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Gem Diamonds Limited
13 March 2025

Thursday, 13 March 2025

Gem Diamonds Limited
Full Year 2024 Results

Gem Diamonds Limited (LSE: GEMD) ("Gem Diamonds", the "Company" or the "Group") announces its Full Year Results for the year ending 31 December 2024 (the "Period").

FINANCIAL RESULTS:

- Revenue of US 154.2 million (US 140.3 million in 2023)
- Underlying EBITDA of US 29.7 million (US 15.2 million in 2023)
- Profit for the year of US 8.1 million (US 1.6 million in 2023)
- Attributable profit of US 2.9 million (loss of US 2.1 million in 2023)
- Earnings per share of 2.1 US cents (loss per share of 1.5 US cents in 2023)
- Net debt of US 7.3 million as at 31 December 2024 (2023: net debt of US 21.3 million)

OPERATIONAL RESULTS:

Letšeng

- Carats recovered of 105 012 (109 656 carats in 2023)
- Waste tonnes mined of 5.4 million tonnes (8.8 million tonnes in 2023)
- Ore treated of 5.0 million tonnes (5.0 million tonnes in 2023)
- Average value of US 1 390 per carat achieved (US 1 334 in 2023)
- The highest dollar per carat achieved for a white rough diamond during the year was US 41 007 per carat

Safety performance

The Group maintained and excellent safety performance in 2024, achieving our lowest AIFR on record of 0.61 (2023: 0.67). The Group had zero fatalities (2023: zero), three LTIs (2023: two) and an LTIFR of 0.18 (2023: 0.10).

Financial performance

The global economic landscape in 2024 was marked by uncertainty, with persistent inflation, higher interest rates for longer periods than expected, and geopolitical tensions weighing on growth. As a result, the downward pressure on the diamond market persisted. Despite these challenges, the Group achieved a 10% increase in revenue, mainly driven by the 13 diamonds greater than 100 carats that were sold. The increase in revenue, together with the implementation of numerous cost reduction initiatives resulted in a 95% increase in underlying EBITDA compared to 2023.

Operational performance

The benefits of the structural changes implemented in 2023 and 2024 is evident in Letšeng's operational performance during the year. The targeted initiative to control the ore feed rate into the treatment plants resulted in a significant improvement in plant stability and an increase in overall plant utilisation to 80% in 2024 (up from 78% in 2023 and 75% in 2022).

Decarbonisation strategy

The Group achieved a cumulative 27% reduction of its Scope 1 and Scope 2 carbon emissions compared to its decarbonisation target of a 30% reduction by 2030, against a 2021 baseline.

Letšeng's updated long-term mine plan

A key focus for 2024 was optimising Letšeng's long-term life of mine plan. A steeper open-pit concept was approved for the final cutback of the Satellite pit that will significantly reduce waste volumes, leading to an updated mine plan that was communicated to the market in December 2024.

Commenting on the results today, Clifford Elphick, Chief Executive Officer of Gem Diamonds, said:

"2024 was another challenging year for the diamond market with decreasing rough and polished diamond prices. Our relentless focus on factors within our control - cost containment, operational efficiencies and appropriate capital allocation, has yielded pleasing results.

We are proud of our excellent safety performance in 2024 and commend our management and workforce for their daily commitment to operate safely and responsibly.

Our focus now is on the safe implementation of Letšeng's updated mine plan, which will significantly reduce waste volumes. The next four years will be challenging with limited access to higher-value Satellite ore. We will continue to look for opportunities to further optimise our mine plan to ensure the profitability of our operations.

2025 has begun with modest improvements in prices of both rough and polished diamonds. We are optimistic that this will continue throughout the year."

The Company will host a live audio webcast of the full year results today, 13 March 2025, at 9:30 GMT. If you would like to attend the webcast please register using this link: 2024 Full Year results webcast

The page references in this announcement refer to the Annual Report and Accounts 2024 which can be found on the Company's website: www.gemdiamonds.com.

The Gem Diamonds Limited LEI number is 213800RC2PGGMZQG8L67

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ABOUT GEM DIAMONDS:
Gem Diamonds is a leading global producer of high value diamonds. The Company owns 70% of the Letšeng mine in Lesotho. The Letšeng mine is famous for the production of large, exceptional white diamonds, making it the highest dollar per carat kimberlite diamond mine in the world.

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.

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 106. 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

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

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

Oversight	**BOARD OF DIRECTORS** The Board is responsible for the overall approach to risk management for the Group and provides stakeholders with assurance that key risks are properly identified, assessed, mitigated and monitored. The Board maintains a formal Group risk management framework, assesses and approves the overall risk appetite and tolerance, and formally evaluates the effectiveness of the Group's risk management and internal control processes annually at a minimum. It confirms that the process is appropriately aligned with the Group's strategy and performance objectives.	**Top-down approach** - the Board sets the risk appetite and tolerances, strategic objectives and accountability for the management of the framework
Governance	**AUDIT COMMITTEE** The Audit Committee monitors the Group's risk management processes, reviews the status of risk management, and reports on a biannual basis. It is responsible for addressing the corporate governance requirements of risk management. **SUSTAINABILITY COMMITTEE** The Sustainability Committee provides assurance to the Board that appropriate systems are in place to identify and manage health, safety, social, environmental and climate change-related risks. It monitors the Group's performance within these categories and drives proactive risk mitigation strategies to secure safe and responsible operations and our social licence to operate in the future.	
Governance	**MANAGEMENT** Management develops, implements, communicates and monitors risk management processes and integrates them into the Group's day-to-day activities. It identifies risks affecting the Group, including internal and external, current and emerging risks. It implements appropriate risk responses consistent with the Group's risk appetite and tolerance. **GROUP INTERNAL AUDIT** Group Internal Audit formally reviews the effectiveness of the Group's risk management processes. The outputs of risk assessments are used to compile the strategic three-year rolling and annual internal audit coverage plan and evaluate the effectiveness of controls.	**Bottom-up approach** - ensures a sound risk management process and establishes formal reporting structures

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.

1.Rough diamond demand and prices	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Preparing for our future
2.Variability in cash generation	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Preparing for our future
3.Diamond resource and reserve performance	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Preparing for our future
4.Availability of sustainable and reliable power	**Risk:** Regular power interruptions	**Risk response:** • Exploring solutions with the	**Strategic impact:**

supply	(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.	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	Extracting maximum value from our operations Working responsibly and maintaining our social licence Preparing for our future
5.Growth and access to capital	**Risk:** 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.	**Risk response:** The Group's strategic objectives are to drive share price growth through: • Assessing mergers and acquisitions and diversification opportunities • Focusing on existing operations to unlock further value through rationalisation and efficiency improvements	**Strategic impact:** Extracting maximum value from our operations Working responsibly and maintaining our social licence Preparing for our future
6. Workforce	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Working responsibly and maintaining our social licence Preparing for our future
7.Information technology (IT) and operational technology (OT) systems, and cybersecurity	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Preparing for our future
8.Production interruption	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Working responsibly and maintaining our social licence
9.Health, safety and wellness	**Risk:** The probability of a major	**Risk response:** • Appropriate health and safety	**Strategic impact:**

	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.	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	Extracting maximum value from our operations Preparing for our future
10. Security of product	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Working responsibly and maintaining our social licence Preparing for our future
11. Social licence to operate	**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 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.	**Risk response:** • 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	**Strategic impact:** Working responsibly and maintaining our social licence Preparing for our future
12.Climate change	**Risk:** Climate change-related risks (transitional and physical risks) are recognised as top global risks, and investors are increasingly focused on the	**Risk response:** • TCFD recommendations adopted and climate change strategy developed • Adoption of a Group decarbonisation strategy and	**Strategic impact:** Working responsibly and maintaining

	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.	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	our social licence Preparing for our future
13.Environmental	**Risk:** 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.	**Risk response:** • 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	**Strategic impact:** Extracting maximum value from our operations Working responsibly and maintaining our social licence Preparing for our future

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.

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	10%	• Rough diamond demand and prices • Production interruption • Diamond resource and reserve performance	• Entire business model, i.e. inputs, activities, outputs and outcomes

disruptions.		• Variability in cash generation	
A strengthening of local currencies to the US dollar from expected market forecasts.	9% (R16.70: 1)	• Variability in cash generation	• Financial capital inputs and outcomes

CONCLUSION

The Group ended the year in a net debt[1] 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).

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.

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 that 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 EBITDA[1] of US 29.7 million and ended the year in a net debt[2] 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 138 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 AIFR 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.

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.

Summary of financial performance

Refer to the full annual financial statements from page 106.

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 EBITDA[2]	**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 achieve. 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			

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).

Underlying EBITDA[1] and attributable profit

Group underlying EBITDA[1] 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.

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.

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	Facility B (LSL450 million): Central Bank of Lesotho rate (7.75%) + 3.25%	**23.8**	**-**	**23.8**
		Nedbank	Facility C (ZAR300 million): South African JIBAR (8.35%) + 3.00%	**15.9**	**-**	**15.9**
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%	**7.0**	**5.0**	**-**
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%	**10.6**	**9.2**	**-**
Letšeng Diamonds	General banking facility Reviewed annually	Nedbank	ZAR100 million South African Prime Lending Rate (11.25%) minus 0.70%	**5.3**	**-**	**5.3**
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 159 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 139 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.

GROUP SAFETY PERFORMANCE

Safety performance	**Unit**	**2024**	2023	% change
Fatalities	Number	**0**	0	-
LTIs	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	cpht	**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 cpht, a 4% decrease from 2.18 cpht 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 course 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

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.

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.

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.

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 101.

DIRECTORS

The Directors, as at the date of this report, are listed on pages 171 to 173 together with their biographical details. Details of the Directors' interests in shares and share options of the Company can be found on page 99.

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 88.

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 99.

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 to 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 106 to 165.

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

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

CONSOLIDATED STATEMENT
OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024**	2023
		US '000	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

	Notes		
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	2023
	US '000	US '000
Profit for the year	**8 086**	1 594
Items that could be reclassified to profit or loss in the future:		
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)
Attributable to:		
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**	2023*
		US '000	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 liabilities	[illegible]	[illegible]
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	**M Michael**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to the equity holders of the parent							
	Issued capital	**Share premium**	**Treasury shares**	**Other reserves[1]**	**Accumulated (losses)/retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	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**	2023
		US '000	US '000
Cash flows from operating activities		**51 195**	35 020

	Note	2024	2023
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	Share-holding	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 South African rand (ZAR)	Technical, financial and management consulting services.
Letšeng Diamonds (Proprietary) Limited[2] Letšeng Diamonds	70%	US 126 000 303	Lesotho Lesotho loti (LSL)	Diamond mining and holder of mining rights.

House Corner Kingsway and Old School Roads Maseru Lesotho				
Gem Diamonds Botswana (Proprietary) Limited[2] The Courtyard unit 7A Plot 54513 Village Gaborone Botswana	100%	US 5 844 579	Botswana Botswana pula (BWP)	Diamond mining; evaluation and development; and holder of mining licences and concessions. Currently on care and maintenance.
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.*

1.1.3 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:

	Lesotho	**Belgium**	**BVI, RSA, UK and Cyprus[1]**	**Botswana**	**Total**
Year ended 31 December 2024	**US '000**	**US '000**	**US '000**	**US '000**	**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.

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.

	Lesotho	Belgium	BVI, RSA, UK and Cyprus[1]	Botswana	Total
Year ended 31 December 2023	US '000	US '000	US '000	US '000	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)

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 EBITDA[3]	22 129	857	(7 754)	-	15 232
Segment non-current assets*	308 973	1 347	369	327	311 016
Segment assets*	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.*

[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 the asset-based finance facility, 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 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.

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

Whilst the financial information included in this Preliminary Announcement has been prepared on the basis of International Accounting standards, this announcement does not itself contain sufficient information to comply with International Accounting Standards.

The financial information set out in this Preliminary Announcement does not constitute the Group's Consolidated Financial Statements for the period ended 31 December 2024 but is derived from those Financial Statements which were approved by the Board of Directors on 12 March 2025. The auditor, RSM UK Audit LLP, has reported on the Group's Consolidated Financial Statements and the report was unqualified.

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 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.*

1.2.2 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.

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.

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.

1.2.9 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).

1.2.11 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.

1.2.15 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, 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.

1.2.18 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

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.

1.2.20 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 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.

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.

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.

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.

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

- 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.

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	2023
		US '000	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	2023
		US '000	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		

minor or irregular and are incurred or sourced outside of normal operations.		
Sundry (expense)/income	**(206)**	203
Ghaghoo reduction in rehabilitation provision	**562**	354
Proceeds from insurance claim	**65**	1 030
Proceeds from VAT refund[1]	**-**	251
Ghaghoo 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).*

		2024	2023
		US '000	US '000
4	**OPERATING PROFIT**		
	Operating profit includes operating costs and income as listed below:		
	Depreciation and amortisation		
	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)
	Foreign exchange		
	Foreign exchange gain	**1 086**	2 775
	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/EY[2]		
	Group financial statements	**(280)**	(328)
	Statutory	**(167)**	(161)
		(447)	(489)
	Auditor's remuneration - other audit firms		
	Statutory	**(41)**	(92)
	Other non-audit fees - RSM/EY[2]		
	Other services	**-**	(7)
	Other non-audit fees - other audit firms		
	Tax services advisory and consultancy	**(18)**	(31)
	Employee benefits expense		
	Salaries and wages[3]	**(20 353)**	(14 386)
	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.

		2024 US '000	2023 US '000
7	**EARNINGS PER SHARE**		
	The following reflects the income and share data used in the basic and		

diluted earnings per share computations:

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	**Mining asset**	**De-commis-sioning assets**	**Lease-hold improve-ment**	**Plant and equip-ment**[1]	**Other assets**[2]	**Total**
	US '000	**US '000**	**US '000**	**US '000**	**US '000**	**US '000**	**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] [illegible]

[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-commis-sioning assets	Lease-hold improve-ment	Plant and equip-ment[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).*

		Plant and equipment US '000	Motor vehicles US '000	Buildings US '000	Total US '000
9	**RIGHT-OF-USE ASSETS**				
	As at 31 December 2024				
	Cost				
	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				
	Cost				
	As at 1 January 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 US '000	2023 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	2023
		US '000	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 (U 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	2023
		US '000	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).

		2024	2023
		US '000	US '000
14	**CASH AND SHORT-TERM DEPOSITS**		
	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.

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:

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.

	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.*

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).

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	2023

		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.

		2024 US '000	2023 US '000
18	**TRADE AND OTHER PAYABLES**		
	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.

		2024 US '000	2023 US '000
19	**INCOME TAX PAYABLE/(RECEIVABLE)**		
	Reconciliation of movement in income tax payable/(receivable)		
	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.*

2024 2023

		US '000	US '000
20	**PROVISIONS**		
	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.

		2024 US '000	2023* US '000
21	**DEFERRED TAXATION**		
	Deferred tax assets		
	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	**(64 968)**	(70 437)

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	2023
	US '000	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

		Notes	**2024**	2023
			US '000	US '000
22	**CASH FLOW NOTES**			
22.1	**Cash generated by operations**			
	Profit before tax for the year		**11 461**	5 684
	Adjustments for:			
	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

	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.*

		2024	2023
		US '000	US '000
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:		
	- 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 7.4stress 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	Relationship
Jemax Management (Proprietary) Limited	**Common director**
Government of the Kingdom of Lesotho	**Non-controlling interest**

Refer Note 1.1.2, Operational information, for information regarding shareholding in subsidiaries.

	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).

(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.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

	2024	2023
	US '000	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	2023
	US '000	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.

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.

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.

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)).

The shares outstanding at the end of the year are as follows:

	2024	2023
	US '000	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.

		2024	2023
	Notes	**US '000**	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 inter-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:

		Balance as previously reported	**Adjustment**	**Restated balance**
		2023	**2023**	**2023**
	Notes	**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

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	2023
		US '000	US '000
Name	Country of incorporation and operation		
Letšeng Diamonds (Proprietary) Limited	Lesotho		
Accumulated balances of material non-controlling interest		**68 087**	68 543
Profit allocated to material non-controlling interest		**4 306**	3 981
Summarised statement of profit or loss for the year ended 31 December			
Revenue		**149 196**	140 905
Cost of sales		**(111 400)**	(109 959)
Gross profit		**37 796**	30 946
Royalties and selling costs		**(15 368)**	(14 747)
Other operating income		**809**	4 162
Operating profit		**23 237**	20 361
Net finance costs		**(4 710)**	(3 500)
Profit before tax		**18 527**	16 861
Income tax expense		**(4 173)**	(3 590)
Profit for the year		**14 354**	13 271
Total comprehensive income		**14 354**	13 271
Attributable to non-controlling interest		**4 306**	3 981
Dividends paid to non-controlling interest		**(4 289)**	-
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

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	Taxes[1] 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 **Letšeng Diamonds (Proprietary) Limited**	Taxes[1] US '000	Royalties US '000	Licence fee US '000	Total US '000
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.*

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