 000 man hours	0.61	0.67	(9)

Our safety culture is rooted in a commitment to zero harm. In 2024, the Group maintained exceptional safety standards with zero fatalities (2023: zero) and three LTIs (2023: two). We achieved a record-low AIFR of 0.61 (2023: 0.67), though the LTIFR rose slightly to 0.18 (2023: 0.10) due to an additional LTI and a 22% reduction in man hours from the workforce right-sizing and the insourcing of mining and processing activities.

A dedicated safety programme, guided by independent subject matter experts, provided mentorship to senior management on best-practice safety leadership, and a critical control management strategy has been successfully implemented. Our safety performance reflects the ongoing dedication of our executive and operational management in relentlessly executing the safety maturity strategy, which focuses on critical risk mitigation, enhanced leadership visibility, and engaging the workforce to implement both engineering and behaviour-based safety controls to prevent the occurrence of safety incidents.

The safety of our workforce remains our highest priority and we will continue to strengthen our safety culture.

OPERATIONAL PERFORMANCE

Letšeng

The positive outcomes of initiatives implemented over the past 24 months are clearly reflected in Letšeng's overall operational performance in 2024. These efforts included the successful insourcing of key functions, including mining, processing, and laundry and housekeeping services. Management and the workforce are strategically aligned to continually improve operational efficiencies while maintaining our focus on cost containment.

The initiative introduced in H2 2023 to control the ore feed rate into the treatment plants continued through 2024. This approach yielded positive results, with significant improvement seen in plant stability and an increase in overall plant utilisation to 80% in 2024 (up from 78% in 2023 and 75% in 2022).

External factors, such as a reprieve from Eskom load shedding in the last nine months of 2024, also contributed to enhanced plant stability, eliminating the need for diesel-powered generator switch-overs and reducing both diesel consumption and associated costs. For further details on energy cost reductions, refer to the CFO Review on page [34](#).

Together with several other optimisation and cost-containment initiatives, these efforts enabled Letšeng to effectively navigate the challenging market conditions of 2024.

KPI	Unit	2024	2023	% change
Waste mined	tonnes	5 420 567	8 841 628	(39)
Ore mined	tonnes	5 052 263	5 419 033	(7)
Ore treated	tonnes	5 018 739	5 024 665	–
Carats recovered ¹	carats	105 012	109 656	(4)
Grade	cph	2.09	2.18	(4)
Carats sold	carats	109 967	104 520	5
Average price per carat	US\$/carat	1 390	1 334	4

¹ Includes carats produced from the Letšeng plants and the fines tailings treatment plants.

Waste tonnes mined

Through further short-term optimisation of the mine plan, total waste tonnes mined in 2024 decreased by 39% to 5.4 million tonnes from 8.8 million tonnes in 2023. This welcome reduction in waste mining aligned with the planned 2024 waste mining profile and was complemented by the benefits of initiatives implemented in 2023, including the redesign of the Cut 4 West cutback in the Main pit to minimise waste. The insourcing of mining services, coupled with the successful implementation of a fit-for-purpose fleet management system, significantly improved mining fleet productivity, availability, and utilisation, further optimising waste mining operations and reducing costs.

Ore mined

Total ore tonnes mined in 2024 decreased 7% to 5.1 million tonnes from 5.4 million tonnes in 2023. This was in line with the 2024 mine plan, taking into account the reduced ore treatment capacity following the initiative to reduce the ore feed rate into the plants in H2 2023. The higher volumes in 2023 were also driven by increased mining to the surface ore stockpiles.

Ore treated

Letšeng's two plants treated 5.0 million tonnes of ore in 2024 (2023: 5.0 million tonnes). The similar treatment volumes were driven by improved overall plant utilisation in 2024, offset by the rate slow-down in the treatment plants to enhance stability. Ore contribution from the Main Pipe totalled 2.8 million tonnes, while the Satellite Pipe contributed 2.2 million tonnes, in line with the planned ore distribution between Main and Satellite Pipes for 2024.

Total carats recovered

Total carats recovered in 2024 decreased by 4% to 105 012 carats (2023: 109 656 carats) due mainly to the higher ore contribution from the lower-grade Main Pipe.

4 484 carats (2023: 5 206 carats) were recovered by the fines tailings mobile XRT sorting machine, which re-treated current fines recovery tailings. No tailings were fed through the coarse tailings mobile XRT sorting machine during the year, and it therefore recovered no carats in 2024 (2023: 367 carats).

The overall grade for 2024 was 2.09 cph, a 4% decrease from 2.18 cph in 2023. The lower grade achieved was in line with grade expectations for the ore treated in 2024. The lower grade recovered in 2024 is primarily attributable to the higher ore contribution from the lower-grade Main Pipe, which accounted for 56% of ore treated during the year (2023: 41%).

Capital projects

Capital expenditure in 2024 was carefully scrutinised to ensure strict alignment with operational needs and cash management requirements, with a focus on necessity. Material capital projects at Letšeng in 2024 included:

- completion of the NI 43-101 Technical Report in March 2024, including Letšeng's 2024 Resource and Reserve Statement;
- necessary modifications and upgrades to the recovery plant and the fines, coarse and final sort;
- development of the next phase of the Patiseng coarse tailings extension project to ensure future coarse tailings deposition capacity; and
- necessary upgrades to storage facilities.

Details of overall costs and capital expenditure incurred at Letšeng are included in the CFO Review on page [33](#).

The planned capital spend at Letšeng for 2025 includes:

- the acquisition of essential mining fleet equipment to implement and optimise the mining process in line with the updated mine plan;
- the removal of the scrubbing units in both treatment plants, to be replaced with pre-primary screens that will enhance ore washing and sizing before the primary screens (this being a more appropriate and cost-effective solution to the replacement of the scrubbing units);
- the relocation of both the fines and coarse Tomra XRT units for secure re-treatment of fines and coarse recovery tailings; and
- the purchase of a dry rotary "trommel" unit for sorting high-value Satellite and Main Pipe stockpile material, heavily diluted by basalt, for treatment.

Large diamond recoveries

In 2024, Letšeng recovered 13 diamonds greater than 100 carats, a significant increase compared to five in 2023. Since 2006, a total of 144 diamonds exceeding 100 carats have been recovered. The total number of diamonds greater than 10 carats increased by 1% year on year, with notable gains in the 30 to 60 carat and over 100 carat size categories. Additionally, 23 diamonds sold for over US\$1.0 million each in 2024, generating US\$63.7 million in revenue.

Number of large diamond recoveries	2024	2023	FY average 2008 – 2024
>100 carats	13	5	8
60 – 100 carats	8	13	18
30 – 60 carats	90	71	77
20 – 30 carats	100	107	113
10 – 20 carats	466	477	450
Total diamonds >10 carats	677	673	666

Diamond sales

Eight large and four small rough diamond tender viewings were held in Antwerp during the year.

A total of 109 967 carats were sold in 2024 (2023: 104 520), and Letšeng generated rough diamond revenue of US\$152.8 million (2023: US\$139.4 million) at an average price of US\$1 390 per carat (2023: US\$1 334). The slightly higher US\$ per carat and 10% increase in revenue achieved in 2024 were driven by the increased carats sold, particularly from diamonds greater than 100 carats, despite the ongoing downturn in the diamond market, as discussed in the CEO Review on page [30](#).

The Group supports the GIA's blockchain technology to inform and assure consumers about the ethical and socially supportive footprint of our diamonds. Blockchain technology can link the source of rough diamonds to the final polished diamonds, thereby proving their authenticity, provenance and traceability and supporting ethical sourcing and processing in the diamond value chain.

Long-term mine plan

The long-term mine plan for Letšeng incorporated key elements from the 2024 Resource and Reserve Statement, published in March 2024, and is available on the Group's website at www.gemdiamonds.com. Throughout 2024, a key focus was the ongoing review of the mining strategy for both the Main and Satellite Pipes, with efforts centred on optimising operations to reduce waste, enhance efficiency, lower costs and ensure long-term sustainability.

Satellite Pipe review

Letšeng's previous long-term mine plan was based on a final cutback of the Satellite pit (Satellite Cut 6 West (SC6W)) being mined using conventional basalt slopes (28-metre benches and 10-metre berms), resulting in a stripping ratio of approximately 7:1. The conventional pit design was reviewed to reduce waste stripping, lower costs and decrease time to access associated ore. A redesigned steeper slope pit design in the competent basalt hard-rock, with 28-metre benches and 7.5-metre berms, along with some quadruple benching, underwent a thorough review by internal and external geotechnical and mining experts. Given the reduced rockfall catchment in the revised design, an independent panel of specialists in mine planning, geotechnical, mining and rock blasting engineering was engaged to rigorously review the pit and lateral support design. Following Board approval, the updated mine plan for SC6W was formally communicated to the market on 3 December 2024.

The steeper slope pit design was limited to the competent basalt hard-rock (waste) sectors of SC6W. Geotechnical experts successfully completed an overall pit and inter-ramp slope stability analysis, which was used to design the necessary lateral support and potential rockfall mitigation measures. These measures include:

- improved blasting techniques and mechanical scaling;
- strategically placed catchment fences;
- rockfall barriers;
- wire-mesh draping; and
- removal, bolting and/or anchoring of unstable rock wedges/key blocks.

These measures will be implemented according to design specifications and as needed to ensure safe and responsible mining through the mitigation of potential rockfall.

The approved redesign of a steeper SC6W reduces waste stripping by 65.8 million tonnes compared to the previous conventional design. This has resulted in a significant saving of approximately US\$180.0 million in future waste-stripping costs. A reduced mining rate and the cost of implementing the required additional support measures, estimated at US\$15.0 million over the five-year waste-stripping period, have been included in the updated plan.

The pit slope design for the kimberlite (ore) sectors of SC6W remains unchanged, following the current conventional slope angle (14-metre benches and 9-metre catchment berms), as applied in the current Satellite pit cutback (SC5W). The revised SC6W waste slope design has resulted in a reduction of 2.4 million tonnes of ore compared to the previous design. An opportunity to steepen the kimberlite slopes is currently being evaluated, which could provide access to additional ore with minimal to no further waste stripping required.

Main Pipe review

The updated long-term mine plan now incorporates 10.8 million tonnes of additional Main Pipe ore without any additional waste stripping required, thereby extending the life of the Main Pipe by approximately two years. The additional ore relates to 9.9 million tonnes of inferred ore resource and 0.9 million tonnes of unclassified ore from the K2D Main Pipe ore domain, which are both accessible within the current pit design, with no further incremental stripping of waste.

The 9.9 million tonnes of inferred ore now included in the plan occurs at depth, where 1.5 million tonnes will be mined in 2030 and 2031 from the bottom benches of the MC4E cutback, and 8.4 million tonnes will be mined on the bottom benches of the MC4W cutback from 2037 to 2039. A programme to formally upgrade the classification of this inferred ore resource to indicated is being assessed.

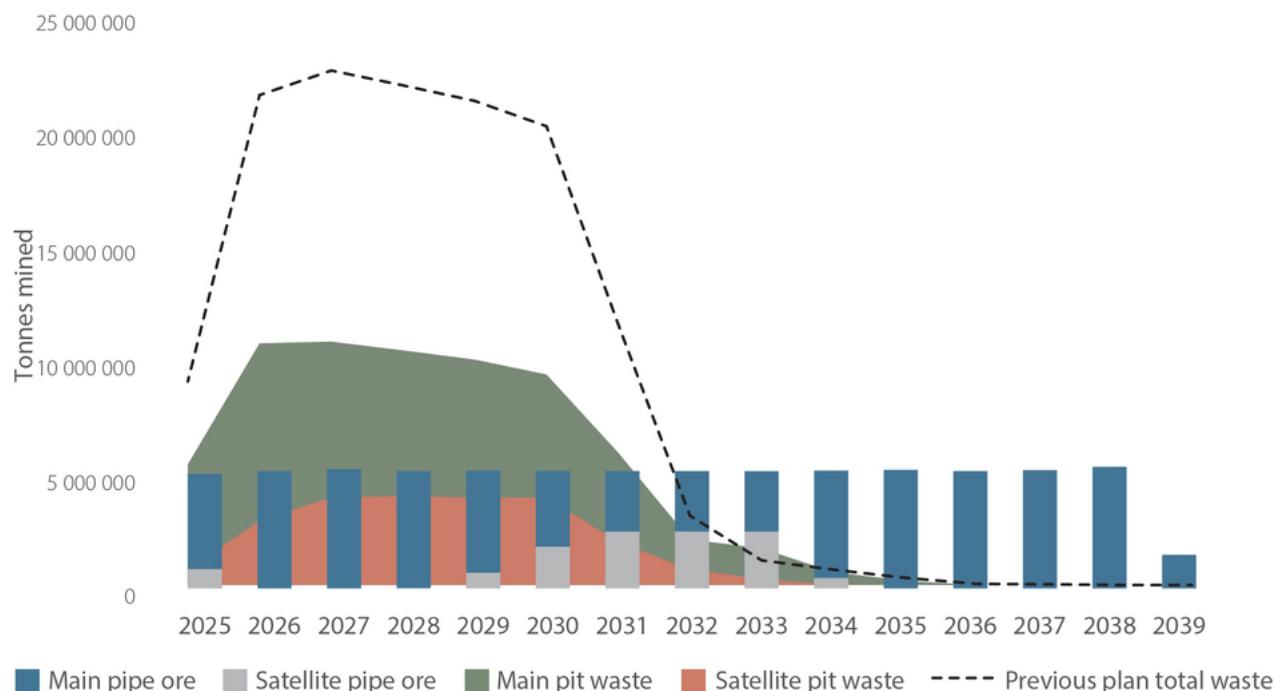
The inclusion of 0.9 million tonnes of unclassified K2D ore was a result of successful discrete sampling during the year, and the performance of this ore domain will continue to be monitored as mining progresses. This ore is currently being mined in the MC4E cutback until 2028.

The 9.9 million tonnes of included inferred ore resource adds approximately 165.1k carats while the 0.9 million tonnes of unclassified K2D ore adds approximately 17.2k carats to the updated mine plan.

Updated long-term mine plan

The updated long-term mine plan includes SC5W, MC4E, MC4W, the newly redesigned SC6W based on steeper slopes, and an updated plant throughput rate to life of mine of 5.1 million tonnes per annum. Waste stripping of the SC6W cutback is currently scheduled to commence during the second half of 2025, with initial ore scheduled to be available from the end of 2029, ramping up to an extraction rate of 2.5 million tonnes per annum from 2031 to the life of cutback.

The updated life of mine production profile is shown in the figure below:



In response to prevailing economic conditions in the diamond industry, the long-term mine plan is under continuous review to identify optimisation opportunities and ensure the viability of each cutback along with its impact on the overall mine value. While flexibility to access additional ore in the Main Pipe has been incorporated, the final cutback in the Main pit (MC4W) is being reassessed. Specifically, we are exploring whether applying a steeper slope design, similar to the approved SC6W steeper slope design in the hard-rock basalt, could enhance the economic margin of this final cutback by reducing waste and/or increasing ore. Results from this assessment are expected in H2 2025.

In addition, our efforts remain focused on maximising the extraction of high-value ore. We are actively exploring all opportunities to recover additional ore from the bottom of SC5W as the cutback approaches its completion in H1 2025. Early indications suggest that further Satellite ore could be accessed by making design adjustments to the bottom of the SC5W pit, with potential recovery occurring in H2 2025 and possibly extending into 2026. However, this could delay the commencement of waste mining in SC6W until 2026. Despite this, initial SC6W lateral support work above the starting elevation of SC6W will continue as planned.

Ghaghoo

The terms for the handover of the Ghaghoo site and the relinquishment of the mining licence to the Botswana Department of Mines have been finalised. Partial rehabilitation and extensive site clean-up activities, which began in the first half of 2023, have been completed safely and cost-effectively. Salvage values from redundant infrastructure, equipment, and scrap metal contributed to offsetting the rehabilitation and clean-up costs.

The required decommissioning and removal of the processing plant and associated infrastructure started in August 2024 and was successfully completed by year end. Once the final clean-up and the removal of related civils have been completed, and following a final site inspection by the Department of Mines and the Department of Environmental Affairs, scheduled for March 2025, the Ghaghoo mining licence will be formally relinquished and the site handed over.

We are pleased to report that no fatalities, no LTIs and no instances of environmental disturbance were recorded at Ghaghoo in 2024.

SUSTAINABILITY

Refer to our Sustainability Report 2024, available at www.gemdiamonds.com, for full details of our sustainability strategy and performance in 2024.

UN Sustainable Development Goals

The Group has committed to contribute to the global drive to realise the United Nations Sustainable Development Goals (UN SDGs) and has developed an appropriate framework for meeting this commitment. The Group's UN SDG framework aims, over a three-year period (2024 – 2026), to self-assess current contributions and thereafter implement appropriate measures to advance the realisation of the Group's eight adopted UN SDGs.



No poverty



Zero hunger



Good health
and well-being



Clean water
and sanitation



Decent work
and economic
growth



Reduced
inequalities



Responsible
consumption and
production



Climate action

Residue storage facility and dam management

Operational status of dams and residue storage facilities

We are dedicated to managing our residue storage facilities (RSFs) and water storage dams in a way that safeguards the health, safety, and well-being of our employees and communities, while also protecting our property and the natural environment. We adhere to high standards that align with both national and global best practices for health, safety, and environmental preservation throughout every phase of the RSFs' and water dams' lifecycle. To this end, Letšeng has reviewed all applicable international standards, codes and guidelines related to responsible RSF management and aligned our Residue Management System (RMS) to the Conformance Protocols on the Requirements of the Global Industry Standard on Tailings Management (GISTM) published by the International Council on Mining and Metals (ICMM). Our Operational and Maintenance System (OMS), along with our RMS, seamlessly integrates people, resources, processes, and practices related to RSF and water storage management. This integration supports the achievement of our performance objectives, promotes effective risk management, and ensures the safe and responsible operation of our facilities.

Letšeng has two RSFs and one freshwater dam on site:

- the Patiseng RSF, which is currently in use for the deposition of coarse and fine residue from the process plants;
- the Old RSF, which is no longer used for active deposition but rather for stormwater management and rehabilitation trials to inform further concurrent rehabilitation; and
- the Mothusi Dam, which is the mine's freshwater supply source.

All internal and external reviews of Letšeng's RSFs and freshwater dam have confirmed their sound structural integrity and effective operational controls, with no concerns raised regarding the overall integrity of the facilities. The condition of the RSFs and water storage dams is continuously monitored, well managed, and reported at the relevant governance structures and forums.

In accordance with GISTM Principle 4, RSF owners are required to assess the downstream conditions documented in the knowledge base and determine the consequence of failure classification (CCS) for the RSFs, selecting the classification corresponding to the highest CCS for each category. This assessment and classification selection must be based on credible failure modes and should be defensible and well documented.

When adopting the GISTM, a provisional classification of "Extreme" was initially assigned, pending the completion of technical and investigative work. The review of the CCS was prompted by the findings from this work, which included geotechnical investigations to develop stratigraphic models, stability analysis and dam break assessments. Based on this technical information, specialist studies, and the guidelines provided by the GISTM, the consequence classification for the Letšeng RSFs has been updated as follows:

- Patiseng RSF: Reclassified from "Extreme" to "Significant".
- Old RSF: Reclassified from "Extreme" to "Significant".

The design criteria, assumptions, and management practices adopted for the Letšeng RSFs have, however, remained consistent with those of facilities classified in the higher-risk "Extreme" category. This approach is further endorsed by the Independent Tailings Review Board (ITRB), ensuring that the RSFs are managed according to the highest standards of safety and risk mitigation.

Stringent inspections and monitoring are carried out on a daily, weekly, and monthly basis, focusing on factors such as the densities of fines deposits, water levels, beach lengths and freeboard. Additionally, an annual performance report, including a structural stability analysis, is conducted for our RSFs. An early-warning system, alongside community training and awareness programmes, ensures emergency preparedness for communities that could be affected in the unlikely event of a failure. The nearest village is located more than 20km downstream from the mine. The findings and recommendations from these inspections and audits are regularly reported to the Boards and Sustainability subcommittees at both Letšeng and Group levels.

We remain committed to proactively managing our RSFs in accordance with international best practices. Retaining structures and embankments undergo rigorous safety monitoring through both internal and external inspections and audits conducted at regular intervals throughout the year. The appointed Engineer of Record (EoR) and Independent Tailings Review Board (ITRB) performed their 2024 periodic and annual inspections of the facilities and reported no issues or concerns regarding the stability or management of these facilities. There have been no incidents of compromised dam or RSF integrity to date.

Refer to our Annual Report and Accounts 2022, available on our website at www.gemdiamonds.com, for full details on our RSF governance framework and assurance strategy.

Managing our environmental footprint

The Group has adopted detailed sustainability, environmental, climate change and water management policies that clearly set out our adherence to adopted best practice in managing our environmental footprints and associated impacts. During 2024, zero major or significant environmental or stakeholder incidents were recorded. Letšeng received its eighth consecutive annual ISO 14001 (Environmental Management) and 45001 (Occupational Health and Safety Management) certifications.

In 2023, the Group committed to a 30% reduction of its Scope 1 and 2 emissions by 2030, using 2021 as a baseline. Since 2021, the Group has achieved a 32% reduction in total carbon emissions (Scope 1, 2 and 3) and a 27% reduction in Scope 1 and 2 carbon emissions – putting us well on track to achieving our 2030 target.

In 2024, we successfully completed the construction of a 300 000-litre-per-day bioremediation water treatment plant, which is now effectively treating water with elevated nitrate levels leaching from our active waste dump.

The Group is committed to minimising its environmental impact and reducing the consumption of natural resources across our value chain. We focus on identifying and implementing initiatives that not only lower operational costs but also mitigate environmental effects. Our water stewardship strategy is built on nature-based solutions that create synergies between ecosystem health and human well-being while ensuring a reliable water supply for operational needs.

Corporate social responsibility

Our social licence to operate is supported by regular engagement with all stakeholders, including government, local communities, employees and other interested parties, to identify and address challenges with mutually beneficial and sustainable solutions. As responsible operators and social partners in our host countries, we prioritise healthy and constructive relationships with governments, employees and our PACs.

During 2024, the Group CSRI programme primarily focused on small and medium enterprise development, education and basic infrastructure provision, with emphasis on potable water supply projects. The Group invested US\$0.3 million towards the following CSRI projects:

- Continued the scholarship programme for young Basotho citizens (55 scholarships awarded since 2006).
- Constructed and handed over water supply infrastructure for the Maloraneng, Phuthalichaba, Lithakong, Patising, ha Ramosoeu and Maropong villages.
- Maintenance of community gravel roads at Pae-la-Ithatsoa and Lichecheng.
- Continued to support Letšeng's SME projects in Lesotho through a focused incubator programme for our dairy and egg production projects to promote sustainability.

Gem Diamonds strives to leave a lasting legacy in the countries where we operate by supporting local economies, maximising local employment and procurement opportunities, and developing sustainable CSRI projects. We adopt a holistic, integrated approach by acknowledging the profound connection between sustainability, society, and the environment.

Refer to our Sustainability Report 2024, available on the Group's website at www.gemdiamonds.com, for full details of our environmental and corporate social responsibility objectives and performance.

OUR PLANS FOR 2025

We have several operational objectives for 2025. These include:

- Implementation of the updated mine plan, including the steeper conventional concept in Satellite Cut 6 West.
- Extend the life of SC5W for additional Satellite Pipe ore in 2025 and potentially 2026.
- An enhanced focus on operational efficiencies while closely managing operating costs and capital expenditure.
- Investing in appropriate renewable and/or alternative energy sources. Viable renewable and/or alternative energy for the mine operations remains a challenge at Letšeng.

CLIMATE CHANGE REPORT

OUR APPROACH TO CLIMATE CHANGE

Gem Diamonds remains dedicated to responsible, safe, and sustainable mining. As part of this commitment, the Board adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2021, supported by a three-year adoption roadmap to guide implementation.

To ensure a robust approach to implementing the TCFD recommendations, the Group engaged independent experts across key areas, including insurance, decarbonisation, energy, risk management, corporate reporting and materiality assessment. In alignment with the TCFD recommendations, the Group conducted several external and internal studies during the three-year implementation period. These included climate change scenario analysis, physical and transition risk assessments, carbon footprint reduction opportunities, a carbon pricing model, and energy and water footprint assessments.

The three-year TCFD adoption roadmap was successfully completed in 2023, with regular progress updates provided to stakeholders. Further details on our TCFD adoption roadmap and associated studies can be found on our website, www.gemdiamonds.com, as well as in our Sustainability and Climate Change Reports from 2021, 2022, and 2023, also available on our website at www.gemdiamonds.com.

In 2023, the Group committed to a 30% reduction of its Scope 1 and 2 emissions by 2030, using 2021 as a baseline. This commitment followed the Board's adoption of our decarbonisation strategy, which sets out our ambitions to reduce energy consumption, improve our energy-use efficiency and transition to appropriate renewable energy sources.

This Climate Change Report outlines the Group's alignment with the TCFD recommendations and disclosures as they relate to our 2024 operations. We encourage stakeholders to review this report alongside the Sustainability Report 2024 for a comprehensive understanding of our climate strategy.

GOVERNANCE

How we govern climate-related risks and opportunities

Board

The Group has adopted a comprehensive governance framework to oversee climate-related risks and opportunities, integrating both bottom-up and top-down approaches. The Board, supported by its Committees, holds ultimate responsibility for climate governance, ensuring that our decarbonisation strategy is implemented in alignment with the Group's best interests. It sets the risk appetite, strategic objectives, and accountability framework for managing climate-related risks and opportunities.

The Sustainability and Audit Committees receive regular updates on climate change matters, including risk exposure, progress against decarbonisation targets, and overall performance. The Audit Committee oversees climate-related strategy and governance, while the Sustainability Committee reports on operational performance, targets and metrics. Insights from climate-related data and performance reports informed the 2024 reviews of the Group's strategy, risk management framework and annual budgets.

Management

The Group COO holds overall executive accountability for sustainability, including climate-related issues, decarbonisation, and energy management. Acting on the most material risks and opportunities identified through management forums, the COO drives business model transitions that enhance energy efficiency, reduce costs, and support decarbonisation. The Group CFO is responsible for integrating climate-related considerations into annual budgets, business plans, financial disclosures and risk management.

Climate-related risks and opportunities are embedded across key internal functions, including enterprise risk management, financial planning, reporting, insurance, project management, internal audit, and operations. This integration strengthens the Group's approach to climate change, energy management, and decarbonisation. Management provides regular reports to the Gem Diamonds and Letšeng Boards and their respective Audit and Sustainability Committees on the identification and response to climate-related risks and opportunities.

STRATEGY

The impacts of climate-related risks and opportunities on our businesses, strategy and financial planning

Our Group strategy to sustainably maximise stakeholder value is inseparable from our commitment to responsible stewardship of natural resources. Climate action and decarbonisation are central to our drive for operational efficiency and cost reduction. By implementing targeted initiatives to reduce energy consumption and improve efficiency, we expect to achieve further reductions in our carbon footprint while also realising cost savings. The Group focuses on three strategic priorities that guide how we create value for stakeholders. The first is maximising value from our operations, ensuring efficiency and optimisation across all aspects of our business. The second is operating responsibly while maintaining our social licence, reinforcing our commitment to environmental and community stewardship. The third is preparing for the future, integrating sustainability into long-term planning to enhance resilience and competitiveness.

2024 Climate-related considerations and strategy integration

Operational efficiency initiatives drive cost reductions, minimise resource wastage, and safeguard the long-term availability of critical resources for all stakeholders. These efforts enhance sustainability while strengthening the Group's resilience and value creation.	Strengthening our resilience to the physical impacts of climate change, while supporting our PACs in enhancing their readiness and adaptability, reinforces Gem Diamonds' commitment to responsible operations. These efforts help safeguard our social licence to operate, ensuring sustainable engagement with our environment and stakeholders.	The Group has robust frameworks to identify and implement climate-related opportunities, integrating them into our broader sustainability strategy. Our existing business continuity and disaster management plans incorporate measures to address natural weather events, which we have successfully managed across our operations for many years.
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Effective management of climate-related risks and opportunities is integral to delivering on these priorities and strengthening Group performance. We continuously review our science-based physical and transition risk exposure assessments to evaluate the materiality of potential financial and operational impacts. This ongoing review helps us to identify emerging climate-related risks and opportunities while reassessing existing ones, enabling us to proactively plan for mitigation, adaptation and financial resilience. In 2024 we embarked on a process to prepare for future mandatory reporting requirements, specifically the TNFD and IFRS S1 and S2 standards.

Climate-related physical and transition risks are incorporated into our risk management framework. Our resilience to physical climate-related risks across our operations is strong – operating in remote and extreme environments, we have established robust strategies to withstand physical climate risks, including snowstorms, extreme temperatures, excessive rainfall, flash floods and drought. In addition, we closely monitor and model transition risks – such as regulatory changes, carbon taxes and global fossil fuel trends – to ensure these factors are integrated into our short, medium and long-term strategic planning. We continuously evaluate the materiality of potential physical risks under different future scenarios, enhancing our understanding of future risks and opportunities. For more information on how we respond to and prepare for extreme weather events, refer to our Sustainability Report 2024, available at www.gemdiamonds.com.

The table below provides a high-level summary of key climate-related risks and opportunities identified by the Group.

Climate-related risks	Potential financial impact	Climate-related opportunities	Potential financial impact
Short term: 1 to 3 years			
Short-term processes include annual business and financial planning, performance reporting, short-term capital allocation and contract negotiations.			
<ul style="list-style-type: none"> • Increase in occurrence of moderate precipitation • Enhanced emissions reporting obligations • Enhanced ESG obligations 	<ul style="list-style-type: none"> • Increased operating costs • Increased capital investment 	<ul style="list-style-type: none"> • Increased resource efficiencies and reducing our reliance on fossil fuels • Enhanced water use strategies • Waste reduction and recycling initiatives 	<ul style="list-style-type: none"> • Reduced operating costs • Increased capital investment

Climate-related risks	Potential financial impact	Climate-related opportunities	Potential financial impact
Medium term: 3 to 5 years; long term: 5 to 10 years			
Medium to long-term processes include strategy development, social and environmental management plans, rehabilitation planning, capital management plans, financing and capital investments and operational planning, including contract negotiations and future-focused projects.			
<ul style="list-style-type: none"> • Increase in occurrence and severity of precipitation • Rising mean temperature • Strong winds • Increased frequency and duration of droughts • Failure of electricity providers to move to a low-carbon economy • Substitution of technology with lower-emission alternatives • Social risks due to resource constraints, particularly in developing countries • Evolving regulatory context regarding carbon tax • Increased costs of carbon-intensive products (such as diesel) • Reputational risk 	<ul style="list-style-type: none"> • Increased capital investment • Increased operating cost • Reduced revenue from decreased production capacity • Increased insurance premium or insurance unavailability • Research, development and implementation costs of new technology • Inappropriate investment decisions 	<ul style="list-style-type: none"> • Identify opportunities to transition to renewable energy sources • Position Gem Diamonds as an ethical and responsible producer of low-carbon-footprint diamonds • Use of new technologies • Reputational benefits 	<ul style="list-style-type: none"> • Reduced exposure to carbon and fossil fuel pricing • Increased capital availability • Decreased operating costs • Increased capital investment

Decarbonisation strategy

Gem Diamonds is committed to setting practical, enforceable, and achievable science-based decarbonisation targets. The Group has pledged to reduce Scope 1 and 2 emissions by 30% by 2030, using 2021 as the baseline. Our decarbonisation strategy is designed to balance environmental responsibility with the socio-economic realities of our host countries, prioritising the well-being of our workforce and surrounding communities. Recognising the need for a just transition away from fossil fuel reliance, we focus on decarbonisation initiatives that account for economic, social and climate considerations.

Our decarbonisation strategy is driven by two core principles: enhancing process and equipment efficiency to reduce energy consumption and associated carbon emissions, and transitioning from fossil fuel-based energy to lower-carbon and renewable alternatives. To support this, Gem Diamonds actively collaborates with independent energy and carbon experts to enhance energy efficiency and mitigate emissions from our Scope 1 and 2 activities. We have adopted a bottom-up approach to identifying decarbonisation risks and opportunities, ensuring that resource-use efficiency and carbon reduction initiatives are implemented effectively. Progress against these commitments is systematically tracked and reported, with key performance indicators and remuneration frameworks ensuring accountability and long-term success. In 2024, our Scope 1 and 2 carbon footprint comprised 35% direct Scope 1 emissions (2023: 48%) and 65% indirect Scope 2 emissions (2023: 52%). For more information on the decarbonisation initiatives implemented during 2024, refer to the Targets and metrics section on page [50](#).

We have embedded energy efficiency, alternative energy solutions, and decarbonisation into our broader business strategy, prioritising them as critical workstreams. As of 2024, limited renewable or alternative electricity sources are available to Letšeng to replace the existing grid-supplied electricity. Continuous assessment and implementation of energy-reduction initiatives remain a priority, enabling us to progressively lower overall demand while integrating lower-carbon and renewable energy sources where feasible. By focusing on reducing our energy consumption first, we can optimise the efficiency and cost-effectiveness of renewable energy adoption and residual emissions offsetting.

RISK MANAGEMENT

How we identify, assess and manage climate-related risks

Gem Diamonds has a robust risk management framework that integrates top-down governance with bottom-up risk identification, ensuring comprehensive oversight and accountability. Climate-related risks and opportunities are systematically identified, assessed, and managed across short and medium to long-term horizons to support proactive mitigation and informed decision-making.

We employ structured internal and external processes to assess climate-related risks, including energy and decarbonisation challenges. Quarterly risk workshops with department heads inform updates to the Group risk register and guide the development of targeted mitigation measures. These are reviewed by the Audit and Sustainability Committees before being presented to the Board for approval. Once approved, risk management plans are implemented at both Group and operational levels, with effectiveness monitored through quarterly technical reviews, management risk workshops, and risk review meetings.

The Board holds ultimate responsibility for climate-related risk management, ensuring robust oversight of strategic, financial and operational impacts. The Audit Committee monitors climate-related risks, strategy, and governance, regularly reviewing financial disclosures and regulatory developments. The Sustainability Committee oversees energy and decarbonisation risks and opportunities, tracking performance against carbon and water footprint targets while ensuring effective HSSE risk management.

To strengthen our risk management approach, we collaborate with experts in insurance, decarbonisation, energy, and climate change to identify emerging risks and opportunities. This engagement enhances our organisational readiness, ensuring we anticipate future challenges and implement effective mitigation strategies that safeguard business continuity.

For further details on how Gem Diamonds identifies, evaluates, and manages risks – including climate-related risks – refer to the Risk management section on page [21](#).

TARGETS AND METRICS

The targets and metrics used to assess and manage relevant climate-related risks and opportunities

The Group continuously monitors key metrics to assess climate-related risks and opportunities, ensuring a data-driven approach to sustainability. Semi-annual carbon and water footprint assessments provide shorter-term insights into progress against set goals, enabling a proactive response to immediate risks and opportunities. This monitoring allows for swift action on climate and energy-related matters, including consumption rates, carbon emission trends, and efficiency improvements. As part of regular operations, the Group measures and tracks various environmental factors, including carbon and water footprints, freshwater dam levels, precipitation patterns, energy consumption trends, environmental expenditure, and land use and rehabilitation activities. These insights support informed decision-making and the effective management of resources to enhance long-term sustainability. For more information on our carbon emissions, including Scope 1, 2 and 3 emissions and other climate-related metrics, refer to our Sustainability Report 2024, available at www.gemdiamonds.com.

Our carbon, energy and water footprints

Carbon

Our total 2024 carbon footprint for the Group was 104 762 tCO₂e, 5% lower than 2023 (110 198 tCO₂e). This includes direct carbon emissions (Scope 1), energy indirect carbon emissions (Scope 2) and material Scope 3 emissions. Since 2021, the Group has achieved a 32% reduction in total carbon emissions and a 27% reduction in Scope 1 and 2 carbon emissions – in line with our decarbonisation target of a 30% Scope 1 and 2 carbon emissions reduction by 2030. Key drivers of this progress include optimising our waste mining profile, initiatives implemented to enhance energy efficiency, and reducing overall energy consumption.

In 2024, Scope 1 emissions accounted for 32% of the Group's total carbon footprint, a decrease from 43% in 2023 and 41% in 2021, while Scope 2 emissions increased to 59% compared to 45% in 2023 and 44% in 2021. This shift in the Group's 2024 emissions profile was primarily driven by the improved reliability of the South African electricity grid and a significant reduction in waste tonnes mined. Load shedding decreased from 335 days in 2023 to 83 days in 2024, significantly reducing the reliance on diesel-powered generators and resulting in a 59% reduction in generator-related carbon emissions year on year.

Carbon emissions	Unit	2024	2023	2021	Performance against 2021 baseline (%)
Scope 1 (direct)	tCO ₂ e	33 656	46 964	62 672	(46)
Scope 2 (indirect)	tCO ₂ e	61 610	49 975	67 473	(9)
Total Scope 1 and 2	tCO ₂ e	95 266	96 939	130 145	(27)
Scope 3 (indirect)	tCO ₂ e	9 496	13 259	23 718	(60)
Total Scope 1, 2 and 3	tCO ₂ e	104 762	110 198	153 863	(32)
Total tonnes mined (ore and waste)	tonnes	10 472 830	14 260 661	24 395 986	(57)
Ore tonnes treated	tonnes	5 018 739	5 024 665	6 172 428	(19)
Carats recovered	carats	105 012	109 656	115 336	(9)

Mining optimisation initiatives first introduced in 2021 – such as shorter hauling distances, steeper slopes, and reduced mineral waste mining – were further advanced in 2024. Revisiting these strategies to identify and implement additional efficiencies has contributed to an overall 46% reduction in mobile diesel consumption (the diesel consumed by our mining fleet and support equipment) since 2021. The reduced mobile diesel consumption resulted in an overall 41% reduction in our diesel-related Scope 1 carbon emissions, notwithstanding a 32% increase in stationary combustion-related carbon emissions primarily due to increased hours of load shedding when compared to 2021. We remain committed to minimising our environmental impact while enhancing operational resilience through continuous improvement and strategic adaptation.

Letšeng carbon emissions related to diesel consumption (tCO ₂ e)	2024	2021	Performance against 2021 baseline (%)
Diesel: Mobile combustion	28 324	52 410	(46)
Diesel: Stationary combustion	4 735	3 587	32
Total emissions related to diesel consumption	33 059	55 997	(41)

The Group monitors intensity indicators to assess and appropriately respond to carbon emission changes. Although our emissions intensity for tonnes mined (ore and waste) increased from 2021 to 2024, this was directly related to the significant reduction in waste tonnes mined. However, our intensity indicators for carats recovered and ore tonnes treated showed a 20% and 10% improvement, respectively, from 2021 to 2024.

Carbon intensity indicators	Unit	2024	2021	Performance against 2021 baseline (%)
Intensity indicator: Scope 1 and 2 (tCO ₂ e)/Tonnes mined (ore and waste)	ratio	0.009	0.005	80
Intensity indicator: Scope 1 and 2 (tCO ₂ e)/Tonnes ore treated	ratio	0.019	0.021	(10)
Intensity indicator: Scope 1 and 2 (tCO ₂ e)/Carats recovered	ratio	0.907	1.128	(20)

The Group will continue to measure and report on our carbon footprint performance as we work towards our goal of reducing our footprint by 30% by 2030, using 2021 as a base.

Energy

Group-wide energy consumption (for Scope 1 and 2 activities) in 2024 was 174.4 million kWh (2023: 233.4 million kWh). 99% of Scope 1 and 2 energy consumption in 2024 is attributable to Letšeng, where our principal energy sources are grid electricity and diesel-powered generators. In 2024, the Group refined its energy footprint calculations to incorporate factors such as generator efficiency, energy losses, and theoretical energy potential. These enhancements provided a more accurate representation of energy consumption across operations. By updating the energy footprint model with these considerations, the Group recorded a reduction in reported Scope 1 energy consumption. To ensure consistency and comparability, we also applied these revised assumptions retrospectively to data from 2021 onwards.

Energy consumption	Unit	2024			Performance against 2021 baseline (%)
			2023	2021	
Scope 1	kWh	113 408 056	182 417 242	227 683 163	(50)
Scope 2	kWh	61 000 690	50 994 991	68 637 800	(11)
Total Scope 1 and 2	kWh	174 408 746	233 412 233	296 320 963	(41)
Total tonnes mined (ore and waste)	tonnes	10 472 830	14 260 661	24 395 986	(57)
Ore tonnes treated	tonnes	5 018 739	5 024 665	6 172 428	(19)
Carats recovered	carats	105 012	109 656	115 336	(9)
Intensity indicator: Scope 1 and 2 (kWh)/ Tonnes mined (ore and waste)	ratio	16.7	16.4	12.1	38
Intensity indicator: Scope 1 and 2 (kWh)/ Tonnes ore treated	ratio	34.8	46.5	48.0	(28)
Intensity indicator: Scope 1 and 2 (kWh)/ Carats recovered	ratio	1 660.8	2 128.6	2 569.2	(35)

Since 2021, the Group's Scope 1 and 2 energy consumption has decreased by 41%, resulting in an improvement of energy-use efficiencies for ore tonnes treated and carats recovered, as set out in the table above. This illustrates an improvement in energy consumption across all activities, from mining and processing activities to site services. The increase in energy intensity for tonnes mined was primarily driven by the significant reduction in waste tonnes mined in 2024, as the actual energy consumption for both Scope 1 and 2 decreased by 59.0 million kWh compared to 2023 and by 121.9 million kWh from 2021 to 2024.

Water

Gem Diamonds recognises that climate change is reshaping global freshwater availability, with shifting precipitation patterns affecting the timing and volume of water recharge. The impact of unmitigated industrial activity on water quality further threatens an already vulnerable global water system. As a responsible mining company, we have embedded water stewardship into our business strategy to safeguard this critical resource.

Our approach is guided by nature-based solutions that balance ecosystem health with human well-being while ensuring a sustainable water supply for our operations. By integrating responsible water management into our decision-making processes, we contribute to long-term water security for both our operations and surrounding communities.

For more details on our commitment to water stewardship, refer to our Sustainability Report 2024 at www.gemdiamonds.com and our detailed water stewardship case study in our Sustainability Report 2022, also available at www.gemdiamonds.com.

In 2024, Letšeng reviewed and updated its water balance model to more accurately assess and present its water withdrawal, evaporation, seepage, recycling and consumption across the operation. To ensure consistency and comparability, we also applied these updates retrospectively to data from 2021 onwards. As climate change continues to drive more dynamic weather patterns, our approach to water management will evolve in line with our growing understanding of its impacts. Since 2021, the Group has achieved a 53% reduction in net water usage and a 78% decrease in water withdrawal and capture, reflecting our commitment to responsible water stewardship. While our operations are not water-intensive, ore processing remains the primary activity requiring water input. To enhance efficiency and minimise water loss, we have implemented multiple water efficiency and water loss prevention initiatives since 2021, leading to a 44% improvement in net water use per tonne of ore treated. The increase in water usage per tonne of ore and waste mined in 2024 of 0.32 (compared to 0.21 in 2023) is primarily due to the reduced waste volumes mined. These efforts underscore our commitment to sustainable water resource management while ensuring operational resilience in the face of changing climate conditions.

Water consumption	Unit	2024			Performance against 2021 baseline (%)
			2023	2021	
Net water usage	million m ³	3.4	3.0	7.3	(53)
Water withdrawal and capture	million m ³	0.5	0.8	2.3	(78)
Water recycled	million m ³	5.0	5.6	8.6	(42)
Water loss through evaporation, entrainment, and seepage	million m ³	1.9	2.6	2.4	(21)
Total tonnes mined (ore and waste)	tonnes	10 472 830	14 260 661	24 395 986	(57)
Ore tonnes treated	tonnes	5 018 739	5 024 665	6 172 428	(19)
Net water use (m ³)/Tonnes mined (ore and waste)	ratio	0.32	0.21	0.30	7
Net water use (m ³)/Tonnes ore treated	ratio	0.68	0.60	1.18	(44)
Recycled water (m ³)/Tonnes mined (ore and waste)	ratio	0.48	0.39	0.35	37
Recycled water (m ³)/Tonnes ore treated	ratio	1.00	1.11	1.39	(29)



GOVERNANCE

CHAIRPERSON'S INTRODUCTION TO CORPORATE GOVERNANCE

FOCUS AREAS 2024

As the Board of Gem Diamonds, it is our responsibility to ensure that the company is governed in the very best interests of all its stakeholders. During 2024, we particularly concentrated on the following areas:

- The publication of the NI 43-101 Technical Report containing Letšeng's 2024 Resource and Reserve Statement.
- The approval of Letšeng's updated long-term mine plan.
- The 24-month extension of the Group's revolving credit facilities.
- The insourcing of the plant processing activities.
- The adoption of the Taskforce on Nature-related Financial Disclosures (TNFD) and the International Sustainability Standards Board (ISSB) IFRS S1 and S2 recommendations.
- The transition to the new external auditor.
- Preparation for the retirement of the Senior Independent Director and Chair of the Remuneration and Audit Committees.

Areas of ongoing oversight included:

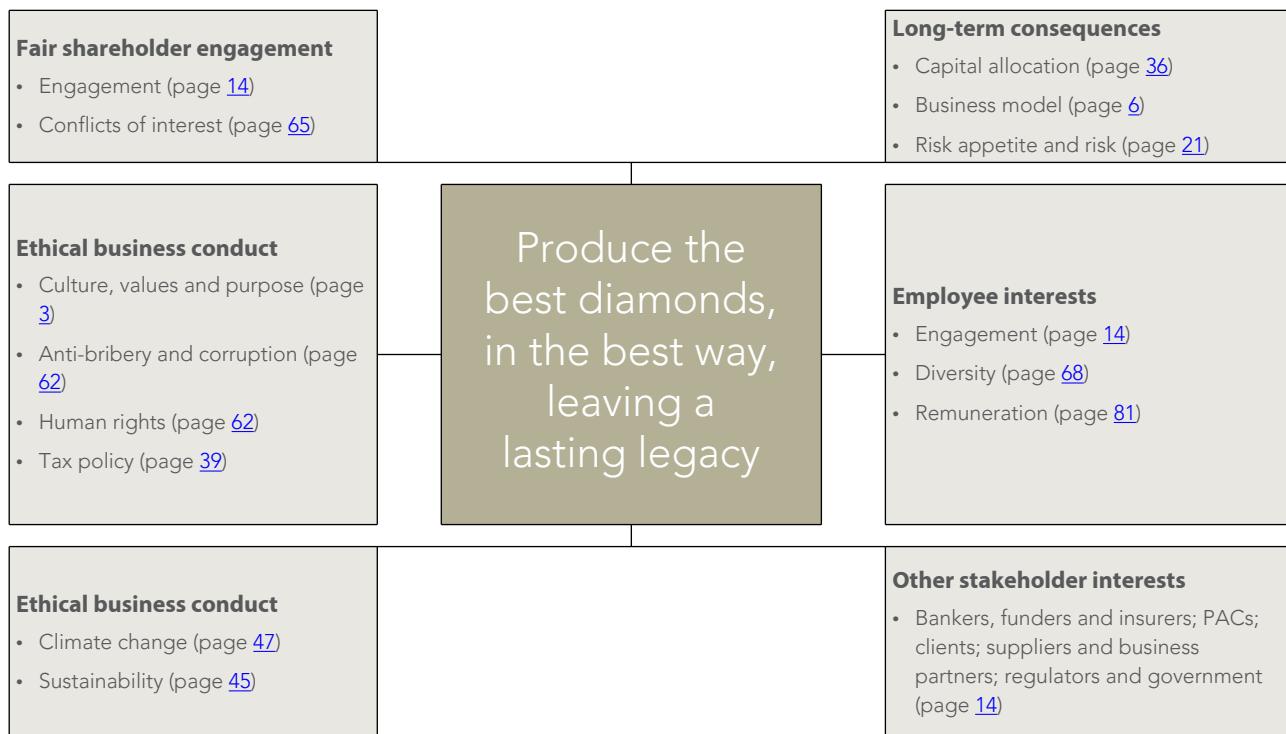
- Organisational safety culture and safety incidents.
- Adoption of Board performance review outcomes.
- Financial discipline, operational efficiencies and intensified cost containment.
- The decarbonisation strategy and alternative energy options.
- Risk management systems and processes.
- Sale, closure or handover options for the Ghaghoo mine.
- The going concern and viability statements of the Group.
- CSI commitments and activities.
- The well-being of our workforce.



Strong governance promotes transparency and accountability, ensuring resilience and stakeholder confidence during challenging times.

Harry Kenyon-Slaney
Chairperson

Factoring others into decision-making



PRINCIPAL DECISIONS 2024

Refer to our Committee reports on pages [72](#) to [100](#), which give more detail regarding the major decisions taken and recommendations made by Board Committees as part of their mandate of support to the Board.

GOVERNANCE

The Group complied with the provisions set out in the 2018 UK Corporate Governance Code in 2024 and will adopt the new 2024 Code as part of its governance processes in 2025. Gem Diamonds consistently applied the principles of good governance contained in the Code and voluntary disclosures in relation to the Miscellaneous Reporting Regulations during the year. Our 2024 Compliance Statement is available on page [57](#).

TRANSPARENT REPORTING

The Board and reporting team have applied their minds to ensure the Annual Report and Accounts 2024 are transparent and provide meaningful disclosures on our activities and the way we manage our business. We welcome any feedback or requests for further information.

FUTURE FOCUS AREAS 2025

The Board will focus on the safe and effective implementation of the updated mine plan at Letšeng and on providing appropriate oversight and support to management to ensure that the financial status of the Group is managed prudently during a period when production will be sourced only from the lower-value Main Pipe kimberlite ore.

The Board will continue to focus on the health and safety and the needs and concerns of our workforce and communities, and to maintain constructive, open and transparent dialogue with representatives of the governments of Lesotho and Botswana. We will also closely track the targeted reduction in our carbon footprint.

The Audit Committee will focus on adopting the new 2024 Corporate Governance Code, including preparedness for Provision 29 relating to risk management and the internal control framework, which will become effective in 2026.

Close attention will be paid to succession planning for Board and Executive Management as individual members approach the end of their tenures.

Details of the Board's internal performance review, the performance of the Board Committees and individual Directors are available on page [69](#). Outcomes will be actioned in 2025.

FURTHER ENGAGEMENT

My fellow Directors and I will be available at the 2025 AGM on 4 June 2025 to respond to any questions our shareholders may have on this report or on any of the Committees' activities. I look forward to engaging with those shareholders who are able to attend.

We welcome discussions with shareholders regarding our governance arrangements. You are welcome to contact me via our Company Secretary at ir@gemdiamonds.com.

HOW WE PERFORM OUR DUTIES

The main methods used by the Directors to perform their duties include:

Strategy

The Board oversees, analyses and approves the annual strategy review, which considers the concerns of key stakeholders and developments in regulations, governance requirements, current market conditions and the short, medium and long-term business outlook (refer to pages [18](#) to [20](#)).

Risk management

The Board oversees and has ultimate responsibility for the Group's risk management processes, ensuring that key risks are properly identified, assessed, mitigated and monitored (refer to pages [21](#) to [26](#)).

Sustainability

The Board oversees that appropriate systems and policies are in place to identify and responsibly manage sustainability-related matters (refer to page [45](#) and our Sustainability Report 2024, available on the Group's website at www.gemdiamonds.com).

External assurance

Provided by audits and certification in accordance with international management standards.

Organisational culture

The Board sets the ethical tone for the Group and ensures that our Group's organisational culture aligns with our purpose and values (refer to page [3](#)).

Stakeholder engagement

The Board tracks stakeholder engagement to ensure the Group is informed of key stakeholders' main concerns and interests (refer to pages [14](#) to [17](#)).

SECTION 172(1) STATEMENT

The Board of Directors confirms that during 2024, it has acted to promote the long-term success of the Group for the benefit of shareholders while having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act, 2006, being:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Group's employees;
- c. the need to foster the Group's business relationships with suppliers, customers and others;
- d. the impact of the Group's operations on the community and the environment;
- e. the desirability of the Group maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly between members of the Group.

Harry Kenyon-Slaney

Chairperson

12 March 2025

GOVERNANCE AT A GLANCE

Our governance framework highlights our commitment to transparency, accountability and ethical business practices.

HIGHLIGHTS AS AT 31 DECEMBER 2024

Board independence

57%

Board ethnic minorities

29%

Board gender diversity

29%

UK CORPORATE GOVERNANCE CODE – COMPLIANCE STATEMENT

The Board confirms that for the year ended 31 December 2024, the Company fully complied with all provisions of the UK Corporate Governance Code 2018 (the Code). Page [60](#) illustrates how the Governance section has been structured around the Principles contained in the Code. The Board will adopt the new Corporate Governance Code 2024 in 2025, as relevant.

MAJOR BOARD DECISIONS

- Approved the NI 43-101 Technical Report containing Letšeng's 2024 Resource and Reserve Statement
- Approved the updated long-term mine plan for Letšeng
- Approved the revolving credit facilities extension
- Approved the insourcing of the processing activities
- Approved the appointment of a new non-Executive Director for 2025
- Approved the election of a new Senior Independent Director for 2025

KEY GOVERNANCE ACTIVITIES

- Oversaw the transition to the new external auditor
- Monitored the Group's cost controls and the implementation of operational efficiencies
- Oversaw, interrogated and approved the annual strategy review
- Reviewed and debated key risks and mitigating actions with management
- Oversaw the roadmap for the adoption of the TNFD and ISSB S1 and S2 recommendations
- Oversaw progress against the decarbonisation target, including reduced energy consumption initiatives and the assessment of renewable energy alternatives
- Conducted an internal Board performance review
- Monitored progress on the Group's sustainability objectives
- Reviewed the going concern and viability assessment and statements

Governance framework

The Board

The Board is responsible for the overall conduct of the Group's business, with its primary focus on:

- Determining the Group's vision, purpose and values to guide and set the pace for its current operations and future development
- Establishing the overall strategy and satisfying itself that this is aligned with the Group's culture
- Ensuring that employee policies and practices are consistent with the Group's values and support its long-term success, and regularly assessing and monitoring the Group's culture
- Establishing procedures to manage risk and oversee the internal control framework
- Exercising accountability to shareholders and being responsible to relevant key stakeholders
- Ensuring adequate succession planning
- Approving changes to the Group's capital and corporate structure
- Determining the Remuneration Policy
- Monitoring the effectiveness of and reporting on corporate governance

Our strategypage [18](#)**Our principal risks and uncertainties**page [21](#)**S172 statement**page [56](#)

Delegation of certain matters to Board subcommittees

There are six formally constituted Committees of the Board, each of which has specific terms of reference.

Audit Committee (page 78) Reviewing and monitoring: <ul style="list-style-type: none"> • The integrity of the financial and narrative statements and other financial information provided to shareholders • The Group's system of internal controls and risk management • The internal and external audit process and auditors • The processes for compliance with laws, regulations and ethical codes of practice 	Nominations Committee (page 72) <ul style="list-style-type: none"> • Lead and ensure a formal, rigorous and transparent procedure for the appointment of new Directors to the Board • Ensure Board composition is regularly reviewed and refreshed • Oversee the development of a diverse workforce and pipeline for succession • Liaise with the Remuneration Committee in respect of any remuneration package to be offered to any new appointee to the Board 	Sustainability Committee (page 75) <ul style="list-style-type: none"> • Promote a culture of zero harm and responsible care • Monitor environmental impact and resource consumption • Review and monitor the Group's approach, policies and measures on health, safety, corporate social responsibility, climate change and the environment 	Remuneration Committee (page 81) <ul style="list-style-type: none"> • Ensure remuneration policies and practices are designed to support strategy, promote long-term sustainable success, and reward fairly and responsibly, with a clear link to corporate and individual performance, having regard for statutory and regulatory requirements • Ensure executive remuneration is aligned to purpose, values and attainment of long-term strategy 	Standing Committee and Share Scheme Committee <ul style="list-style-type: none"> • Facilitate the administration of the Board's delegated authority
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Executive Directors and management

The Board delegates the execution of strategy and the day-to-day management of the business to the Executive Directors and management.

DIRECTORATE AND EXECUTIVE MANAGEMENT

NON-EXECUTIVE DIRECTORS



HARRY KENYON-SANEY (64)

Independent non-Executive Chairperson

BSc Geology (Southampton University); International Executive Programme (INSEAD France)



MICHAEL LYNCH-BELL (71)

Independent non-Executive Director

BA Hons Economics and Accountancy (University of Sheffield); FCA of the Institute of Chartered Accountants in England and Wales



ROSALIND KAINYAH (67)

Independent non-Executive Director

BA (Hons) (University of Ghana); LLB (Hons) (University of London); LLM (University College, University of London); Member of the Bar of England & Wales (Gray's Inn)



MAZVI MAHARASOA (55)

Non-Executive Director

LLB, LLM International and Commercial Law (University of Buckingham)



MIKE BROWN (64)

Independent non-Executive Director

BSc Engineering (University of the Witwatersrand); PR Eng (ECSA) Engineering (University of the Witwatersrand); Strategic Executive Programme (London Business School)



Committee icons



Nominations



Audit



Sustainability



Remuneration



Chairperson

EXECUTIVE DIRECTORS



CLIFFORD ELPHICK (64)

Chief Executive Officer
BCom (University of Cape Town);
BCompt Hons (University of South Africa)



MICHAEL MICHAEL (54)

Chief Financial Officer
BCom Hons (Rand Afrikaans University); CA(SA)

EXECUTIVE MANAGEMENT



BRANDON DE BRUIN (53)

Chief Operating Officer
BCom; LLB (University of the Witwatersrand); Attorney (South Africa) and Solicitor (England and Wales)



JACO HOUMAN (50)

Senior Manager – Technical and Projects
B.Eng(Met) (University of Pretoria); MBA (University of Witwatersrand Business School)



KIKI CONSTANTOPoulos (45)

Group Financial Controller and Company Secretary
BCom Hons (University of the Witwatersrand); CA(SA)



MINELLE ZECH (50)

Group Human Resources Executive
BCom HR (Potchefstroom University)

CORPORATE GOVERNANCE STATEMENT

HOW THIS SECTION IS STRUCTURED

The Governance section aligns with the structure and Principles (A to R) of the UK Corporate Governance Code 2018 (the Code) and illustrates how we have applied the Code Principles and complied with the provisions.

1	Board leadership and Group purpose Pages 60 to 63
A	Effective Board
B	Purposes, values and culture
C	Governance framework and Board resources
D	Stakeholder engagement
E	Employee policies and practices
2	Division of responsibilities Pages 63 to 67
F	Board roles
G	Independence
H	External commitments and conflicts of interest
I	Key activities of the Board in 2024
3	Composition, succession and performance review Pages 67 to 69
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BOARD LEADERSHIP AND GROUP PURPOSE

Effective Board

The Board comprises Directors with a broad range of appropriate expertise, knowledge and insights, including extensive mining industry experience (refer to page 170). The Board's focus areas (refer to page 54) support the guidance of the Code by fostering the long-term sustainability of the Group, creating and preserving stakeholder value and contributing to wider society.

The Board oversees, analyses and approves the annual strategy and business plan prepared by Executive Management. This year's strategy review took place in June 2024 and assessed the ongoing relevance of the strategy against the current local and global context, the potential impact of current and emerging risks (refer to page 21), and the appropriateness of the current business model (refer to page 6) to achieve our strategic objectives. The business plan review for the three-year period commencing 2025 took place in November 2024.

Key areas discussed by the Board during the strategy review and business plan review included:

- The share price performance and engagement with shareholders.
- Alignment of the strategic priorities with the Group's purpose, vision, values and culture.
- The strategy's contribution to achieving the Group's vision in 2024, including the Group's meaningful, sustainable contributions to the countries in which we operate.
- Updates on the performance of the diamond market, Gem Diamonds' position in the diamond industry and the impact of synthetic diamonds on the industry.
- Optimising operations through a review of operational structures, capital allocation, mine planning, cost containment, enhancing operational efficiencies and strategic partnerships.
- External growth opportunities through the acquisition of other diamond orebodies or diversification into other commodities.
- The optimisation of the life of mine and future waste cutbacks of the Letšeng orebody.

The Board is supported by the Board Committees, which prioritise specific areas of the business (refer to page [58](#)) and provide feedback to the Board through the respective chairpersons. This structure ensures that the Board is kept abreast of all emerging issues and up to date on the matters delegated to the respective Committees in order to carry out its responsibilities effectively.

Purpose, values and culture

Several metrics are utilised to monitor workplace culture, providing information on the Group's collective experience and behavioural trends to inform future focus areas. In 2024, the Board and senior management continued to promote the Group's sustainable success by reinforcing the purpose, values and goals.

The Board monitored strategic metrics to track culture, including:

- Training data.
- Diversity of the workforce and an appropriate diverse pipeline for succession planning.
- Recruitment, reward and promotion decisions.
- Whistleblowing, grievance and "speak-up" data.
- Board interaction with senior management and the workforce.
- Health and safety data.

Governance framework and Board resources

The Group's corporate governance framework and processes provide effective oversight of the business to ensure long-term value creation and benefit for all stakeholders. Strategy development and execution are supported by:

- Clear lines of accountability and responsibility.
- Linking the strategic priorities to KPIs that can be tracked to monitor delivery on the strategy.
- Regular feedback and sharing of information to inform timely decision-making.
- Engaging with key stakeholders to ensure their concerns and interests are included where relevant (refer to page [14](#)).
- Maintaining an effective risk management framework (refer to page [21](#)) that is aligned with the Group's strategy and performance objectives and supported by comprehensive internal controls and regular assurance.
- Independent insight and knowledge from the non-Executive Directors.

Clear information flows are in place between the Board and Executive Management, and ample time is provided at Board meetings to focus on strategy and key decisions. The information that the Board receives allows for an appropriate level of detail to inform the discussions without being excessive. Where relevant, the person responsible for the report attends the Board meeting to provide further information and give Directors the opportunity to gain deeper insights into the matter. Presentations by external experts in relevant areas expose Directors and Executive Management to new perspectives.

Independent advice

The Directors have access to Executive Management and the advice and services of the Company Secretary. The Company Secretary is accountable to the Board for compliance with all governance matters and assists with professional development as required.

All Directors, either independently or collectively, may take independent professional advice at the expense of the Company in the conduct of their duties, subject to prior consultation with and approval by the Chairperson or the Senior Independent non-Executive Director.

Company Secretary

The Company Secretary keeps the Board abreast of all compliance and best practice matters. During the year, certain outsourced secretarial services were provided by the law firm Shakespeare Martineau LLP.

Protection

In line with the Company's Articles of Association, the Company has, and continues to maintain, indemnities granted by the Company to the Directors of the Company and the Company's associated companies, to the extent permitted by and consistent with BVI law, the UK Companies Act, 2006 and rules made by the UK Listing Authority. Neither the insurance nor the indemnity provides cover in the case where a Director or Group employee has acted fraudulently or dishonestly.

Stakeholder engagement

The Board recognises the importance of effective and proactive engagement with stakeholders. Pages [14](#) to [17](#) contain a detailed analysis of stakeholder engagement during 2024.

Annual General Meeting

The 2024 AGM was held on 5 June 2024. The meeting addressed the formal resolutions contained in the notice of meeting and shareholders were invited to submit questions in advance. Voting on all resolutions was conducted by poll vote. The results of the resolutions were announced through the Regulatory News Services and on the Gem Diamonds website.

In accordance with the Code, if any resolution put to shareholders receives over 20% of votes against it, the Board will seek to actively engage with shareholders to understand their concerns and publish a report on the actions taken and any next steps within six months of the meeting. Refer to page [14](#) for further details of such resolutions and engagements.

The 2025 AGM will be held on Wednesday, 4 June 2025. Details of the resolutions to be proposed at the AGM will be included in the Notice of AGM, which will be published on the Gem Diamonds website at www.gemdiamonds.com. It will be sent to shareholders who requested to receive paper copies a minimum of 20 business days before the meeting. Shareholders who receive electronic communications can access the Annual Report and Accounts 2024 and the AGM documentation through the website at www.gemdiamonds.com.

Employee policies and practices

Employee policies and involvement

The Group prioritises the health, safety and effective performance of employees and maintains positive employee relations. The Group encourages a direct relationship with open communication between employees and management. Mazvi Maharasoa, a non-Executive Director, is the Board's representative who engages with the broader workforce and provides direct feedback to the Board on the key concerns raised. The Employee Engagement Committee was established in 2022 and is chaired by Mazvi. Two formal meetings were held with employee representatives in 2024, one of which was attended by Michael Lynch-Bell in his capacity as Chairperson of the Remuneration Committee, to discuss how executive remuneration aligns with the wider Group pay policy.

Matters raised during these meetings are addressed at Board and management level, as appropriate. Employees are informed about the Group's performance and objectives through direct and ongoing communication with management, as well as the Group's website, published information, the circulation of press cuttings and Group announcements. Refer to page [15](#) for further details.

Equal opportunity is a fundamental principle of Gem Diamonds, and the Group is committed to achieving equality regardless of gender, religion, race or marital status. Applications from people with disabilities are welcomed for positions they can adequately fill, having regard for their abilities and aptitudes. Where existing employees become disabled, it is the Group's policy, where practical, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion for disabled employees wherever possible.

The Group aims to attract and retain excellent management and employees by creating an environment that incentivises outstanding performance. Guidelines and frameworks covering remuneration benefits, performance management, career development, succession planning, recruitment, expatriate employment and the alignment of human resources management and policies are in place and aligned with international best practice. Each operating unit manages its human resources requirements locally, within the Group's guidelines and frameworks.

The Modern Slavery Statement, in accordance with the Slavery Act, is updated and published on the Group website annually and can be viewed at www.gemdiamonds.com.

Bribery Act

The Group has a zero-tolerance approach to acts of bribery and corruption involving any of its employees, third-party representatives or associates. We uphold and comply with the requirements of the UK Bribery Act. The Group's terms of business require all clients and third parties with whom business is transacted to adopt the same zero-tolerance approach to bribery and corruption as implemented by the Board. Training on anti-bribery and corruption was conducted through online and interactive applications, and the Group anti-bribery and corruption policy was reviewed during the year, with no changes necessary.

Refer to the Audit Committee report on page [78](#).

Whistleblowing programme

Independently operated and confidential toll-free phone hotlines are in place in each country where the Group operates. Online submissions can also be made through www.gemdiamonds.ethicpoints.com. Individuals can report any breach of the Group's business principles through these channels, including but not limited to bribery, breaches of ethics and fraud.

All whistleblowing incidents reported are referred by the Group Internal Auditor or Company Secretary to the relevant operations, where they are fully investigated. The results of these investigations are reported to the Boards of local operations and the Audit Committee. Group Internal Audit periodically reviews the design and effectiveness of the hotline and reports the results to the Audit Committee.

One whistleblowing matter was carried over from previous years and seven new reports were received during the year. Two matters remained open at the end of the year, one of which dates back to 2023 and has resulted in an in-depth investigation which is ongoing.

The Board is satisfied that the whistleblowing programme is being used effectively by concerned individuals and that all reports raised are properly investigated and reported.

Data protection

The Group's privacy policy can be found on its website at www.gemdiamonds.com. Any correspondence relating to data protection and privacy queries can be submitted via the dedicated email address dataprotection@gemdiamonds.com, which is reviewed by the CFO.

No correspondence was received during the year.

DIVISION OF RESPONSIBILITIES

Board roles

The governance framework on page 58 sets out the primary role of the Board.

The Board meets regularly to cover strategic matters such as operational and financial performance, risk management and other critical business concerns, and has a formal schedule of matters reserved for its deliberation. The agenda for each Board meeting includes discussion and decision-making, and sufficient time and appropriate resources are allocated for these matters.

While all Directors have equal responsibility in terms of the law for managing the Group's affairs, Executive Management is responsible for operating the business within the parameters set by the Board. This includes producing clear, accurate and timely information and reports to equip the Board to monitor and assess the Group's performance.

Financial and operational performance are reviewed at each Board meeting, and Directors receive regular updates on the Group's performance across a range of metrics. Regular reports presented to the Board include health and safety reports; CSI and stakeholder matters reports; climate-related risk reports; risk management reports; residue storage facility integrity reports; operations reviews; sales and marketing reports; half-year and full-year financial results; employee surveys; and investor relations updates. Executive Management draws on the expertise and experience of the non-Executive Directors.

Directors are encouraged to express their views freely, and where they have concerns about the running of the Group or a proposed course of action, may ask that these be recorded in the minutes where appropriate. No such concerns were raised during 2024.

Chairperson and Chief Executive Officer

The respective responsibilities of the Chairperson and the Chief Executive Officer are clearly defined and separate, ensuring a clear division of responsibilities between the leadership of the Board and the executive leadership of the Group. The Chairperson is responsible for creating the conditions for the effective working of the Board. The CEO is responsible for the leadership, operations and management of the Group in line with the strategy and business plan agreed by the Board. Their individual responsibilities, together with the responsibilities of the Senior Independent Director and non-Executive Directors, align with the requirements of the Code and are detailed below.

Role of Chairperson Harry Kenyon-Slaney	Role of Chief Executive Officer Clifford Elphick
<ul style="list-style-type: none"> Provides effective leadership to the Board, ensures it operates smoothly and efficiently and sets the highest standards of corporate governance Provides strategic guidance to the executive team Sets the agenda, style and tone of Board discussions, ensures adequate time is available for discussion of all agenda items, and encourages input from all members of the Board As Chairperson of the Nominations Committee, ensures the Board comprises individuals with appropriate skill sets, experience, knowledge and diversity, and that succession plans are in place for the Board and senior management team Ensures the Company maintains effective communication with shareholders and that the Board understands their views and concerns Works with the CEO to ensure the Board receives accurate and timely information on the performance of the Group Leads the review of the performance of the Board, its Committees and individual Directors, including identifying development or training needs and giving timely individual performance feedback Encourages a culture of openness and discussion to foster a high-performing, collegial team of Directors Ensures that strategic issues are regularly reviewed, clearly understood and underpin the work of the Board Facilitates the relationship between the Board and the CEO Chairs the annual strategy review meetings 	<ul style="list-style-type: none"> Develops a business strategy for the Group to be approved by the Board Produces business plans for the Group to be approved by the Board Oversees management of the executive resource and succession planning processes Together with the Board, ensures compliance with all relevant laws and regulations Makes recommendations to the Board on the appropriate delegation of authority within the Group Keeps the Board informed about the performance of the Group and brings to the Board's attention all matters that materially affect, or are capable of materially affecting, the performance of the Group and the achievement of its strategy Develops, for the Board's approval, appropriate values and standards to guide all activities undertaken by the Group Provides clear and visible leadership in responsible business conduct
Role of Senior Independent non-Executive Director Michael Lynch-Bell	Role of non-Executive Directors
<ul style="list-style-type: none"> Acts as a sounding board and provides support to the Chairperson Serves as an intermediary between the Chairperson and other Directors as necessary Makes himself available to shareholders if concerns raised with the executive team and/or the Chairperson have not been satisfactorily resolved Leads the non-Executive Directors in the performance review of the Chairperson Ensures there is a clear division of responsibilities between the Chairperson and the CEO Plays a leading role in the succession planning for the Chairperson Current Chairperson of the Audit and Remuneration Committees 	<ul style="list-style-type: none"> Scrutinise the performance of Executive Management in achieving agreed goals and objectives and monitoring the reporting of performance Review the integrity of financial information and determine whether internal controls and systems of risk management are robust Determine the Company's policy for executive remuneration, as well as the remuneration packages for the Chairperson and Executive Directors through the Remuneration Committee Ensure a satisfactory dialogue with shareholders on strategy, remuneration policy and other relevant matters Strengthen links between the Board and the workforce by designating a non-Executive Director who, in conjunction with management, develops and implements workforce engagement initiatives and reports to the Board on relevant matters or issues of concern highlighted by the workforce Provide a wide range of skills and independence, including independent judgement on issues of strategy, performance and risk management Chairperson of the Sustainability Committee (one individual)

For more information on the roles of Board Committees, refer to www.gemdiamonds.com.

Independence

Non-Executive Directors are required to be independent in character and judgement. In applying the independence test, the Board considers relationships with Executive Management, major shareholders, subsidiary and associated companies and other parties with whom the Group transacts business against predetermined materiality thresholds.

The Board considers the majority of the non-Executive Directors – namely, Harry Kenyon-Slaney, Michael Lynch-Bell, Rosalind Kainyah and Mike Brown – to be independent in accordance with the Code. Mazvi Maharasoa adds extensive value to the Board; however, under the criteria of the Code, she cannot be considered independent due to her previous role at Letšeng Diamonds. In 2025, Mazvi will become eligible to be considered independent in accordance with the Code, as her previous employment within the Group will have exceeded five years. As part of the annual independence assessment of non-Executive Directors, the Board will determine whether Mazvi meets all the independence criteria of the Code.

The letters of appointment for the non-Executive Directors and the contracts of the Executive Directors are available for inspection at the place of business of Gem Diamonds in London.

External commitments and conflicts of interest

External commitments

External commitments are detailed in the Directors' CVs on page [170](#).

Conflicts of interest

The UK Companies Act (the Act) requires Directors to avoid any situation where they may have a direct or indirect interest that conflicts, or may conflict, with the Group's interests, unless approved by the non-interested Directors. In accordance with this Act, the Group operates a procedure, which was reviewed with no changes by the Board in March 2025, to ensure the disclosure of conflicts and, if appropriate, the consideration and authorisation of them by non-conflicted Directors. The Board maintains a register of Directors' interests that it reviews annually (most recently in March 2025). The Group voluntarily complies with this requirement.

Dealings in shares and the UK market abuse regime

Gem Diamonds' share dealing policy and reporting procedures are in line with the UK Market Abuse Regulations implemented in July 2016 and most recently updated in November 2024.

Related-party transactions

Other than those disclosed in Note 24 of the financial statements, the Company did not have any transactions with, or make any loans to, related parties in which any Director had any interest during the year.

Key activities of the Board in 2024

The Board's key activities for 2024 are linked to our three strategic priorities to deliver maximum value for all stakeholders:



**Extracting Maximum Value from
Our Operations**



**Working Responsibly and Maintaining
Our Social Licence**



Preparing for Our Future

These key activities relate to various focus areas:

Operational	<ul style="list-style-type: none"> Approval of the NI 43-101 Technical Report containing Letšeng's 2024 Resource and Reserve Statement Approval of Letšeng's updated long-term mine plan Oversight of the organisational safety culture strategy implemented at Letšeng Review of quarterly management reports on operational performance Roadmap for the adoption of TNFD and ISSB S1 and S2 recommendations Oversight of responsible residue facility management and alignment with the ICMM's GISTM Oversight of renewable energy assessments Oversight of the implementation of the CSI strategy Oversight of environmental conservation and stewardship performance Review the insourcing of the processing activities Support additional sales channels to diamond manufacturers for the supply of polished diamonds to luxury jewellery brands Review and approval of the 2025 business plan 	  
Strategy and financing	<ul style="list-style-type: none"> Annual strategy review in June 2024 Monitoring of progress on the decarbonisation targets Ongoing review of KPIs to assess delivery on the strategy during the year Oversight of the 24-month extension of the Group's revolving credit facilities during the year Monitoring of the Group's cash-preservation and cash-generation initiatives Oversight of the Group's funding commitments Review and approval of planned capital expenditure Oversight of the integration of climate change-related issues into strategy planning 	  
Risk management and internal control	<ul style="list-style-type: none"> Review of risk management processes and the updated risk register, including emerging risks Review updates from the Audit Committee on internal control and assurance functions Review of regular updates from the Sustainability Committee on the identification and management of health, safety, environmental, community investment and relationship, residue and water storage facilities and climate change-related risks 	  
Corporate and performance reporting	<ul style="list-style-type: none"> Regular review of financial performance and position Monitoring of cash flow forecasts and available facilities Review updates from the Remuneration Committee on key focus areas Review and approval of quarterly updates, interim and final results and the relevant announcements Review and approval of the 2023 Annual Report and Accounts and Sustainability Report, and the 2024 Half-Year Report. 	

Governance

- Conduct an internal Board performance review
- Annual review and update of Committee terms of reference and evaluation of Committee composition
- Review and approval of updates to key policies
- Oversight of succession plans for the Board and senior management
- Review regular governance updates from the Company Secretary
- Review the matters reserved for the Board
- Review of Directors' independence and conflicts of interest
- Monitor the maintenance of the separation of roles between the Chairperson and CEO



Stakeholder engagement

- Oversight of the CSI strategy development and performance
- Measuring the Group's culture through a number of metrics, including the Employee Engagement Committee chaired by a designated non-Executive Director



Meeting attendance

Four Board meetings were held in 2024. The terms of reference for the Audit, Nominations, Sustainability and Remuneration Committees, together with the matters reserved for the Board, can be viewed on the Group's website at www.gemdiamonds.com.

If Board approval is required between Board meetings, Board members are emailed the details, including supporting information, for decision-making. The decision of each Board member is communicated, recorded and ratified as necessary at the following Board meeting. As part of streamlining and optimising processes, the frequency of Committee meetings was reduced during the year while still maintaining effective governance. The table below shows the attendance of the members of the Board at Committee meetings.

Director	Board: 4 held	Audit: 4 held	Remuneration: 2 held	Nominations: 3 held	Sustainability: 2 held	Strategy: 1 held
Executive Board members						
C Elphick	4/4	N/A	N/A	N/A	N/A	1/1
M Michael	4/4	N/A	N/A	N/A	N/A	1/1
Non-Executive Board members						
H Kenyon-Slaney	4/4	N/A	2/2	3/3	2/2	1/1
M Lynch-Bell	4/4	4/4	2/2	3/3	N/A	1/1
M Brown	4/4	4/4	N/A	3/3	2/2	1/1
M Maharasoa	4/4	N/A	N/A	N/A	2/2	1/1
R Kainyah	4/4	4/4	2/2	N/A	2/2	1/1

Non-Executive Directors' meetings

The non-Executive Directors meet independently of the Executive Directors, in accordance with the practice adopted by many listed companies.

COMPOSITION, SUCCESSION AND PERFORMANCE

Board Selection and Appointment Policy

The Board's formal Selection and Appointment Policy ensures that the procedure for appointing new Directors is formal, rigorous and transparent, and that appointments are made on merit against objective criteria. The Nominations Committee further considers diversity (of gender, social and ethnic background), cognitive and personal strengths and specialist skill sets when reviewing appointments. There were no changes to the Board or Board Committees during 2024.

Michael Lynch-Bell reaches the end of his tenure on the Board on 31 March 2025. Janet Blas has been appointed as his replacement, effective 1 April 2025, and will be put forward for election at the 2025 AGM. She will also be appointed as Chair of the Audit Committee. Rosalind Kainyah has been elected by the Board to succeed Michael as the Senior Independent Director and Chair of the Remuneration Committee. Further details are included in the Nominations Committee report on page [72](#).

Re-election

The Nominations Committee's report is set out on page [72](#). The Articles of Association (82) provide that a third of Directors retire annually by rotation and, if eligible, offer themselves for re-election. In accordance with the Code, however, all the Directors retire at the AGM and, if eligible, offer themselves for re-election. Details of the Directors' service contracts are included on pages [87](#) and [89](#).

The Nominations Committee has considered and concluded that the Board has demonstrated commitment to its role. The Committee is also satisfied that the collective skills, experience, background and knowledge of the Directors enable the Board and its Committees to conduct their respective duties and responsibilities effectively.

Board expertise, experience and knowledge

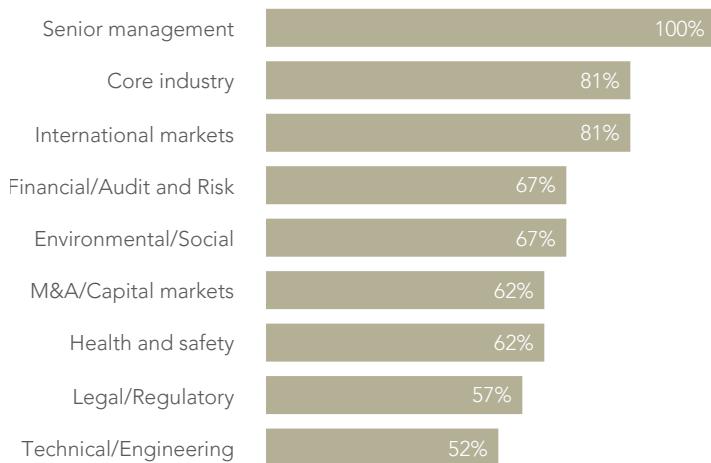
The Board undergoes an annual review of the composition and chairmanship of its primary committees, namely the Audit, Nominations, Sustainability and Remuneration Committees. The Company adheres to the Code's requirement that there should be a balance of Executive and non-Executive Directors so that no individual or group can dominate the Board's decision-making.

As a mining company, the efficiency of the day-to-day operations, in both the medium and long term, is essential to achieving shareholder value. Knowledge of the diamond industry is critical to developing new business opportunities and overseeing the Group's sales and marketing strategies. Knowledge of financial markets is also necessary to fulfil the Group's strategy.

The biographies, which can be found on page [170](#), provide more information on each Director's competencies. All Directors set aside sufficient time to fulfil their responsibilities to the Group effectively.

The non-Executive Directors have varied experience, competencies and unique perspectives to bring to bear on matters of strategy, performance and resources that are critical to the Group's ongoing success.

Board skills and experience (%)



Diversity

The Board recognises the importance of increasing diversity, including gender and ethnic diversity, in the boardroom.

The Group supports diversity at all levels. The Diversity, Equity and Inclusion (DE&I) Policy covers both Board diversity and the approach across the Group. The objectives of the DE&I Policy are to create an inclusive organisation that is dedicated to encouraging a supportive and inclusive culture among the whole workforce and committed to the provision of equal opportunities to all through recruitment, development and promotion of employees and the proactive tackling and elimination of any form of discrimination. It also endorses the principle that the workforce at each location should reflect, as far as is reasonably possible, the community within which it operates. The policy is reviewed annually, and management monitors implementation of the policy through the review of any related whistleblowing matters as well as any employee grievances submitted through Human Resources channels.

Over time, the Board has improved its diversity from a position of no female or ethnic minority members in 2018 to 29% female and ethnic minority members on the Board in 2024. The number of females in senior management across the Group remained at 43% for 2024 (2023: 43%). 99% of the total Group workforce are Lesotho nationals, and 21% of the total workforce is female. The decrease in female representation (from 23% in 2023), was mainly due to the insourcing of the predominantly male mining function at Letšeng. Female representation remains a key priority and during 2024, a DE&I roadmap was developed that sets out initiatives for attracting, retaining and developing a diverse workforce. The roadmap will be implemented in a phased approach starting in 2025. Information on gender-based employment can be found in our Sustainability Report 2024, available at www.gemdiamonds.com.

Due to the size of the Group, the Board consists of only seven members. During the year, no movement took place in Board appointments or terminations, which posed challenges for increasing diversity on the Board. The appointment of Janet Blas as the new non-Executive Director in 2025 will increase female and ethnic diversity on the Board to 43%. Rosalind Kainyah will occupy one of the senior positions on the Board following her appointment as SID in 2025 and will also assume the role of Chair of the Remuneration Committee.

Data to obtain diversity statistics is collated using Human Resources and Payroll reporting systems. Individuals are required to submit data on their gender and ethnic status as part of onboarding processes within the Group. Currently, questions to obtain gender and ethnicity status are straightforward and open-ended, simply requiring information on gender and race.

Board and senior management gender					
	Number of Board members	Percentage of the Board %	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of senior management	Percentage of senior management %
Men	5	71	4	4	57
Women	2	29	–	3	43
Not specified/prefer not to say	–	–	–	–	–

Board and senior management ethnicity					
	Number of Board members	Percentage of the Board %	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number of senior management	Percentage of senior management %
White British or other white (including minority-white groups)	5	71	4	5	71
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/ Caribbean/Black British	2	29	–	2	29
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Succession planning at Board and senior management level includes a review of skills, experience and diversity, and consideration is given to all these areas when considering future appointments. Succession planning is a priority across the Group, with a focus on the development of women and ethnic minorities into leading roles to drive a diverse pipeline of talent.

Further detail on the Group framework for succession planning can be found in the Nominations Committee report on page [72](#).

Training and induction

A formal and bespoke induction is provided to new Directors on joining the Board. This includes meetings with management and access to external auditors, and covers the Board Committees they join. In addition, ongoing support and resources are extended to Directors to refresh their skills, knowledge and familiarity with the Group. Professional development and training are provided through the following:

- Regular updates on changes (actual and proposed) in laws and regulations affecting the Group or its business.
- Planning, including site visits, to ensure Directors are familiar with Group operations, including its commitment to and application of the Group's corporate and social responsibility policies.
- Creating opportunities for professional and skills training, such as Committee chairmanship.
- Appropriate Board presentations and formal professional seminars.

Site visits

Visiting the Group's operations and interacting with senior management and employees is an integral part of improving Directors' ongoing knowledge of the business. No formal site visits to Letšeng were undertaken by the Board in 2024. Mike Brown visited Letšeng three times and Mazvi Maharasoa and Michael Lynch-Bell each visited once. Executive Directors Clifford Elphick and Michael Michael visited the Letšeng mine and Maseru office in Lesotho a number of times during the year. In February 2025, the Board undertook a Letšeng site visit that was attended by three of the non-Executive Directors.

Annual Board performance review

As per the Code, the Board must undertake a formal and rigorous annual review of its own performance and that of its Committees and individual Directors. An internal performance review was conducted in Q4 2024 by the Company Secretary.

The review was carried out by means of an online survey completed by each of the Directors.

The findings were consolidated into a report that was circulated to all Directors in the November Board meeting. The overall findings from the performance review were positive, with a number of recommendations made to consider the need to progress both age and gender diversity on the Board; build on the communication between the workforce and the Board; refine the Group strategy; facilitate more regular Director knowledge updates; formalise individual performance feedback between the Chairperson and other members of the Board; and review the range and size of Committees given the size of the business. In 2025, the Board and Committees will implement the recommendations from the performance review and monitor progress against these over the following months.

The recommendations of the 2023 Board performance review, facilitated by Shakespeare Martineau LLP, were implemented during the year, with the most significant outcome being the approval Letšeng's updated mine plan and the streamlining of the number of Committee meetings held to align to the size of the business while maintaining adequate governance requirements.

AUDIT, RISK AND INTERNAL CONTROL

Financial reporting

The Board is conscious of its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects, and is satisfied that the Strategic Report from page [1](#) meets this obligation. The Responsibility Statement of the Directors in respect of the Annual Report and Accounts 2024 is set out on page [1](#).

Financial reporting to the Board is regularly modified and improved to cater for evolving circumstances. The Group's comprehensive planning and financial reporting procedures include detailed operational business plans for the coming year and a three-year rolling plan, and sustainability matters including climate-related risks and opportunities. The Board reviews and approves the Group's annual business plan, which is prepared in co-operation with all Group functions based on specified economic and sustainability assumptions. Performance is monitored and relevant action taken throughout the year through monthly reporting of KPIs and updated forecasts for the year, together with information on key risk areas.

In addition, routine management reports, including results to date and updated forecasts for the year, are prepared and presented to the Board. Detailed consolidated management accounts, as well as an executive summary, are circulated prior to each scheduled Board meeting. Between Board meetings, summary update reports covering matters such as operational performance, sustainability, sales results, cash flow forecasts and progress on strategic matters are circulated to Board members and senior executives.

External auditor

A principle of the Code is that the Board establish formal and transparent arrangements for considering the application of financial reporting and internal control principles and for maintaining an appropriate relationship with the Group's external auditor. These responsibilities are delegated to and discharged by the Audit Committee.

The resolution to appoint RSM UK Audit LLP (RSM) as the Group's new external auditor was approved at the 2024 AGM. RSM attended all the Audit Committee meetings during the year, being their first year of tenure. The Audit Committee will assess the effectiveness of the 2024 audit process following its completion in 2025.

The lead audit partner is based in London, United Kingdom. Further information regarding the audit is detailed in the Audit Committee report on page [78](#).

As required under section 418 of the Companies Act, 2006, to which the Directors have voluntarily elected to conform, each Director confirms that to the best of their knowledge and belief, there is no information relevant to the preparation of the Auditor's Report of which the Company's auditor is unaware, and the Directors have taken all reasonable steps to make themselves aware of any relevant audit information and establish that the Company's auditor is aware of that information.

Internal audit

The Group Internal Audit function, as an independent assurance provider, is a fundamental component of the overall process by which the Audit Committee and the Board obtain the required assurance that risks are being effectively managed and controlled and the Group's control environment is adequate and effective.

Our in-house Internal Audit function is supplemented by external industry experts when required. The Group Internal Audit function reports directly to the Audit Committee and is responsible for co-ordinating the Group's risk-based audit approach and evaluating its effectiveness. It contributes to the improvement of the risk management process, control environment and governance systems. Various ad hoc assignments are also performed during the year at the request of management.

The risk-based audit plan, approved by the Audit Committee, covers all operating units, focusing on the Group's principal risks. It involves discussions with management on the risks identified in the subsidiaries' and Group's risk registers, emerging risks, operational changes and capital projects. Findings and agreed actions are reported to management and the Audit Committee.

Review of the Annual Report and Accounts 2024

The Board, supported by the Audit Committee, is responsible for ensuring the integrity and completeness of the Group's Annual Report and Accounts and Half-Year Report. The Board reviews the reports and applies its collective mind to their preparation and presentation to ensure they provide a fair, transparent, balanced, understandable and appropriate representation of the Group's performance, strategy and material risks.

Internal financial controls

The Board is responsible for the Group's overall approach to risk management and internal control framework, which is embedded in all key operations. In accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the FRC in September 2014, the Board has defined the processes adopted for its ongoing monitoring and assessment and relies on reviews undertaken by the Audit Committee throughout the year. In addition, regular management reporting and a balanced assessment of key risks and controls are important components of Board assurance.

The internal control framework aims to manage the risks that significantly threaten the Group's achievement of its business and strategic objectives, with a view to enhancing the value of shareholders' investments and safeguarding assets. The internal control framework is designed to manage rather than eliminate risk, to achieve business objectives, and to provide reasonable but not absolute assurance that the Group's business objectives will be achieved within the Board-approved risk tolerance levels. The system of internal control includes controls over compliance with regulatory and legal requirements.

In 2024, the Directors again reviewed the effectiveness of the system of internal control. For the review, the Audit Committee considered reports dealing with Internal Audit plans and outcomes, as well as risk logs and management representations. A full report of the work carried out by the Audit Committee on behalf of the Board is set out in the Audit Committee report on page [78](#). The Directors are aware of some enhancements in this area within the new UK Corporate Governance Code 2024 and will implement these as they become effective.

Investment appraisal

Capital expenditure is managed through a budgetary process and authorisation levels. For expenditure beyond specific levels, detailed written proposals are submitted to the Board. The approval procedure for investments includes funding options and a detailed calculation of return based on current assumptions that are consistent with those included in management reports.

Commercial, legal and financial due diligence are carried out, using external consultants as appropriate, with respect to acquisitions and disposals.

Post-investment reviews are conducted after the project is complete, and for material projects, Steering Committees are established to monitor progress against the approved plan. Details regarding the Group's capital expenditure decisions during 2024 are available in the CFO's Review on page [33](#).

Risk management

Risks are monitored continually and formally reviewed twice a year. A comprehensive report of the Group's principal and emerging risks and how these are managed and/or mitigated can be found on pages [21](#) to [26](#) of the Strategic Report.

The Group's operations perform regular risk assessment reviews and maintain risk registers. Objectives in the business plan are aligned with risks, and a summary of the key risks, related internal controls, accountabilities and further mitigating actions are tabled and approved by the Board. The Sustainability Committee provides assurance that sustainability-related risks, including health, safety, environmental and climate-related risks, are monitored and managed appropriately. The Audit Committee and the Board, where appropriate, are kept informed on progress against the plans and any significant changes in order to review the risk profile. This enables the relevant management and non-Executive Directors to holistically review the risk, mitigate it and implement controls as necessary.

The Board, through the Audit Committee, reviews risks and risk management at the Audit Committee meetings to fully explore risks and test management's scenarios and plans. During these meetings, the Audit Committee reviews the risk register, interrogates the most critical risks in detail and challenges mitigation plans with management.

REMUNERATION

Linking remuneration with purpose and strategy

The Remuneration Policy links executive remuneration to the underlying health and performance of the Group through relevant social and environmental indicators of performance. The financial and non-financial KPIs used to measure performance align with our strategy, which in turn supports the Group's purpose to produce the best diamonds, in the best way, leaving a lasting legacy.

Remuneration Policy review

Directors' remuneration

While the Board is ultimately responsible for Directors' remuneration, the Remuneration Committee, consisting of independent non-Executive Directors, determines the remuneration and conditions of employment of Executive Directors and the Chairperson. The current Remuneration Policy was adopted at the 2024 AGM. The details of the Directors' Remuneration Policy and all Directors' remuneration are provided in the report on remuneration on pages [81](#) to [100](#).

Performance outcomes in 2024

No adjustments were made to the performance conditions set at the beginning of the year, and the formulaic Gem Diamonds Incentive Plan (GDIP) outcome for the business scorecard was 47.5% of the maximum of 85%. During its meeting to review the GDIP outcome, the Remuneration Committee considered the shareholder experience over 2024 and agreed that the share price to be used to determine the number of shares under the deferred GDIP award, which is to be granted in 2025 after the release of the 2024 annual results, would be 25 GB pence rather than the prevailing share price of c.10 GB pence. This will have the effect of reducing the number of shares granted by c.57%.

The GDIP business scorecard is shown on page [85](#).

Strategic targets

The 2024 GDIP rewards performance in the ratio of 15% on personal factors and 85% on business performance. This 85% business weighting aligns with the strategic focus areas:

- Preparing for Our Future (10%)
- Extracting Maximum Value from Our Operations (55%)
- Working Responsibly and Maintaining our Social Licence (20%)

More information on the GDIP scorecard is available on page [85](#).

NOMINATIONS COMMITTEE



Harry Kenyon-Slaney
Non-Executive Chairperson

The role of the Committee is to:

- Lead and ensure a formal, rigorous and transparent procedure for the appointment of new Directors to the Board.
- Assist the Board in ensuring its composition is regularly reviewed and refreshed, considering the length of service of the Board as a whole, so it is effective and able to operate in the best interests of shareholders.
- Ensure plans are in place for orderly succession to positions on the Board and the Executive Committee.
- Oversee the development of a diverse pipeline for succession.
- Work and liaise with other Board Committees, including the Remuneration Committee, as appropriate, with respect to any remuneration package to be offered to any new appointment of the Board.

Membership as at 31 December 2024:

- H Kenyon-Slaney
- M Brown
- M Lynch-Bell

Other attendees:

- C Elphick
- Shakespeare Martineau LLP

The Nominations Committee comprises three independent non-Executive Directors. The Committee's terms of reference provides for a formal and transparent procedure for the Committee to follow in executing its responsibilities. The terms of reference is reviewed annually, and subsequently reviewed and approved by the Board, to ensure it continues to be fit for purpose and in line with best practice and governance principles. The last review was performed in November 2024 to ensure it was compliant with the Code. In addition, an update was made in March 2025 to ensure compliance with the new 2024 Code.

The Committee continued to assess the Board's composition, evaluate the composition of the various Committees, and monitor developments in corporate governance to ensure the Group remains at the forefront of good governance practices.

The recommendations from the internal Board performance review, conducted in October 2023 by Shakespeare Martineau LLP, were minor and mainly administrative in nature and were addressed during 2024. The Committee again initiated an internal Board performance review in November 2024, and the outcomes were discussed at the March 2025 Board meeting. A summary of the approach and recommendations can be found on page [69](#).

2024 value-adding activities

Link to strategic pillar

Board composition

The composition, skills and independence of the Board remained key topics for the Committee during the year. The objective of the Committee is to ensure that the Board retains a balanced composition and that all members have the necessary skills and experience to contribute actively to the ongoing success of the business.

In line with the 2018 UK Corporate Governance Code, the Committee assessed the independence of all non-Executive Directors. This involved a review of both the external appointments held by each Director and of any potential or actual conflicts of interest recorded. The Committee noted the external appointments held by Board members, which were considered to be in accordance with the parameters of the Code and to have no effect on their current duties to the Board. One non-Executive Director, Mazvi Maharasoa, is not deemed "independent" in accordance with the Code. However, as with other non-Executive Directors, her extensive experience of the mining industry, and particularly the regional context within which the Group operates, is regarded as invaluable. All non-Executive Directors constructively challenge and scrutinise matters that come before the Board and, after careful consideration, the Committee and the Board were satisfied that Mazvi demonstrates the qualities of independence in carrying out her duties. The Committee noted that Mazvi will become eligible to be considered independent in terms of the Code as her previous employment within the Group has exceeded five years. A review will be undertaken in 2025 as part of the annual independence assessment of all non-Executive Directors to determine whether Mazvi meets all the independence criteria of the Code. All Board members were recommended for re-election and were re-elected by the shareholders at the 2024 AGM.



Succession planning

The Committee maintains a proactive approach to succession planning and regularly reviews succession planning across the organisation through a succession framework. This ensures candidates have been identified to fill key roles in both planned and emergency situations and that appropriate development plans are in place. The competencies and experience required in the boardroom were regularly assessed as part of the succession planning process, and the Committee will continue to review the need to secure any particular or specific skills.



During the year, the Committee oversaw the sourcing of potential candidates in anticipation of Michael Lynch-Bell's retirement in 2025. To this end, the Committee engaged Stratum International, a board and executive search firm that provides bespoke human capital solutions to the mining industry and has a track record of successful placements of non-Executive Directors. Stratum International was requested to provide a diverse list of candidates from a wider talent pool, considering independence and all aspects of diversity in a holistic and intersectional way. Stratum International had no other connection to the Company or its Directors during the year. Following a rigorous recruitment process, the Board appointed Janet Blas as the new non-Executive Director, becoming effective following Michael Lynch-Bell's retirement on 31 March 2025. Janet has also been appointed as the Chair of the Audit Committee, effective 1 April 2025.

Michael Lynch-Bell further held the SID position, and the Committee determined that Rosalind Kainyah would be an appropriate successor following Michael's retirement.

The Committee's succession planning review extends from senior management to the next level of management, considering emerging talent and key roles with a particular focus on maintaining momentum on diversity. Development plans for potential successors were progressed during the year.

Diversity

The Company is as committed to diversity in the boardroom as it is to equal opportunities at all levels within the organisation, and the Committee continued to support this objective during the year. Appointments and succession planning focused on promoting gender and ethnic diversity and ensuring that a wide range of experience, backgrounds, perspectives and skills are available to facilitate effective decision-making.



During the year, the Committee reviewed the Group's DE&I roadmap for 2025, in particular, the initiatives related to attracting diverse applicants.

The Committee also reviewed the Group's DE&I Policy and determined that it remains fit for purpose.

Further detail on the Group's diversity, equality and inclusion approach can be found on page [68](#).

2024 value-adding activities**Link to strategic pillar****Board performance**

The Committee considered the 2023 Board performance review outcomes. The overall findings of the review were positive, and the recommendations were addressed during 2024.

An internal performance review was conducted in November 2024 by the Company Secretary. The details are discussed on page 69.

The findings were consolidated into a report which, along with recommendations, was circulated to all Directors in November 2024 and discussed at the March 2025 Board meeting. The Committee will monitor progress on implementing the recommendations during the coming year.

The Board performance process reviews the current skills and experience of the members of the Board, as well as its composition and structure. This process enables the Committee to identify what knowledge and competencies are needed for the business in the future and thereby supports the search process for future Board members. It further provides assurance that the measured skills remain fit for purpose and support the Group strategy.

**Committee membership**

The Committee continued to evaluate the composition of the various Board Committees to ensure they had the requisite skills and experience to perform effectively. It found that the Committees were appropriately comprised and no changes to membership were proposed for 2024. All Board Committees are compliant with the provisions of the Code.

**Future focus areas**

In 2025, the Committee will:

- maintain its focus on ensuring the Board's composition is strong and diverse, providing support and advice to enable management to steer the Group in an increasingly volatile and fast-paced environment while always promoting exemplary governance practices in the boardroom.
- continue to monitor the alignment of talent and succession planning throughout the organisation with the needs of the business and the Group's long-term strategy. Development plans for potential successors will continue to be progressed during the coming year.
- review its succession plans to address Board composition and diversity targets.
- monitor progress on the implementation of the recommendations of the 2024 internal Board performance review.
- conduct an independent external Board performance review and continue to hone Board skills, experience and operational effectiveness to ensure a high level of performance in Board activities in the best interests of all stakeholders.
- ensure the Board and senior executive team have the appropriate ESG skill sets and development mechanisms in place to understand ESG risks and their impact on long-term value creation.

**Extracting Maximum Value from Our Operations****Working Responsibly and Maintaining Our Social Licence****Preparing for Our Future**

SUSTAINABILITY COMMITTEE



Mike Brown
Non-Executive Director

The role of the Committee is to assist the Board in fulfilling its sustainability-related governance and oversight responsibilities, including:

- Reviewing and monitoring the Group's approach, policies and measures on sustainability matters.
- Promoting a culture of zero harm and responsible care through effective risk management to maintain a safe and healthy work environment that prioritises the workforce and PACs.
- Minimising environmental impact and monitoring resource-use efficiency improvements.
- Promoting corporate social responsibility with a sustainable positive impact.
- Reviewing approved metrics and targets related to climate change, decarbonisation and energy consumption, and monitoring performance against objectives.
- Monitoring the Group's progress towards sustainable development.

Membership as at 31 December 2024:

- M Brown
- R Kainyah
- M Maharasoa
- H Kenyon-Slaney

Other attendees:

- B de Bruin
- Shakespeare Martineau LLP

Mike Brown visited Letšeng on three occasions during the year. These visits specifically focused on:

- Performance against the implemented safety culture maturity programme.
- Management and status of coarse and fine residue storage facilities and the freshwater dam.
- Progress in decarbonisation efforts and energy efficiency initiatives.
- CSI projects performance.
- Water stewardship and the performance of the newly constructed bioremediation plant.
- Mining activities and the performance of the treatment plants and recovery area.

2024 value-adding activities**Link to strategic pillar****Creating a safe and healthy working environment**

The Committee continued to monitor critical health and safety matters during 2024, including:

- Responsible management of our residue storage facilities and freshwater dam.
- Safety-focused leadership coaching.
- Lifting operations and conveyor systems safety.
- Fire risk management.
- Radiation safety.
- Pit safety management.



The Committee met twice during the year to review reports on the Group's health and safety performance, including safety trends, incident investigations related to significant safety events, and LTIs and near-misses. The Group achieved its lowest recorded AIFR for the second year running. The Committee received feedback on the organisational safety culture maturity programme, safety-focused leadership strategy and occupational health and safety programmes.

The Committee monitored the progress made on conformance of the residue storage facilities with the ICMM's GISTM and measures implemented to align, as deemed appropriate or applicable, existing practices with those outlined in the standard. The Committee received regular assurance on the effective monitoring and management of Letšeng's residue storage facilities and freshwater dam throughout the year. There have been no incidents of compromised residue storage facilities or dam integrity to date.

The Committee received feedback on audits conducted to provide assurance on safe and responsible business practices and to identify opportunities for improvement of the health and safety management system. These audits included:

- HSE legal compliance.
- ISO 45001 occupational health and safety management.
- Occupational hygiene survey.
- Social and environmental management plan (SEMP).
- Vehicle and equipment lease area access.
- Residue storage and freshwater facilities.
- Downstream dam management control audit.

Promoting corporate social responsibility

Corporate social responsibility is a priority, and the Committee oversaw the delivery of the 2024 CSI strategy. The CSI strategy specifically focused on the long-term sustainability of existing small and medium enterprise development, education, and the provision of basic infrastructure to PACs. The Committee is pleased to report that no major or significant stakeholder incidents were recorded during the year.



The Committee focused on the following matters during 2024:

- Implementation of the planned 2024 CSI projects.
- Integration of adopted UN SDGs into the five-year CSI strategy.
- Community engagement and stakeholder management.
- Construction of water provision infrastructure for surrounding villages.
- Provision of scholarships to Basotho students.

2024 value-adding activities

Link to strategic pillar

Prioritising environmental protection

The Committee received reports on material environmental matters and performance against adopted 2024 objectives while continuing to provide oversight on various strategies to mitigate environmental impacts. No major or significant environmental incidents were recorded during 2024.

The Committee focused on the following environmental matters:

- Environmental footprint reduction objectives and performance.
- Regional environmental risk management.
- Stakeholder engagement regarding material environmental matters.
- Efficient water management and stewardship.
- Operational performance of the newly constructed bioremediation plant.
- Concurrent and life of mine rehabilitation strategy.
- Progress of the Ghagho remediation strategy.
- Biodiversity conservation and offset strategy.
- Compliance with adopted best practice standards.



The Committee also received external non-financial audit reports on the management of environmental parameters and the resulting impact on the environment to benchmark the Group's performance and identify improvement opportunities. These reports included:

- The Group carbon, energy and water footprints.
- ISO 14001 environmental systems audit.
- The SEMP compliance audit report.

Sustainability strategy and reporting

The Committee oversaw the initiatives aimed at supporting the sustainability strategy across the Group, including:



- The Group's progress against its decarbonisation targets.
- The implementation of the 2024 – 2026 UN SDG framework.
- The monitoring of new sustainability reporting best practice standards to integrate into the Group reporting framework, including the Taskforce on Nature-related Financial Disclosure (TNFD) and ISSB S1 and S2 recommendations.

The Committee deferred the annual review of the Sustainability Committee policies to a biennial cycle. In the current year, the Committee reviewed and approved the Group's policy on modern slavery.

The Committee also received reports on emerging sustainability trends and risks with the potential to impact the Group's ability to achieve its objectives, including:

- Load shedding and energy availability.
- Regional carbon tax developments.
- Upcoming TNFD and ISSB S1 and S2 reporting requirements.

Future focus areas

The Committee's core focus areas for 2025 include:



- Monitoring the Group's progress towards its 2030 decarbonisation target.
- Further promoting the organisational safety culture maturity strategy in pursuit of zero harm.
- Monitoring the bioremediation plant performance and water treatment efficacy.
- Further improving resource-use efficiency.
- Integrating the eight adopted UN SDG objectives.
- Delivering the 2025 corporate sustainability KPIs.
- Overseeing the implementation of the 2025 CSI strategy and community engagements..
- Advancing the Group alternative energy and energy efficiency strategy.
- Continued implementation of global best practice standards, including the adoption of TNFD and ISSB S1 and S2 recommendations.



Extracting Maximum Value from Our Operations



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AUDIT COMMITTEE



Michael Lynch-Bell
Chairperson
Non-Executive Director

The role of the Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring:

- The integrity of the financial and narrative statements and other financial information, including climate-related financial disclosures, provided to shareholders.
- The Group's system of internal controls and risk management.
- The internal and external audit process and auditors.
- The processes for compliance with laws, regulations and ethical codes of practice.

Membership as at 31 December 2024:

- M Lynch-Bell
- M Brown
- R Kainyah

Other attendees:

- H Kenyon-Slaney
- C Elphick
- M Maharasoa
- M Michael
- B de Bruin
- K Constantopoulos
- External and internal audit
- Shakespeare Martineau LLP

As I will be retiring from the Board effective 31 March 2025, I would like to extend my sincere appreciation to my fellow Board members for their support, collaboration, and dedication during my tenure at Gem Diamonds. It has been a privilege to serve alongside such a committed and knowledgeable team. Your insights, strategic guidance and unwavering commitment to the Group's success have made a lasting impact, and I am grateful for the opportunity to have worked with each of you. I look forward to seeing the continued growth and success of the Group in the years ahead.

2024/2025 value-adding activities

**Link to
strategic pillar**

External auditor and audit effectiveness

During the year, the Committee oversaw the transition to the newly appointed external auditor, RSM UK Audit LLP. The Committee considered the objectivity, skills, capacity and independence of RSM UK Audit LLP, considering all current ethical guidelines, and was satisfied that all criteria were met. In 2025, the Committee will assess the effectiveness of RSM's performance of the 2024 audit. The outgoing auditor's final fee for the 2023 audit was approved and RSM's proposed fee for 2024 was considered.



In advance of the 2024 audit, the Committee reviewed and assessed the appropriateness of the external auditor's plan, audit strategy, scoping, materiality and audit risks. The significant areas of audit focus identified by the external auditor to be addressed during the course of the audit were primarily impairment of goodwill and property, plant and equipment, deferred waste stripping asset and application of IFRIC 20, application of IFRS 15 to partnership arrangements, inventory existence and valuation, completeness and accuracy of rehabilitation provisions, management override of controls, going concern and bank facilities renewal, completeness and disclosure of provisions relating to potential tax disputes, and compliance with applicable laws and regulations. The key audit matter identified for the year was the impairment of goodwill and property, plant and equipment, as mentioned in the Independent Auditor's Report on page [107](#).

The Committee challenged the assumptions and judgements used by management in the impairment model, noting that the headroom of the valuation of Letšeng above its carrying value compared to the previous year had reduced. The Committee was satisfied with the robust process followed by management and the auditor and was satisfied that no further work was necessary. The Committee was satisfied that all material audit risks were covered within the auditor's scope. The Committee assessed the materiality level of US\$1.3 million and applied it as appropriate to identify relevant audit risks.

Following the audit, RSM UK Audit LLP presented its findings to the Committee, which met with the audit partner without members of management being present. The audit partner also met separately with the Committee Chairperson to discuss key audit findings, judgements and estimates. This provided an opportunity to assess the audit work performed, understand how management's assessments had been challenged and assess the quality of conclusions drawn. The Committee also made enquiries of senior management to obtain its feedback on the audit process and will consider this feedback in its assessment in 2025.

Auditor appointment and independence

The Committee was satisfied with the performance of RSM UK Audit LLP and recommended its reappointment to the Board for the 2025 financial year end results.



The provision of any non-audit service requires Committee pre-approval and is subject to careful consideration, focused on the extent to which provision of such non-audit services may impact the independence or perceived independence of the auditor. No non-audit services were performed by the auditor during the year.

Anti-bribery and corruption

The Committee reviewed its anti-bribery and corruption policy and concluded that it was adequate and no further updates were required. There were no known or identified incidents of bribery during the year, and the Committee is satisfied that the policy remains robust regarding compliance and diligence procedures.



Acting on whistleblowing

The Committee reviewed and monitored the actions and progress of all whistleblowing reports that arose. The whistleblowing line is an important tool to promote transparency and identify potential areas of irregularity within the Group. During the year, seven reports were received through the whistleblowing line and six reports were closed. Two reports remained under investigation at year end, including one report from 2023 which the Committee is satisfied is being appropriately addressed. The Group's Fraud and Whistleblowing Policy remained unchanged from the previous year's review. No instances of fraud were reported through the whistleblowing line.



Monitoring internal audit

The Committee reviewed the principal matters reported by the Group Internal Auditor, based on its strategic and risk-based audit plan, and continued to monitor management's responsiveness to the findings and recommendations of the Internal Auditor. The 2025 Internal Audit plan was approved by the Committee and is linked to the current risk profile of the organisation.



The Committee reviewed and approved the Internal Audit Charter, with minor changes made to align with the updates made to the Risk Management Framework of the Group.

The Committee assessed the effectiveness of Group Internal Audit during the year by means of a survey. The responses to the survey questionnaire informed the Committee's assessment. The Committee found Group Internal Audit to be effective and concluded that the current Internal Audit structure was appropriate for the size and requirements of the Group.

Annual review

The Committee updated its terms of reference in March 2025 to ensure these encompassed the updated provisions of the new Corporate Governance Code 2024, becoming effective in 2025 and 2026. The Board performance review undertaken included a review of the Audit Committee's performance within its remit and concluded that the Committee was effective in carrying out its duties.



2024/2025 value-adding activities

Link to
strategic pillar

Risk management and internal controls

The Committee maintained its oversight of the Group's principal and emerging risks during the year.

The detailed principal and emerging risks are discussed further on pages [21](#) to [26](#).

The Committee reviewed and approved the Group's Enterprise Risk Management Framework. Certain threshold reductions were incorporated, taking into account current market conditions, to align with the risk appetite of the Board. The Committee concluded that the framework remains relevant and is being effectively adhered to.

The Committee considered the internal controls in place throughout the year to be effective.



Financial disclosure

The Committee ensured that the Group's Annual Report and Accounts 2024 and Half-Year Report 2024 were fair, balanced and understandable by challenging and debating the judgements made by management and ensuring that the information necessary for shareholders to assess the Group's performance, business model and strategy was provided. RSM UK Audit LLP audited the Financial Statements included from pages [105](#) to [164](#) for the year ended 31 December 2024 and issued an unmodified audit opinion in this regard.



The significant issues reviewed by the Committee relating to the 2024 results were:

- The assumptions in the Group's financial forecasts incorporating the Group's debt facilities and the status of forecast future covenant compliance, mitigating actions available to the Group, and the appropriateness of the going concern and viability assumptions and related disclosures. The Committee assessed the disclosures in the Annual Report and Financial Statements in respect of going concern and covenant compliance and concluded that they were appropriate. Refer to Note 1.2.2, Going concern on page [123](#) for further details.
- The significant estimates and judgements applied in the valuation of the carrying value of mining assets, intangible assets and impairment testing, considering the depressed diamond market, production capabilities, exchange rate fluctuations and discount rate impacts. The Committee critically reviewed the key assumptions and parameters (diamond price forecasts and the discount rates applied in assessing the valuations) in the updated LoM plan for Letšeng that supported the impairment tests performed by management, together with the sensitivity analysis performed under various scenarios. The Committee noted the diamond price recovery in the LoM plan given the depressed diamond market experienced in the year. The impact on the LoM valuation caused by changes to the underlying operational plan, costs (including cost saving from insourcing of the processing activities) and capital expenditure assumptions were noted. There was no impairment charge necessary and Letšeng's carrying value remained above its recoverable value, albeit at a lower headroom than the previous year. The Committee further reviewed the relevant disclosure in the Financial Statements to ensure compliance with reporting standards.
- The assumptions relating to the classification of tax uncertainties and the treatment and disclosure thereof.
- The assumptions relating to the existence and valuation associated with inventory ore stockpiles and consumables.
- The assumptions and related disclosures relating to the treatment of deferred tax on certain intergroup transactions and the associated impact on deferred tax liabilities, which resulted in the restatement of prior year balances.
- The assumptions and related disclosures relating to the treatment of plant and equipment on intergroup sales which were previously over- depreciated.

Future focus areas

Specific focus areas for 2025 are to:

- Ensure the Group is adequately prepared to implement the provisions of the 2024 Corporate Governance Code, effective 1 January 2025, and Provision 29 (risk management and the internal control framework), effective 1 January 2026.
- Continue to assess and monitor principal and emerging risks and their impact on the business.
- Ensure a seamless transition to the new Chair of the Audit Committee.
- Oversee the adoption of the TNFD and the IISSB S1 and S2 recommendations effective 1 January 2025.
- Assess the quality and effectiveness of the new auditor and the procedures and controls to ensure auditor independence.

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Preparing for Our Future

REMUNERATION COMMITTEE

The Committee believes that the Remuneration Policy is appropriate to motivate and reward senior executives and align their interests with the Group's purpose and values as well as the interests of shareholders.

STRUCTURE

Annual Statement, which includes an "at a glance" of remuneration decisions

Page [81](#)

Directors' Remuneration Policy

Page [84](#)

Annual Report on Remuneration

Page [90](#)



Michael Lynch-Bell
Chairperson
Independent non-Executive Director

ANNUAL STATEMENT

Dear Shareholders

On behalf of the Board, I am pleased to present the Remuneration Committee's Directors' Remuneration Report for 2024. The report is presented in three sections: this Annual Statement, the Directors' Remuneration Policy (page [84](#)) and the Annual Report on Remuneration (page [90](#)).

Linking Executive Directors' remuneration with our purpose and strategy

Executive remuneration is focused on the underlying health and performance of the Group and considers key drivers, including relevant ESG factors. Performance metrics consist of both financial and non-financial KPIs linked to our strategy, which in turn support the Group's purpose to produce the best diamonds, in the best way, leaving a lasting legacy. This purpose is relevant for our employees, the communities in which we operate and shareholders alike. Each strategic pillar is linked to an element of remuneration as set out on pages [84](#) to [89](#) of the Directors' Remuneration Policy.

Remuneration decisions taken during 2024

Context

In the face of an uncertain economic environment characterised by fluctuating market conditions and ongoing pressure on diamond prices, our approach to Directors' remuneration remains committed to fair and competitive practices that align with the Group's long-term sustainability goals. We recognise that maintaining a robust remuneration framework is crucial in attracting and retaining top talent while ensuring that management remains motivated to steer the Group through these challenging times. The Committee is committed to balancing immediate financial realities with the need for strategic foresight, allowing us to prioritise sustainable growth and value creation for our stakeholders. By linking remuneration to long-term performance metrics, we aim to foster a culture that not only responds to current market challenges but also positions the Group for future success.

The Group ended the year with a cash balance of US\$12.9 million and drawn down facilities of US\$20.2 million, resulting in a net debt position of US\$7.3 million, compared to a net debt position of US\$21.3 million in the prior year. Underlying EBITDA increased by 95% to US\$29.7 million from US\$15.2 million in 2023, driven by an increase in the number of carats sold, which offset lower diamond prices and a decrease in Letšeng's cost base following the right-sizing, workforce alignment and insourcing of mining and processing activities.

At Letšeng, the benefits of the structural changes implemented in 2023 – including management, workforce and operational methodology adjustments – are evident in the 2024 results. Amendments to Letšeng's mine plan that significantly reduced waste volumes, and further initiatives implemented during the year to reduce costs, have strengthened the operation's resilience, enabling it to withstand external challenges such as the difficult diamond market and rising operating costs.

Letšeng's maintained an excellent safety performance in 2024, with its all injury frequency rate at a record low of 0.61. The Group's carbon emission reduction initiatives progressed well, putting the Group on track to achieve its commitment to a 30% reduction in Scope 1 and 2 emissions by 2030, as set out in the Climate Change Report on page [51](#).

The renegotiation of facilities and agreement on the slope steepening strategy were important factors in agreeing the GDIP outcomes.

Through its remuneration strategies, the Group remained steadfast in its commitment to fairness, transparency and alignment with organisational goals. Market trends were closely monitored and remuneration benchmarked to ensure it remains competitive within the industry while taking into account the unique challenges posed by the current environment.

In this context, the Committee's key decisions made during the year related to the following areas:

Remuneration Policy review

The current Remuneration Policy was adopted at the AGM in 2024 and became effective from this date. Prior to finalising the 2024 Remuneration Policy, the Board consulted its largest shareholders and adapted the Remuneration Policy to align with their feedback. One significant shareholder at the time had a materially different view on how the Remuneration Policy should be implemented, and this impacted the vote on the 2023 Directors' Remuneration Report at the 2024 AGM. The Board attempted to engage with this shareholder following the AGM to ensure any continuing concerns were understood, but to no avail. The Board notes that this shareholder has since sold all of their shares in the Company.

During 2024 and early 2025, the Committee reviewed the effectiveness of the current policy, specifically through the lens of the shareholders at the time, to ensure it remains appropriate for the Group over the coming years. The Committee concluded that the current policy remains fit for purpose.

Gem Diamonds Incentive Plan (GDIP)

The GDIP is based on a range of financial, operational and personal objectives that support the delivery of the Group's key strategic priorities, with 85% linked to business performance and 15% to personal performance.

In 2024, the Committee approved management's proposal to forego the cash element of the GDIP and awarded the deferred shares portion on a reduced basis. The CEO and CFO were subsequently awarded 783 534 and 539 853 nil-cost share options, respectively, under the deferred portion of the 2023 GDIP, as reflected on page [98](#).

The resulting formulaic GDIP outcome for the 2024 business scorecard was 47.5% of maximum (which accounted for 85% of the GDIP); the personal performance outcomes (accounting for 15% of the GDIP) averaged 12.0% across the Executive Directors. The Committee concluded that the 2024 GDIP outcome would be 57.5% for the CEO and 61.5% for the CFO. The payment of the GDIP will comprise the cash element as well as nil-cost share options under the deferred portion of the 2024 GDIP. The share price to be used to determine the number of shares to be granted in 2025 under the deferred GDIP award will be 25 GB pence rather than the prevailing share price of c.10 GB pence at the time of the meeting. This will have the effect of reducing the number of shares to be granted in 2025 by c.57%.

CEO pay ratio

We have not included a CEO pay ratio in this report, as the Company has no employees based in the UK and any resulting ratios would not be meaningful.

Implementation of the Remuneration Policy in 2025

The Executive Directors' salaries were reviewed in February 2025, considering relevant benchmarks and in-country inflation. The review was in line with the general practice of considering the wider employee group when applying inflation as a base for salary increases across the Group. Based on all considerations, including current market conditions, the Remuneration Committee determined that base salaries would be increased by 2% in 2025. The wider workforce had been granted a 5.1% salary increase, which took into account the year-on-year increase in inflation.

The Committee is also aware of the role it can play in supporting our employees in the current economic environment. It does this by offering a range of benefits and programmes across the Group to support employees' health, well-being and work-life balance.

For 2025, the GDIP will remain unchanged with a maximum annual award opportunity of 180% of salary. Group performance will continue to be measured with reference to a business scorecard linked to the Group's three strategic focus areas: Extracting Maximum Value from Our Operations; Working Responsibly and Maintaining Our Social Licence; and Preparing for Our Future. Group performance will be weighted 85% of maximum, with the remaining 15% linked to personal performance.

The Committee is mindful of the impact our operations have on the environment, and a Working Responsibly and Maintaining Our Social Licence element has been included in the GDIP since it was first implemented in 2021. For 2025, this will remain as in 2024 to include reducing our environmental impact, diversity initiatives and various health and safety metrics. The Committee reviews the metrics on an annual basis and will consider the options to include other ESG metrics, provided they align with our strategy at the time.

The incentive will be paid 55% in cash and 45% will be awarded through the issue of nil-cost options vesting in one-third annual tranches after one, two and three years, subject to continued employment and good/bad leaver provisions over this period. Vested awards will also be subject to a two-year post-vesting holding period, during which time Executive Directors may not sell shares except to cover taxes associated with the exercising of share options. Malus and clawback provisions will apply during the performance period and for a period of two years following payment.

Engagement

As we look towards the future, the Remuneration Committee remains dedicated to its responsibility of overseeing the fair and equitable compensation of employees. The Committee will continue to adapt its strategies in response to evolving market conditions while remaining vigilant in its efforts to balance the needs of employees with the long-term interests of shareholders.

The Committee looks forward to receiving your support at the 2025 AGM. The Board considers it important that shareholders have the opportunity to raise questions with the Board. Shareholders are invited to send any questions they may have about this report or any of the Committee's activities. As I will be retiring from the Board on 31 March 2025, please feel free to make contact through Minelle Zech, the Group Human Resources Executive, at mzech@gemdiamonds.com.

Michael Lynch-Bell

Chairperson of the Remuneration Committee

12 March 2025

REMUNERATION AT A GLANCE

Fostering a culture of transparent and fair remuneration that supports our purpose and strategy and is aligned with wider employee considerations

Basis of preparation

This report has been prepared in accordance with the principles of the UK Companies Act, 2006, Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the UK Market Abuse Regulations. The external auditor of Gem Diamonds has audited certain information within this remuneration report which has been marked as such on pages [95](#), [98](#) and [100](#).

COMPONENT		
Basic salary	Benefits	Pension
<ul style="list-style-type: none"> Market-competitive base salary to recruit and retain individuals No prescribed minimum or maximum annual increase 	<ul style="list-style-type: none"> Cash allowance in lieu of non-cash benefits 	<ul style="list-style-type: none"> Retirement benefits that are appropriately competitive and aligned with the wider workforce.

GDIP

- Participants can receive a maximum of up to 180% of their base salary
- For threshold-level and target-level performance, the incentive earned is up to 20% and 50% of maximum opportunity, respectively
- Group scorecard targets may include one or more of the three key strategic priority areas
- Award to be delivered 55% in cash and 45% in nil-cost share options vesting in one-third annual tranches after one, two and three years, and subject to a two-year post-vesting holding period

100% Remuneration Committee attendance	Wider considerations for employees in 2024
No malus or clawback provisions triggered in 2024	+6.5% approved inflationary increase to comparative employees' basic salaries effective from 1 January 2024 (Executive Directors 0%) 7.5% of salary pension contributions, aligned to the workforce Similar group performance scorecards for management incentive schemes across the Group

SHAREHOLDING	GDIP
Profile of scorecard	

200% of salary shareholding requirement

CEO

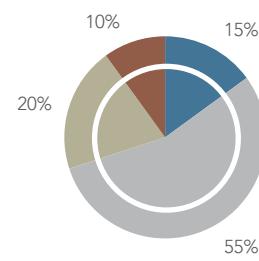


Total shareholding
16689% of
salary

CFO



Total
shareholding
161% of salary
(refer to page
[98](#) for more
details)



Pension and benefits:

- Pension contributions for the CEO and CFO are aligned with the wider workforce at 7.5%
- Non-cash benefits are in line with the market at 6% of base salary

Total non-Executive Director fee
£368 016 actual
< £750 000 maximum aggregate per the Articles



REMUNERATION POLICY

The Remuneration Policy as set out in this section of the report was put to a binding shareholder vote at the 2024 AGM and became effective from this date. The Committee considered the relevance of the policy over the course of 2024, and at its February 2025 meeting concluded that it remains fit for purpose. The policy is as disclosed in the 2023 Directors' Remuneration Report save for some non-significant changes as follows:

- references to financial years have been updated where appropriate;
- references to performance measures have been updated for the latest business strategy, as appropriate; and
- pay-for-performance charts have been updated to reflect 2025 salaries.

The Remuneration Policy is designed to provide a level of remuneration that attracts, retains and motivates executives of a suitably high calibre to manage the business, implement the Group's strategy and maximise long-term shareholder value. It is intended that, as far as possible, remuneration policies and practices will conform to best practice in the markets in which the Group operates, will be aligned with shareholder interests and will promote effective management of business risk.

The Committee's policy is to provide base salaries and benefits that are fair and to weight remuneration towards variable pay. Variable pay incentives are linked to the achievement of realistic performance targets relative to the Group's strategy and corporate objectives.

The Committee is satisfied that the proposed policy is clear, simple and appropriately aligned with the Group's strategy, risk appetite and culture, and that the incentives are appropriately capped.

How good governance informs policy design

The table below sets out the application of the Principles of the Code relating to the design of remuneration policies and practices:

Clarity	Targets for annual cash incentives and share awards are aligned to the Group's strategic priorities. This provides clarity to shareholders and other stakeholders on the relationship between the successful delivery of the Group's strategy and remuneration paid.
Simplicity	The Remuneration Policy is designed to be simple and clear while complying with all relevant regulatory requirements and meeting shareholder expectations. It simplifies remuneration elements further by combining the cash and deferred shares components into a single GDIP.
Risk	The Committee is aware of the risks that can result from excessive rewards and believes that the robust target-setting and long history of applying discretion to formulaic outcomes reflects this. Malus and clawback provisions in the Remuneration Policy further mitigate these risks.
Proportionality	The Committee's overriding discretion ensures that remuneration outcomes are aligned with Group performance.
Predictability	The GDIP ensures a simpler but more predictable range of performance outcomes that align with the business model, ensuring predictable pay outcomes that do not reward poor performance.
Culture	As reflected in the Chairperson's statement on page 11, the Committee considers overall pay and conditions for employees across the Group when determining Executive Director outcomes. Personal and Group performance measures include non-financial metrics linked to the Group's purpose and culture.

Policy table for Executive Directors

Salary

Purpose and link to strategy	To offer a market-competitive base salary to recruit and retain individuals of the high calibre necessary to execute the Group's business strategy.
Operation	Base salaries are reviewed annually with changes effective from 1 April. Salaries are typically set after considering the salary levels in companies of a similar size, complexity and risk profile, the responsibilities of each individual role, progression within the role and individual performance. In setting salaries for Executive Directors, the Committee takes note of the overall approach to salary reviews for the wider employee group.
Opportunity	There is no prescribed minimum or maximum annual increase. It is expected that salary increases for Executive Directors will ordinarily be (in percentage of salary terms) in line with those of the wider employee group in countries of a similar inflationary environment. In certain circumstances (for example, where there is a change in responsibility, role size or complexity, or progression in the role), the Committee has discretion to award higher increases to ensure salary levels remain competitive.
Performance measures	N/A

Benefits

Purpose and link to strategy	To provide competitive benefits considering the market value of the role and benefits offered to the wider UK management population, in line with the Group's strategy to keep remuneration simple and consistent.
Operation	Executive Directors receive a cash allowance in lieu of non-cash benefits.
Opportunity	The benefit value may vary by role to reflect market practice. It is not anticipated that the current cost of benefits (as set out in the Annual Report on Remuneration) will increase materially over the term of this policy, though the Committee retains discretion to approve a higher cost in exceptional circumstances.
Performance measures	N/A
Pension	
Purpose and link to strategy	To provide retirement benefits that are appropriately competitive.
Operation	Executive Directors receive a cash allowance in lieu of pension.
Opportunity	Any current and/or new Executive Director will receive pension benefits aligned to that of the wider employee group (currently 7.5% of salary).
Performance measures	N/A

GDIP

Purpose and link to strategy	To drive and reward performance against financial and non-financial KPIs, as well as personal objectives, all of which are directly linked to business strategy.
Operation	<p>The GDIP is reviewed annually by the Committee at the start of the year to ensure the opportunity and performance measures are appropriate and continue to support business strategy.</p> <p>The Committee has discretion to adjust the formulaic outcome of the bonus to more accurately reflect the underlying business and personal performance during the year.</p> <p>Performance is measured over one year, and earned awards are delivered 55% in cash and 45% in nil-cost share options vesting in one-third annual tranches after one, two and three years, subject to continued employment and good/bad leaver provisions over this period. Vested awards are also subject to a two-year post-vesting holding period.</p> <p>Malus and clawback provisions may be applied for a period of two years following payment in exceptional circumstances, including, but not limited to, misstatement, misconduct, error, serious wrongdoing, serious reputational damage and corporate failure.</p>
Opportunity	<p>Participants can receive a maximum of up to 180% of their base salary.</p> <p>For threshold-level and target-level performance, the award earned is up to 20% and 50% of maximum opportunity, respectively.</p>
Performance measures	<p>Performance is determined by the Committee annually by reference to a scorecard of Group targets, as detailed in the Group's business plan and encapsulated in specific KPIs, as well as a discretionary assessment of personal performance.</p> <p>Group scorecard targets may include one or more of the three key strategic priority areas of Extracting Maximum Value from Our Operations, Working Responsibly and Maintaining Our Social Licence, and Preparing for Our Future. The Group scorecard will typically account for 85% of performance bonus in any one year.</p> <p>Details of the measures and weightings for the current year are provided in the Annual Report on Remuneration.</p>

Notes to policy table

Legacy arrangements

In approving this policy, authority is given to honour any previous commitments or arrangements entered into with current or former Directors (such as the unwinding of legacy share schemes) at a time when a previous remuneration policy was in force. Authority is also given to honour arrangements agreed with an employee prior to the individual becoming a Director, if in the opinion of the Committee the payment was not in consideration for the individual becoming a Director. Details of any such awards or payments are disclosed in the Annual Report on Remuneration.

Selection of performance measures (GDIP)

Performance measures used in the Group's executive incentive scheme – the GDIP – are selected to ensure incentives reinforce the Group strategy and align executive interests closely with those of shareholders. It is the Committee's opinion that the financial and non-financial measures used in the GDIP support the strategic priorities of Extracting Maximum Value from Our Operations, Working Responsibly and Maintaining Our Social Licence and Preparing for Our Future, and are well-accepted measures for the mining sector.

Performance targets are set to be stretched but achievable, considering a range of reference points including the Group's business plan, its strategic priorities and the economic environment in which the Group operates. The Committee believes it has a robust approach to target setting, and the maximum outcomes are achievable only for exceptional performance.

Remuneration policy for other employees

Salary reviews are implemented with a consistent approach across the Group and consider the level of responsibility, experience, individual performance, market levels and the Group's ability to pay.

Senior management (below Board level) remuneration is reviewed by the Remuneration Committee. Senior management and management level employees participate in an annual bonus scheme on a similar basis as the Executive Directors, although the weighting on Group performance measures increases with seniority and share awards vary appropriately according to organisational level.

Other employees participate in an annual bonus linked to operational metrics.

Shareholding guidelines

The in-post guideline requires Executive Directors to hold 200% of their salary in beneficially owned shares. Until the guideline has been met, Executive Directors will be required to retain 50% of vested awards under the GDIP or any other share-based incentive.

The post-termination shareholding for Executive Directors requires that the in-post shareholding requirement is maintained for a period of a year following cessation of employment, to be achieved through the continued holding of vested share awards granted after the introduction of the 2021 Remuneration Policy.

A formal policy has been implemented to ensure in- and post-termination shareholding requirements are managed appropriately.

Pay for performance: scenario analysis for 2025

The table and subsequent graph below illustrate an estimate of the potential future remuneration for the Executive Directors and the potential split between the different elements of pay under four performance scenarios: fixed, at target, maximum and maximum +50% share price appreciation. Potential remuneration is calculated on the incentive opportunities set out in the 2024 Remuneration Policy applied to the salaries effective 1 April 2025.

The maximum GDIP is 180% of the salary.

The fixed scenario includes base salary, pension and benefits only.

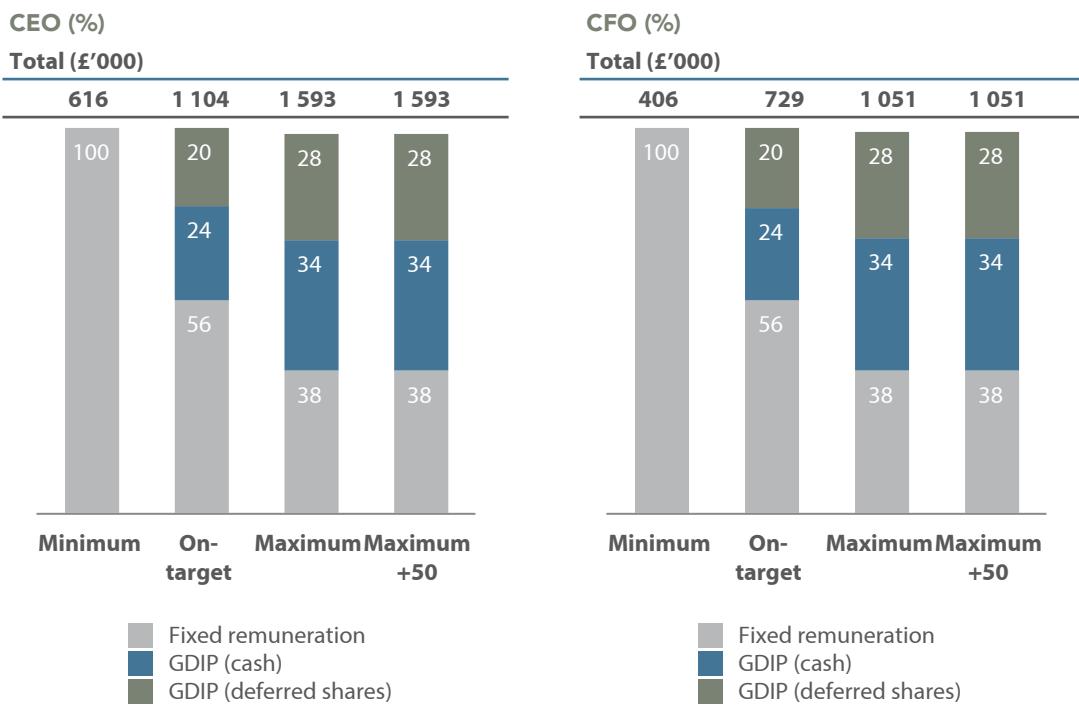
The at-target scenario includes fixed remuneration as above, plus target pay-out of the GDIP.

The maximum scenario includes fixed remuneration plus full pay-out and vesting of all incentives.

The maximum +50% scenario is the same as the maximum scenario, as the deferred share element of the GDIP is not subject to performance conditions over the deferral period.

The assumptions are summarised in the table below:

Component	Fixed	At target	Maximum	Maximum +50% share price appreciation
Salary			Base salary for 2025	
Benefits			6.0% of salary	
Pension			7.5% of salary	
GDIP (cash)	0% of maximum	50% of maximum	100% of maximum	100% of maximum
GDIP (deferred shares)	0% of maximum	50% of maximum	100% of maximum	100% of maximum



Approach to remuneration on executive recruitment

The Committee will follow the Remuneration Policy as set out in the policy table when recruiting new Executive Directors. Any arrangement specifically established to recruit an external Executive Director will be capped at the limits described in the policy table on appointment. Where an individual forfeits outstanding incentive payments and/or contractual rights at a previous employer because of their appointment, the Committee may offer additional compensatory payments or awards (buy-out) in such form as it considers appropriate. Any such buy-out compensation would be on a comparable basis to the forfeited benefit, considering factors including the performance conditions attached to these awards, the likelihood of conditions being met, and the remaining vesting period of these awards. The Committee would normally use the remuneration components under the regular policy to make such buy-out awards, but may also exercise its discretion under UK Listings Rule 9.3.2 if an alternative incentive structure were required. Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide reasonable, time-limited assistance with relocation in line with local market norms.

In the case of internal promotions, any commitments made prior to promotion and the approval of the Remuneration Policy (except for pension entitlements) will be honoured. Where the new appointee has an initial salary set below market, any shortfall will be managed with phased increases over a period of several years, subject to the individual's performance and development in the role.

Service contracts

The Company's policy is to limit termination payments to pre-established contractual arrangements. If the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Details of the Executive Directors' service contracts are summarised in the table below.

Director	Contract date	Unexpired	Notice period	Contractual termination payment
CT Elphick	13 February 2007	Rolling contract	12 months	Pay basic salary on summary termination. Benefits are payable only at the Committee's discretion.
M Michael	22 April 2013			

Payments for loss of office under all service contracts

On termination of an Executive Director's contract, payments equal to salary in lieu of notice may be made monthly during the notice period. Benefits are payable only at the Committee's discretion. Payment in lieu of unused annual leave entitlement can be made at the effective salary rate at the point of termination.

Where employment is terminated by the Company and the departing Executive Director has a legal entitlement (under statute or otherwise) to additional amounts, these would need to be met. Should the Company wish to enter into a settlement agreement and the individual seeks independent legal advice, the Committee retains discretion to settle any claims by or on behalf of the Executive Director in return for making an appropriate payment and contributing to the legal fees incurred by the Executive Director in connection with the termination of employment.

In exceptional circumstances, the Committee may approve new contractual arrangements with departing Executive Directors, including (but not limited to) settlement, confidentiality, outplacement services, restrictive covenants and/or consultancy arrangements. These will be used only in circumstances where the Committee believes it is in the best interests of the Company and its shareholders to do so.

The table below provides details of exit payments under different leaver scenarios:

Incentive	Scenario	Time of payment/vesting	Calculation of payment/vesting
GDIP awards, prior to end of performance period	Death, disability, ill health, redundancy, retirement, or any other reasons the Committee may determine (normally not including resignation or where there are concerns as to performance)	Normal payment date, although the Committee has discretion to accelerate (for example, in relation to death)	Performance against targets will normally be assessed by the Committee at the end of the year and any resulting award is normally pro-rated for the proportion of the year worked
	Change of control (whether or not employment is terminated as a result)	Immediately, on change of control	Performance against targets will normally be assessed by the Committee up to the date of change of control and any resulting award is normally pro-rated for time
	All other reasons	Not applicable	No award is paid
GDIP (unvested nil-cost options)	Death, disability, ill health, redundancy, retirement, or any other reasons the Committee may determine (normally not including resignation or where there are concerns as to performance)	Normal vesting date, although the Committee has discretion to accelerate	Unvested awards will normally be pro-rated for time unless the Committee decides otherwise
	Change of control (whether or not employment is terminated as a result)	Immediately, on change of control	Unvested awards will normally be pro-rated for time unless the Committee decides otherwise
	All other reasons	Not applicable	Awards lapse
GDIP (nil-cost options/shares in holding period)	Death, disability, ill health, redundancy, retirement, or any other reasons the Committee may determine (normally not including resignation or where there are concerns as to performance)	Normal vesting date, although the Committee has discretion to accelerate	Not applicable
	Change of control (whether or not employment is terminated as a result)	Immediately, on change of control	Not applicable
	All other reasons	Normal release date, although the Committee has discretion to accelerate	Not applicable

Non-Executive Directors

Non-Executive Directors do not receive benefits from the Company, and they are not eligible to participate in any cash or share-based incentive scheme.

Directors' fees	
Purpose and link to strategy	To attract and retain a high-calibre Chairperson and non-Executive Directors with experience relevant to the Company.
Operation	<p>Fees are reviewed annually, with any changes effective from 1 April.</p> <p>Fees are typically set after considering current market levels, time commitment and responsibilities involved.</p> <p>All non-Executive Directors, including the Chairperson, are each paid an all-inclusive fee. No additional fees are paid for chairing Committees.</p> <p>All fees are payable monthly in cash in arrears.</p> <p>The non-Executive Directors do not participate in any of the Group's incentive plans. No other benefits or remuneration are provided to non-Executive Directors.</p>
Opportunity	<p>There is no prescribed maximum annual increase.</p> <p>It is expected that fee increases will typically be in line with market levels of fee inflation.</p> <p>In certain circumstances (for example, where there is a change in time commitment required or a material misalignment with the market), the Committee has the discretion to adjust fee levels to ensure they remain competitive.</p> <p>The maximum aggregate annual fee for all non-Executive Directors, including the Chairperson, allowed by the Company's Articles of Association, is £750 000.</p>

Director	Contract date	Unexpired term	Notice period	Contractual termination payment
H Kenyon-Slaney	6 June 2017			
M Brown	1 January 2018			
M Lynch-Bell ¹	15 December 2015			
M Maharasoa	1 July 2019			
R Kainyah	1 May 2021			

¹. Michael Lynch-Bell will be retiring from the Board on 31 March 2025 following the completion of his 9-year tenure.

Consideration of shareholder views

The Committee considers shareholder views and the guidelines of investor bodies when determining remuneration. The Committee values feedback from shareholders on the Company's Remuneration Policy and commits to consulting shareholders in advance of any significant changes to the policy. Details on the votes received on the 2023 Annual Report on Remuneration (at the 2024 AGM) and the 2024 Remuneration Policy (at the 2024 AGM) are provided in the Annual Report on Remuneration.

External directorships

Executive Directors are permitted to accept external directorships with prior approval of the Chairperson. Approval will only be given where the appointment does not present a conflict of interest with the Group's activities and the experience gained will be beneficial to the development of the individual. Where fees are payable in respect of such appointments, these would be retained by the Executive Director. Refer to page [94](#) for further details.

ANNUAL REPORT ON REMUNERATION

This report provides information regarding the implementation of the Company's approved 2024 Remuneration Policy during the financial year ended 31 December 2024 and how the existing Remuneration Policy will be implemented in 2025. This Annual Report on Remuneration will be subject to an advisory vote at our 2025 AGM on 4 June 2025. The external auditor of Gem Diamonds has audited certain information within this remuneration report which has been marked as such on pages [95](#), [98](#) and [100](#).

Role, composition and experience of the Committee

The Committee's terms of reference are available on the Company's website and comply with the UK Corporate Governance Code.



Michael Lynch-Bell
Chairperson
Independent non-Executive Director

The role of the Committee is to assist the Board in fulfilling its responsibility to shareholders to ensure that:

- Remuneration policy and practices of the Group are designed to support strategy and promote long-term sustainable success, and reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.
- Executive remuneration is aligned to Group purpose and values and linked to the delivery of the Group's long-term strategy.

Membership as at 31 December 2024:

- M Lynch-Bell
- H Kenyon-Slaney*
- R Kainyah

Other attendees:

- C Elphick*
- M Michael*
- M Zech
- Ellason LLP (Independent remuneration consultants)
- Shakespeare Martineau LLP

* Except when issues relating to their own remuneration are discussed.

2024 value-adding activities

Link to strategic pillar

Remuneration policies and practice

Reviewed the Remuneration Policy to ensure it is appropriate to motivate and reward senior executives and align their interests with the Group's purpose and values as well as the interests of shareholders.



Ensured incentives include an appropriate balance of financial and non-financial elements for the long-term sustainability of the Group.

Reviewed and approved base salaries and total remuneration for the Executive Directors and reviewed fees for non-Executive Directors and senior management remuneration in line with consideration of recent developments in remuneration market trends and best practice.

Share-based remuneration and bonus arrangements

Considered the effectiveness of short and long-term incentive structures and their alignment with shareholder expectations.



Reviewed the range of non-financial performance metrics in variable remuneration.

Determined performance conditions and targets for incentive plans.

Considered the effectiveness of current ESG metrics linked to executive pay and whether further human capital management (HCM) topics are material to the business and should be monitored.

Applied its collective mind to the determination of discretionary elements in the GDIP scorecard and the appropriateness of the formulaic output from the incentive calculations, to ensure these accurately reflect performance during the year.

Reviewed diversity, equity and inclusion (DE&I) metrics and their link to executive pay.

Workforce remuneration and related policies

Confirmed that the Group's compensation programmes consider employees' needs beyond fair and equitable remuneration.



Engaged with employees through formalised structures on executive pay and how it supports strategy.

Reviewed employee remuneration and related policies and the alignment of incentives and rewards with culture and strategy.

Reviewed gender pay data to establish whether pay gaps are present.

Other matters

Reviewed the Committee's composition, terms of reference and operation.



Reviewed and approved the Directors' Remuneration Report for 2023.

Future focus areas

In 2025 the Committee will:



- Review Directors' contracts and/or other agreements or documents covering Director remuneration to ensure they include malus and clawback provisions and the circumstances in which they operate.
- Revisit current practices to determine whether they support a proactive, constructive and transparent approach to shareholder engagement.
- Continue its focus on ESG metrics to ensure metrics are aligned to business strategy and that targets are appropriate, robust and measurable.

		
Extracting Maximum Value from Our Operations	Working Responsibly and Maintaining Our Social Licence	Preparing for Our Future

Consideration of independence

Ellason LLP was appointed by the Committee in January 2021 to provide independent remuneration advice to the Committee and attend Committee meetings. Ellason LLP provides remuneration advice to a large portfolio of clients, including many in the FTSE 350 and FTSE Small Cap, reassuring the Committee that the advice provided is appropriate and relevant. Ellason LLP is a signatory to, and abides by, the Remuneration Consultants Group Code of Conduct. Further details can be found at www.remunerationconsultantsgroup.com.

Ellason LLP does not provide non-remuneration services to the Group, is in no other way connected to the Group and is therefore considered to be independent. The fees payable to them in relation to work for the Committee in 2024 were US\$26 360, excluding VAT.

Summary of shareholder voting

The table below shows the results of the advisory vote on the 2023 Annual Report on Remuneration at the 2024 AGM and the binding vote on the 2024 Remuneration Policy at the 2024 AGM.

		For	Against	Total votes cast	Withheld
2023 Report on Remuneration	Total number of votes	69 554 686	32 703 526	102 258 212	10 524
	Percentage of votes cast	68.0 %	32.0 %	–	–
2024 Remuneration Policy	Total number of votes	67 235 441	35 022 771	102 258 212	10 524
	Percentage of votes cast	65.8 %	34.2 %	–	–

The 2023 Directors' Remuneration Report described the implementation of the Remuneration Policy as approved at the 2024 AGM. Prior to finalising the 2024 Remuneration Policy, the Board consulted its largest shareholders and adapted the Remuneration Policy to align with shareholder feedback. One significant shareholder had a materially different view on how the Remuneration Policy should be implemented, and this impacted the vote on the 2023 Directors' Remuneration Report at the 2024 AGM. The Board attempted to engage with this shareholder following the AGM to ensure that any continuing concerns were understood, but to no avail. The Board notes that this shareholder has since sold all of their shares in the Company.

Wider employee considerations

The Committee considers Executive Director remuneration in the context of pay policies and practices across the wider employee group. We value and appreciate the contribution made by our employees and aim to provide them with market-competitive remuneration and benefit packages. Our approach to remuneration for our wider employee group is similar to that of Executive Directors and includes both fixed and performance-based components.

Base salaries are reviewed annually and any increases become effective from either 1 January or 1 March, dependent on operation-specific remuneration policies. The Committee reviews salary increases for the wider employee group and significant changes in practice or policy. The average salary increase awarded to the wider workforce was 6.5% for 2024, which took into account the year-on-year increase in inflation. All employees participate in an annual discretionary bonus scheme that rewards both an employee's contribution to the performance of the Group and their individual performance.

The majority of our employees receive an employer pension contribution equal to 7.5% of salary per annum and may opt to join a medical aid scheme to which the Company contributes 50% up to a capped amount. We also offer a wide range of benefits and programmes throughout the Group to support employees' health, well-being and work-life balance. Benefits and programmes vary from site to site and include employee wellness and/or access to a counsellor, on-site gym and/or recreation centres, travel subsidies, a flexible working environment and paying for professional subscriptions.

We have an open, collaborative and inclusive management structure and engage regularly with our employees on a range of issues. The designated non-Executive Director, Mazvi Maharasoa, conducts formal engagement sessions with workforce committees across the Group. During 2024, the Remuneration Committee Chairperson attended one engagement session per operational site. This afforded the opportunity for engagement with the workforce as to how executive remuneration supports strategy and aligns with that of the employees. Company culture is monitored and assessed by the Board on a quarterly basis against pre-determined metrics.

Gender pay considerations

We have not included a UK gender pay gap report, as the Company has no employees based in the UK and any resulting ratios would not be meaningful. The Committee reviewed gender pay across the various employee levels in the Group and is satisfied that no material differences exist between genders.

Relative importance of spend on pay

The table below shows the percentage change in total employee pay expenditure and shareholder distributions (dividends, share buybacks and return of capital) from the financial year ended 31 December 2023 to the financial year ended 31 December 2024.

	2024 US\$	2023 US\$	% change
Distribution to shareholders ¹	–	–	–
Employee remuneration ²	23 823 269	12 736 751	87
Return of capital ³	–	–	–

¹ No dividends were declared from the 2023 or 2024 results.

² Includes salary, pension and benefits, bonus, accounting charge for the ESOP and employer national insurance contribution. The increase for 2024 is driven mainly by the increase in employee numbers (c.400 additional employees) and cost due to the insourcing of the mining function. The full effect of the insourcing of the processing function at the end of 2024 will be seen in the 2025 results.

³ Any other significant distributions and payments or other uses of profit or cash flow deemed to assist in understanding the relative importance of spend on pay.

Pay for performance

The graph below shows the Company's total shareholder return (TSR) performance compared to the performance of the Sector Peers (Lucara, Petra, Mountain Province, Lucapa) and the FTSE 350 Mining Index over the 10-year period to 31 December 2024. The Sector Peer Group has been selected to provide a diamond miner comparator group and the FTSE 350 Mining Index has been selected as the Group and the constituents of the index are affected by similar commercial and economic factors. The table below the graph details the CEO's single figure of remuneration and actual variable pay outcomes over the same period.

Value of £100 invested on 1 January (Gem Diamonds vs. FTSE 350 Mining Index and 2024 Sector Peers (£))



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO single figure of remuneration (£)	879 719	611 314	681 191	995 161	891 643	989 921	1 016 832	1 023 207	677 186	1 012 589¹
Annual bonus outcome (% of maximum)	74.0	0.0	20.0	83.0	62.6	66.0	39.3	43.9	45.5	57.5
ESOP vesting outcome (% of maximum)	0.0	28.3	14.5	21.4	25.9	65.9	60.1	42.7	n/a	n/a³

¹ Share options under the deferred portion of the 2024 GDIP will be awarded in 2025 following the release of the 2024 annual results. The Committee applied its discretion in awarding deferred share options at a price of 25 GB pence rather than the prevailing share price of c.10 GB pence. This will have the effect of reducing the number of shares granted by c.57%. The change in the remuneration from 2023 to 2024 is driven mainly by the decision to forego the cash portion of the GDIP in 2023.

² The lower deferred shares as set out in the above note results in an effective 43% annual bonus outcome against the maximum achievement.

³ Following the implementation of the GDIP in 2021, no share options have been awarded subject to performance conditions and no vesting of awards were subject to performance conditions.

The percentage change in Director remuneration compared to other employee pay

The table below shows a comparison of the annual change of each individual Director's pay to the annual change in average employee pay for the year ended 31 December 2024. The parent company consists of only Directors and the Company therefore chose to voluntarily disclose the change in Directors' remuneration compared to a wider employee comparator group, as this will provide a more representative comparison. The comparator group is made up of Letšeng Diamonds employees which in turn make up 93% of the Group's employees.

	Executive Directors					Non-Executive Directors		Comparator group
	C Elphick	M Michael	H Kenyon-Slaney	M Lynch-Bell	M Brown	M Maharasoa	R Kainyah	
2024	Base salaries (% change) ¹	–	–	–	–	–	–	6.5
	Benefits (% change) ²	–	–	–	–	–	–	1.6
	Bonuses (% change) ³	57.5	61.5	–	–	–	–	1.8
2023	Base salaries (% change)	4.0	4.0	–	–	–	–	7.8
	Benefits (% change)	(4.5)	(4.0)	–	–	–	–	2.5
	Bonuses (% change)	(43.9)	(45.9)	–	–	–	–	(4.0)
2022	Base salaries (% change)	4.0	4.0	10.0	4.0	4.0	4.0	4.7
	Benefits (% change)	(1.3)	(1.0)	–	–	–	–	–
	Bonuses (% change)	4.6	5.6	–	–	–	–	7.3
2021	Base salaries (% change)	4.1	4.1	4.1	4.1	4.1	4.1	5.9
	Benefits (% change)	(0.9)	(0.7)	–	–	–	–	–
	Bonuses (% change)	(27.1)	(27.1)	–	–	–	–	(19.9)
2020	Base salaries (% change)	(1.3)	(1.3)	(14.5)	(16.0)	(16.0)	96.0	– (2.0)
	Benefits (% change)	–	–	–	–	–	–	0.7
	Bonuses (% change)	3.7	4.7	–	–	–	–	4.9

¹ The change in base salaries is shown as the approved basic salary increase for 2024.

² The change in benefits is shown as any approved increase in benefits.

³ The change in bonus depicts the change in y-o-y achievement against maximum potential. For 2024, the change in executive bonus is driven by the decision to award a zero cash bonus for the 2023 performance year.

Executive Directors' external appointments

Apart from interests in private entities, only Clifford Elphick holds any significant executive directorship or appointments outside the Group. He is appointed as the non-Executive Chairperson of Zanaga Iron Ore Co Limited, which listed on the AIM Market of the London Stock Exchange in November 2010. Total fees paid to Clifford Elphick by Zanaga are £83 000. Any fees paid to Clifford Elphick in fulfilling external roles are retained by him.

Salary increases

The Committee approved management's proposal to forego salary increases in 2024:

Executive Director	2024 salary		% increase
	£	£	
C Elphick	532 041	532 041	– %
M Michael	351 125	351 125	– %

Pension and other benefits

No formal pension provision is made by the Company, but Executive Directors receive a cash allowance in lieu of pension. The pension allowance for both the CEO and CFO of 7.5% of salary is fully aligned with pension contributions to the wider employee group. Executive Directors received a cash allowance in lieu of other non-cash benefits, the values of which were 6.0% of salary respectively for the CEO and the CFO.

Implementation of remuneration policy for 2024

Total single figure of remuneration for Directors

The table below sets out the total single figure remuneration received by each Director for 2024 and the prior year. Although the Group's reporting currency is US dollars, these figures are stated in sterling, as the Directors' emoluments are based in sterling.

	Salary and fees ¹		Non-cash benefits ²		Pension ³		Total fixed remuneration		GDIP (cash) ⁴		GDIP (share options) ⁵		Total variable remuneration		Total		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Executive Directors																	
C Elphick	532 041	526 925	31 923	30 977	39 904	39 520	603 868	597 422	302 496	—	106 225	67 541	408 721	67 541	1 012 589	664 963	
M Michael	351 125	347 749	21 067	20 864	26 334	26 081	398 526	394 694	217 015	—	76 208	46 535	293 223	46 535	691 749	441 229	
Non-Executive Directors																	
H Kenyon-Slaney	134 640	134 640	—	—	—	—	134 640	134 640	—	—	—	—	—	—	134 640	134 640	
M Lynch-Bell	58 344	58 344	—	—	—	—	58 344	58 344	—	—	—	—	—	—	58 344	58 344	
M Brown	58 344	58 344	—	—	—	—	58 344	58 344	—	—	—	—	—	—	58 344	58 344	
M Maharasoa	58 344	58 344	—	—	—	—	58 344	58 344	—	—	—	—	—	—	58 344	58 344	
R Kainyah	58 344	58 344	—	—	—	—	58 344	58 344	—	—	—	—	—	—	58 344	58 344	

Audited

¹ Salary and fees.

² Non-cash benefits: cash payments in lieu.

³ Pension: cash payments in lieu.

⁴ Includes the cash component of the GDIP.

⁵ The 2024 GDIP (share options) figures relate to the value of the deferred nil-cost share options to be awarded in 2025 following the release of the 2024 annual results. The Committee applied its discretion to award deferred share options at a price of 25 GB pence rather than the prevailing share price of c.10 GB pence. This will have the effect of reducing the number of shares granted by c.57%. The 2023 GDIP figures have been adjusted to reflect the share price on the award date of 8.62 GB pence.

GDIP in respect of 2024 performance

Executive Directors participated in the GDIP in 2024, a discretionary incentive arrangement focused on the strategic areas of Extracting Maximum Value from Our Operations, Working Responsibly and Maintaining Our Social Licence, and Preparing for Our Future, all of which are underpinned by specific KPIs and included in the business plan approved by the Board.

In 2024, the maximum award opportunity for the Executive Directors was 180% of base salary. The earned incentive is paid in cash (55%) and a nil-cost share award (45%), with vesting subject to continued employment over three years. Pay-out is based 85% on a business scorecard and 15% on personal objectives assessed on a discretionary basis by the Remuneration Committee. The business scorecard performance measures, targets and actual results for 2024 are disclosed in full in the table below.

	Weighting (% of max)	Threshold target	Stretch target	Actual performance	Pay-out % of max
Preparing for Our Future					
As set out in strategic focus areas ¹	10.0			Judged by Committee on discretionary basis	7.6
Extracting Maximum Value					
Adjusted underlying EBITDA (US\$ millions) ²	30.0	32.3	43.8	33.8	8.3
Costs					
» Corporate costs (US\$ millions)	1.5	6.5	5.8	6.0	1.1
» Cost per tonne (LSL)	13.5	318	287	310	4.6
Carats recovered (carats)	10.0	75 034	91 708	105 011	10.0
Working Responsibly, Maintaining Social Licence					
Reduce environmental impact (tCO ₂ e)	5.0	98 299	89 452	95 266	3.4
All injury frequency rate (AIFR)	5.0	0.8	0.7	0.6	5.0
Any fatality will result in 100% forfeiture of this element	5.0	–	–	–	5.0
Increase diversity (%)	2.5	2	4	–	–
Any major community incident will result in 100% forfeiture of this element	2.5	–	–	–	2.5
	85.0				47.5

¹ The Committee reviewed progress against the strategic focus elements of long-term mine planning and optimisation and external growth opportunities. It was determined that a score of 7.6 out 10 is appropriate.

² For GDIP purposes, targets and actual underlying EBITDA are adjusted to remove bonus provisions and specific project costs to ensure comparative assessments.

In assessing the discretionary element of Preparing for Our Future, the Committee considered the following areas set out as the strategic focus for the year:

Long-term mine planning and optimisation

Following the publishing of the NI 43-101 Technical Report containing Letšeng's 2024 Resource and Reserve Statement in March 2024, a major undertaking this year was optimising Letšeng's mine plan. A steeper conventional pit concept was approved for Satellite Cut 6 West (SC6W) and the mine plan was updated accordingly.

External growth opportunities

During the year, numerous assets and projects were reviewed and a number of parties were engaged as part of the strategic focus on growth and expansion.

Personal performance

15% of the GDIP is linked to personal performance, with objectives linked to each Executive Director's individual areas of responsibility and designed to collectively support the achievement of the Group's strategic targets for the year. Individual targets comprise contributions to the Group's overall performance and the delivery of strategic projects and initiatives as set out by the Board, including operational performance, strengthening of key stakeholder relationships, bank financing, treasury management, ESG objectives and strategy development and implementation. The Committee also considered the impact of the restatement of certain prior year balances. Following the Committee's consideration of the Executive Directors' personal performance as set out in the tables below, the Committee awarded scores of 10.0% and 14.0% (out of 15%) respectively for the CEO and CFO.

Clifford Elphick

Strategic focus area	Performance
Preparing for Our Future	<ul style="list-style-type: none"> During the year, numerous assets and projects were reviewed and a number of parties were engaged as part of the strategic focus on growth and expansion.
Extracting Maximum Value from Our Operations	<ul style="list-style-type: none"> In 2022, an agreement was entered into with two important diamond manufacturing clients who supply polished diamonds to some of the world's most premium luxury jewellery brands. These diamonds are polished to the clients' specifications and additional value is realised for the Group as it shares in a percentage of the polished sales price of these diamonds. Additional revenue earned from the sale of these diamonds amounted to US\$1.4 million in 2024.
Working Responsibly and Maintaining Our Social Licence	<ul style="list-style-type: none"> Succession planning across the Group was progressed with an increased focus on diversity and inclusion. Even though the insourcing of the male-dominated functions of mining and processing at Letšeng impacted the ability to increase the overall gender diversity of the Group, a detailed DE&I roadmap has been developed with phase 1 scheduled for implementation in 2025. Decarbonisation initiatives progressed well during the year, keeping the Group on track to realise its decarbonisation target of a 30% reduction in Scope 1 and 2 emissions by 2030 against a 2021 baseline. By the end of 2024, a cumulative 27% reduction against this baseline was achieved.

Michael Michael

Strategic focus area	Performance
Preparing for Our Future	The Group-wide debt facilities for Letšeng (LSL450.0 million (US\$23.8 million) and ZAR300.0 million (US\$15.9 million)) and Gem Diamonds (US\$30.0 million), which were concluded in December 2021 for an initial three-year period, were due to expire in December 2024. The facilities were successfully extended during the year for a further 24-month period, extending the expiry date to 21 December 2026.
Extracting Maximum Value from Our Operations	Cost containment remained a key focus area in a constrained diamond market. Total cash operating costs (including waste costs) in local currency decreased to LSL1 602.0 million (US\$87.4 million) from LSL2 033.6 million (US\$110.2 million) in 2023. The all-in cash unit cost (including waste costs) per tonne treated decreased by 21% to LSL319.21 (US\$17.41) per tonne treated (2023: LSL404.73, US\$21.93 per tonne treated) due to the various cost-containment initiatives and measures implemented over the last 18 months.
Working Responsibly and Maintaining Our Social Licence	Managing tax compliance and maintaining sound tax practices is an important element of working responsibly and maintaining social licence. Tax is highly complex and subject to interpretation of the application of the law. Disputes have arisen over the interpretation and application of the prevailing tax legislation, and these matters have been managed to ensure no tax obligation arose that could have impacted the Group's results, financial position or liquidity.

The formulaic outcome from the business scorecard for Group performance was 47.5% (out of the maximum 85%) which, combined with the personal element, resulted in formulaic GDIP outcomes of 57.5% and 61.5% of maximum for the CEO and the CFO, respectively. The Committee decided to restrict the deferred shares element to align more closely with the shareholder experience over 2024. The Committee agreed that the share price to be used to determine the number of shares to be granted in 2025 under the deferred GDIP award would be 25 GB pence, rather than the prevailing share price of c.10 GB pence at the meeting when the Committee reviewed the GDIP outcome. This will have the effect of reducing the number of shares to be granted in 2024 by c.57%.

Based on business and personal performance, the GDIP incentive for 2024 was as follows:

Executive Directors at 31 December 2024	Total performance score (%)	Cash (£)	Deferred shares ¹ (£)	Total (£)
C Elphick	57.5	302 496	106 225	408 721
M Michael	61.5	217 015	76 208	293 223

¹ The deferred nil-cost options will be granted in 2025 with the number of shares based on an assumed share price of 25 GB pence; the value in the table above is based on the share price at the time of the GDIP approval by the Committee, of c.10 GB pence, and will be subject to the rules as set out in the Directors' Remuneration Policy on page 84.

Deferred share awards granted in 2024

Following approval of the 2023 GDIP outcome, the CEO and the CFO were granted share options with face values of 13% of their then salaries, as summarised in the table below.

Executive Director	Date of grant	Number of options granted ¹	Share price on date of award £	Face value of award £	Face value as % of salary
C Elphick	17 April 2024	783 534	0.09	67 541	13 %
M Michael	17 April 2024	539 853	0.09	46 535	13 %

¹ The number of deferred share options awarded was determined based on the Committee's discretion to award deferred share options at a price of 25 GB pence rather than the prevailing share price of 8.62 GB pence on the date of the award.

Details of outstanding awards of performance options to Directors

There are no outstanding awards of performance options to Directors.

Directors' shareholding and interests in shares

Details of interests in the share capital of the Company of those Directors in office as at 31 December 2024 are presented below. It is confirmed that there were no changes to the Directors' holdings between 31 December 2024 and the date of this report. No Director held an interest in the shares of any subsidiary company.

	Shares owned outright as at 31 December 2024	Performance shares held			Performance options held			Total shareholding as a % of salary ¹	Shareholding guideline met
		Subject to performance conditions	Unvested and subject to continued employment only	Vested but not exercised	Subject to performance conditions	Vested but not exercised			
Executive Directors									
C Elphick ²	9 325 000	–	1 124 970	417 627	–	–	16689 %	Yes	
M Michael	171 849	–	774 142	504 622	–	–	161 %	No ³	
Non-Executive Directors									
H Kenyon-Slaney	50 000	–	–	–	–	–	–	–	
M Lynch-Bell	15 000	–	–	–	–	–	–	–	
M Brown	67 124	–	–	–	–	–	–	–	

Audited

¹ The Committee deemed it appropriate to calculate the total shareholding as a % of salary based on the share price at the time of issue/purchase. This differs from reporting up to 2022, where the three-month average to the end of the financial year was used in the calculation. In applying the three-month average calculation, the shareholding would be 200% and 18% respectively for the CEO and CFO.

² C Elphick is interested in these ordinary shares by virtue of his interest as a potential beneficiary in a discretionary trust which has an indirect interest in those ordinary shares.

³ In terms of the shareholding guidelines, M Michael is required to retain at least 50% of his vested awards until the guideline of 200% of basic salary has been met.

Implementation of Remuneration Policy for 2025

Based on all considerations, including current market conditions, the Committee determined that base salaries would be increased by 2% in 2025. The wider workforce had been granted a 5.1% salary increase, which took into account the year-on-year increase in inflation.

Executive Director	2025 salary	2024 salary	
	£	£	% increase
C Elphick	542 682	532 041	2
M Michael	358 148	351 125	2

Pension and benefits

The Executive Directors will continue to receive cash supplements in lieu of pension and benefits in 2025. Pension benefits are fully aligned with that of the wider employee group at 7.5% of base salary. Pension contributions to any new Executive Director appointments will be capped at the prevailing wider employee group pension rate at the time.

The allowance in lieu of non-cash benefits will be 6% of salary for both the CEO and CFO.

Gem Diamonds Incentive Plan

The Executive Directors will participate in the GDIP in line with the Remuneration Policy, with a maximum award opportunity of 180% of salary and with pay-out based on a scorecard of financial, operational and personal objectives measured over the financial year.

The performance measures will continue to support the delivery of the Group's key strategic priorities as set out on page [18](#) of this Annual Report and Accounts 2024, with 85% linked to business performance and 15% to personal performance. For the business performance element, performance may continue to be linked to the Group's three key strategic priorities of Extracting Maximum Value from Our Operations, Working Responsibly and Maintaining Our Social Licence, and Preparing for Our Future. The weightings that apply to the elements of the scorecard for 2024 are summarised in the table below.

Personal performance	15%
Group performance	85%
Preparing for Our Future	10%
As set out in strategic focus areas	10%
Extracting Maximum Value	55%
Underlying EBITDA (US\$)	30%
Cost per carat recovered (LSL)	22%
Corporate Costs (US\$)	3%
Working Responsibly, Maintaining Social Licence	20%

This element of the bonus captures several key metrics around the Group's environmental, safety and social performance. Consistent with the other measures for the GDIP scorecard, the exact measures and targets will be disclosed in full in the 2025 remuneration report.

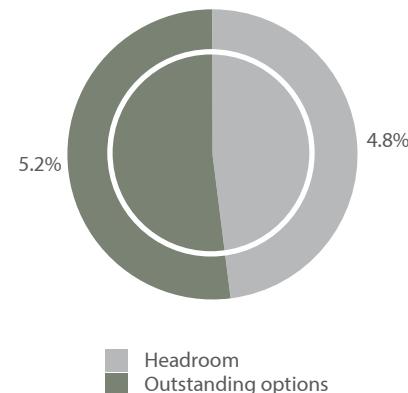
Targets are considered sensitive and will be disclosed in full on a retrospective basis in next year's report. In approving these targets, the Committee considered a range of perspectives on performance outcomes, including internal and external reference points. More detail on the selection of GDIP performance measures is given on page [85](#) of this report.

Dilution headroom

Dilution

Employee share awards may be satisfied with newly issued shares subject to aggregate dilution limits. The issue of shares to satisfy awards under the Company's share schemes will not exceed 10% of the Company's issued ordinary share capital in any rolling 10-year period. As of 31 December 2024, a total of 14 123 608 shares (10% of issued share capital) may be issued pursuant to all current awards outstanding over the last 10 years.

As at 31 December 2024, the Company's headroom position, which remains within the current IA Guidelines, was as presented in the chart to the right:



Governance

Details of outstanding awards to Directors

Directors	Date of grant	Balance as at 1 January 2024	Granted in the year	Vested in the year	Lapsed in the year	Exercised in the year	Exercise price US\$	Earliest normal exercise date	Expiry date	Balance as at 31 December 2024
C Elphick (CEO)	9 June 2020	98 302	–	–	–	–	–	9 June 2023	9 June 2030	98 302
	No award in 2021	–	–	–	–	–	–	–	–	–
	4 April 2022	297 217	–	99 072	–	–	–	04 Apr '23 (1/3) 04 Apr '24 (1/3) 04 Apr '25 (1/3) 21 Apr '24 (1/3) 21 Apr '25 (1/3) 21 Apr '26 (1/3)	4 April 2032	297 217
	21 April 2023	363 544	–	121 181	–	–	–	17 Apr '25 (1/3) 17 Apr '26 (1/3) 17 Apr '27 (1/3)	21 April 2033	363 544
	17 April 2024	–	783 534	–	–	–	–	17 Apr '25 (1/3) 17 Apr '26 (1/3) 17 Apr '27 (1/3)	17 April 2034	783 534
Total		759 063	783 534	220 253	–	–	–			1 542 597
M Michael (CFO)	20 March 2018	112 042	–	–	–	–	–	20 March 2021	20 March 2028	112 042
	20 March 2019	102 207	–	–	–	–	–	20 March 2022	20 March 2029	102 207
	9 June 2020	72 658	–	–	–	–	–	9 June 2023	9 June 2030	72 658
	No award in 2021	–	–	–	–	–	–	–	–	–
	4 April 2022	201 141	–	67 047	–	–	–	04 Apr '23 (1/3) 04 Apr '24 (1/3) 04 Apr '25 (1/3) 21 Apr '24 (1/3) 21 Apr '25 (1/3)	4 April 2032	201 141
	21 April 2023	250 863	–	83 621	–	–	–	21 Apr '26 (1/3)	21 April 2033	250 863
	17 April 2024	–	539 853	–	–	–	–	17 Apr '25 (1/3) 17 Apr '26 (1/3) 17 Apr '27 (1/3)	17 April 2034	539 853
Total		738 911	539 853	150 668	–	–	–			1 278 764

Audited

Chairperson and non-Executive Director fees

Chairperson and non-Executive Director fees were reviewed in February 2025. Considering appropriate industry benchmarks as well as current guidelines, it was decided that fees for the Chairman and the non-Executive Directors will be increased by 2% as of 1 April 2025, from £134 640 to £137 333 per annum for the Chairman and £58 344 to £59 511 per annum for the non-Executive Directors.

DIRECTORS' REPORT

The Directors are pleased to submit the financial statements of the Group for the year ended 31 December 2024.

As a British Virgin Islands-registered company, Gem Diamonds Limited (company registration number: 669758) is not required to conform with the Companies Act, 2006. The Directors have elected to conform with certain of these requirements.

Accordingly, Directors must present a Strategic Report and a Directors' Report to inform shareholders of the Group's performance and prospects and help them evaluate whether the Directors performed their fiduciary duty. The Annual Report and Accounts 2024 discloses how the Directors have performed their duty to ensure the Group's continued success and sustainability, in line with the Companies Act, 2006.

In line with Disclosure Guidance and Transparency Rules (DTR 4.1.5R(3) and DTR 4.1.8R), the required content of the Annual Financial Report and Management Report can be found in the Strategic Report (page 1), the Performance Review (page 29), the Governance section (page 53), the Directors' Report and other sections of the Annual Report and Accounts 2024 as indicated by reference.

The Strategic Report can be found on pages 1 to 53. This will provide shareholders with a balanced assessment of the Group's business including a description of its principal risks and uncertainties. It may not be relied upon by anyone, including the Company's shareholders, for any other purpose.

Forward-looking statements

The Strategic Report and other sections of this report contain forward-looking statements. Forward-looking statements, by their nature, involve several risks, uncertainties and future assumptions because they relate to events and/or depend on circumstances that may or may not occur in the future. The actual results and outcomes may differ materially from those expressed or implied by the forward-looking statements. No assurance can be given that the forward-looking statements in the Strategic Report will be realised. Statements about the Directors' expectations, beliefs, hopes, plans, intentions and strategies are subject to change and are based on expectations and assumptions about future events, circumstances and other factors which are, in many instances, outside the Company's control.

The information in the Strategic Report was prepared based on the knowledge and information available to the Directors at the time of its preparation. The Company is under no obligation to update or revise the Strategic Report during 2025. The expectations set out in the forward-looking statements are reasonable but may be influenced by several variables which could cause actual results or trends to differ materially. Forward-looking statements need to be read in context with actual historic information provided. The Company's shareholders are cautioned not to place undue reliance on the forward-looking statements. Shareholders should note that the Strategic Report has not been audited.

CORPORATE GOVERNANCE

DTR 7.2 requires certain information to be included in a corporate governance statement set out in the Directors' Report. The Group has an existing practice of issuing a separate Corporate Governance Code Compliance Report as part of its Annual Report and Accounts. The information required by the Disclosure Guidance and Transparency Rules and the UK Financial Conduct Authority's Listing Rules (UKLR 6.6) is located on pages 53 to 100.

DIRECTORS

The Directors, as at the date of this report, are listed on pages 170 to 172 together with their biographical details. Details of the Directors' interests in shares and share options of the Company can be found on page 98.

Directors who held office during the year and date of appointment

	Appointment
Executive Directors	
C Elphick	20 January 2006
M Michael	22 April 2013
Non-Executive Directors	
H Kenyon-Slaney	6 June 2017
M Brown	1 January 2018
M Lynch-Bell	15 December 2015
M Maharasoa	1 July 2019
R Kainyah	1 May 2021

Appointment and re-election of Directors

The Board's formal Selection and Appointment Policy ensures that the procedure for appointing new Directors is formal, rigorous and transparent, and appointments are made on merit, against objective criteria. The Nominations Committee makes appointments based on merit while considering diversity (of gender, social and ethnic background), cognitive and personal strengths and specialist skill sets.

Michael Lynch-Bell, the Senior Independent Director (SID) and Chair of the Audit and Remuneration Committees, is retiring on 31 March 2025. The Board has appointed Janet Blas as the new non-Executive Director effective 1 April 2025. Janet will also take up the position of Chair of the Audit Committee, while Rosalind Kainyah will be succeeding Michael as SID and Chair of the Remuneration Committee.

The Articles of Association (82) provide that a third of Directors retire annually by rotation and, if eligible, offer themselves for re-election. However, in accordance with the Code, all the Directors retire at the AGM and, subject to being eligible, offer themselves for election or re-election.

Payments for loss of office due to change of control

The basis for payments for loss of office to Executive Directors due to a change in control can be found on page [87](#).

PROTECTION AVAILABLE TO DIRECTORS

By law, the Directors are ultimately responsible for most aspects of the Group's business dealings. This means they face potentially significant personal liability under criminal or civil law, or the UK Listing, Prospectus and Disclosure and Transparency Rules, and face a range of penalties including private or public censure, fines and/or imprisonment. In line with normal market practice, the Group understands that it is in its best interests to protect its Board members from the consequences of innocent error or omission. This allows the Group to attract prudent individuals to act as Directors.

The Group maintains, at its expense, a Director and Officer's liability insurance policy to provide indemnity, in certain circumstances, for the benefit of Directors and other Group employees.

Refer to the Corporate Governance statement on page [62](#) for further details.

DIRECTORS' INTERESTS

No Director had, at any time during the year, a material interest in any contract of significance in relation to the Company's business. The interests of Directors in the shares of the Company are included on page [98](#).

SUPPLIERS AND CUSTOMERS

The Group engages extensively with suppliers and contractors to ensure alignment, mutual understanding and the sustainability of all parties. The insourcing of Letšeng's processing activities was concluded in December 2024.

The Group maintains sound relationships with its customers by interacting with customers regularly in the normal course of business and at tenders. The Group continues to hold regular diamond tender viewings in Antwerp and is able to rely on its loyal customer base for support while the diamond market remains under significant pressure. The agreement entered into in 2022 with two diamond manufacturing customers to supply polished diamonds to some of the world's most premium luxury brands remained in effect in 2024.

Refer to our stakeholder relationships section on pages [14](#) to [17](#) for more details on our engagement with suppliers, contractors and customers.

EMPLOYEE POLICIES AND PRACTICES

Equal opportunity is a fundamental principle of Gem Diamonds and the Group is committed to achieving equality irrespective of gender, religion, race, marital status or abilities. Refer to page [62](#) for more details on the Group's employee policies and practices, specifically with regard to the employment of persons with disabilities.

RESULTS AND DIVIDENDS

The Group's attributable profit after taxation amounted to US\$2.9 million (2023: loss of US\$2.1 million).

The Group's detailed financial results are set out in the financial statements on pages [105](#) to [164](#).

The Board is not proposing a dividend based on the 2024 financial results due to the volatility in the current macro-economic outlook, the expected impact thereof on the diamond market, the Group's available cash resources, and the medium-term business outlook with the implementation of Letšeng's updated mine plan, which will result in higher-value Satellite Pipe ore only being accessible from the end of 2029.

The Group's dividend policy considers:

- The Group's cash resources.
- The level of free cash flow and earnings generated during the year.
- Expected funding commitments for future capital projects.

The Board will consider special dividends in the event of significant diamond recoveries and will consider further share buyback programmes if appropriate.

GOING CONCERN

The Group business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages [1](#) to [53](#). The financial position of the Group, its cash flows and liquidity position are described in the Strategic Report on pages [33](#) to [39](#). In addition, Note 1.2.2, Note 25 and Note 27 to the financial statements include the Group's going concern policy and its objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit and liquidity risk.

The Directors have a reasonable expectation that the Group has adequate financial resources to continue operations for the foreseeable future. This follows a review of forecasts, budgets, timing of cash flows, availability of debt facilities, various cost-reduction initiatives, sensitivity analyses and the uncertainties disclosed in this report. For this reason, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts of the Group.

VIABILITY STATEMENT

In accordance with provision 30 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Group over a period longer than the 12 months required by the "going concern" provision. The viability statement, aligned with Provision 31 of the UK Corporate Governance Code 2018, is included in the Strategic Report on page [27](#).

SUBSEQUENT EVENTS

Refer to Note 29 of the financial statements for details of events subsequent to the reporting date.

SHARE CAPITAL AND VOTING RIGHTS

Details of the authorised and issued share capital of the Company, including the rights pertaining to each share class, are set out in Note 15 to the financial statements.

As at 12 March 2025, there were 139.7 million fully paid ordinary shares of US\$0.01 each in issue and listed on the official list maintained by the Financial Conduct Authority in its capacity as the UK Listing Authority. In addition, the Company holds 1.5 million shares as treasury shares acquired during the share buyback programme that was launched in 2022. These treasury shares are not entitled to dividends and have no voting rights.

The Company has one class of ordinary shares. Shareholders have the right to receive notice of and attend, speak and vote at any general meeting of the Company. Shareholders may be present in person (or, being a corporation, by representative) or by proxy at a general meeting. Every shareholder present in person (or, being a corporation, by representative) or by proxy will have one vote in respect of every ordinary share they hold. The appointment of a proxy to vote at a general meeting must be received no less than 48 hours before the meeting's appointed time.

Shareholders have the right to participate in dividends and other distributions according to their respective rights and interests in the profit of the Company.

No shareholders have any special rights with regard to the control of the Company. The Company is not aware of any agreements between shareholders which may result in restrictions on transfers or voting rights, save as mentioned below.

There are no restrictions on the transfer of ordinary shares other than:

- As set out in the Company's Articles of Association.
- Certain restrictions may from time to time be imposed by laws and regulations.
- Pursuant to the Company's share dealing code, whereby the Directors and employees of the Company require approval to deal in the Company's ordinary shares.

At the AGM held in June 2024, the Board noted the proportion of the votes cast against the resolution referring to the authority of Directors to allot shares (Resolution 13 passed with 69.9% of participating shareholders voting in favour). The CEO met the significant shareholder who voted against Resolution 13 to discuss their voting policy, and although the shareholder has a standing position on these resolutions, the Board will regularly consider its approach to this matter. The resolution reflected UK-listed company market practice and the Board considers the flexibility afforded by the authority to allot shares to be in the best interest of the Company.

At the same AGM, shareholders authorised the Company to make on-market purchases of up to 13 969 001 of its ordinary shares, representing approximately 10% of the Company's issued share capital at that time. In 2022, the Company purchased 1 520 170 of its ordinary shares, which are being held as treasury shares and may be used to settle ESOP and GDIP awards.

At the 2025 AGM, shareholders will be requested to renew this authority. The Directors continue to consider various options and keep the authorisation under regular review. The 2025 Notice of AGM will set out the details regarding exercising voting rights and proxy appointments.

MAJOR INTERESTS IN SHARES

Details of the major interests (at or above 3%) in the issued ordinary shares of the Company are set out in the Strategic Report on page [15](#).

ARTICLES OF ASSOCIATION

Any proposed amendments to the Articles of Association of the Company need to be approved by shareholders by special resolution.

RESOURCE DEVELOPMENT

The NI 43-101 Technical Report containing Letšeng's 2024 Resource and Reserve Statement was published in March 2024 and is available on the Group's website at www.gemdiamonds.com. Following the approval of the mine optimisation plan to steepen the slopes in the Satellite pit, an updated mine plan has been designed which will significantly decrease waste volumes. The COO Review on page [43](#) provides more detail on this.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Read more about the Group's 2024 Sustainability Performance, including CSI investment, community participation and environmental management, in our Sustainability Report 2024 which is available at www.gemdiamonds.com.

POLITICAL DONATIONS

The Group made no political donations or incurred any political expenditure during 2024.

TCFD, CARBON EMISSIONS AND ENERGY CONSUMPTION SUMMARY

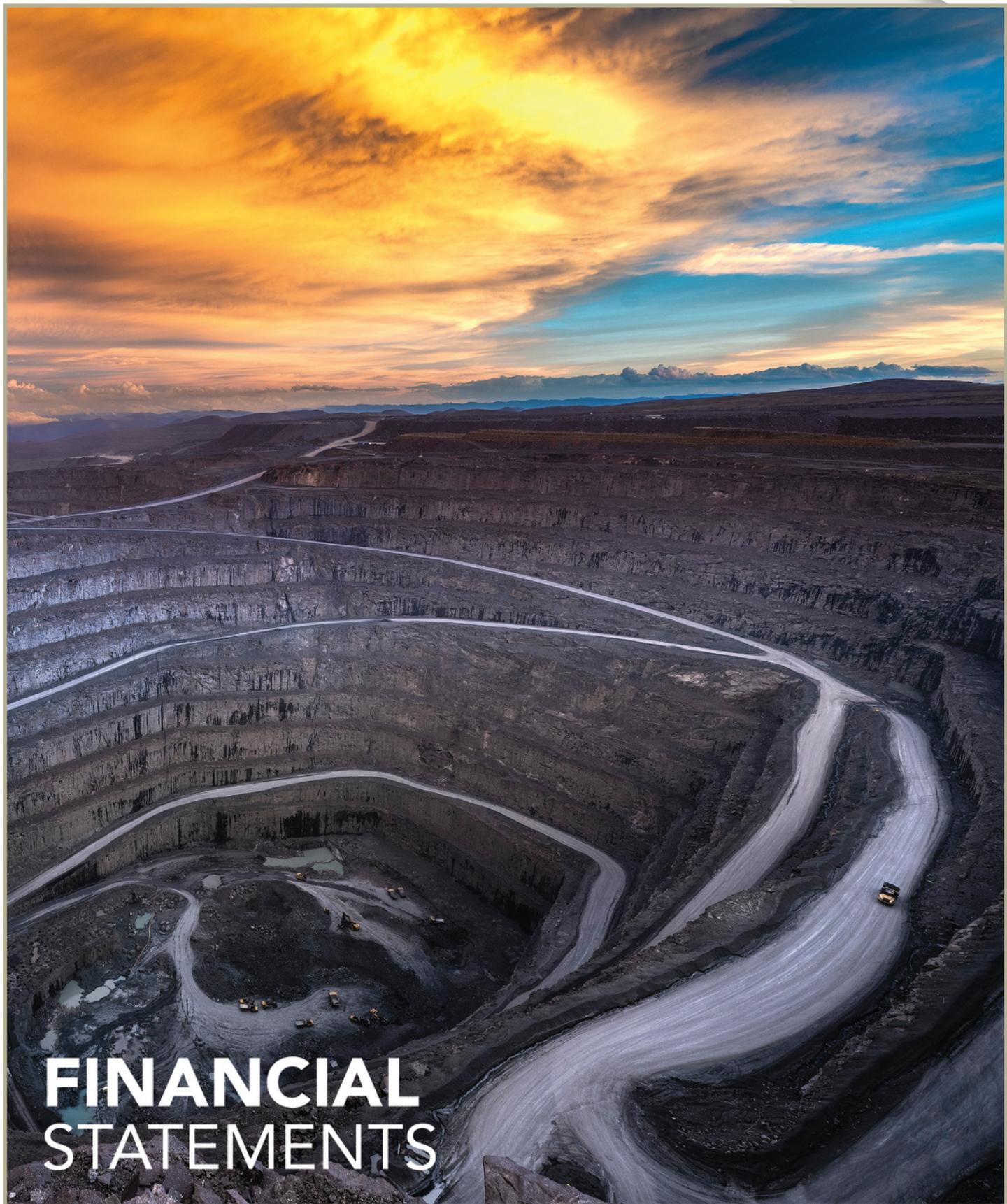
Information on the Group's decarbonisation strategy, adoption of the TCFD recommendations, carbon footprint and energy consumption in 2024 can be found in our Sustainability Report, which is available at www.gemdiamonds.com, and Climate Change Report on page [47](#).

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' Report is approved confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

Harry Kenyon-Slaney
Non-Executive Chairperson
12 March 2025



FINANCIAL STATEMENTS

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report, the Separate Corporate Governance Statement and the Group financial statements in accordance with applicable law and regulations.

The directors are permitted under the Listing Rules of the Financial Conduct Authority to prepare the Group financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The Group financial statements are required by International Financial Reporting Standards issued by the International Accounting Standards Board to present fairly the financial position of the Group and the financial performance of the Group.

The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for the financial period.

In preparing each of the Group financial statements, the Directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that the financial statements comply with the BVI Business Companies Act, and that the Directors' Remuneration Report complies with the Companies Act, 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are listed in the Directors' Report confirm that, to the best of each person's knowledge:

- a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and
- b. the Strategic report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Gem Diamonds Limited website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Directors of the Company have elected to comply with the Companies Act, 2006, in particular the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2013 of the United Kingdom pertaining to Directors' remuneration which would otherwise only apply to companies incorporated in the UK.

Michael Michael
Chief Financial Officer
12 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of Gem Diamonds Limited

Opinion

We have audited the financial statements of Gem Diamonds Limited and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards issued by the International Accounting Standards Board.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2024 and of the Group's profit for the year then ended; and
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	Group <ul style="list-style-type: none">Impairment of goodwill and property, plant and equipment
Materiality	Group <ul style="list-style-type: none">Overall materiality: US\$1.3 millionPerformance materiality: US\$0.85 million
Scope	Our audit procedures covered 99% of revenue, 99% of total assets and 97% of profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and property, plant and equipment

Key audit matter description	As disclosed in Note 10, the Group has a goodwill balance of US\$10.1 million and as disclosed in Note 8, a property, plant and equipment balance of US\$269.9 million which have been reviewed for impairment. Management has identified this impairment assessment to represent a significant judgement as set out in Note 1.2.26 to the financial statements. These balances form part of the Letšeng Diamonds cash generating unit. The audit work on management's impairment review is considered a key audit matter because the market capitalisation of the business is lower than the carrying value of net assets of the Group, impairment assessments are judgemental in nature and incorporate a number of forward looking assumptions and diamond prices have been suppressed in recent years. Management prepares a value in use discounted cash flow model in order to assess the recoverable value of the Letšeng Diamonds cash generating unit. Management's assessment of impairment is set out in Note 11 to the financial statements.
How the matter was addressed in the audit	<p>We obtained from management their impairment memorandum and discounted cash flow model. We performed the following procedures:</p> <ul style="list-style-type: none"> Checked the integrity and arithmetical accuracy of the discounted cash flow model; Challenged management on the key assumptions in the model including discount rate, life of mine and diamond pricing; Performed sensitivity analysis on the key assumptions in the model to assess whether an impairment was likely based upon reasonably foreseeable changes; Utilised an auditor's expert to assist in the review of the weighted average cost of capital; Challenged management on their allocation of assets and liabilities to the cash generating unit; Visited the mine to observe the operational effectiveness of the cash generating unit and to assess for visible signs of impairment; and Reviewed the disclosures, including management's sensitivity analysis and the critical accounting estimates and judgements in Note 1.2.26, in the financial statements to assess whether they are reasonable.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

Group	
Overall materiality	US\$1.3 million
Basis for determining overall materiality	4.4% of Underlying EBITDA
Rationale for benchmark applied	As a trading business a profit based metric is considered appropriate and Underlying EBITDA is a key performance indicator of the Group.
Performance materiality	US\$0.85 million
Basis for determining performance materiality	65% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of US\$65.0 thousand and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of eight components, located in the following countries; United Kingdom (also being the domicile of the parent company incorporated in the British Virgin Islands), Belgium, Cyprus, Botswana, South Africa and Lesotho.

The coverage achieved by our audit procedures was:

Full scope audits were performed for two components, with three components subject to specific audit procedures.

	Number of components	Revenue	Total assets	Profit before tax
Full scope audit	2	99 %	97 %	67 %
Specific audit procedures	3	— %	2 %	30 %
Total	5	99 %	99 %	97 %

Of the above, full scope audits for two components and specific audit procedures for one component were undertaken by component auditors. The Group audit team's procedures included audit work on the key audit matter, going concern and the consolidation as well as targeted procedures on existence of inventory and revenue recognition.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of management's going concern evaluation;
- Reviewing the cash flow forecasts of the Group and challenging the assumptions made by management;
- Checking the mathematical accuracy of the forecasts;
- Reviewing the terms of financing arrangements alongside covenant calculations prepared by management;
- Reviewing the terms of extensions to financing arrangements obtained during the period;
- Obtaining management's sensitivity analysis and assessing the impact of changes in revenue and exchange rates; and
- Evaluating the Group's disclosures on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entity reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Non-statutory opinions on other matters prescribed by the Companies Act 2006

We have also been engaged to provide a non-statutory opinion on other matters prescribed by the Companies Act 2006. In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are engaged to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matter in relation to which we are engaged to report on whether if, in our opinion:

- the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page [123](#);
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page [27](#);
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page [27](#);
- Directors' statement on fair, balanced and understandable set out on page [70](#);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page [21](#);
- Section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page [21](#); and
- Section describing the work of the audit committee set out on page [78](#).

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page [106](#), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group operates in and how the Group are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the overall control environment.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
IFRS	<ul style="list-style-type: none"> Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	<ul style="list-style-type: none"> Inspection of advice received from internal and external tax advisors; Inspection of correspondence with local tax authorities; and Input from a tax specialist was obtained regarding the Group's transfer pricing arrangement

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition in relation to partnership arrangements	<ul style="list-style-type: none"> Obtaining contracts relating to partnership arrangements and reviewing key terms; Challenging management on their assessment of variable consideration relating to incremental income to be received when the partner sells the polished diamond; Checking the calculations prepared by management and assessing whether they are reasonable; and Reviewing the disclosures in the financial statements pertaining to revenue and significant judgements.
Management override of controls	<ul style="list-style-type: none"> Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is included in Appendix 1 of this auditor's report. This description, which is located on page [112](#), forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board on 5 June 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods.

The period of total uninterrupted consecutive appointment is one year as this is our first year as auditor.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance our engagement letter dated 3 September 2024 and rule 4.1.7 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rules, these financial statements will form part of the Annual Financial Report prepared in Extensible Hypertext Markup Language (XHTML) format and filed on the National Storage Mechanism of the UK FCA. This auditor's report provides no assurance over whether the annual financial report has been prepared in XHTML format.

David Hough
For and on behalf of RSM UK Audit LLP, Auditor
Chartered Accountants

25 Farringdon Street
London
EC4A 4AB
United Kingdom

12 March 2025

Appendix 1: Auditor's responsibilities for the audit of the financial statements

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that the use of the going concern basis of accounting is appropriate and no material uncertainties have been identified, we report these conclusions in the auditor's report. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard as applied to listed public interest entities, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We are required to include in the auditor's report an explanation of how we evaluated management's assessment of the Group's ability to continue as a going concern and, where relevant, key observations arising with respect to that evaluation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 US\$'000	2023 US\$'000
Revenue from contracts with customers	2	154 212	140 287
Cost of sales		(111 400)	(109 112)
Gross profit		42 812	31 175
Other operating (expense)/income	3	(999)	7
Royalties and selling costs		(16 477)	(15 340)
Corporate expenses		(7 914)	(7 905)
Share-based payments	26	(516)	(332)
Foreign exchange gain	4	1 086	2 775
Operating profit	4	17 992	10 380
Net finance costs	5	(6 531)	(4 696)
– Finance income		875	617
– Finance costs		(7 406)	(5 313)
Profit before tax for the year		11 461	5 684
Income tax expense	6	(3 375)	(4 090)
Profit for the year		8 086	1 594
Attributable to:			
Equity holders of parent		2 894	(2 125)
Non-controlling interests		5 192	3 719
Earnings per share (cents)	7		
– Basic earnings/(loss) for the year attributable to ordinary equity holders of the parent		2.1	(1.5)
– Diluted earnings/(loss) for the year attributable to ordinary equity holders of the parent		2.0	(1.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 US\$'000	2023 US\$'000
Profit for the year	8 086	1 594
<i>Items that could be reclassified to profit or loss in the future:</i>		
Exchange differences on translation of foreign operations, net of tax	(7 187)	(16 849)
Other comprehensive loss for the year, net of tax	(7 187)	(16 849)
Total comprehensive loss for the year	899	(15 255)
<i>Attributable to:</i>		
Equity holders of parent	(2 159)	(14 082)
Non-controlling interests	3 058	(1 173)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 US\$'000	2023* US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	269 859	298 594
Right-of-use assets	9	3 871	4 746
Intangible assets	10	10 118	10 440
Receivables and other assets	12	7 341	4 487
Deferred tax assets	21	4 313	6 814
		295 502	325 081
Current assets			
Inventories	13	34 064	37 633
Receivables and other assets	12	6 633	3 631
Income tax receivable	19	24	4 631
Cash and short-term deposits	14	12 878	16 503
		53 599	62 398
Total assets		349 101	387 479
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital	15	1 413	1 413
Treasury shares	15	(1 157)	(1 157)
Share premium		885 648	885 648
Other reserves	15	(255 334)	(250 797)
Accumulated losses		(487 990)	(490 884)
		142 580	144 223
Non-controlling interests		80 320	81 550
Total equity		222 900	225 773
Non-current liabilities			
Interest-bearing loans and borrowings	16	16 633	5 156
Lease liabilities	17	2 246	3 786
Provisions	20	12 614	15 664
Deferred tax liabilities	21	69 281	77 251
		100 774	101 857
Current liabilities			
Interest-bearing loans and borrowings	16	4 397	33 411
Lease liabilities	17	2 517	2 164
Trade and other payables	18	11 665	23 356
Income tax payable	19	6 848	918
		25 427	59 849
Total liabilities		126 201	161 706
Total equity and liabilities		349 101	387 479

* Certain balances as previously presented were restated. Refer Note 28, Restatement of prior year balances.

Approved by the Board of Directors on 12 March 2025 and signed on its behalf by:

C Elphick
DirectorM Michael
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to the equity holders of the parent								Non-controlling interests	Total equity
	Issued capital	Share premium	Treasury shares	Other reserves ¹	Accumul ated (losses)/ retained earnings	Total				
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
As at 1 January 2024	1 413	885 648	(1 157)	(250 797)	(490 884)	144 223	81 550	225 773		
Total comprehensive (loss)/ profit	–	–	–	(5 053)	2 894	(2 159)	3 058	899		
Profit for the year	–	–	–	–	2 894	2 894	5 192	8 086		
Other comprehensive loss	–	–	–	(5 053)	–	(5 053)	(2 134)	(7 187)		
Share-based payments (Note 26)	–	–	–	516	–	516	–	516		
Dividends paid	–	–	–	–	–	–	(4 288)	(4 288)		
As at 31 December 2024	1 413	885 648	(1 157)	(255 334)	(487 990)	142 580	80 320	222 900		
As at 1 January 2023 as previously presented	1 410	885 648	(1 157)	(239 169)	(494 113)	152 619	80 428	233 047		
Restatement - Refer Note 28	–	–	–	–	5 354	5 354	2 295	7 649		
Restated Balance at 1 January 2023	1 410	885 648	(1 157)	(239 169)	(488 759)	157 973	82 723	240 696		
Total comprehensive loss	–	–	–	(11 957)	(2 125)	(14 082)	(1 173)	(15 255)		
(Loss)/profit for the year	–	–	–	–	(2 125)	(2 125)	3 719	1 594		
Other comprehensive loss	–	–	–	(11 957)	–	(11 957)	(4 892)	(16 849)		
Share capital issued (Note 15)	3	–	–	(3)	–	–	–	–		
Share-based payments (Note 26)	–	–	–	332	–	332	–	332		
As at 31 December 2023*	1 413	885 648	(1 157)	(250 797)	(490 884)	144 223	81 550	225 773		

¹ Other reserves relate to Foreign currency translation reserves and Share-based equity reserves. Refer Note 15, Issued share capital and reserves for further detail.

* Certain balances as previously presented were restated. Refer Note 28, Restatement of prior year balances.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 US\$'000	2023 US\$'000
Cash flows from operating activities		51 195	35 020
Cash generated by operations	22.1	68 306	56 150
Working capital adjustments	22.2	(16 337)	(15 610)
Interest received		392	292
Interest paid		(5 447)	(4 216)
Income tax paid	19	(339)	(1 596)
Income tax received	19	4 620	–
Cash flows used in investing activities		(27 644)	(57 146)
Purchase of property, plant and equipment	8	(5 758)	(20 048)
Waste stripping costs capitalised	8	(22 302)	(37 102)
Proceeds from sale of property, plant and equipment		416	4
Cash flows (used in)/generated from financing activities		(26 733)	28 021
Lease liability capital repayment	17	(2 690)	(2 092)
Net financial liabilities (repaid)/raised	22.3	(19 755)	30 113
Financial liabilities repaid		(42 117)	(45 103)
Financial liabilities raised		22 362	75 216
Dividends paid to non-controlling interests		(4 288)	–
Net (decrease)/increase in cash and cash equivalents	14	(3 182)	5 895
Cash and cash equivalents at beginning of year		16 503	8 721
Foreign exchange differences		(443)	1 887
Cash and cash equivalents at end of year	14	12 878	16 503

The restatement of the prior year balances in the Statement of Financial Position has had no impact on the cash flows from operating, investing and financing activities. Refer, Note 28 Restatement of prior year balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 Corporate information

1.1.1 Incorporation

The holding company, Gem Diamonds Limited (the Company), was incorporated on 29 July 2005 in the British Virgin Islands (BVI) and is domiciled in the United Kingdom (UK). The Company's registration number is 669758.

These financial statements were authorised for issue by the Board on 12 March 2025.

The Group is principally engaged in operating diamond mines.

1.1.2 Operational information

The Company has the following investments directly and indirectly in subsidiaries at 31 December 2024.

Name and registered address of company	Shareholding	Cost of investment ¹	Country of incorporation and functional currency	Nature of business
Subsidiaries				
Gem Diamond Technical Services (Proprietary) Limited ² Illovo Corner 24 Fricker Road Illovo Boulevard Johannesburg South Africa	100%	US\$17	RSA	Technical, financial and management consulting services.
Letšeng Diamonds (Proprietary) Limited ² Letšeng Diamonds House Corner Kingsway and Old School Roads Maseru Lesotho	70%	US\$126 000 303	Lesotho	Diamond mining and holder of mining rights.
Gem Diamonds Botswana (Proprietary) Limited ² The Courtyard unit 7A Plot 54513 Village Gaborone Botswana	100%	US\$5 844 579	Botswana	Diamond mining; evaluation and development; and holder of mining licences and concessions. Currently on care and maintenance.
Botswana pula (BWP)				
Gem Diamonds Investments Limited ³ 2 Eaton Gate London SW1W 9BJ United Kingdom	100%	US\$24 692 016 (2023: US\$19 321 016)	UK United States dollar (US\$) and Euro (€)	Investment holding company holding 100% in each of Gem Diamonds Innovation Solutions CY Limited, a company in Cyprus holding intellectual property relating to development of technology to innovate mining processes; Baobab Technologies BV, a diamond analysis and valuation facility in Belgium; and Gem Diamonds Marketing Services BV, a marketing company in Belgium that sells the Group's diamonds on tender.

¹ The cost of investment represents original cost of investments at acquisition dates.

² No change in the shareholding since the prior year.

³ In 2024, the Company subscribed for an additional 4.1 million shares of £1.00 each in Gem Diamonds Investments Limited as part of an intercompany restructuring process.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.1 Corporate information (continued)

1.1.3 Segment information

For management purposes, the Group is organised into geographical units as its risks and required rates of return are affected predominantly by differences in the geographical regions of the mines and areas in which the Group operates, or areas in which operations are managed. The below measures of profit or loss, assets and liabilities are reviewed by the Chief Operating Decision-Maker, i.e. the Board of Directors. The main geographical regions, and the type of products and services from which each reporting segment derives its revenue are:

- Lesotho (diamond mining activities);
- Belgium (sales, marketing and analysis of diamonds);
- BVI, RSA, UK and Cyprus (technical and administrative services); and
- Botswana (diamond mining activities, currently on care and maintenance).

Management monitors the operating results of the geographical units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit or loss. Inter-segment transactions are entered into under normal arm's length terms in a manner similar to transactions with third parties. Segment revenue, segment expenses and segment results include transactions between segments. Those transactions are eliminated on consolidation.

Segment revenue is derived from mining activities, polished manufacturing margins and diamond analysis.

The following tables present revenue from contracts with customers, profit/(loss) for the year, underlying EBITDA and asset and liability information from operations regarding the Group's geographical segments:

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.1 Corporate information (continued)

1.1.3 Segment information (continued)

Year ended 31 December 2024	Lesotho US\$'000	Belgium US\$'000	BVI, RSA, UK and Cyprus ¹ US\$'000	Botswana US\$'000	Total US\$'000
Revenue from contracts with customers					
Total revenue	149 195	153 518	6 595	–	309 308
Intersegment	(147 822)	(679)	(6 595)	–	(155 096)
External customers	1 373	152 839	–	–	154 212
Depreciation and amortisation	(46 376)	(195)	(356)	(67)	(46 994)
– Depreciation and mining asset amortisation	(10 749)	(195)	(356)	(67)	(11 367)
– Waste stripping cost amortisation	(35 627)	–	–	–	(35 627)
Cost of sales	(64 644)	1	170	–	(64 473)
Corporate expenses	–	–	(7 914)	–	(7 914)
Royalties and selling costs	(15 269)	(1 208)	–	–	(16 477)
Other non-material income/(costs)	636	(34)	(235)	(729)	(362)
Segment operating profit/(loss)	26 266	857	(8 335)	(796)	17 992
Net finance costs ²	(4 710)	(20)	(1 641)	(160)	(6 531)
Profit/(loss) before tax	21 556	837	(9 976)	(956)	11 461
Income tax (expense)/income	(4 250)	(46)	921	–	(3 375)
Profit/(loss) for the year	17 306	791	(9 055)	(956)	8 086
Underlying EBITDA ³	36 378	1 085	(7 744)	–	29 719
Segment non-current assets	280 793	1 200	1 606	249	283 848
Segment assets	335 667	2 074	6 509	538	344 788
Segment liabilities	45 129	1 311	8 000	2 480	56 920
Other segment information					
Net cash/(debt) and short-term deposits ⁴	(4 869)	692	(3 191)	63	(7 305)
Capital expenditure					
– Property, plant and equipment	4 379	49	1 330	–	5 758
– Net movement in rehabilitation asset ⁵	(3 698)	–	–	–	(3 698)
– Waste cost capitalised	22 302	–	–	–	22 302
Total capital expenditure	22 983	49	1 330	–	24 362
Average number of employees employed under contracts of service	663	6	20	27	716

¹ No revenue was generated in BVI and Cyprus.

² Finance income and costs are reflected on a net basis as this is the measure used by the primary decision makers.

³ Underlying EBITDA as defined in Note 4, Operating profit.

⁴ Calculated as cash and short-term deposits less drawn down bank facilities (excluding insurance premium financing and credit underwriting fees). Refer Note 16, Interest-bearing loans and borrowings.

⁵ Non-cash movements in rehabilitation assets relating to changes in rehabilitation estimates for the Lesotho segment.

Included in revenue for the current year is revenue from four customers who individually contributed 10% or more to total revenue. This revenue in total amounted to US\$101.4 million arising from sales reported in the Belgium segment.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.1 Corporate information (continued)

1.1.3 Segment information (continued)

Segment non-current assets do not include deferred tax assets of US\$4.3 million and financial instruments of US\$7.3 million. Included in the non-current assets BVI, RSA, UK and Cyprus segment disclosure are non-current assets located in the Company's country of domicile, the UK, of US\$2.5 million.

Segment assets and liabilities do not include deferred tax assets and liabilities of US\$4.3 million and US\$69.3 million respectively. Deferred tax amounts are excluded because they are not operational in nature, do not directly impact segment performance, and are not part of the asset base used by management to make business decisions.

Revenue increased 10% compared to 2023 mainly due to an increase of 5% in carats sold (109 967 carats compared to 104 520 in 2023). An average sales price of US\$1 390 per carat (2023: US\$1 334 per carat) was achieved.

Year ended 31 December 2023	Lesotho US\$'000	Belgium US\$'000	BVI, RSA, UK and Cyprus ¹ US\$'000	Botswana US\$'000	Total US\$'000
Revenue from contracts with customers					
Total revenue	140 905	140 121	6 733	–	287 759
Intersegment	(140 051)	(688)	(6 733)	–	(147 472)
External customers	854	139 433	–	–	140 287
Depreciation and amortisation	(45 835)	(194)	(470)	(10)	(46 509)
– Depreciation and mining asset amortisation	(6 641)	(194)	(470)	(10)	(7 315)
– Waste stripping cost amortisation	(39 194)	–	–	–	(39 194)
Cost of sales	(62 764)	1	150	–	(62 613)
Corporate expenses	–	–	(7 905)	–	(7 905)
Royalties and selling costs	(14 091)	(1 249)	–	–	(15 340)
Other non-material income/(costs)	4 085	13	(309)	(1 330)	2 459
Segment operating profit/(loss)	19 573	676	(8 550)	(1 319)	10 380
Net finance costs ²	(3 500)	(23)	(1 000)	(173)	(4 696)
Profit/(loss) before tax	16 073	653	(9 550)	(1 492)	5 684
Income tax expense	(3 678)	5	(417)	–	(4 090)
Profit/(loss) for the year	12 395	658	(9 967)	(1 492)	1 594
Underlying EBITDA³	22 129	857	(7 754)	–	15 232
Segment non-current assets⁴	308 973	1 347	369	327	311 016
Segment assets⁴	373 820	2 770	3 280	795	380 665
Segment liabilities	72 193	1 503	7 725	3 034	84 455
Other segment information					
Net cash/(debt) and short-term deposits ⁴	(17 908)	642	(4 082)	1	(21 347)
Capital expenditure					
– Property, plant and equipment	30 014	25	34	311	30 384
– Net movement in rehabilitation asset ⁵	(1 342)	–	–	–	(1 342)
– Waste cost capitalised	37 102	–	–	–	37 102
Total capital expenditure	65 774	25	34	311	66 144
Average number of employees employed under contracts of service	266	7	21	19	313

^{*}Certain balances as previously presented were restated. Refer Note 28, Restatement of prior year balances.

¹No revenue was generated in BVI and Cyprus.

²Finance income and costs are reflected on a net basis as this is the measure used by the primary decision makers.

³Underlying EBITDA as defined in Note 4, Operating profit.

⁴Calculated as cash and short-term deposits less drawn down bank facilities (excluding the asset-based finance facility, insurance premium financing and credit underwriting fees). Refer Note 16, Interest-bearing loans and borrowings.

⁵Non-cash movements in rehabilitation assets relating to changes in rehabilitation estimates for the Lesotho segment.

Included in revenue for the 2023 year is revenue from three customers who individually contributed 10% or more to total revenue. This revenue in total amounted to US\$55.4 million arising from sales reported in the Belgium segment.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.1 Corporate information (continued)

1.1.3 Segment information (continued)

Segment non-current assets do not include deferred tax assets of US\$6.8 million and financial instruments of US\$4.5 million. Included in the non-current assets BVI, RSA, UK and Cyprus segment disclosure are non-current assets located in the Company's country of domicile, the UK, of US\$20.7 thousand.

Segment assets and liabilities do not include deferred tax assets and liabilities of US\$6.8 million and US\$77.3 million respectively.

1.2 Summary of material accounting policies

1.2.1 Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost basis except for assets and liabilities measured at fair value. The accounting policies have been consistently applied except for the adoption of the new standards and interpretations detailed on the following pages.

The functional currency of the Company and certain of its subsidiaries is US dollar, which is the currency of the primary economic environment in which the entities operate. All amounts are presented in US dollar and rounded to the nearest thousand. The financial results of subsidiaries whose functional and reporting currency is in currencies other than US dollar have been converted into US dollar on the basis as set out in Note 1.2.14, Foreign currency translations. Refer Note 1.1.2, Operational information for details of the subsidiaries and their functional currencies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1.2.26, Critical accounting estimates and judgements.

Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group adopted certain standards and amendments for the first time, which became effective for the Group on 1 January 2024 and are listed in the table below. The amendments to IAS 1 have been assessed and covenant disclosures relating to the Group's existing facility arrangements and RCFs are included in Note 16, Interest-bearing loans and borrowings. The remaining amendments did not have an impact on the consolidated financial statements of the Group nor the accounting policies, methods of computation or presentation applied by the Group. All other accounting policies are consistent with those of the previous financial year.

Amendments and improvements	Description
IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Standards issued but not yet effective

The standards, amendments and improvements that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are listed in the table below. These standards, amendments and improvements have not been early adopted and it is expected that, where applicable, these standards, amendments and improvements will be adopted on each respective effective date. The impact of the adoption of these standards has not been reasonably assessed at this stage.

New standards, amendments, and improvements	Description	Effective date*
Amendments to IAS 21	Lack of exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and disclosure in financial statements	1 January 2027

* Annual periods beginning on or after.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, have been assessed by management. The financial position of the Group, its cash flows and liquidity position are presented in the Annual Report and Accounts. In addition, Note 25, Financial risk management, includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to market risk, credit risk and liquidity risk.

The Group's net debt at 31 December 2024 was US\$7.3 million (31 December 2023: net debt US\$21.3 million). The Group's available undrawn facilities at 31 December 2024 amounted to US\$69.0 million (31 December 2023: US\$45.9 million), resulting in liquidity (defined as net debt/cash and available undrawn facilities) of US\$61.7 million (31 December 2023: US\$24.6 million). The gross liquidity position of the Group (defined as gross cash and available undrawn facilities) as at 31 December 2024 is US\$81.9 million (31 December 2023: US\$62.4 million). Following the successful extension in December of the Group's Revolving Credit Facilities (RCFs), which total US\$69.7 million when fully unutilised, mature on 21 December 2026, which is after the going concern period. In addition, there is a US\$5.3 million general banking facility with no set expiry date, but that is reviewed annually (refer Note 16, Interest-bearing loans and borrowings). The impact on future cash flows of the current diamond market conditions, cost increases and foreign currency volatility were considered by performing sensitivities on diamond pricing, costs and the weakening of the US dollar against the Lesotho loti.

After making enquiries which include reviews of forecasts and budgets, timing of cash flows and sensitivity analyses, the Group's operations and production levels and the various ongoing cost reduction initiatives, the Directors have a reasonable expectation that the Group has adequate financial resources without the use of mitigating actions to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Group Financial Statements.

These financial statements have been prepared on a going concern basis which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

1.2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as at 31 December 2024.

Subsidiaries

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three of the following criteria must be met: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. All intra-group balances and transactions, including unrealised gains and losses arising from them, are eliminated in full.

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent company and is presented separately within equity in the consolidated statement of financial position, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

1.2.4 Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- acquisition of rights to explore;
- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.4 Exploration and evaluation expenditure (continued)

Administration costs that are not directly attributable to a specific exploration area are charged to the statement of profit or loss. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised as intangible assets and thereafter reclassified as mining assets within property, plant and equipment, and amortised over the term of the permit once the mining asset is brought into the development phase.

Exploration and evaluation expenditure is capitalised as incurred. Capitalised exploration expenditure is recorded as a component of property, plant and equipment, as an exploration and development asset, at cost less accumulated impairment charges. As the asset is not available for use, it is not depreciated.

All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit (CGU)) to which the exploration is attributed. To the extent that exploration expenditure is not expected to be recovered, it is charged to the statement of profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way as planned.

Management is required to make certain estimates and judgements when determining whether the commercial viability of an identified resource has been met and when determining whether indicators of impairment exist. There were no exploration and evaluation activities during the year and therefore no costs were capitalised.

1.2.5 Development expenditure

When proven and probable reserves are determined and development is sanctioned, capitalised exploration and evaluation expenditure is reclassified from exploration phase to development phase. As the asset is not available for use, during the development phase, it is not depreciated. On completion of the development phase, any capitalised exploration and evaluation expenditure already capitalised to a development asset, together with the subsequent development expenditure, is reclassified within property, plant and equipment to mining assets and depreciated on the basis as laid out in Note 1.2.6, Property, plant and equipment.

All development expenditure is monitored for indicators of impairment annually. Management is required to make certain estimates and judgements when determining whether indicators of impairment exist.

1.2.6 Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition and construction of the items, to get the asset in its condition and location for its intended use and among others, include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies.

Subsequent costs to replace a component of an item of property, plant and equipment that is accounted for separately, is capitalised when the cost of the item can be measured reliably, with the carrying amount of the original component being written off. All repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation commences when an asset is available for use. Depreciation is charged so as to write off the depreciable amount of the asset to its residual value over its estimated useful life, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

Item	Method	Useful life
Mining assets	Straight line	Lesser of life of mine or period of mining lease
Decommissioning assets	Straight line	Lesser of life of mine or period of mining lease
Leasehold improvements	Straight line	Three years or lesser of life of mine or period of mining lease
Plant and equipment	Straight line; units of production	Three to 15 years; machine hours
Other assets	Straight line	Two to eight years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed annually. Changes in the expected residual values, expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates, and adjusted for prospectively, if appropriate.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.6 Property, plant and equipment (continued)

Pre-production and in production stripping costs

Costs associated with removal of waste overburden are classified as stripping costs.

Stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is the creation of mining flexibility and improved access to ore to be mined in the future, the costs are recognised as a non-current asset if:

- (a) future economic benefits (being improved access to the orebody) are probable;
- (b) the component of the orebody for which access will be improved can be accurately identified; and
- (c) the costs associated with the improved access can be reliably measured.

The non-current asset recognised is referred to as a "stripping activity asset" and is separately disclosed in Note 8, Property, plant and equipment. If all the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs. The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs.

If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. Given the deep vertical nature of the pit, all stripping costs are capitalised on a cut/component basis for each cut in the mine planning process.

The stripping activity asset is subsequently amortised over the expected useful life of the identified component of the orebody that became more accessible as a result of the stripping activity. The net book value of the stripping asset and future expected stripping costs to be incurred for that component is depreciated using the units of production over the proven and probable reserves, in order to match the total stripping costs of the cut to the economic benefits created by the cut. As a result, the stripping activity asset is carried at cost less amortisation and any impairment losses. The future stripping costs of the cut/component and the expected ore to be mined from that cut/component are recalculated annually in light of additional knowledge and changes in estimates. Changes in the stripping ratio are accounted for prospectively as a change in estimate.

Management applies judgement to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s) as referred under Note 1.2.26, Critical accounting estimates and judgements.

1.2.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.2.8 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree) over the fair value of the net identifiable amounts of the assets acquired and the liabilities assumed in the business combination.

Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements, are accounted for separately from the business combination in accordance with their nature and applicable IFRS.

Identifiable intangible assets, meeting either the contractual legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition date fair value can be measured reliably.

If the aggregate of the acquisition date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree) is lower than the fair value of the net identifiable amounts of the assets acquired and the liabilities assumed in the business combination, the difference is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs (or groups of CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes, and shall not be larger than an operating segment before aggregation.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.9 Financial instruments

The Group shall only recognise a financial instrument when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date based on the business model for managing these financial assets and the contractual cash flow characteristics. Currently the Group only has financial assets at amortised cost which consist of receivables and other assets, and cash and short-term deposits which is held within a business model to collect contractual cash flows and for which the contractual cash flow characteristics are solely payments of principal and interest. When financial assets are recognised initially, they are measured at fair value plus (in the case of financial assets not at fair value through profit or loss) directly attributable transaction costs.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those with maturities greater than 12 months after the reporting date. These are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method, if the time value of money is significant, less any allowance for impairment. Gains and losses are recognised in the statement of profit or loss when the financial assets at amortised cost are derecognised or impaired, as well as through the amortisation process.

Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset. Gains or losses from derecognition of financial assets are recognised in the statement of profit or loss.

Financial liabilities

Financial liabilities are initially measured at fair value net of (in the case of financial liabilities not at fair value through profit or loss) directly attributable transaction costs. The Group's interest-bearing loans and borrowings and trade and other payables financial liabilities are subsequently stated at amortised cost using the effective interest rate method, with any difference between proceeds (net of transaction costs) and the redemption value being recognised in the statement of profit or loss, unless capitalised in accordance with Note 1.2.6, Property, plant and equipment, over the contractual period of the financial liability.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Gains or losses from derecognition of financial liabilities are recognised in the statement of profit or loss.

1.2.10 Impairments

Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset (or CGU) may be impaired in accordance with IAS 36. Goodwill is assessed for impairment on an annual basis and when circumstances indicate that the carrying value may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets that were previously impaired are reviewed for possible reversal of the impairment at each reporting date. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the statement of profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial assets

Financial assets carried at amortised cost

The Group recognises an allowance for expected credit losses (ECLs) in the statement of profit or loss for all financial assets at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cost will include cash flows from the sale of collateral held, or other credit enhancements that are integral to the contractual terms. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.11 Inventories

Inventories, which include rough diamonds, ore stockpiles and consumables, are measured at the lower of cost of production on a weighted average basis or estimated net realisable value. Cost of production includes directly attributable costs and an allocation of fixed and variable production overheads to bring the inventory to its present location and condition. Borrowing costs are excluded from the cost of inventories.

Net realisable value is determined using the estimated selling price in the ordinary course of business, less the estimated costs of completion into its final product and the costs to be incurred in marketing, selling and distribution. The amount of any write-down of inventories to net realisable value is recognised in the period the write-down or loss occurs. Management are required to make judgements when determining the net realisable value of diamond inventory and ore stockpiles as referred under Note 1.2.26, Critical accounting estimates and judgements.

Diamond inventory consists of run of mine production which is made up of a mix of diamond sizes. The diamond inventory therefore consists of varying size and quality. Costs are allocated to diamond inventory on a carat produced basis irrespective of quality and value and cannot be costed separately. The net realisable value of diamond inventory is determined on a holistic basis.

Ore stockpiles consist of various strategic stockpiles. Separately identifiable costs are allocated to ore sourced from the Main and Satellite Pipes. Net realisable value of ore stockpile is determined separately for the Main and Satellite Pipes on a holistic basis.

1.2.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less that are held to meet the Group's short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

1.2.13 Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Treasury shares

Own equity instruments that are reacquired are recognised at cost, including transaction costs, and deducted from equity. These are disclosed as treasury shares. No gain or loss is recognised in profit or loss in the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

1.2.14 Foreign currency translations

Presentation currency

The results and financial position of the Group's subsidiaries which have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- statement of financial position items are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- resulting exchange differences are recognised as a separate component of equity.

Details of the rates applied at the respective reporting dates and for the statement of profit or loss transactions are detailed in Note 15, Issued share capital and reserves.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Monetary items for each statement of financial position presented are translated at the closing rate at the reporting date.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.15 Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

On a cumulative basis, over the vesting period of an award, no expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired, and management's best estimate of the achievement of the vesting conditions or otherwise of the non-market vesting conditions and of the number of equity instruments that is expected to ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous reporting date is recognised in the statement of profit or loss, with a corresponding entry in equity.

Management applies judgement when determining whether share options relating to employees who resigned before the end of the service condition period are cancelled or forfeited.

The Group periodically releases the share-based equity reserve to retained earnings in relation to lapsed and forfeited options subsequent to vesting dates.

1.2.16 Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of a past event; and
- a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

1.2.17 Restoration and rehabilitation provision

The mining, extraction and processing activities of the Group normally give rise to obligations for site restoration and rehabilitation. Rehabilitation works can include facility decommissioning and dismantling, removal and treatment of waste materials, land rehabilitation and site restoration. The extent of the work required and the estimated cost of final rehabilitation, comprising liabilities for decommissioning and restoration, are based on current legal requirements, existing technology and the Group's environmental policies, and is reassessed annually. Cost estimates are not reduced by the potential proceeds from the sale of property, plant and equipment.

Provisions for the cost of each restoration and rehabilitation programme are recognised at the time the environmental disturbance occurs. When the extent of the disturbance increases over the life of the operation, the provision and associated asset is increased accordingly. Costs included in the provision encompass all restoration and rehabilitation activity expected to occur. The restoration and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value, using a pre-tax discount rate. Discount rates used are specific to the country in which the operation is located or reasonable alternatives if in-country information is not available. The value of the provision is progressively increased over time as the effect of the discounting unwinds, which is recognised in finance charges. Restoration and rehabilitation provisions are also adjusted for changes in estimates.

When provisions for restoration and rehabilitation are initially recognised, the corresponding cost is capitalised as a decommissioning asset where it gives rise to a future benefit and depreciated over future production from the operation to which it relates. Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the current period in line with the principles of IFRIC 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities. Where the related asset has been fully depreciated any future reduction in the corresponding provision is reflected as an adjustment to the Statement of Profit or Loss.

Management is required to make significant estimates and assumptions when determining the amount of the restoration and rehabilitation provisions as referred under Note 1.2.26, Critical accounting estimates and judgements.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.18 Taxation

Income tax for the period comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items charged or credited directly to equity or to other comprehensive income, in which case the tax consequences are recognised directly in equity and other comprehensive income respectively. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group offsets deferred income tax assets and deferred income tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, deferred tax is provided except where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and jointly controlled entities, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Withholding tax is recognised as part of the income tax expense in the statement of profit or loss. Withholding tax is deducted at the source on dividends or other services which give rise to that withholding tax in accordance with applicable tax laws and treaties.

Deferred tax is recognised in respect of future withholding taxes on unremitted earnings based on the expected timing and extent of future dividends from the Group subsidiaries Refer to Note 21, Deferred taxation.

Uncertain tax positions

Uncertain tax positions are accounted for under IFRIC 23. In assessing uncertain tax positions, the Group evaluates whether it is probable that a tax authority will accept a particular tax treatment. A tax position is only recognised when the likelihood of the tax authority accepting the treatment is probable. If it is probable that the tax treatment will be accepted, the Group measures the tax position based on the expected manner of settlement. If it is determined that a tax position is not probable (i.e. uncertain), the Group recognises the tax position based on the most likely outcome or expected value of the outcome. Uncertain tax positions are re-evaluated at each reporting date.

Royalties

Royalties incurred by the Group comprise mineral extraction costs based on a percentage of sales paid to the local revenue authorities. These obligations arising from royalty arrangements are recognised as current payables and disclosed as part of royalty and selling costs in the statement of profit or loss.

1.2.19 Employee benefits

Provision is made in the financial statements for all short-term employee benefits. Liabilities for wages and salaries, including non-monetary benefits, benefits required by legislation, annual leave, retirement benefits and accumulating sick leave obliged to be settled within 12 months of the reporting date, are recognised in trade and other payables and are measured at the amounts expected to be paid when the liabilities are settled. Benefits falling due more than 12 months after the reporting date are measured at the amount the obligation is expected to be settled at, or discounted to present value using a pre-tax discount rate where relevant or where time value of money is expected to be significant. The Group recognises an expense for contributions to the defined contribution pension fund in the period in which the employees render the related service.

Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation. These liabilities are recognised in trade and other payables and are measured at the amounts expected to be paid when the liabilities are settled.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.20 Leases

At inception, the Group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset and whether the Group has the right to direct the use of the asset. For leases that contain one lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of the individual relative stand-alone price of all lease and non-lease components and the aggregate stand-alone price of all lease and non-lease components. The lease component is accounted for under the requirements of IFRS 16 and the non-lease component is accounted for using the relevant IFRS standard based on the nature of the non-lease component.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, costs to dismantle, restore and remove the right-of-use asset, and lease payments made at or before the commencement date less any lease incentives received. After the commencement date, the right-of-use assets are measured using a cost model. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment. Refer Note 1.2.10, Impairments.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group, and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification to the terms and conditions of the lease or if there is a lease reassessment.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be qualitatively and quantitatively of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Group as a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise the lease is an operating lease.

Where the Group is an intermediate lessor, the interest in the head lease and the sub-lease is accounted for separately and the lease classification of a sub-lease is determined by reference to the right-of-use-asset arising from the head lease. Income from operating leases is recognised on a straight-line basis over the lease term.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.21 Revenue from contracts with customers

Revenue comprises net invoiced diamond sales to customers excluding VAT. Diamond sales are made through a competitive tender process and other sales channels, and recognised when the Group's performance obligations have been satisfied at the time the buyer obtains control of the diamond(s), at an amount that the Group expects to be entitled in exchange for the diamond(s). Control of the diamond(s) are obtained by the buyer once funds have been received by the Group at which point the diamond(s) are shipped to or collected by the buyer. Where the Group makes rough diamond sales to customers and retains a right to an interest in their future sale as polished diamonds, the Group records the sale of the rough diamonds, but such contingent revenue on the onward sale is only recognised at the date when the polished diamonds are sold or when polished sales prices are mutually agreed between the customer and the Group.

The following revenue streams are recognised:

- rough diamonds which are sold through a competitive tender process, other sales channels, cooperation and partnership agreements;
- polished diamonds which are sold through direct sales channels; and
- additional uplift (on the value from rough to polished) on partnership and cooperation arrangements.

The sale of rough diamonds is the core business of the Group with other revenue streams contributing marginally to total revenue.

Revenue through cooperation and partnership arrangements is recognised on the sale of the rough diamond, with an additional uplift based on the polished prices or polished margin achieved. The Group recognises the revenue on the sale of the rough diamond when it is sold to a third party, as there is no continuing involvement by management in the cutting and polishing process and control has passed to the third party. Revenue from additional uplift is considered to be a variable consideration.

The variable consideration on partnership agreements is significantly constrained as it is subject to a range of variables that are highly susceptible to factors outside the Group's influence, such as market volatility and third party decisions. The Group recognises revenue on the additional uplift when the polished diamond is sold by the third party or the polished sales prices are mutually agreed between the third party and the Group, and the additional uplift is guaranteed, as this is the point in time at which the significant constraints are lifted or resolved from the polished margin revenue.

The variable consideration on cooperation agreements is recognised at the time of the sale of the rough diamond. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Such estimates are determined using either the 'expected value' or 'most likely amount' method and are recognised as a receivable.

1.2.22 Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

1.2.23 Dividend income

Dividend income is recognised when the amount of the dividend can be reliably measured and the Group's right to receive payment is established.

1.2.24 Finance costs

Finance costs are recognised on a time proportion basis using the effective interest rate method.

1.2.25 Dividend distribution

Dividend distributions to the Group's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

1.2.26 Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, the reported income and expenses during the periods presented therein, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results or the financial position reported in future periods are discussed below.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.26 Critical accounting estimates and judgements (continued)

Business environment and country risk

The Group's operations are subject to country risk being the economic, political and social risks inherent in doing business in certain areas of Africa, Europe and the United Kingdom. These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to taxes and regulations, foreign exchange rate fluctuations and the enforceability of contract rights.

The consolidated financial information reflects management's assessment of the impact of these business environments and country risks on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

Estimates

Ore reserves and associated life of mine (LoM)

There are numerous uncertainties inherent in estimating ore reserves and the associated LoM. Therefore, the Group must make a number of assumptions in making those estimations, including assumptions as to the prices of diamonds, exchange rates, production costs and recovery rates. Assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of diamonds, exchange rates, production costs or recovery rates may change the economic status of ore reserves and may, ultimately, result in the ore reserves being restated. Where assumptions change the LoM estimates, the associated depreciation rates, residual values, waste stripping and amortisation ratios, and environmental provisions are reassessed to take into account the revised LoM estimate. Refer Note 8, Property, plant and equipment, Note 10, Intangible assets and Note 20, Provisions.

Provision for restoration and rehabilitation

Significant estimates and assumptions are made in determining the amount of the restoration and rehabilitation provisions. These deal with uncertainties such as changes to the legal and regulatory framework, magnitude of possible contamination, and the timing, extent and costs of required restoration and rehabilitation activity. Refer Note 20, Provisions, for further detail.

Judgement

Ore stockpile and diamond inventory

Management exercises judgement when making assumptions about the valuation of ore stockpiles and diamond inventory. Key considerations include conversion factors, diamond prices, production grades, and costs to completion, which collectively inform the Group's valuation approach. In forming these assumptions, the Group relies on empirical data on prices achieved, grade and expenditure. Ore stockpiles are surveyed regularly to determine the quantum of ore in cubic metres at that time. A conversion factor called the Load Density Factor (LDF) is applied to the cubic metres to determine the ore in tonnes. The LDF varies depending on ore type, moisture content and compaction.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.26 Critical accounting estimates and judgements (continued)

Impairment reviews

The Group determines if goodwill is impaired on at least an annual basis, while all other significant operations are tested for impairment when there are potential indicators which may require an impairment review. This requires an estimation of the recoverable amount of the relevant CGU under review. The recoverable amount is the higher of fair value less costs to sell and value in use. While conducting an impairment review of its assets using value-in-use impairment models, the Group exercises judgement in making assumptions about future rough diamond prices, volumes of production, ore reserves and resources included in the current LoM plans, production costs and macro-economic factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the consolidated statement of profit or loss and consolidated statement of financial position. Refer Note 11, Impairment testing, for further estimates and judgements applied.

The key assumptions used in the recoverable amount calculations, determined on a value-in-use basis, are listed below:

Valuation basis

Discounted present value of future cash flows.

LoM and recoverable value of reserves and resources

Economically recoverable reserves and resources, carats recoverable and grades achievable are based on management's expectations of the availability of reserves and resources at Letšeng and technical studies undertaken by in-house and third-party specialists. Reserves remaining after the current LoM plan have not been included in determining the value in use of the operations. The LoM of Letšeng is currently up to 2039 (2023: 2038).

Cost and inflation rate

Operating costs for Letšeng are determined using 2024 actual costs, management's experience and the use of contractors over a period of time whose costs are fairly reasonably determinable. Processing costs have been based on insourcing assumptions and estimates, following the recent insourcing of the processing activities, and are lower than in the past due to an immediate saving of contractor margin costs. In the longer term, management has applied local inflation rates of 5.0% (2023: 5.0%) for operating costs beyond 2027. Up to 2026, inflation rates applied ranged between 5.2% – 9.6% (2023: 5.4% - 8.9%).

Capital costs have been based on management's specific capital programme for the first five years, the mining fleet replacement programme for the LoM to service the updated mine plan and a fixed percentage of processing costs (after the first five years) to determine the capital costs necessary to maintain current levels of operations.

Exchange rates

Exchange rates are applied in line with IAS 36, Impairment of Assets. The US dollar/Lesotho loti (LSL) exchange rate used was determined with reference to the closing rate at 31 December 2024 of LSL18.87 (31 December 2023: LSL18.29).

Diamond prices

The short and medium term diamond prices used in the impairment test have been set with reference to historical and recent prices achieved, recent market trends, anticipated market supply and the Group's medium-term forecast. Long-term diamond price escalation reflects the Group's assessment of market supply/demand fundamentals.

Discount rate

The discount rate of 12.9% for revenue (2023: 10.4%) and 16.1% for costs (2023: 12.4%) used for Letšeng represents the before-tax risk-free rate adjusted for market risk, volatility and risks specific to the asset and its operating jurisdiction. Management consider the use of two different discount rates appropriate as the region in which the revenue is earned has a lower risk profile to the region in which the costs are incurred.

Market capitalisation

Where the Group's asset carrying values exceed market capitalisation, it serves as an indicator of impairment. The Group believes that this position does not represent an impairment as all significant operations and individual assets were assessed for impairment during the year and no impairments were recognised.

Sensitivity

The value in use for Letšeng indicated sufficient headroom, and further changes to key assumptions which could result in impairment are disclosed in Note 11, Impairment testing.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.26 Critical accounting estimates and judgements (continued)

Provision for restoration and rehabilitation and deferred tax thereon

Judgement is applied when calculating the closure costs associated with the restoration of the Letšeng mine site. These include the following:

- there are no costs associated with the backfill of the open pits due to no in-country legislation requirements; and
- there are no costs associated with dismantling permanent buildings as these will be handed over to various parties in consultation with the Lesotho Government when the end of life is reached.

At the Ghaghoo mine site, the following judgements were applied:

- the mine site will be left in a state which could enable a future operator to operate on the site, and therefore certain infrastructure, such as access roads to the mine, paving and walkways, a solar solution installation, borehole pump and water treatment plant, will remain intact and, after obtaining the necessary approvals, it will be handed over to the Government of Botswana through the Ministry of Minerals and Energy. There are therefore no costs associated with the rehabilitation of certain roads or rehabilitation and dismantling of certain infrastructures; and
- the timing of the rehabilitation cost cash flows has been estimated to be five years.

At Letšeng, deferred tax assets are recognised on provisions for rehabilitation as management will implement appropriate tax planning strategies to ensure sufficient taxable income is available to utilise all deductions in the future. At Ghaghoo, no deferred tax assets have been recognised on the provision for rehabilitation as management does not foresee any taxable profits or taxable temporary differences against which the deferred tax asset can be utilised due to the operation being under care and maintenance.

Capitalised stripping costs (deferred waste)

Waste removal costs (stripping costs) are incurred during the development and production phases at surface mining operations. The orebody needs to be identified in its various separately identifiable components. An identifiable component is a specific volume of the orebody that is made more accessible by the stripping activity. Judgement is required to identify and define these components (referred to as "cuts"), and also to determine the expected volumes (tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are based on a combination of information available in the mine plans, specific characteristics of the orebody and the milestones relating to major capital investment decisions.

Judgements and estimates are also used to apply the amortisation rate, future stripping costs of the cut/component and the expected ore to be mined from that cut/component. Refer Note 8, Property, plant and equipment.

Identifying uncertainties over tax treatments

As previously disclosed, an amended tax assessment was issued to Letšeng by the Revenue Services Lesotho (RSL), in December 2019, contradicting the application of certain tax treatments in the current Lesotho Income Tax Act 1993. An objection to the amended tax assessment was lodged with the RSL in March 2020, which was supported by the opinion of senior counsel. The RSL subsequently lodged a court application for the review and setting aside of the applicable regulations to the Lesotho High Court pertaining to this matter, which Letšeng is opposing. The amended court application process will continue during 2025, with support from senior legal counsel.

Management do not believe a liability relating to an uncertain tax position exists as:

- there is no ambiguity in the application of the published Lesotho Income Tax Act;
- there has been no change in the application of the Income Tax Act and resulting tax; and
- senior counsel advice, which is legally privileged, has been obtained for the new circumstances. This advice still reflects good prospects of success.

No provision or contingent liability has been raised in the 2024 Financial Statements relating to

- the amended tax assessment in question; or
- any potential legal costs that could be incurred,

should the matter be found in favour of the RSL.

Offsetting of deferred tax assets and deferred tax liabilities of the Group's subsidiary, Letšeng Diamonds

The Group's subsidiary, Letšeng Diamonds, is subject to the tax laws and regulations enacted within Lesotho. The corporate tax laws and regulations currently enacted by the RSL requires a taxpayer to file a claim for offsetting current tax assets and current tax liabilities, and offsetting deferred tax assets and deferred tax liabilities with the Commissioner within four years after service of the notice of assessment for the year of assessment to which the claim relates.

The Group, after applying significant judgement, is of the view that Letšeng Diamonds does not have a legally enforceable right to offset current tax assets against current tax liabilities, and deferred tax assets against deferred tax liabilities within the Lesotho corporate tax jurisdiction as it is subject to the Commissioner's approval of the claim submitted, for which the outcome is highly uncertain as the approval is subject purely to the discretion of the Commissioner. On this basis, the Group does not offset Letšeng Diamonds' deferred tax assets and deferred tax liabilities, but rather presents them on a gross basis in the consolidated statement of financial position. Refer Note 1.2.18, Taxation.

1 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1.2 Summary of material accounting policies (continued)

1.2.26 Critical accounting estimates and judgements (continued)

Deferred Tax on Unremitted Earnings

Management applies judgement when assessing whether it has the intention and ability to control the timing of profit distribution from its subsidiaries. Deferred tax liabilities are recognised according to the Group's expected distributions in the annual business plan, which is based on a three-year period. Management believe the annual business plan reflects the best estimate of the Group's distributions and are probable. Refer Note 21, Deferred taxation

Determination of variable consideration in terms of revenue recognition

Judgement is exercised by estimating variable consideration on the polished sales price of diamonds sold into cooperation agreements. The variable consideration is determined having regard to past experience with respect to the uplift earned on the sale of the polished diamonds. Revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

No variable consideration is recognised on the future uplift of the margin on partnership arrangements as the future amounts are highly susceptible to factors outside of the Group's control, as described in IFRS 15 par 57; being market volatility, decisions and actions of third parties and that the uncertainty is not expected to be resolved for a relatively long period. These factors result in a significant estimation uncertainty and management exercised judgement in not recognising the variable consideration until the uncertainty associated with the variable consideration is subsequently resolved.

	2024 US\$'000	2023
		US\$'000
2 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Sale of goods	152 839	139 433
Partnership arrangements	1 373	854
	154 212	140 287

The revenue from the sale of goods mainly represents the sale of rough diamonds, for which revenue is recognised at the point in time at which control transfers.

The revenue from partnership arrangements of US\$1.4 million (2023: US\$0.9 million) represents the additional uplift from partnership arrangements for which revenue is recognised when the significant constraints are lifted or resolved and the amount of revenue is guaranteed. At year end 1 236 carats (2023: 1 728 carats) have significant constraints in recognising revenue relating to the additional uplift.

	2024 US\$'000	2023
		US\$'000
3 OTHER OPERATING (EXPENSES)/INCOME		
Other operating (expenses)/income are categorised separately as they relate to expenses or income which are minor or irregular and are incurred or sourced outside of normal operations.		
Sundry (expense)/income	(206)	203
Ghagho reduction in rehabilitation provision	562	354
Proceeds from insurance claim	65	1 030
Proceeds from VAT refund ¹	—	251
Ghagho care and maintenance costs ²	(1 572)	(1 809)
Profit/(loss) on disposal and scrapping of property, plant and equipment	152	(22)
	(999)	7

¹ The VAT refund in the prior year relates to long-outstanding VAT refunds received from the Revenue Service of Lesotho which had been previously written off at Letšeng.

² Includes depreciation recognised in the current year of US\$67.0 thousand (31 December 2023: US\$10.0 thousand).

4

OPERATING PROFIT

Operating profit includes operating costs and income as listed below:

Depreciation and amortisation

	2024 US\$'000	2023 US\$'000
Depreciation and mining asset amortisation excluding waste stripping cost ¹	(9 238)	(5 423)
Depreciation of right-of-use assets	(2 129)	(1 892)
Waste stripping costs amortised	(35 627)	(39 194)
	(46 994)	(46 509)

Inventories

Cost of inventories recognised as an expense (including the relevant portion of waste stripping costs amortised)	(100 497)	(102 204)
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Foreign exchange

Foreign exchange gain	1 086	2 775
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Lease expenses not included in lease liability

Mine site property	(180)	(152)
Equipment and service lease	(1)	(9 728)
	(181)	(9 880)

Auditor's remuneration – RSM/EY²

Group financial statements	(280)	(328)
Statutory	(167)	(161)
	(447)	(489)

Auditor's remuneration – other audit firms

Statutory	(41)	(92)
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Other non-audit fees – RSM/EY²

Other services	–	(7)
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Other non-audit fees – other audit firms

Tax services advisory and consultancy	(18)	(31)
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Employee benefits expense

Salaries and wages ³	(20 353)	(14 386)
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Underlying earnings before interest, tax, depreciation and mining asset amortisation (underlying EBITDA)

Underlying EBITDA is shown, as the Directors consider this measure to be a relevant guide to the operational performance of the Group and excludes such non-operating costs and income as listed below. The reconciliation from operating profit to underlying EBITDA is as follows:

Operating profit	17 992	10 380
Other operating expenses/(income) ⁴	932	(20)
Foreign exchange gain	(1 086)	(2 775)
Share-based payments	516	332
Depreciation and amortisation (excluding waste stripping cost amortised)	11 365	7 315
Underlying EBITDA	29 719	15 232

¹ Includes a full year of depreciation relating to the mining fleet and support equipment, acquired as part of the insourcing of the mining activities in December 2023.

² The Group's auditors changed from Ernst & Young Inc (EY) in the prior year to RSM Audit UK LLP (RSM) in the current year.

³ Includes contributions to defined contribution plan of US\$0.8 million (31 December 2023: US\$0.4 million). An average of 716 employees excluding contractors were employed during the period (2023: 313). The increased number of employees was as a result of the insourcing of the mining and processing activities.

⁴ Includes Ghaghoo-related care and maintenance and site rehabilitation costs of US\$1.6 million (31 December 2023: US\$1.8 million), partially offset by a reduction of US\$0.6 million in the Ghaghoo rehabilitation provision, all of which are considered non-operating.

	2024 US\$'000	2023 US\$'000
5 NET FINANCE COSTS		
Finance income		
Bank deposits	392	292
Insurance asset	483	325
Total finance income	875	617
Finance costs		
Finance costs on borrowings	(5 339)	(3 332)
Finance costs on lease liabilities	(372)	(497)
Finance costs on unwinding of rehabilitation and decommissioning provision	(1 464)	(1 484)
Fair value adjustment on loan receivable	(231)	–
Total finance costs	(7 406)	(5 313)
	(6 531)	(4 696)

Finance income relates to interest earned on cash, short-term deposits and insurance assets.

Finance costs include interest incurred on borrowings and associated unwinding of facility credit underwriting fees, finance lease liabilities and the unwinding of rehabilitation provisions.

	2024 US\$'000	2023 US\$'000
6 INCOME TAX EXPENSE		
Current		
– Foreign	(6 443)	(909)
Withholding tax		
– Foreign	(508)	–
– Foreign: prior year refund ¹	–	596
Deferred		
– Foreign	3 576	(3 777)
Income tax expense	(3 375)	(4 090)
Profit before taxation	11 461	5 684

	%	%
Reconciliation of tax rate		
Applicable income tax rate	25.0	25.0
Non-deductible expenses ¹	3.1	5.4
Unrecognised deferred tax assets	1.8	32.9
Effect of foreign tax at different rates ²	0.4	19.2
Unremitted earnings	(5.3)	–
Withholding tax	4.4	–
Withholding tax: prior year refund ³	–	(10.5)
Effective income tax rate	29.4	72.0

The tax rate reconciles to the statutory Lesotho corporation tax rate of 25% as this is the jurisdiction in which the majority of the Group's taxes are incurred.

¹ Non-deductible expenses mainly comprise corporate social investment, legal fees of a capital nature and share-based payments in both the current and prior year.

² In the prior year, a provision for uncertain tax positions was raised. During the year, clarity was provided regarding the position and the provision was no longer required and therefore released. Refer Note 23 Commitments and contingencies.

³ This item relates to withholding tax previously overpaid and refunded in full in the prior year by the Revenue Services Lesotho.

The effective tax rate is above the Lesotho statutory tax rate of 25% primarily as a result of deferred tax assets not recognised on losses incurred in non-trading operations in the Group, withholding taxes paid and the impact of certain non-deductible expenses for tax purposes.

7 EARNINGS PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2024 US\$'000	2023 US\$'000
Profit for the year	8 086	1 594
Less: Non-controlling interests	(5 192)	(3 719)
Net profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings	2 894	(2 125)
Number of ordinary shares outstanding at end of year ('000)	141 236	141 210
Weighted number of share options exercised during the year ('000)	(9)	(161)
Effect of share buyback - Treasury shares ('000)	(1 520)	(1 520)
Weighted average number of ordinary shares outstanding during the year ('000)	139 707	139 529
Basic earnings/(loss) per share attributable to ordinary equity holders of the parent (cents)	2.1	(1.5)

Earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year after taking into account future potential conversion and issue rights associated with the ordinary shares.

	2024 Number of shares 000's	2023 Number of shares 000's
Weighted average number of ordinary shares outstanding during the year	139 707	139 529
Effect of dilution:		
– Future share awards under the Employee Share Option Plan	4 262	2 509
Weighted average number of ordinary shares outstanding during the year adjusted for the effect of dilution	143 969	142 038
Diluted earnings/(loss) per share attributable to ordinary equity holders of the parent (cents)	2.0	(1.5)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

8 PROPERTY, PLANT AND EQUIPMENT

	Stripping activity asset US\$'000	Mining asset US\$'000	De-commissioning assets US\$'000	Leasehold improvement US\$'000	Plant and equipment ¹ US\$'000	Other assets ² US\$'000	Total US\$'000
As at 31 December 2024							
Cost							
As at 1 January 2024	604 372	100 827	3 255	50 892	112 812	9 336	881 494
Additions	22 302	–	–	498	3 367	1 893	28 060
Net movement in rehabilitation provision	(528)	–	(177)	–	(2 993)	–	(3 698)
Disposals	–	–	–	–	(3 191)	(643)	(3 834)
Reclassifications ³	–	3 222	–	189	(3 416)	5	–
Foreign exchange differences	(19 288)	(2 389)	(104)	(1 613)	(3 676)	(268)	(27 338)
As at 31 December 2024	606 858	101 660	2 974	49 966	102 903	10 323	874 684
Accumulated depreciation/amortisation/impairment							
As at 1 January 2024	437 154	39 026	3 255	32 544	64 503	6 418	582 900
Charge for the year	35 627	864	(177)	1 467	6 556	528	44 865
Disposals	–	–	–	–	(3 190)	(638)	(3 828)
Reclassifications	–	–	–	171	(171)	–	–
Foreign exchange differences	(13 732)	(1 655)	(104)	(1 072)	(2 356)	(193)	(19 112)
As at 31 December 2024	459 049	38 235	2 974	33 110	65 342	6 115	604 825
Net book value at 31 December 2024	147 809	63 425	–	16 856	37 561	4 208	269 859

¹ Included in plant and equipment are capital projects in progress of US\$0.9 million (31 December 2023: US\$4.1 million).

² Other assets comprise motor vehicles, computer equipment, furniture and fittings, and office equipment.

³ The reclassifications in the current year related to capital projects in progress in the prior year, included in plant and equipment, which are being depreciated in the current year as mining assets.

	Stripping activity asset	Mining asset	De-commissioning assets	Leasehold improvement	Plant and equipment ³	Other assets ¹	Total
As at 31 December 2023							
Cost							
Balance at 1 January 2023	609 336	103 972	3 519	53 740	89 292	8 521	868 380
Restatement - Refer Note 28	–	–	–	–	5 495	–	5 495
Restated balance at 1 January 2023	609 336	103 972	3 519	53 740	94 787	8 521	873 875
Additions ²	37 102	2 056	–	17	27 056	1 255	67 486
Net movement in rehabilitation provision	–	–	–	–	(1 342)	–	(1 342)
Disposals	–	–	–	–	(588)	(238)	(826)
Reclassifications	–	156	–	710	(1 153)	287	–
Foreign exchange differences	(42 066)	(5 357)	(264)	(3 575)	(5 948)	(489)	(57 699)
As at 31 December 2023	604 372	100 827	3 255	50 892	112 812	9 336	881 494
Accumulated depreciation/amortisation/impairment							
As at 1 January 2023	425 316	42 564	3 519	33 140	63 727	6 615	574 881
Restatement - Refer Note 28	–	–	–	–	2 731	–	2 731
Restated balance at 1 January 2023	425 316	42 564	3 519	33 140	66 458	6 615	577 612
Charge for the year	39 194	559	–	1 536	2 895	433	44 617
Disposals	–	–	–	–	(571)	(229)	(800)
Foreign exchange differences	(27 356)	(4 097)	(264)	(2 132)	(4 279)	(401)	(38 529)
As at 31 December 2023*	437 154	39 026	3 255	32 544	64 503	6 418	582 900
Net book value at 31 December 2023*	167 218	61 801	–	18 348	48 309	2 918	298 594

¹ Other assets comprise motor vehicles, computer equipment, furniture and fittings, and office equipment.

² Includes purchase of mining fleet and support equipment (including transaction costs capitalised) of US\$22.8 million in terms of the insourcing of the mining activities which is disclosed in the plant and equipment category.

³ Included in plant and equipment are capital projects in progress of US\$4.1 million (31 December 2022: US\$14.1 million).

9 RIGHT-OF-USE ASSETS

As at 31 December 2024

Cost

	Plant and equipment US\$'000	Motor vehicles US\$'000	Buildings US\$'000	Total US\$'000
As at 1 January 2024	3 379	363	6 008	9 750
Additions	1 058	434	271	1 763
Derecognition of lease	(738)	(243)	(349)	(1 330)
Foreign exchange differences	(113)	(17)	(130)	(260)
As at 31 December 2024	3 586	537	5 800	9 923

Accumulated depreciation

As at 1 January 2024	1 450	103	3 451	5 004
Charge for the year	979	188	962	2 129
Derecognition of lease	(444)	(117)	(349)	(910)
Foreign exchange differences	(60)	(5)	(106)	(171)
As at 31 December 2024	1 925	169	3 958	6 052

Net book value at 31 December 2024

1 661 368 1 842 3 871

As at 31 December 2023	3 190	421	6 430	10 041
Additions	502	508	122	1 132
Derecognition of lease	(94)	(536)	(225)	(855)
Foreign exchange differences	(219)	(30)	(319)	(568)
As at 31 December 2023	3 379	363	6 008	9 750
Accumulated depreciation				
As at 1 January 2023	688	115	2 898	3 701
Charge for the year	845	96	951	1 892
Derecognition of lease	(42)	(100)	(225)	(367)
Foreign exchange differences	(41)	(8)	(173)	(222)
As at 31 December 2023	1 450	103	3 451	5 004
Net book value at 31 December 2023	1 929	260	2 557	4 746

Plant and equipment mainly comprise pit dewatering and back-up power generating equipment utilised at Letšeng. Motor vehicles mainly comprise vehicles utilised by contractors at Letšeng. Buildings comprise office buildings in Maseru, Antwerp, London, Gaborone and Johannesburg.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

During the year, Gem Diamonds Limited and Gem Diamond Technical Services (Pty) Ltd entered into new contracts for the rental of existing office space in London and Johannesburg respectively. At Letšeng, lease contracts for dewatering equipment and vehicles were either entered into or renegotiated resulting in the recognition of associated right-of-use assets and lease liabilities. The original contracts were cancelled and all associated assets and liabilities were derecognised. Refer Note 17, Lease liabilities.

During the prior year new lease contracts were entered into for earth-moving equipment and certain assets relating to catering and housekeeping resulting in the recognition of right-of-use assets and lease liabilities associated with the new lease.

Total gains of US\$0.3 million (2023: US\$30 thousand) have been recognised in the consolidated statement of profit or loss relating to the derecognition of leases in the Group during the year. Refer Note 17, Lease liabilities and Note 22.1, Cash generated by operations. During the year the Group recognised income of US\$0.3 million (2023: US\$0.3 million) from the sub-leasing of office buildings in Maseru.

	Goodwill ¹ US\$'000
10 INTANGIBLE ASSETS	
As at 31 December 2024	
Cost	
Balance at 1 January 2024	10 440
Foreign exchange translation difference	(322)
Balance at 31 December 2024	10 118
Accumulated amortisation	
Balance at 1 January 2024	–
Amortisation	–
Balance at 31 December 2024	–
Net book value at 31 December 2024	10 118
As at 31 December 2023	
Cost	
Balance at 1 January 2023	11 221
Foreign exchange translation difference	(781)
Balance at 31 December 2023	10 440
Accumulated amortisation	
Balance at 1 January 2023	–
Amortisation	–
Balance at 31 December 2023	–
Net book value at 31 December 2023	10 440

¹ Goodwill allocated to Letšeng Diamonds. Refer Note 11, Impairment testing.

2024	2023
US\$'000	US\$'000

11 IMPAIRMENT TESTING

Goodwill impairment testing is undertaken on Letšeng Diamonds annually and when there are indications of impairment. The most recent test was undertaken at 31 December 2024. In assessing whether goodwill has been impaired, the carrying amount of Letšeng Diamonds is compared with its recoverable amount. For the purpose of goodwill impairment testing in 2024, the recoverable amount for Letšeng Diamonds has been determined based on a value in use model, similar to that adopted in the past.

Goodwill

Letšeng Diamonds	10 118	10 440
As at 31 December 2024	10 118	10 440

Movement in goodwill relates to foreign exchange translation from functional to presentation currency, as disclosed within Note 10, Intangible assets.

The discount rates are outlined below and represent the nominal pre-tax rates. These rates are based on the weighted average cost of capital (WACC) of the Group and adjusted accordingly at a risk premium for Letšeng Diamonds, taking into account risks associated therein.

	2024	2023
	%	%
Discount rate – Letšeng Diamonds		
Applied to revenue	12.9	10.4
Applied to costs	16.1	12.4

Value in use

The mining lease period at Letšeng extends to 2029 with an exclusive option to renew for a further 10 years to 2039. The updated open pit mine plan which has been used to project the cash flows, reflects that the open pit mining (including inferred resources) is expected to cease in 2039 (31 December 2023: 2038). In terms of IAS 36, cash flows are projected for a period up to the date of the LoM plan period, i.e. 2039, which now coincides with the mining lease period of 2039. The mine plan takes into account the available reserves and other relevant inputs such as diamond pricing, costs and geotechnical parameters. It includes the next open pit cutback in the Satellite Pipe (C6W) using a re-designed steeper slope concept which significantly reduced the tonnes of waste previously required to be removed. The cost savings associated with the recently concluded insourcing of the processing activities have been included in the value-in-use model. Refer Note 1.2.26, Critical accounting estimates and judgements.

Sensitivity to changes in assumptions

The Group will continue to test its assets for impairment where indications are identified.

Refer Note 1.2.26, Critical accounting estimates and judgements, for further details on impairment testing policies.

The short and medium-term diamond prices used in the impairment test have been set with reference to historical and recent prices achieved, recent market trends and anticipated market supply and the Group's medium-term forecast. Long-term diamond price escalation reflects the Group's assessment, taking into account independent diamond analyst views of market supply/demand fundamentals. The valuation of Letšeng at 31 December 2024 exceeded the carrying value by US\$51.3 million (31 December 2023: US\$63.3 million). The valuation is sensitive to input assumptions particularly in relation to the foreign exchange assumption of the US dollar (US\$) to the Lesotho Loti (LSL) at year end, future price growth for diamonds, increase in operating costs and changes to the discount rates. The Group has assumed an appropriate price increase for its diamonds following the significant pressure experienced in the diamond market during the year.

A range of alternative scenarios have been considered in determining whether there is a reasonable possible change in the foreign exchange rates, diamond prices, operating costs and discount rates, which would result in the recoverable amount equating to the carrying amount. Each sensitivity was performed in isolation with all other valuation assumptions remaining the same. A 7.0% strengthening of the LSL to the US\$ from US\$1:LSL18.87 to US\$1:LSL17.55 (31 December 2023: 7% to US\$1:LSL17.00), or a reduction of 5.0% (31 December 2023: 5.0%) to the starting diamond prices (at the year end exchange rate), or a 7.9% (31 December 2023: 8.0%) increase in current estimated operating costs of US\$1.6 billion (31 December 2023: US\$1.7 billion) over the LoM, or an increase of 1.09 basis points or decrease of 1.79 basis points to the discount rate applied to revenue and cost respectively, would result in the recoverable amount equating to the current carrying amount, with other valuation assumptions remaining the same.

As a result, no impairment charge was recognised for the Letšeng Diamonds CGU during the year.

	2024 US\$'000	2023 US\$'000
12 RECEIVABLES AND OTHER ASSETS		
Non-current		
Deposits	776	90
Insurance asset ¹	5 596	4 397
Other receivables ²	969	–
	7 341	4 487
Current		
Trade receivables	592	23
Prepayments ³	1 484	1 249
Deposits	29	24
Other receivables	498	374
VAT receivable ⁴	4 030	1 961
	6 633	3 631

The carrying amounts above approximate their fair value due to the nature of the instruments.

Analysis of trade receivables based on their terms and conditions

Neither past due nor impaired	–	2
> 120 days	19	21
	19	23

¹ This non-current asset relates to Letšeng's Multi-aggregate Protection Insurance Policy with The Lesotho National Insurance Group (LNIGC) of LSL140.0 million (US\$7.4 million) (31 December 2023: LSL140.0 million (US\$7.7 million)) entered into in October 2021. This policy has a remaining tenure of one-and-a-half years at year end (31 December 2023: two-and-a-half-years). Premium payments of LSL30.0 million (US\$1.6 million) (31 December 2023: LSL30.0 million (US\$1.6 million)) for the policy are payable annually in advance. Refer Note 23, Commitments and contingencies. The policy gives Letšeng the right to claim up to LSL75.0 million (31 December 2023: LSL75.0 million) for each-and-every-loss and LSL150.0 million (31 December 2023: LSL150.0 million) in the aggregate (subject to terms and conditions contained in the policy). On expiry of the policy in June 2026, all unutilised funds within the policy are due and payable to Letšeng. A non-current financial asset has been recognised for the unutilised premium paid to date, net of underwriting service fee of LSL 2.1 million (US\$0.1 million) (31 December 2023: LSL2.1 million (US\$0.1 million)) as expensed as part of operating expenses within the Statement of Profit or Loss. The non-current financial asset is measured at amortised cost in line with IFRS 9 Financial Instruments. Interest is earned on the unrealised premium and recognised as finance income. The fourth premium payment of LSL30.0 million (US\$1.6 million) (31 December 2023: LSL30.0 million (US\$1.6 million)) was financed through a 10-month loan through Premium Finance Partners (Proprietary) Limited. This non-current financial asset is ceded in favour of Premium Finance Partners (Proprietary) Limited. Refer Note 16, Interest-bearing loans and borrowings.

² Other non-current receivables relate to a financing arrangement provided to a third party to assist with the exploration of possible expansion opportunities.

³ Prepayments include insurance premiums prepaid at Letšeng of US\$0.4 million (31 December 2023: US\$0.4 million) which were also funded through Premium Finance Partners (Proprietary) Limited. This prepayment is ceded in favour of Premium Finance Partners (Proprietary) Limited. Refer Note 16, Interest-bearing loans and borrowings.

⁴ VAT receivable mainly comprises of US\$3.8 million at Letšeng and US\$0.2 million at Gem Diamond Technical Services (Pty) Ltd. Post year-end US\$2.6 million has been received from the respective revenue authorities.

Based on the nature of the Group's customer base and the negligible exposure to credit risk through its customer base, insurance asset and other financial assets, the expected credit loss is insignificant and has no impact on the Group.

	2024 US\$'000	2023 US\$'000
13 INVENTORIES		
Diamonds on hand	9 279	17 128
Ore stockpile	16 560	11 553
Consumable stores	8 225	8 952
	34 064	37 633

Inventory is carried at the lower of cost or net realisable value.

In the current year, consumable stores at Ghaghoo were written down by US\$0.1 million to net realisable value (31 December 2023: nil).

14 CASH AND SHORT-TERM DEPOSITS

	2024 US\$'000	2023 US\$'000
Cash on hand	3	3
Bank balances	6 032	5 101
Short term bank deposits	6 843	11 399
	12 878	16 503

The amounts reflected in the financial statements approximate fair value due to the short-term maturity and nature of cash and short-term deposits.

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are generally call deposit accounts and earn interest at the respective short-term deposit rates.

The Group's cash surpluses are deposited with major financial institutions of high-quality credit standing predominantly within Lesotho and the United Kingdom.

At 31 December 2024, the Group had US\$69.0 million (31 December 2023: US\$45.9 million) of undrawn facilities, representing LSL450.0 million (US\$23.8 million) (31 December 2023: LSL180.0 million (US\$9.8 million)) and ZAR300.0 million (US\$15.9 million) (31 December 2023: ZAR120.0 million (US\$6.6 million)) of the two-year extended secured revolving credit facility at Letšeng, ZAR100.0 million (US\$5.3 million) (31 December 2023: ZAR100.0 million (US\$5.5 million) of the Letšeng general banking facility, and US\$24.0 million (31 December 2023: US\$24.0 million) of the Company's two-year extended secured revolving credit facility. For further details on these facilities, refer Note 16, Interest-bearing loans and borrowings.

15 ISSUED SHARE CAPITAL AND RESERVES

Share capital

	31 December 2024		31 December 2023	
	Number of shares '000	US\$'000	Number of shares '000	US\$'000
Authorised – ordinary shares of US\$0.01 each				
As at year end	200 000	2 000	200 000	2 000
Issued and fully paid balance at beginning of year	141 210	1 413	140 923	1 410
Allotments during the year	26	–	287	3
Number of ordinary shares outstanding at end of year	141 236	1 413	141 210	1 413

Treasury shares

	31 December 2024		31 December 2023	
	Number of shares '000	US\$'000	Number of shares '000	US\$'000
Number of treasury shares outstanding at end of year	(1 520)	(1 157)	(1 520)	(1 157)

Share premium

Share premium comprises the excess value recognised from the issue of ordinary shares above its par value.

15 ISSUED SHARE CAPITAL AND RESERVES (continued)

Other reserves

	Foreign currency translation reserve US\$'000	Share-based equity reserve US\$'000	Total US\$'000
As at 1 January 2024	(257 924)	7 127	(250 797)
Other comprehensive loss	(5 053)	–	(5 053)
Total comprehensive loss	(5 053)	–	(5 053)
Share-based payment expense	–	516	516
As at 31 December 2024	(262 977)	7 643	(255 334)
As at 1 January 2023	(245 967)	6 798	(239 169)
Other comprehensive loss	(11 957)	–	(11 957)
Total comprehensive loss	(11 957)	–	(11 957)
Share capital issue	–	(3)	(3)
Share-based payment expense	–	332	332
As at 31 December 2023	(257 924)	7 127	(250 797)

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of foreign entities. The South African, Lesotho and Botswana subsidiaries' functional currencies are different to the Group's presentation currency of US dollar. The rates used to convert the operating functional currency into US dollar are as follows:

	Currency	2024 US\$'000	2023 US\$'000
Average rate	ZAR/LSL to US\$1	18.34	18.45
Year end	ZAR/LSL to US\$1	18.87	18.29
Average rate	Pula to US\$1	13.56	13.36
Year end	Pula to US\$1	13.93	13.39

Share-based equity reserves

For details on the share-based equity reserve, refer Note 26, Share-based payments.

Capital management

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain loan covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the loans during the financial year.

For details on capital management, refer Note 25, Financial risk management.

Treasury shares

In 2022, the Board of Directors approved a share buyback programme to purchase up to US\$2.0 million of the Company's ordinary shares. The sole purpose of the programme was to reduce the capital of the Company and the Company intends to hold those ordinary shares purchased under the programme in treasury. Such treasury shares are not entitled to dividends and have no voting rights. The share buyback programme was initiated on 12 April 2022. At 31 December 2022, 1 520 170 shares had been bought back at the market value on the date of each buyback, equating to a weighted average price of 60.05 GB pence (78.07 US cents) per share, totalling US\$1.2 million (including transaction costs). This reduction in shares issued has been taken into account in calculating the earnings per share. No further share buybacks have taken place since 2022.

16 INTEREST-BEARING LOANS AND BORROWINGS

The RCFs at Letšeng and Gem Diamonds Limited were extended for a 24-month period through exercising the extension option included in the initial facility agreement, following the required credit approval from the lenders.

Gem Diamonds Limited provides security for both the Letšeng Diamonds and Gem Diamonds Limited revolving credit facilities over its bank accounts domiciled in the United Kingdom (US\$2.3 million) (31 December 2023: US\$1.4 million) and over its 70% shareholding in Letšeng Diamonds, refer Note 30, Material partly owned subsidiary.

Effective from 1 January 2023, the interest-bearing loans and borrowings subject to the US\$ three-month LIBOR rate transitioned to a Secured Overnight Financing Rate (SOFR), in line with the IBOR phase 2 Amendments which became effective in 2021. The transition from the South African JIBAR rates to the South African Rand Overnight Index Average (ZARONIA) is expected to be completed by 2026. The interest-bearing loans and borrowings that remain subject to the South African JIBAR rate include the ZAR132.0 million unsecured project debt facility and the ZAR300.0 million revolving credit facility.

The Group will continue to assess the impact of the interest rate benchmark reform on the Group's JIBAR interest-bearing loans and borrowings as the revised benchmark rates are published or negotiated with the funders. The developments on these facilities from 1 January 2024 and their carrying amounts and maturities as at 31 December 2024 are disclosed in the note below.

16 INTEREST-BEARING LOANS AND BORROWINGS (continued)

	Effective interest rate	Maturity	2024 US\$'000	2023 US\$'000
Non-current				
LSL450.0 million (US\$23.8 million) and ZAR300.0 million (US\$15.9 million) bank loan facility	Central Bank of Lesotho rate (7.75%) + 3.25% and South African JIBAR (8.35%) + 3.00% ¹		–	–
Credit underwriting fees		21 December 2026	(78)	–
US\$30.0 million bank loan facility	Term SOFR (4.33%) + 5.21% ¹	21 December 2026	6 000	–
Credit underwriting fees			(60)	–
ZAR132.0 million (US\$7.0 million) million project debt facility	South African JIBAR (8.35%) + 2.50%	31 May 2027	2 999	5 156
LSL200.0 million (US\$10.6 million) term loan facility	Lesotho prime rate (11.25%) minus 1.50%	30 April 2029	7 772	–
			16 633	5 156
Current				
LSL450.0 million (US\$23.8 million) and ZAR300.0 million (US\$15.9 million) bank loan facility	Central Bank of Lesotho rate (7.75%) + 3.25% and South African JIBAR (8.35%) + 3.00% ¹		–	24 632
Credit underwriting fees		21 December 2026	–	(175)
US\$30.0 million bank loan facility	Term SOFR (4.33%) + 5.21% ¹		–	6 000
Credit underwriting fees		21 December 2026	–	(112)
ZAR132.0 million (US\$7.0 million) million project debt facility	South African JIBAR (8.35%) + 2.50%	31 May 2027	1 999	2 062
LSL200.0 million (US\$10.6 million) term loan facility	Lesotho prime rate (11.25%) minus 1.50%	30 April 2029	1 413	–
LSL30.0 million (US\$1.6 million) insurance premium finance	4.20 %	Repaid 1 April 2024	–	671
ZAR2.5 million (US\$0.1 million) insurance premium finance	4.30 %	Repaid 1 April 2024	–	55
LSL12.4 million (US\$0.7 million) insurance premium finance	4.20 %	Repaid 1 April 2024	–	278
LSL30.0 million (US\$1.6 million) insurance premium finance	4.20 %	1 April 2025	650	–
ZAR0.9 million (US\$48 thousand) insurance premium finance	4.20 %	1 April 2025	20	–
LSL14.6 million (US\$0.8 million) insurance premium finance	4.20 %	1 April 2025	315	–
			4 397	33 411

¹ A reduction of 0.05% on the margin of the Nedbank portion of the revolving credit facilities were effective from 1 January 2024 as the KPIs relating to the Sustainability Linked Loans were met as at the 31 December 2023 measurement date.

16 INTEREST-BEARING LOANS AND BORROWINGS (continued)

LSL450.0 million and ZAR300.0 million (US\$39.7 million) bank loan facility at Letšeng Diamonds

The Group, through its subsidiary Letšeng Diamonds, has a secured LSL450.0 million and ZAR300.0 million (US\$39.7 million) five-year (following the 24-month extension) revolving credit facility jointly with Nedbank Lesotho Limited, Standard Lesotho Bank Limited, First National Bank of Lesotho Limited, Firstrand Bank Limited (acting through its Rand Merchant Bank division) and Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division).

In November 2024, the 24-month extension option for this facility was exercised following credit approval by the lenders. The revised maturity date is 21 December 2026.

The LSL450.0 million facility is subject to interest at the Central Bank of Lesotho rate plus 3.25% and the ZAR300.0 million facility is subject to South African JIBAR plus 3.00% (31 December 2023: South African JIBAR plus 3.00%). At the end of the current year there were no drawdowns on these facilities resulting in LSL450.0 million (US\$23.8 million) and ZAR300.0 million (US\$15.9 million) remaining available.

The remaining balance of the credit underwriting fees capitalised is US\$0.1 million (31 December 2023: US\$0.2 million). The capitalised fees are amortised and accounted for as finance costs within profit or loss over the term of the facility.

US\$30.0 million bank loan facility at Gem Diamonds Limited

This facility is a secured five-year (following the 24-month extension) revolving credit facility with Nedbank Limited (acting through its London branch), Standard Bank of South Africa Limited (acting through its Isle of Man branch) and Firstrand Bank Limited (acting through its Rand Merchant Bank division) for US\$13.5 million, US\$9.0 million and US\$7.5 million, respectively. All draw downs are made in these ratios.

In November 2024, the 24-month extension option for this facility was exercised, following credit approval by the lenders. The revised maturity date is 21 December 2026.

At year end US\$6.0 million (31 December 2023: US\$6.0 million) had been drawn down resulting in US\$24.0 million (31 December 2023: US\$24.0 million) remaining available. The remaining balance of the credit underwriting fees capitalised is US\$0.1 million (31 December 2023: US\$0.1 million) at year end. The capitalised fees are amortised and accounted for as finance costs within profit or loss over the period of the facility.

The US\$-based interest rate for this facility at 31 December 2024 was 9.54% (31 December 2023: 10.65%) which comprises term SOFR plus a 0.21% credit adjustment spread and 5.00% margin (31 December 2023: SOFR plus a 0.26% credit adjustment and 5.00% margin).

Total interest for the year on this interest-bearing RCF was US\$1.3 million (31 December 2023: US\$0.9 million).

The facility includes an additional US\$20.0 million accordion option, the utilisation of which is subject to all necessary credit and other approvals from the lenders. There was no utilisation of this facility in the current or prior years.

ZAR132.0 million (US\$7.0 million) project debt facility at Letšeng Diamonds

This loan is an unsecured project debt facility with Nedbank Limited and underwritten by the ECIC which was entered into on 29 November 2022 to fund the replacement of the primary crushing area (PCA) at Letšeng. The loan is repayable in equal quarterly payments which commenced in March 2024. The outstanding balance at year end was ZAR94.3 million (US\$5.0 million) (31 December 2023: ZAR132.0 million (US\$7.2 million). This loan expires on 27 May 2027.

The South African rand-based interest rates for the facility at 31 December 2024 was 10.85% which comprises South African JIBAR plus 2.50%.

Total interest for the year on this interest-bearing loan was US\$0.7 million (31 December 2023: US\$0.7 million).

LSL200.0 million (US\$10.6 million) secured term loan facility at Letšeng Diamonds

This loan is a five-year secured term loan facility signed jointly with Standard Lesotho Bank and Nedbank Lesotho on 15 May 2024. The loan is secured by a special notarial bond over the fleet and equipment acquired as part of the insourcing of the mining activities at the end of 2023. The loan is repayable in equal monthly instalments which commenced in May 2024. The outstanding balance at the end of the year was LSL173.3 million (US\$9.2 million). This loan expires on 30 April 2029. The interest rate on the loan is 9.75%, representing the Central Bank of Lesotho prime rate minus 1.50%. Total interest for the year on this interest-bearing loan was US\$0.6 million.

Loan covenants

The Group's revolving credit facilities, Letšeng Diamonds' ZAR132.0 million (US\$7.0 million) project debt facility and LSL200.0 million (US\$10.6 million) secured term loan facility are subject to certain financial covenants and these are assessed at the end of each quarter. The loans will be repayable immediately if these covenants are breached. The Group is not aware of any facts or circumstances that indicate that it may have difficulty complying with the covenants within 12 months after the reporting period.

Insurance premium finance for Multi-aggregate and Asset All Risk Insurance policies

The Group, through its subsidiary Letšeng Diamonds, enters into financing agreements for insurance premiums for the Multi-aggregate Insurance Policy and its Asset All Risk Policy. All respective insurance premiums prepaid are ceded in favour of Premium Finance Partners (Proprietary) Limited. The funding is payable monthly in advance. Refer Note 12, Receivables and other assets.

During the year, all prior year outstanding insurance premium finance balances for the Multi-aggregate Insurance Policy and its Asset All Risk Policy were fully repaid by 1 April 2024. The total interest paid during the current year relating to these liabilities was LSL0.3 million (US\$17.4 thousand).

16 INTEREST-BEARING LOANS AND BORROWINGS (continued)

In July, the Group through its subsidiary Letšeng Diamonds, entered into a LSL30.0 million (US\$1.6 million) 10-month funding agreement with Premium Finance Partners (Proprietary) Limited to finance the fourth premium of LSL30.0 million on the Multi-aggregate Insurance Policy. At year end, LSL12.3 million (US\$0.7 million) remains outstanding. The funding is repayable in 10 monthly instalments, payable in advance. Total interest on this funding is LSL1.3 million (US\$68.7 thousand) of which LSL1.0 million (US\$56.0 thousand) was paid during the year.

In July, the Group through its subsidiary Letšeng Diamonds also entered into a LSL14.6 million (US\$0.8 million) 10-month funding agreement with Premium Finance Partners (Proprietary) Limited for insurance premium finance for its annual Asset All Risk insurance premium. At year end LSL6.0 million (US\$0.3 million) remains outstanding. The funding is repayable in 10 monthly instalments, payable in advance. Total interest on this funding is LSL0.6 million (US\$33.3 thousand) of which LSL0.5 million (US\$27.2 thousand) was paid during the year.

Other facilities

Letšeng Diamonds has a ZAR100.0 million (US\$5.3 million) general banking facility with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) which is reviewed annually. During the year the facility was utilised from time to time based on cash flow requirements, but repaid in full at year end.

	2024 US\$'000	2023 US\$'000
17 LEASE LIABILITIES		
Non-current	2 246	3 786
Current	2 517	2 164
Total lease liabilities	4 763	5 950

Reconciliation of movement in lease liabilities

As at 1 January	5 950	7 898
Additions	1 935	1 132
Interest expense	372	497
Lease payments	(3 062)	(2 589)
Derecognition of lease	(318)	(519)
Foreign exchange differences	(114)	(469)
As at 31 December	4 763	5 950

Lease payments comprise payments in principle of US\$2.7 million (31 December 2023: US\$2.1 million) and repayments of interest of US\$0.4 million (31 December 2023: US\$0.5 million).

Refer Note 9, Right-of-use assets for details on new leases entered into and leases derecognised during the year.

During the prior year, the Group recognised variable lease payments of US\$31.6 million which consisted of mining activities outsourced to a mining contractor, before the insourcing of mining activities. Of this total cost incurred, US\$21.9 million was capitalised to the stripping asset. Refer Note 1.2.6, Property plant and equipment, Note 4, Operating profit and Note 8, Property, plant and equipment.

18 TRADE AND OTHER PAYABLES

	2024 US\$'000	2023 US\$'000
Current		
Trade payables ^{1,2}	3 862	15 761
Accrued expenses ¹	4 864	4 066
Leave benefits	687	498
Royalties ¹	2 000	2 679
Withholding taxes ¹	76	224
Other	176	128
11 665	23 356	

¹ These amounts are both interest and non-interest bearing and are settled in accordance with terms agreed between the parties.

² US\$9.7 million included in the prior year balance related to the remaining portion of the purchase price for the mining fleet and support equipment purchased in terms of the insourcing of the mining activities which was completed in the prior year. This remaining portion was settled during the current year.

Royalties consist of a levy payable to the Government of the Kingdom of Lesotho on the value of rough diamonds sold by Letšeng. Withholding taxes mainly consist of taxes payable on dividends and other services to the Revenue Services Lesotho.

The carrying amounts above approximate fair value.

19 INCOME TAX PAYABLE/(RECEIVABLE)

Reconciliation of movement in income tax payable/(receivable)

	2024 US\$'000	2023 US\$'000
As at 1 January	(3 713)	(2 268)
Payments made during the year	(339)	(1 596)
Refunds received during the year	4 620	–
Current income tax charge	6 443	909
Authorised offset - VAT receivable ¹	–	(897)
Foreign exchange differences	(187)	139
As at 31 December	6 824	(3 713)
Split as follows		
Income tax receivable	(24)	(4 631)
Income tax payable	6 848	918

¹ During the prior year, a VAT receivable from Revenue Services Lesotho (RSL) of US\$0.9 million (LSL16.6 million) was authorised by RSL for offset against provisional tax payments due to RSL. No offset took place during the current year.

20 PROVISIONS

	2024 US\$'000	2023 US\$'000
Severance pay benefits ¹	1 621	1 494
Rehabilitation provisions	10 993	14 170
Total provisions	12 614	15 664

Reconciliation of movement in rehabilitation provisions

As at 1 January	14 170	15 387
Decrease in provision - Ghaghoo	(563)	(354)
Decrease in provision - Letšeng	(3 698)	(1 342)
Unwinding of discount rate	1 464	1 484
Foreign exchange differences	(380)	(1 005)
As at 31 December	10 993	14 170

¹ The severance pay benefits arise due to legislation within the Lesotho jurisdiction, requiring that two weeks of severance pay be provided for every completed year of service, payable on retirement. This amount was reclassified from trade and other payables to provisions in the current year.

Rehabilitation provisions

The provisions have been recognised as the Group has an obligation for rehabilitation of the mining areas. The provisions have been calculated based on total estimated rehabilitation costs, discounted back to their present values over the estimated rehabilitation period at the mining operations. The pre-tax discount rates are adjusted annually and reflect current market assessments.

In determining the amounts attributable to the rehabilitation provision of US\$8.8 million (31 December 2023: US\$11.5 million) at Letšeng, management used a discount rate of 9.41% (31 December 2023: 11.4%), estimated rehabilitation timing of 15 years (31 December 2023: 16 years) and an inflation rate of 4.5% (31 December 2023: 7.2%). The Letšeng rehabilitation quantum decreased from the prior year mainly driven by the annual reassessment of the estimated closure costs performed at the operation, the effect of the revised timing of the rehabilitation, discount rate and interest rate used to present value the provision, and the weakening of the exchange rate, had an overall impact of reducing the provision.

At Ghaghoo, which continued its care and maintenance state, an independent rehabilitation assessment was performed during the year based on the rehabilitation costs of certain areas of the mine which are expected to be rehabilitated. Following discussions with the Ministry of Minerals and Energy and the Department of Mines of Botswana, it is anticipated that the mine site will be left in a state which could enable a future operator to operate on the site, and therefore certain infrastructure, such as access roads to the mine, paving and walkways, a solar solution and a borehole pump and water treatment plant, will remain intact and handed over to the Government of Botswana through the Ministry of Minerals and Energy.

In determining the amounts attributable to the rehabilitation provision of US\$2.2 million (31 December 2023: US\$2.7 million) at Ghaghoo, management used a discount rate of 6.8% (31 December 2023: 6.0%), estimated rehabilitation timing of 5 years (31 December 2023: 5 years) and an inflation rate of 4.5% (31 December 2023: 4.8%). The decrease in the provision at Ghaghoo is mainly attributable to the rehabilitation activities carried out during the year, including the dismantling and off-site transportation of the processing plant.

21 DEFERRED TAXATION

Deferred tax assets

	2024 US\$'000	2023* US\$'000
Lease liabilities	850	1 122
Accrued leave	159	111
Provisions	3 304	3 759
Tax losses ¹	–	1 822
	4 313	6 814

Deferred tax liabilities

Property plant and equipment	(67 549)	(74 652)
Right of use assets	(779)	(966)
Prepayments	19	(55)
Unremitted earnings	(972)	(1 578)
	(69 281)	(77 251)

Net deferred tax liability

Reconciliation of net deferred tax liability		
As at 1 January	(70 437)	(76 037)
Restatement - Refer Note 28	–	4 886
Restated balance as at 1 January	(70 437)	(71 151)
Movement in current period:		
- Accelerated depreciation for tax purposes	5 082	(5 326)
- Accrued leave	52	(21)
- Unremitted earnings	606	–
- Prepayments	73	29
- Provisions	(348)	(205)
- Deferred tax asset (reversed)/raised on tax losses ¹	(1 817)	1 822
- Lease liabilities	(224)	(354)
- Right-of-use assets	151	294
- Foreign exchange differences	1 894	4 475
As at 31 December	(64 968)	(70 437)

* Certain balances as previously presented were restated. Refer Note 28, Restatement of prior year balances.

¹ In the prior year, deferred tax assets were recognised on tax losses incurred by Letšeng as management believed Letšeng would generate future taxable income against which the losses could be utilised. In the current year, Letšeng generated taxable income and the previously recognised deferred tax assets were utilised in full.

The Group has not recognised a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries because it is able to control the timing of dividends and only part of the temporary difference is expected to reverse in the foreseeable future. The gross temporary difference in respect of the undistributed reserves of the Group's subsidiaries for which a deferred tax liability has not been recognised is US\$127.1 million (31 December 2023: US\$110.5 million).

The deferred tax liability on unremitted earnings is based on the timing of expected dividends from the Group's subsidiaries over the next three years. There are no income tax consequences attached to the payment of dividends by Gem Diamonds Limited to its shareholders.

The Group has estimated tax losses of US\$214.7 million (of which US\$155.7 million relates to Gem Diamonds Botswana and US\$50.8 million relates to Gem Diamonds Limited) (31 December 2023: US\$208.5 million, of which US\$155.7 million related to Gem Diamonds Botswana and US\$44.5 million to Gem Diamonds Limited) for which no deferred tax assets have been recognised as management does not foresee any taxable profits or taxable temporary differences against which to utilise these.

The majority of tax losses are generated in jurisdictions where tax losses do not expire, except for tax losses incurred by Gem Diamonds Innovation Solutions CY Limited, within the Cyprus jurisdiction, which has unrecognised tax losses of US\$2.2 million (31 December 2023: US\$2.0 million) and if not utilised, will expire as indicated in the table below:

	2024 US\$ '000	2023 US\$ '000
Utilisation required within one year	317	350
Utilisation required between one and two years	376	415
Utilisation required between two and five years	1 317	1 217

22 CASH FLOW NOTES

22.1 Cash generated by operations

	Notes	2024 US\$'000	2023 US\$'000
Profit before tax for the year		11 461	5 684
<i>Adjustments for:</i>			
Depreciation and amortisation excluding waste stripping		9 238	5 423
Depreciation on right-of-use assets	4, 9	2 129	1 892
Waste stripping cost amortised	4, 8	35 627	39 194
Finance income	5	(875)	(617)
Finance costs	5	7 406	5 313
Unrealised foreign exchange differences		(946)	(2 001)
(Profit)/loss on disposal and scrapping of property, plant and equipment	3	(152)	22
Loss/(gain) on derecognition of leases	9	286	(30)
Environmental rehabilitation adjustment	3	(562)	(354)
Write-down of inventories to net realisable value		150	–
Bonus, leave and severance provisions raised		4 028	1 292
Share-based payments		516	332
		68 306	56 150

22.2 Working capital adjustment

Decrease/(increase) in inventory		3 482	(10 157)
(Increase)/decrease in receivables		(4 377)	1 444
Decrease in payables		(15 442)	(6 897)
		(16 337)	(15 610)

22.3 Cash flows from financing activities (excluding lease liabilities)

As at 1 January		38 567	5 945
Net cash (used)/generated from financing activities		(19 755)	30 113
– Financial liabilities repaid		(42 117)	(45 103)
– Financial liabilities raised		22 362	75 216
Interest paid		(4 934)	(3 719)
Non-cash movements		7 152	6 228
– Interest accrued		4 934	3 065
– Interest capitalised to property, plant and equipment		–	654
– Amortisation of credit underwriting fees		264	265
– Financial liabilities raised ¹		2 480	2 434
– Foreign exchange differences		(526)	(190)

As at 31 December 16 **21 030** 38 567

¹ This amount mainly relates to funding obtained for insurance premium finance. The funding was paid directly by the lender to the third party and is being repaid by the Group in monthly instalments to the lender. Refer Note 16, Interest-bearing loans and borrowings.

23 COMMITMENTS AND CONTINGENCIES

Commitments

Mining leases

Mining lease commitments represent the Group's future obligation arising from agreements entered into with local authorities in the mining areas that the Group operates.

The period of these commitments is determined as the lesser of the term of the agreements, excluding renewable periods, or the LoM. The estimated lease obligation regarding the future lease period, accepting stable inflation and exchange rates, is as follows:

	2024 US\$'000	2023 US\$'000
– Within one year	252	218
– After one year but not more than five years	855	1 000
– More than five years	–	628
	1 107	1 846

Multi-aggregate protection policy

The Group, through its subsidiary Letšeng entered into a LSL140.0 million (US\$7.4 million) Multi-aggregate Protection Insurance Policy with the Lesotho National Insurance Group (LNIGC) in October 2021. The policy has a tenure of four years and nine months and consists of five premium payments each payable annually in advance.

As at 31 December 2024 the Group has committed to settle the final premium payment, as well as the annual insurance risk finance service fee of 7% of the annual premium and the surplus reserve finance cost fee of 1.5% on the cumulative net premiums surplus balance carried over each year. These fees are either deductible from premium or payable upfront at the option of Letšeng. The Group has elected to deduct the fees from the annual premiums, therefore there is no additional cash commitment relating to these fees and the future cash flow commitments are stated at the future premiums payable over the remaining insurance period. Refer Note 12, Receivables and other assets for further detail on the policy.

– Within one year	1 590	1 640
– After one year but not more than five years	–	1 640
	1 590	3 280

Letšeng Diamonds Educational Fund

In terms of the mining agreement entered into between the Group and the Government of the Kingdom of Lesotho, the Group has an obligation to provide funding for education and training scholarships. The quantum of such funding is at the discretion of the Letšeng Diamonds Education Fund Committee.

– Within one year	54	80
– After one year but not more than five years	77	42
	131	122

Capital expenditure

Approved but not contracted for	1 621	3 645
Approved and contracted for	1 924	643
	3 545	4 288

Capital expenditure approved mainly relates to additional mining fleet of US\$2.5 million in line with the requirements of the updated mine plan. Other smaller capital expenditure, all at Letšeng, relates to the continued investment in residue storage expansion of US\$0.3 million and geotechnical items required to enhance the slope monitoring of US\$0.3 million. The expenditure is expected to be incurred over the next 12 months.

Contingencies

The Group has conducted its operations in the ordinary course of business in accordance with its understanding and interpretation of commercial arrangements and applicable legislation in the countries where the Group operates. In certain specific transactions, however, the relevant third party or authorities could have a different interpretation of those laws and regulations that could lead to contingencies or additional liabilities for the Group. Having consulted professional advisers, the Group has identified possible disputes approximating US\$0.6 million (December 2023: US\$0.5 million) relating mainly to labour matters.

The Group monitors possible tax claims within the various jurisdictions in which the Group operates. It is noted that tax legislation is highly complex and subject to interpretation of the application of the law. It is common for tax authorities to review tax returns, and in some instances, disputes may arise over the interpretation and application of the prevailing tax legislation. Due to the complexity of the legislation, significant judgement is required to determine any effects of uncertainties in accounting for and disclosure of income taxes. When uncertain tax positions have been determined as being probable, they have been provided for and disclosed. There were no uncertain tax positions in 2024. Refer Note 1.2.26, Critical accounting estimates and judgements and Note 6, Income tax expense. While it is difficult to predict the ultimate outcome in some cases, the Group does not anticipate that there will be any material impact on the Group's results, financial position or liquidity.

24 RELATED PARTIES

Related party

Jemax Management (Proprietary) Limited

Government of the Kingdom of Lesotho

Refer Note 1.1.2, Operational information, for information regarding shareholding in subsidiaries.

		Relationship	
		Common director	Non-controlling interest
		2024	2023
		US\$'000	US\$'000
Compensation to key management personnel (including Directors)			
Share-based equity transactions		481	252
Short-term employee benefits		3 973	3 577
Post-employment benefits (including severance pay and pension)		157	139
		4 611	3 968
Fees paid to related parties			
Jemax Management (Proprietary) Limited		(75)	(68)
Royalties paid to related parties			
Government of the Kingdom of Lesotho		(14 902)	(14 215)
Lease and licence payments to related parties			
Government of the Kingdom of Lesotho		(61)	(32)
Sales to/(purchases from) related parties			
Jemax Management (Proprietary) Limited		(4)	(12)
Amount included in trade payables owing to related parties			
Jemax Management (Proprietary) Limited		(6)	(7)
Amounts owing to related party			
Government of the Kingdom of Lesotho		(2 076)	(3 176)
Dividends declared and paid			
Government of the Kingdom of Lesotho		(4 289)	–

Jemax Management (Proprietary) Limited provided administrative services with regards to the mining activities undertaken by the Group. A controlling interest is held by an Executive Director of the Company.

The above transactions were made on terms agreed between the parties. The amounts included in trade payables are non-interest bearing and have no repayment terms.

25 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks:

- market risk (including commodity price risk, foreign exchange risk and interest rate risk);
- credit risk; and
- liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

There have been no changes to the financial risk management policy since the prior year.

Capital management

For the purpose of the Group's capital management, capital includes the issued share capital, share premium and liabilities on the Group's statement of financial position. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares, buy back its shares, or restructure its debt facilities. The management of the Group's capital is performed by the Board.

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to its interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

There have been no breaches of the financial covenants in the current year.

At 31 December 2024, the Group had US\$69.0 million (31 December 2023: US\$45.9 million) of undrawn debt facilities and continues to have the flexibility to manage the capital structure more efficiently with the use of these debt facilities, thus ensuring that an appropriate gearing ratio is achieved.

Refer Note 16, Interest-bearing loans and borrowings for detail on the debt facilities within the Group.

a) Market risk

(i) Commodity price risk

The Group is subject to diamond price risk. Diamonds are not homogeneous products and the price of rough diamonds is not monitored on a public index system. The fluctuation of prices is related to certain features of diamonds such as quality and size, together with diamond market fundamentals. Diamond prices are marketed in US dollar and long-term US dollar per carat prices are based on external market consensus forecasts. The Group does not have any financial instruments that may fluctuate as a result of commodity price movements.

(ii) Foreign exchange rate risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Lesotho loti, South African rand and Botswana pula. Foreign exchange risk arises when future commercial transactions, and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's sales are denominated in US dollar which is the functional currency of the Company, but not the functional currency of all its operations.

The currency sensitivity analysis below is based on the following assumptions:

- Differences resulting from the translation of the financial statements of the subsidiaries into the Group's presentation currency of US dollar, are not taken into consideration;
- The major currency exposures for the Group relate to the US dollar and local currencies of subsidiaries. Foreign currency exposures between two currencies where one is not the US dollar are deemed insignificant to the Group and have therefore been excluded from the sensitivity analysis; and
- The analysis of the currency risk arises because of financial instruments which are denominated in a currency that is not the functional currency of the relevant Group entity. The sensitivity has been based on financial assets and liabilities at 31 December 2024 and 31 December 2023.

There has been no change in the assumptions or method applied from the prior year.

Sensitivity analysis

At year-end, Letšeng had US\$ 37.8 thousand cash on hand held in US\$ (2023: US\$2.5 million). If the US dollar had appreciated/(depreciated) by 10% against the LSL, the Group's profit before tax and equity at 31 December 2024 would have been US\$3.9 thousand higher/(lower) (31 December 2023: US\$0.3 million).

25 FINANCIAL RISK MANAGEMENT (continued)

Capital management (continued)

a) Market risk (continued)

(iii) Forward exchange contracts

From time to time, the Group enters into forward exchange contracts to hedge the exposure to changes in foreign currency of future sales of diamonds at Letšeng Diamonds. The Group performs no hedge accounting. At 31 December 2024, the Group had no forward exchange contracts outstanding (31 December 2023: nil).

(iv) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's cash flow interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. At the time of taking new loans or borrowings, management uses its judgement to decide whether it believes that a fixed or variable rate borrowing would be more favourable to the Group over the expected period until maturity.

Sensitivity analysis

If the interest rates on the interest-bearing loans and borrowings (increased)/decreased by 100 basis points (2023: 100 basis points) during the year, profit before tax and equity would have been US\$60.0 thousand (lower)/higher (31 December 2023: US\$0.2 million).

(b) Credit risk

The Group's potential concentration of credit risk consists mainly of cash deposits with banks, trade receivables, insurance asset and other receivables. The Group's short-term cash surpluses are placed with banks that have investment grade ratings, to minimise the exposure to credit risk to the lowest level possible from the perspective of the Group's cash and cash equivalents. The maximum credit risk exposure relating to financial assets is represented by their carrying values as at the reporting dates.

The Group considers the credit standing of counterparties when making deposits to manage the credit risk.

Considering the nature of the Group's ultimate customers and the relevant terms and conditions entered into with such customers, the Group believes that credit risk is limited as the customers pay and settle their accounts on the date of receipt of goods.

The Group's insurance premiums are placed with insurers and underwriters that have high-quality credit standings, to minimise the exposure to credit risk to the lowest level possible from the perspective of the Group's insurance asset.

An ECL assessment was considered on the non-current other receivable, refer note 12 Receivables and other assets. This receivable is not considered to be impaired neither is it past its due date. The credit risk associated with this receivable has therefore been assessed as low. If an ECL of 10% was applied, profit before tax would have been US\$0.1 million lower in the current year.

No material other financial assets are impaired or past due and accordingly, no additional ECL or credit risk analysis has been provided.

The Group did not hold any form of collateral or credit enhancements for its credit exposures during the 31 December 2024 and 31 December 2023 financial reporting periods.

(c) Liquidity risk

Liquidity risk arises from the Group's inability to obtain the funds it requires to comply with its commitments including the inability to realise a financial asset in a short period of time at a price close to its fair value. Management manages the risk by maintaining sufficient cash and marketable securities and ensuring access to financial institutions and shareholding funding. This ensures flexibility in maintaining business operations and maximises opportunities. The Group has available undrawn debt facilities of US\$69.0 million at year end (2023: US\$45.9 million). The Group's facilities expire in December 2026.

25 FINANCIAL RISK MANAGEMENT (continued)

Capital management (continued)

(c) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

	2024 US\$'000	2023 US\$'000
Floating interest rates		
Interest-bearing loans and borrowings		
– Within one year	5 104	35 037
– After one year but not more than three years	15 985	4 845
– After three years but not more than five years	2 826	1 068
Total	23 915	40 950
Lease liabilities		
– Within one year	2 776	2 487
– After one year but not more than three years	1 750	3 236
– After three years but not more than five years	384	414
– After five years	256	448
Total	5 166	6 585
Trade and other payables		
– Within one year	11 588	23 356
– After one year but not more than three years	–	1 494
Total	11 588	24 850

26 SHARE-BASED PAYMENTS

	2024 US\$'000	2023 US\$'000
The expense recognised for employee services received during the year is shown in the following table:		
Equity-settled share-based payment transactions charged to the statement of profit or loss	516	332

The long-term incentive plans are described below:

Long-term incentive plan (LTIP)

Certain key employees are entitled to a grant of options, under the LTIP of the Company. The vesting of the options is dependent on employees remaining in service for a prescribed period (normally three years) from the date of grant. Prior to the April 2022 award, the fair value of share options granted was estimated at the date of the grant using an appropriate simulation model, taking into account the terms and conditions upon which the options were granted. It took into account projected dividends and share price fluctuation co-variances of the Company. Since 2022, the fair value of the share options granted have been based on the observable Gem Diamonds Limited share price on the date of the award with no adjustments made to the price.

There is a nil exercise price for the options granted. The contractual life of the options is 10 years and there are no cash settlement alternatives. The Company has no past practice of cash settlement.

The Company's LTIP policy is reviewed every 10 years.

26 SHARE-BASED PAYMENTS (continued)

LTIP 2007 Award

Under the 2007 LTIP rules, there is one award where options are still outstanding.

This award was awarded on the following basis:

To key employees (excluding Executive Directors):

- the award vests over a three-year period in tranches of a third of the award each year;
- the vesting of the award is dependent on service conditions and certain performance targets being met for the same three-year period (classified as non-market conditions). These non-market condition awards are referred to as nil value options in the tables below;
- if the performance or service conditions are not met, the options lapse;
- the performance conditions relating to the non-market conditions are not reflected in the fair value of the award at grant date;
- once the award vests, it is exercisable for seven years (i.e. contractual term is 10 years); and
- the vested award is equity settled.

To Executive Directors:

- the award vests over a three-year period;
- the vesting of the award is dependent on service conditions and both market and non-market performance conditions;
- 75% of the award granted is subject to non-market conditions (referred to as nil value options in tables below) and 25% to market conditions (referred to as Market Value options in tables below) by reference to the Company's total shareholder return (TSR) as compared to a group of principal competitors;
- if the performance or service conditions are not met, the options lapse;
- the performance conditions relating to the non-market conditions are not reflected in the fair value of the award at grant date;
- once the award vests, it is exercisable for seven years (i.e. contractual term is 10 years); and
- the vested award is equity settled.

The fair value of the nil value award is based on the observable Gem Diamonds Limited share price on the date of award with no adjustments to the price made.

26 SHARE-BASED PAYMENTS (continued)

The following table reflects details of the award within the 2007 LTIP that remains outstanding:

	LTIP March 2016
Number of options granted – Nil value	1 215 000
Number of options granted – Market value	185 000
Date exercisable	15 March 2019
Options outstanding	26 037
Dividend yield (%)	2.00
Expected volatility (%) ¹	39.71
Risk-free interest rate (%) ²	0.97
Expected life of option (years)	3.00
Exercise price (US\$)	nil
Exercise price (GBP)	nil
Weighted average share price (US\$)	1.56
Fair value of nil value options (US\$)	1.40
Fair value of nil value options (GBP)	0.99
Fair value of market value options (US\$)	0.69
Fair value of market value options (GBP)	0.49
Model used	Monte Carlo

¹ Expected volatility was based on the average annual historic volatility of the Company's share price over the previous three years.

² The relevant risk-free interest rate is taken from a UK Treasury Bond issued which closely matches the lifetime of the option.

LTIP 2017 Award

Under the 2017 LTIP rules, there are seven awards where options are still outstanding.

Employee Share Option Plan 2017 Award (ESOP) – 17 April 2024 award

On 17 April 2024, 261 950 nil-cost options were granted to certain key employees under the ESOP of the Company. In addition, 1 734 097 nil-cost options were granted to certain Executive employees and the Executive Directors on a similar basis as the 2007 LTIP. These options were granted in line with the introduction of the Gem Diamonds Incentive Plan (GDIP) in 2021, which integrated annual bonus awards with awards under the ESOP. The options which vest in tranches of one-third per annum commencing on 17 April 2025 and ending on 17 April 2027. The options are exercisable between the respective vesting dates and 17 April 2034. The fair value of the award is based on the observable Gem Diamonds Limited share price on the date of the award with no adjustments to the price made.

This award was made under predominantly the same basis as the 2007 LTIP, with the following differences:

To key employees (excluding Executive Directors):

- the number of awards granted are determined on the Group's performance in the preceding financial year in terms of the Gem Diamonds Incentive Plan (GDIP) introduced in 2021;
- the vesting of the award is dependent only on service conditions. There are no future performance conditions attached to the award;
- if the service conditions are not met, the options lapse;
- the fair value of the awards is based on the observable Gem Diamonds Limited share price on the date of award with no adjustments to the price made;
- the awards are exercisable for 10 years from the award date; and
- the awards are subject to malus and clawback.

To Executive Directors and the Chief Operating Officer as a bonus share award with the only additional criteria to the ones above being:

- the awards have a two-year holding period from the respective vesting dates.

26 SHARE-BASED PAYMENTS (continued)

The following table reflects details of all the awards within the 2017 LTIP that remain outstanding:

	LTIP April 2024	LTIP April 2023	LTIP April 2022	LTIP June 2020	LTIP March 2019	LTIP March 2018	LTIP July 2017
Number of options granted – Nil value	1 996 047	1 060 055	1 007 098	1 069 000	1 160 500	1 265 000	1 150 000
Number of options granted – Market value	–	–	–	180 000	142 500	185 000	185 000
Date exercisable	17 April 2025	21 April 2024	4 April 2023	9 June 2023	20 March 2022	20 March 2021	4 July 2020
Options outstanding	1 996 047	1 018 347	941 573	349 391	244 035	226 072	45 185
Dividend yield (%)	–	–	–	–	–	–	2.00
Expected volatility (%) ¹	n/a	n/a	n/a	47.00	43.00	40.00	40.21
Risk-free interest rate (%) ²	n/a	n/a	n/a	0.34	1.20	1.20	0.67
Expected life of option (years)	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Exercise price (US\$)	nil	nil	nil	nil	nil	nil	nil
Exercise price (GBP)	nil	nil	nil	nil	nil	nil	nil
Weighted average share price (US\$)	0.11	0.34	0.74	0.39	1.20	1.35	1.24
Fair value of nil value options (US\$)	0.11	0.34	0.74	0.39	1.20	1.35	1.11
Fair value of nil value options (GBP)	0.09	0.27	0.58	0.31	0.90	0.96	0.86
Fair value of market value options (US\$)	–	–	–	0.19	0.58	0.74	0.72
Fair value of market value options (GBP)	–	–	–	0.15	0.44	0.53	0.56
Model used	n/a	n/a	n/a	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo

¹ Expected volatility was based on the average annual historic volatility of the Company's share price over the previous three years.

² The relevant risk-free interest rate is taken from a UK Treasury Bond issued which closely matches the lifetime of the option.

The following table illustrates the number ('000) and movement in the outstanding share options during the year:

	2024 '000	2023 '000
Outstanding as at 1 January	2 825	2 648
Granted during the year	1 996	1 060
Exercised during the year ¹	(26)	(253)
Forfeited during the year	(71)	(630)
Dividends allocated to vested options	122	–
Outstanding as at 31 December	4 846	2 825
Exercisable as at 31 December	1 908	1 244

¹ Options were exercised regularly throughout the year. The weighted average share price during the year was £0.11 (US\$0.14) (2023: £0.21 (US\$0.26)).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 was 7.4 years (2023: 7.7 years).

The weighted average fair value of the share options outstanding as at 31 December 2024 was US\$0.26 (2023: US\$0.40).

ESOP

In September 2017, 47 200 shares which were previously held in the Company Employee Share Trust were granted to certain key employees involved in the Business Transformation of the Group. The Company Employee Share Trust was deregistered in 2017 following the grant of these shares. The fair value of the award was valued at the share price of the Company at the date of the award of £0.71 (US\$0.96). These shares vested on 18 March 2019 and became immediately exercisable. The fair value of these outstanding awards at 31 December 2024 was £0.11 (US\$0.14) (2023: £0.13 (US\$0.17)).

26 SHARE-BASED PAYMENTS (continued)

The shares outstanding at the end of the year are as follows:

	2024 US\$'000	2023 US\$'000
Outstanding as at 1 January	10	10
Exercised during the year	–	–
As at 31 December	10	10
Exercisable as at 31 December	10	10

27 FINANCIAL INSTRUMENTS

Set out below is an overview of financial instruments, other than the current portions of the prepayment disclosed in Note 12, Receivables and other assets, which do not meet the criteria of a financial asset.

	Notes	2024 US\$'000	2023 US\$'000
Financial assets at amortised cost			
Cash	14	12 878	16 503
Receivables and other assets	12	11 917	6 869
Total		24 795	23 372
Total non-current		7 341	4 487
Total current		17 454	18 885
Financial liabilities at amortised cost			
Interest-bearing loans and borrowings	16	21 030	38 567
Trade and other payables	18	11 589	24 850
Total		32 619	63 417
Total non-current		16 633	6 650
Total current		15 986	56 767

The carrying amounts of the Group's financial instruments held approximate their fair value.

There were no open hedges at year end (2023: nil).

28 RESTATEMENT OF PRIOR YEAR BALANCES

During the year management deemed it appropriate to reduce the deferred taxation liability recognised on the elimination of intra-group transactions. This has resulted in the reduction of the opening 2023 deferred taxation liability by US\$4.9 million. Refer Note 21, Deferred taxation.

Plant and equipment on intragroup sales was previously over depreciated by US\$2.8 million. These assets were restated resulting in an increase in the 2023 opening carrying value of plant and equipment. Refer Note 8, Property, plant and equipment.

A summary of these adjustments and the impact on accumulated losses and non-controlling interest on the 2023 Consolidated Statement of Financial Position is set out below:

	Notes	Balance as previously reported		Adjustment 2023 US\$'000	Restated balance 2023 US\$'000
		2023	2023 US\$'000		
		US\$'000	US\$'000		
Property, plant and equipment	8	295 830	2 764		298 594
Total assets		384 715	2 764		387 479
Accumulated losses		(496 238)	5 354		(490 884)
Non-controlling interests		79 255	2 295		81 550
Total equity		218 124	7 649		225 773
Deferred tax liabilities	21	82 137	(4 886)		77 251
Total liabilities		166 592	(4 886)		161 706
Total equity and liabilities		384 716	2 763		387 479

The restatement of prior balances in the Consolidated Statement of Financial Position has had no impact on the prior year Consolidated Statement of Cash Flows as there was no impact on cash flows from operating, investing and financing activities as previously reported. There was also no impact on the 2023 Consolidated Statement of Profit and Loss as previously reported.

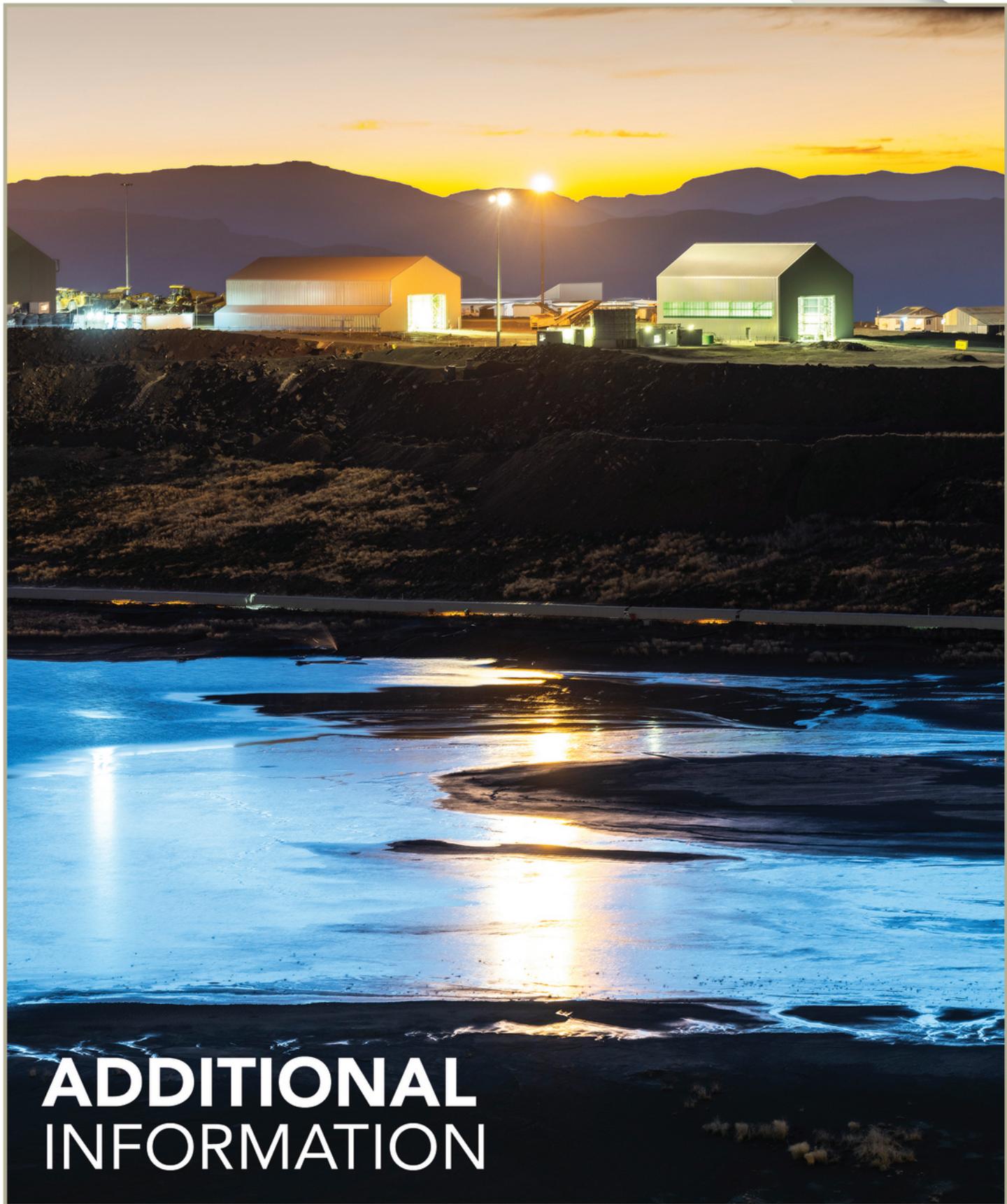
29 EVENTS AFTER THE REPORTING PERIOD

No other fact or circumstance has taken place between the end of the reporting period and the approval of the financial statements which, in our opinion, is of significance in assessing the state of the Group's affairs or requires adjustments or disclosures.

30 MATERIAL PARTLY OWNED SUBSIDIARY

Financial information of Letšeng Diamonds, a 70% held subsidiary which has a material non-controlling interest, with the remaining 30% being held by the Government of the Kingdom of Lesotho, is provided below. This information is based on amounts before intercompany eliminations.

	2024 US\$'000	2023 US\$'000
Name		
Letšeng Diamonds (Proprietary) Limited		
Accumulated balances of material non-controlling interest		
Profit allocated to material non-controlling interest	68 087	68 543
Summarised statement of profit or loss for the year ended 31 December		
Revenue	4 306	3 981
Cost of sales		
Gross profit	149 196	140 905
Royalties and selling costs		
Other operating income	(111 400)	(109 959)
Operating profit	37 796	30 946
Net finance costs		
Profit before tax	(15 368)	(14 747)
Income tax expense	809	4 162
Profit for the year	23 237	20 361
Total comprehensive income	(4 710)	(3 500)
Attributable to non-controlling interest	18 527	16 861
Dividends paid to non-controlling interest	(4 173)	(3 590)
Summarised statement of financial position as at 31 December		
Assets		
Non-current assets		
Property, plant and equipment, deferred tax assets, intangible assets and receivables and other assets	291 506	320 186
Current assets		
Inventories, receivables and other assets, and cash and short-term deposits	48 888	60 711
Total assets	340 394	380 897
Non-current liabilities		
Interest-bearing loans and borrowings, trade and other payables, provisions, lease liabilities and deferred tax liabilities	90 605	101 278
Current liabilities		
Interest-bearing loans and borrowings, trade and other payables and lease liabilities	22 830	51 144
Total liabilities	113 435	152 422
Total equity	226 959	228 475
Attributable to:		
Equity holders of parent	158 872	159 932
Non-controlling interest	68 087	68 543
Summarised cash flow information for the year ended 31 December		
Operating cash inflows	55 313	43 548
Investing cash outflows	(26 921)	(56 827)
Financing cash (outflows)/inflows	(35 542)	22 543
Foreign exchange differences	2 523	1 848
Net (decrease)/increase in cash and cash equivalents	(4 627)	11 112



ADDITIONAL INFORMATION

REPORT ON PAYMENTS TO GOVERNMENTS

INTRODUCTION

This report provides an overview of the payments made to governments by Gem Diamonds Limited and its subsidiaries (the Group) for the 31 December 2024 financial year, as required under the UK Report on Payments to Governments Regulations 2014 (as amended December 2015). These UK Regulations enact domestic rules in line with Directive 2013/34/EU (the EU Accounting Directive 2013) and apply to companies that are involved in extractive activities. This report is unaudited.

This report is also filed with the National Storage Mechanism intended to satisfy the requirements of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in the UK.

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67.

BASIS FOR PREPARATION

Reporting entities

This report includes payments to governments made by subsidiaries in the Group that are engaged in extractive activities. During the 2024 financial year, extractive activities were conducted in Lesotho while the operation in Botswana was under care and maintenance. All payments made in relation to the Botswana entity were under the materiality level and are therefore not reported.

Extractive activities

Extractive activities relate to the exploration, prospection, discovery, development and extraction of minerals, oil, natural gas deposits or other materials. Gem Diamonds Limited, through its subsidiaries, is engaged in diamond mining activities.

Scope of payments

The report discloses only those significant payments made to governments arising from extractive activities.

Government

Government includes any national, regional, or local authority of a country. It includes a department, agency or undertaking (i.e. corporation) controlled by that authority.

Payment types disclosed at legal entity level

Production entitlements

There were no payments of this nature for the year ended 31 December 2024.

Taxes

These are payments on the entity's income, production, or profits, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes in line with in-country legislation.

Royalties

These are payments for the right to extract diamonds and are determined on percentage of sales in terms of in-country legislation and/or mining lease agreements.

Dividends

These are dividend payments, other than dividends paid to a government as an ordinary shareholder of an entity unless paid in lieu of production entitlements or royalties. There were no dividend payments of this nature to governments for the year ended 31 December 2024.

Signature, discovery, and production bonuses

There were no payments of this nature to governments for the year ended 31 December 2024.

Licence fees

These are fees paid for acquisition of leases and licences, including annual renewal fees, in order to obtain and maintain access to the areas in which extractive activities are performed.

Payments for infrastructure improvements

There were no payments of this nature to governments for the year ended 31 December 2024.

Cash flow basis

Payments reported are on a cash flow basis and may differ from amounts reported in the Gem Diamonds Limited 2024 Annual Report and Accounts, which are prepared on an accrual basis.

Materiality level

In line with the guidance provided in the Report on Payments to Governments Regulations, payments made as a single payment, or as a series of related payments, which are equal to or exceed US\$107 706 (£86 000), are disclosed in this report. All payments below this threshold have been excluded.

Reporting currency

The payments to government have been reported in US dollar.

Payments made in currencies other than US dollar were translated at the relevant annual average exchange rate for the year ended 31 December 2024.

Summary report

Operation	Country	Taxes¹ US\$'000	Royalties US\$'000	Licence fee US\$'000	Total US\$'000
Letšeng Diamonds (Proprietary) Limited	Lesotho	(4 620)	15 791	179	11 350
Total		(4 620)	15 791	179	11 350
Lesotho		Taxes¹ US\$'000	Royalties US\$'000	Licence fee US\$'000	Total US\$'000
Letšeng Diamonds (Proprietary) Limited					
Revenue Services Lesotho		(4 620)	–	–	(4 620)
Government of the Kingdom of Lesotho		–	15 791	179	15 970

¹ Letšeng Diamonds (Proprietary) Limited was in a net refund position during the year due to refunds on income taxes received which were paid in 2023.

ABBREVIATIONS AND DEFINITIONS

AGM	Annual General Meeting	IFRS	International Financial Reporting Standards
AIFR	All injury frequency rate	ISSB	International Sustainability Standards Board
Basotho	Lesotho nationals	ISO	International Organization for Standardization
BEPS	Basic earnings per share	IT	Information technology
BWP	Botswana pula	JIBAR	Johannesburg Interbank Agreed Rate
CAGR	Compound annual growth rate	KPI	Key performance indicator
CCSA	Climate Change Scenario Analysis	LIBOR	London Interbank Offered Rate
CDP	Carbon Disclosure Project	LoM	Life of mine
CEO	Chief Executive Officer	LSL	Lesotho loti
CFO	Chief Financial Officer	LTI	Lost time injury
CLO	Community Liaison Officer	LTIFR	Lost time injury frequency rate
CO ₂ e	Carbon dioxide equivalent	LTIP	Long-term incentive plan
COO	Chief Operating Officer	MRM	Mineral Resource Management
cpht	Carats per hundred tonnes	Net cash/(debt)	The sum of cash and cash equivalents less drawn down bank facilities (excluding insurance premium financing)
CSI	Corporate social investment	NGO	Non-governmental organisation
CSR	Corporate social responsibility	PAC	Project-affected community
CSRI	Corporate social responsibility investment	PCA	Primary crushing area
DTR	Disclosure Guidance and Transparency Rules	RCF	Revolving credit facility
EBITDA	Earnings before interest, tax, depreciation and amortisation	RSF	Residue storage facility
EDC	Energy Decarbonisation Committee	SDG	Sustainable Development Goal
EPS	Earnings per share	SEIA	Social and environmental impact assessment
ESG	Environmental, social and governance	SEMP	Social and environmental management plan
ESOP	Employee Share Option Plan	SLL	Sustainability-linked loan
EU	European Union	SME	Small and medium enterprise
FCA	Financial Conduct Authority	SOFR	Secured overnight financing rate
FPIC	Free, Prior and Informed Consent	STIB	Short-term incentive bonus
FRC	Financial Reporting Council	TCFD	Task Force on Climate-related Financial Disclosures
FTSE	Financial Times Stock Exchange	TNFD	Task Force on Nature-related Financial Disclosures
GDIP	Gem Diamonds Incentive Plan	The Board	The Gem Diamonds Board of Directors
GDP	Gross domestic product	The Group	Gem Diamonds Limited and its subsidiaries
GIA	Gemological Institute of America	TSR	Total shareholder return
GISTM	Global Industry Standard on Tailings Management	UK	United Kingdom
GRI	Global Reporting Initiative	UN	United Nations
ha	Hectare	UNGC	United Nations Global Compact
HSSE	Health, safety, social and environment	US\$	United States dollar
IAS	International Accounting Standards	USA/US	United States of America
		VAT	Value added tax

CONTACT DETAILS AND ADVISERS

GEM DIAMONDS LIMITED

Registered office
2nd Floor, Coastal Building
Wickhams Cay II
PO Box 2221
Road Town
Tortola
British Virgin Islands
T: +1 (0) 28 4494 9820

Head office

2 Eaton Gate
London SW1W 9BJ
United Kingdom
T: +44 (0) 20 3043 0280

LEGAL ADVISER

Linklaters

One Silk Street
London EC2Y 8HQ
United Kingdom
T: +44 (0) 20 7456 2000

FINANCIAL ADVISER

Panmure Liberum
Ropemaker Place, Level 12
25 Ropemaker Street
London EC2Y 9LY
United Kingdom
T: +44 (0) 20 3100 2000

AUDITOR

RSM UK Audit LLP
25 Farringdon Street
London EC4A 4AB
United Kingdom
T: +44 (0) 20 3201 8000

PUBLIC RELATIONS ADVISER

Celicourt Communications Limited

4 Bream's Buildings
London EC4A 1HP
United Kingdom
T: +44 (0) 20 7770 6424

FEEDBACK

Gem Diamonds Limited

K. Constantopoulos, Company Secretary
T: +44 (0) 20 3043 0280
E: IR@gemdiamonds.com

DIRECTORS' AND EXECUTIVE MANAGEMENT CVS

NON-EXECUTIVE DIRECTORS



Harry Kenyon-Slaney (64)

Non-Executive Chairperson

BSc Geology (Southampton University); International Executive Programme (INSEAD France)

Chairperson tenure <9 years

No independence conflict exists

Appointed to the Board in June 2017

Skills and experience

Harry has over 40 years of experience in the mining industry, principally with Rio Tinto. He is a geologist by training and his experience spans operations, marketing, projects, finance and business development. He has worked in South Africa, Australia and the UK. Until 2015, Harry was a member of the Group Executive Committee of Rio Tinto, where he held the roles of CEO of Energy and before that CEO of Diamonds and Minerals. Prior to this he variously led Rio Tinto's global titanium dioxide business, was CEO of Rio Tinto's listed subsidiary, Energy Resources of Australia Limited, was general manager of operations at Palabora Mining Company in South Africa and held senior marketing roles in copper, uranium and industrial minerals. He began his career as an underground geologist with Anglo American on the gold mines in South Africa.

Current external appointments

Harry is currently a senior adviser to McKinsey & Co.

Harry is the Senior Independent Director of Sibanye-Stillwater and WE Soda, a member of the advisory board of Phoenix Copper Limited, and a director of several other private companies.



Michael Lynch-Bell (71)

Non-Executive Director

BA Hons Economics and Accountancy (University of Sheffield); FCA of the Institute of Chartered Accountants in England and Wales

Appointed to the Board in December 2015; appointed Senior Independent Director in November 2017

Skills and experience

Michael spent a 38-year career with Ernst & Young (EY), having led its Global Oil and Gas, UK IPO and Global Oil and Gas and Mining transaction advisory practices. He was a member of EY's assurance Practice from 1974 to 1996, when he transferred to the Transaction Advisory Practice. He was also UK Alumni sponsor and a member of the firm's Europe, Middle East, India, and Africa and Global Advisory Councils. He retired from EY as a partner in 2012 and continued as a consultant to the firm until November 2013.

Current external appointments

Michael is currently chair of Little Green Pharma Ltd and Serabi Gold plc, and an independent non-Executive Director of Tirupati Graphite plc.



Rosalind Kainyah MBE (67)

Non-Executive Director

BA (Hons) (University of Ghana); LLB (Hons) (University of London); LLM (University College, University of London); Member of the Bar of England & Wales (Gray's Inn)

Appointed to the Board in May 2021

Skills and experience

Rosalind is a trusted adviser to Boards and Senior Executives on sustainability and responsible business. She trained as a lawyer and is a member of the Bar of England and Wales. Rosalind has over 30 years of combined international, senior management, executive and board level experience. She has worked with companies and organisations including Linklaters, Anglo American Corporation of South Africa, De Beers, Tullow Oil plc, the United Nations Environment Programme and ERM, and on projects across Africa, in the UK, Europe, North and South America, Asia, and the South Pacific. As a result, she has a wide network and is respected across a range of stakeholders from governments and corporates through civil society organisations and media for her professional expertise and as a woman of integrity and credibility.

Current external appointments

Rosalind is currently a non-Executive Director for discoverIE plc, EnQuest plc and of two private companies.



Mike Brown (64)

Non-Executive Director

B.Sc. Engineering (Mining) (University of Witwatersrand); PR. Eng (ECSA); Strategic Executive Program (London Business School)

Appointed to the Board in January 2018

Skills and experience

Mike has over 40 years' experience in the resources industry in operational, senior management and director roles. He spent six years in Switzerland as the Managing Director technical at Pala, where he oversaw all technical aspects of the mining sector investments, including the risks associated with resource performance, project management, ramp-up, operations, and the associated working capital and financial controls. Prior to joining Pala, Mike spent 21 years with De Beers in southern Africa in various roles, culminating in the post of chief operating officer where he was accountable for five operating mines, including greenfield and brownfield growth projects. He also managed the restructuring at De Beers Consolidated Mines in 2005/2006 and again in 2009. Mike has overseen growth projects and building of mines in Namibia, South Africa, Sierra Leone, Vietnam and USA.

Current external appointments

Mike is currently a non-Executive Director of Nevada Copper.



Mazvi Maharasoa (55)

Non-Executive Director

LLB, LLM International and Commercial Law
(University of Buckingham)

Appointed to the Board in July 2019

Skills and experience

Mazvi has over 24 years' experience in senior management positions, including leading roles in the mining sector, having served as the resident director and chief executive officer of Letšeng Diamonds Proprietary Limited until 2017. Furthermore, Mazvi was also the founder and president of the Lesotho Chamber of Mines (2016). Prior to her work in the mining industry, Mazvi was involved in the Ministry of Natural Resources and the Central Bank of Lesotho, where she was the senior legal counsel for each of these entities.

Since joining the Board, Mazvi has been appointed as the designated non-Executive Director for workforce engagement.

Current external appointments

Mazvi is currently the Chairperson of First National Bank Lesotho Limited and a non-Executive Director of several private companies.

EXECUTIVE DIRECTORS



Clifford Elphick (64)

Chief Executive Officer

BCom (University of Cape Town);
BCompt Hons (University of South Africa)

Founded Gem Diamonds in July 2005

Skills and experience

Clifford joined Anglo American Corporation in 1986 and was seconded to E Oppenheimer & Son Proprietary Limited as Harry Oppenheimer's personal assistant in 1988. In 1990, he was appointed Managing Director of E Oppenheimer & Son, a position he held until leaving in December 2004. During that time, Clifford was also a Director of Central Holdings, Anglo American and DB Investments. Following the privatisation of De Beers in 2000, Clifford served on the De Beers Executive Committee.

Current external appointments

Clifford is currently the non-Executive Chairperson of Zanaga Iron Ore Co. Limited.



Michael Michael (54)

Chief Financial Officer

BCom Hons (Rand Afrikaans University); CA(SA)

Appointed to the Board in April 2013

Skills and experience

Michael has over 25 years' experience in financial management. He joined the audit firm RSM Betty & Dickson in Johannesburg, South Africa in January 1993 and became audit partner at the firm in March 2000. From August 2006 to February 2008 Michael was seconded to Gem Diamonds Limited to assist with the financial aspects of the main London listing, including the financial reporting, management accounting and tax relating to the initial public offering. In March 2008 Michael joined Gem Diamonds on a full-time basis as the Group Financial Manager. On 22 April 2013 he was promoted to the position of Chief Financial Officer and appointed to the Board.

Current external appointments

None

EXECUTIVE MANAGEMENT



Brandon de Bruin (53)

Chief Operating Officer

BCom, LLB (University of the Witwatersrand)

Skills and experience

Brandon joined Gem Diamonds in 2007 from Clifford Chance LLP. Practising in New York and London, he specialised in debt and equity capital markets and corporate finance, gaining extensive commercial and legal experience in international corporate and finance transactions, stock exchange listings in London, Luxembourg and New York and in the UKLA (UK) and SEC (USA) rules and regulations. At Gem Diamonds, Brandon has been responsible for numerous corporate and financial transactions. He was head of the Group's Sales, Marketing and Manufacturing division from 2013 to 2017 when he was appointed as the Group Business Transformation Officer. In 2019 Brandon was appointed as the Group Operations and Business Transformation Executive and in 2021 as Chief Operating Officer.

Current external appointments

None



Jaco Houman (50)

Senior Manager: Technical and Projects

B.Eng(Met) (University of Pretoria); MBA
(University of Witwatersrand Business School)

Skills and experience

Jaco joined Gem Diamonds in 2016. His technical and managerial career spans more than 28 years. He has a diverse background in areas of operational excellence, design, production, technical support, Safety, Health, Environment and Quality (SHEQ) and consulting. He has been involved in the development and implementation of a turnaround plan, performance improvement initiatives, cost reduction measures, volume expansion at an operation, project, and group level. He has led and assisted in the development of technical strategies, pre-feasibility and feasibility studies, design, commissioning and technical evaluation reviews. He led the safety, occupational hygiene and environmental departments at a large corporate for more than two years. He spent some time in business improvement and applied financial modelling skills to enhance operational delivery through the optimisation of the value chain to maximise value for the business.

Current external appointments

None



Kiki Constantopoulos (45)

Group Financial Controller and Company Secretary

BCom Hons (University of the Witwatersrand);
CA(SA)

Skills and experience

Kiki has almost 20 years' experience in accounting, reporting and financial management. Following her qualification as a Chartered Accountant she spent three years as a financial manager at Dunns Clothing & Accessories (a subsidiary of Pepkor, a leading retailer in South Africa). In 2010, Kiki joined Gem Diamonds as Financial Manager, and in 2013 was promoted to Group Financial Controller. Kiki was the finance lead support to the Business Transformation Officer from 2017 – 2019. She is responsible for financial and management accounting across the Group's operations. In April 2023, Kiki was appointed as the Company Secretary.

Current external appointments

None



Minelle Zech (50)

Group Human Resources Executive

BCom HR (Potchefstroom University)

Skills and experience

Minelle joined Gem Diamonds in 2015 as HR manager and was promoted to Group HR Executive in 2023. She has more than 20 years of HR experience and more than 10 years' experience in the services and mining industries. She was involved in the restructuring of Avis following its acquisition by Barloworld and has extensive experience in rationalisation projects in the mining industry. At Gem, Minelle was the HR lead during its Business Transformation between 2017 and 2019, responsible for organisational health and driving the culture aspect of the programme. Minelle is responsible for all people aspects across the Group.

Current external appointments

None



2nd Floor, Coastal Building,
Wickham's Cay II, PO Box 2221, Road Town,
Tortola, British Virgin Islands
Registration number: 669758

GEM DIAMONDS LIMITED

www.gemdiamonds.com