



PetraDiamonds

FY 2016

Annual General Meeting

28 November 2016

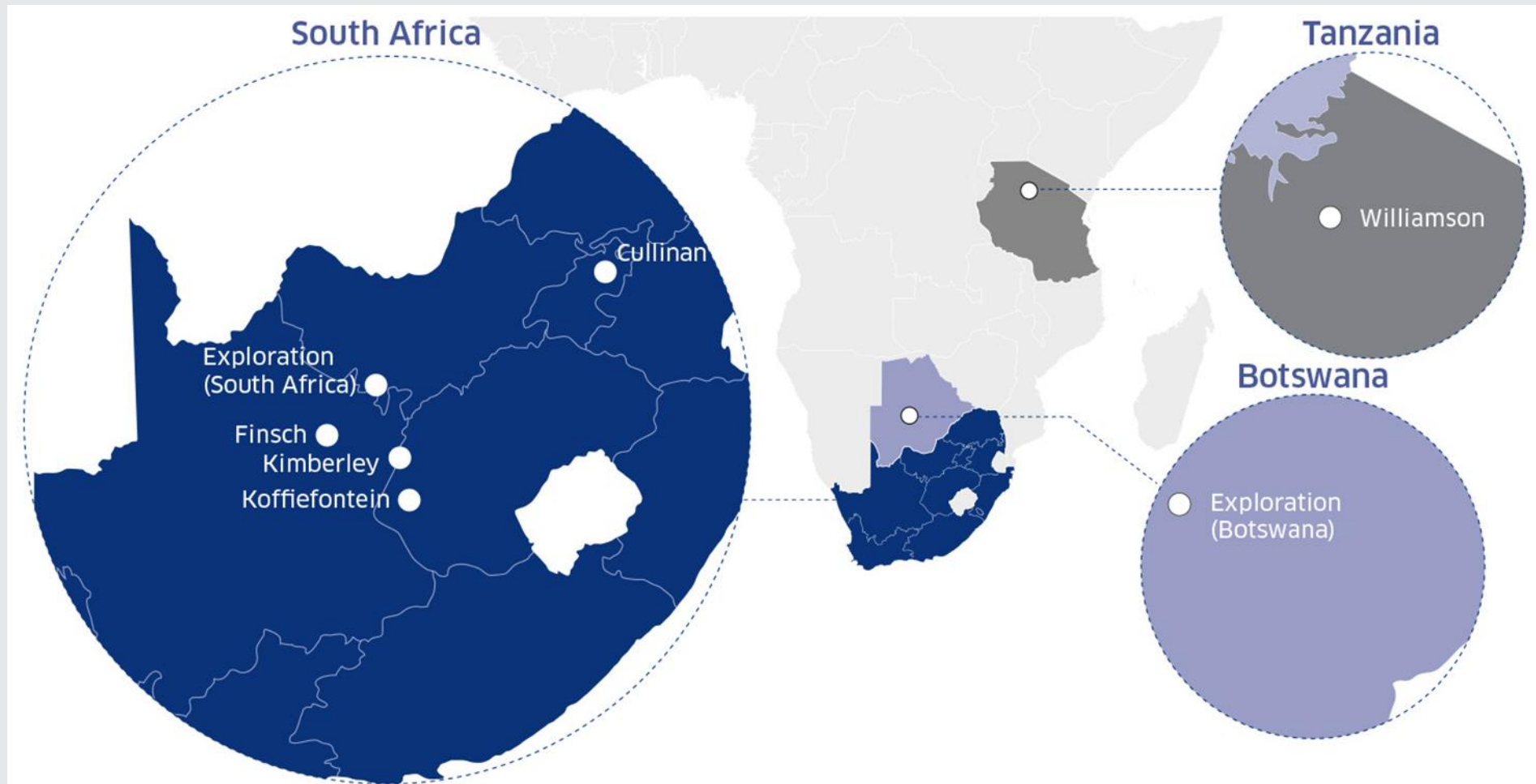
Driving Forward



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Focus on Africa



- Five producing mines (four in South Africa and one in Tanzania), plus exploration in Botswana and South Africa
- Diversified portfolio is key to managing production risk across the Group

An Exceptional Growth Plan

July 2007

Koffiefontein



70% Petra¹; 30% BEE

Sub-level / Block Cave
Mine Plan to 2025
+20yr Potential Life

July 2008

Cullinan



74%¹ Petra; 26% BEE

Block Cave
Mine Plan to 2030
+50yr Potential Life

February 2009

Williamson



75% Petra¹; 25%
Government of Tanzania

Open Pit
Mine Plan to 2033
+50yr Potential Life

Petra has acquired six non-core diamond mining operations from De Beers

Petra approach:

- Flat management structures
- Focus on efficiencies / cost control
- Focus on value as opposed to volume production
- Utilise in-house expertise / knowledge
- Phased approach to development (lower capital intensity)
- Make decisions, get going

May 2010

Kimberley UG



74% Petra¹; 26% BEE

Block Cave
Mine Plan to 2026
+13yr Potential Life

September 2011

Finsch



74% Petra¹; 26% BEE

Sub-level / Block Cave
Mine Plan to 2030
+25yr Potential Life

January 2016

Kimberley Mines

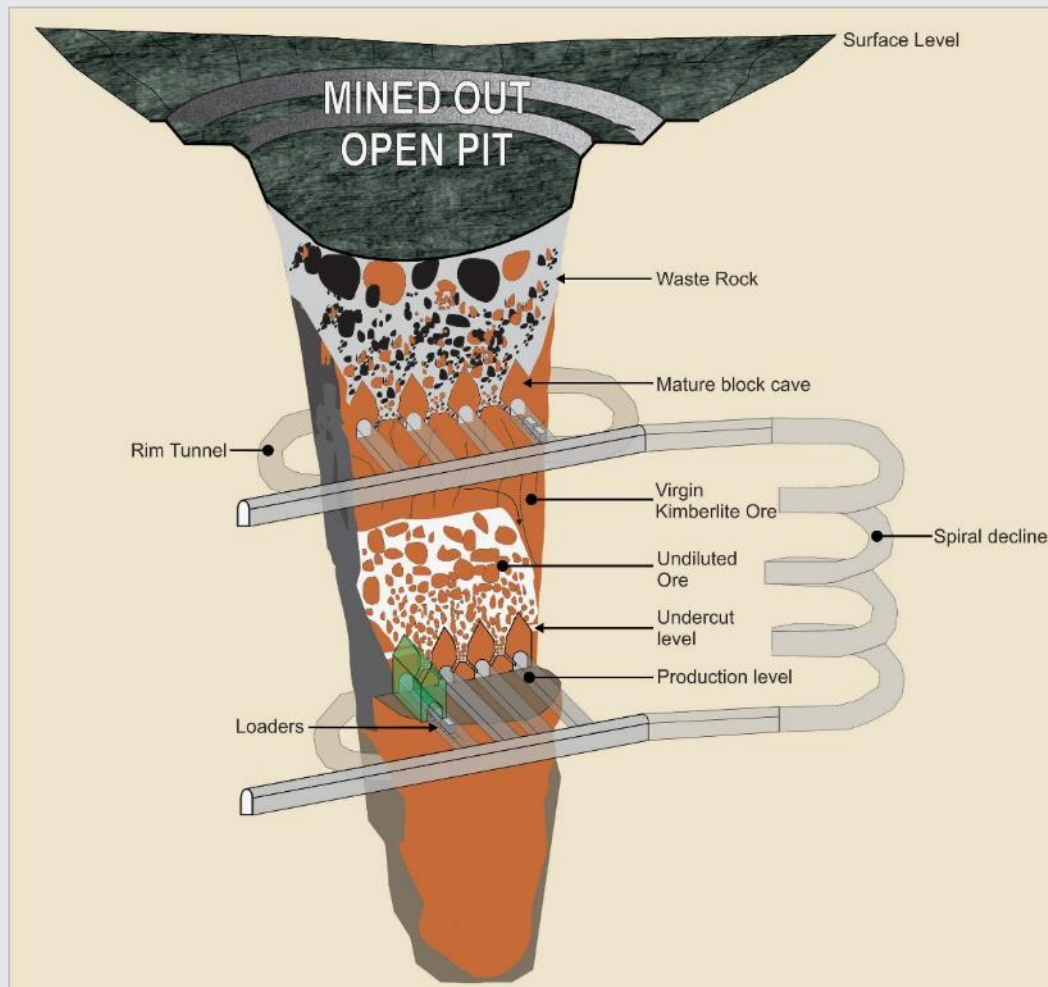


49.9% Petra; 50.1%
Ekapa

Tailings Operations
Mine Plan to 2019
+20yr Potential Life

1. Refer to 'FY 2017 Analyst Guidance – Explanatory Notes', section 'Effective Interest in Mines' at <https://www.petradiamonds.com/investors/analysts/analyst-guidance> for further disclosures re. Petra's effective interest in its mines

Moving to Undiluted Ore



- Caving is a safe and proven mechanised mining method; provides access to higher volumes of ore than other methods
- Current underground mining taking place in diluted, mature caves nearing end of lives
- Expansion programmes to take next 'cut' by deepening and establishing new block/sub level caves in undiluted kimberlite
- ROM grades expected to rise significantly, increasing margin per tonne mined:

Finsch +25%: ca. 44 cpht to ca. 55 cpht¹

Cullinan +79%: ca. 28 cpht to ca. 50 cpht¹

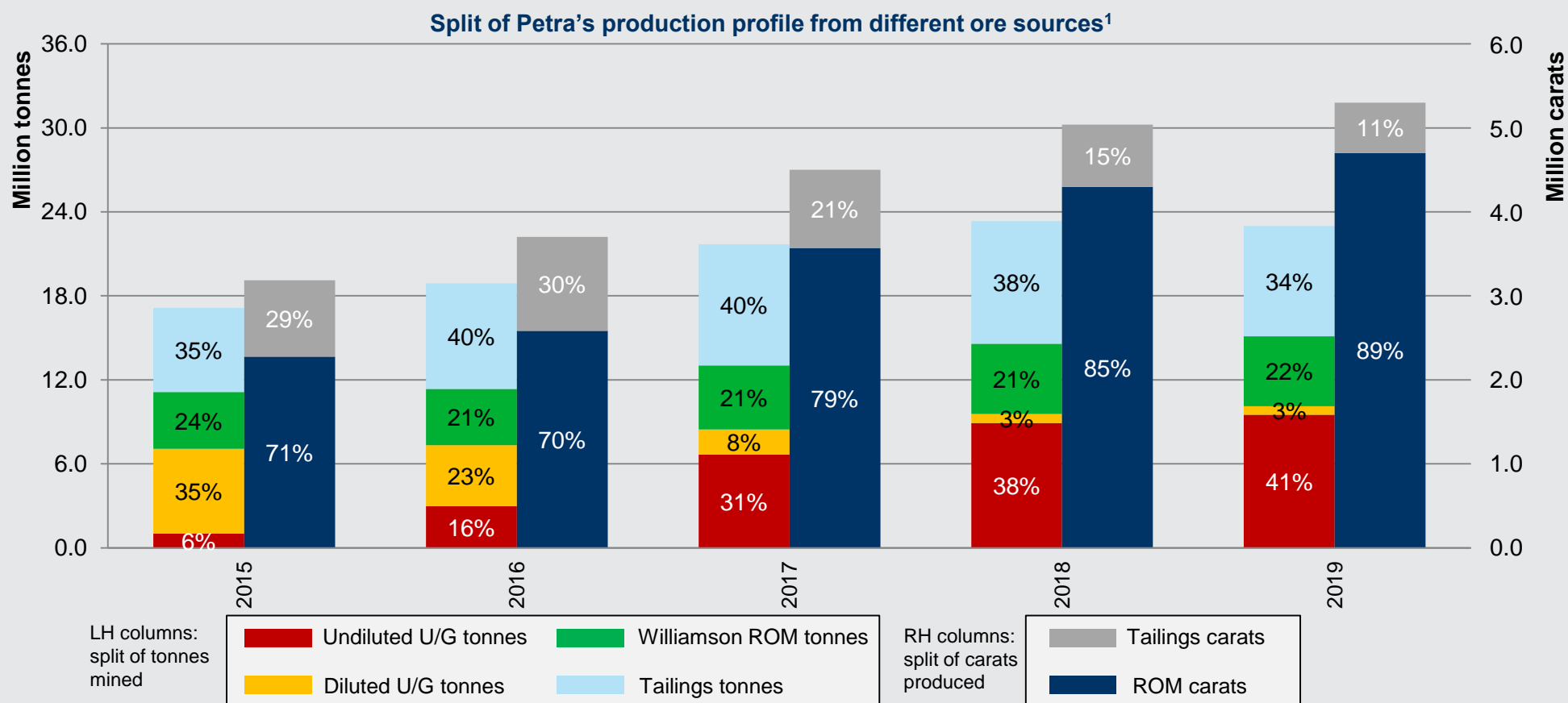
- Will reduce wear and tear on processing systems (waste rock is harder and more abrasive than kimberlite)

¹ Management expectations

Growth and Margin Expansion

Adjusted EBITDA margin expected to rise from ca. 38% in FY 2016 to +50% by FY 2019

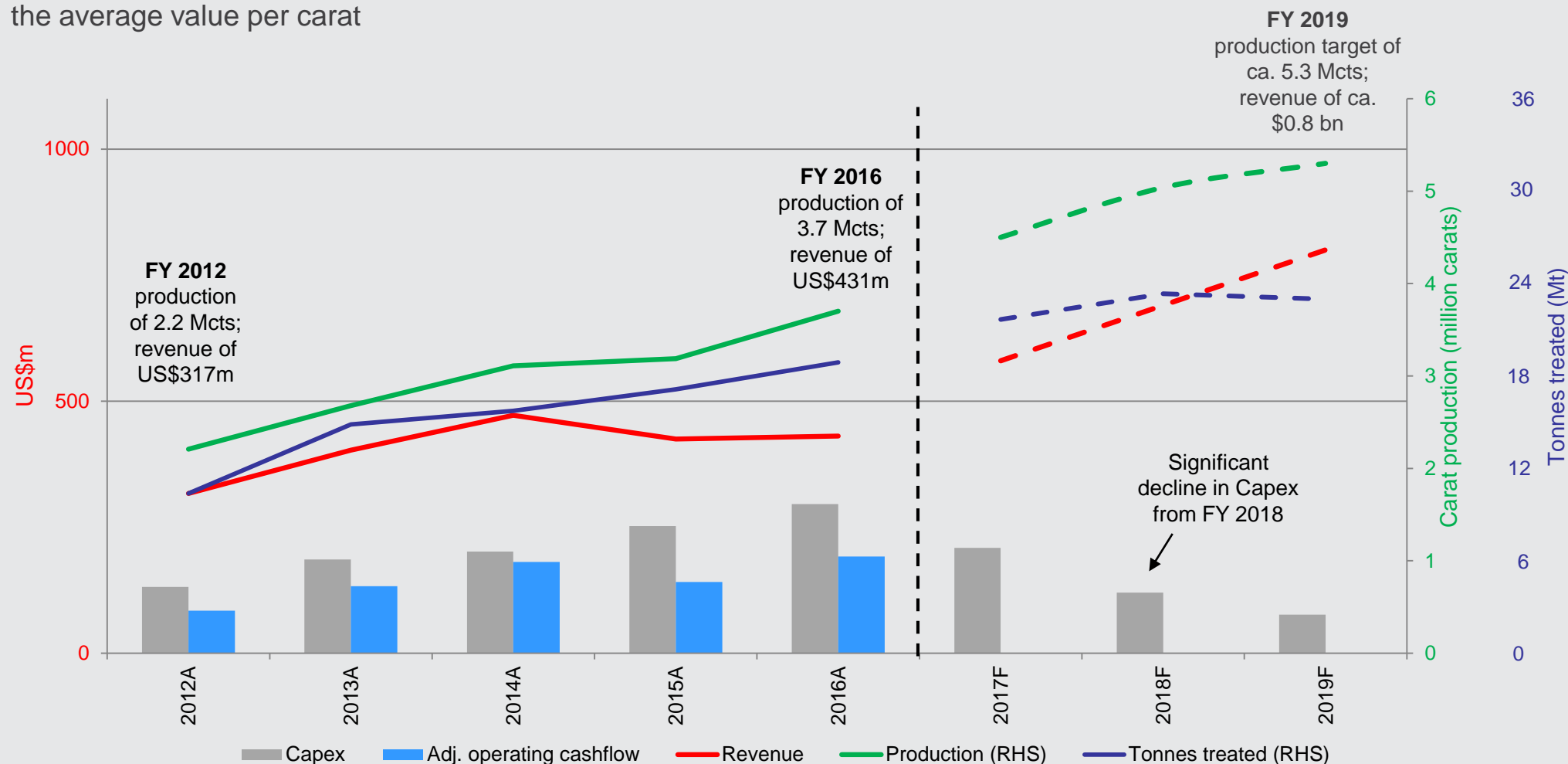
- Increase in ROM grades and increase in tonnage throughput (mainly due to Kimberley Mines transaction) to lead to ca. 43% growth in production
- Lower value tailings carat production to reduce from 30% in FY 2016 to 11% of carat production by FY 2019



1. Production relating to KEM JV stated at 75.9% Petra attributable terms

Growth and Margin Expansion

Petra to maintain a fairly flat tonnage profile from FY 2017 onwards, but the replacement of poor quality tonnes with better quality tonnes will significantly grow production and increase the average value per carat



1. All forecasts for Capex, revenue and production are management estimates. Capex is in nominal terms; diamond prices are calculated using a 4% pa real price increase
2. Capex, production, adj. operating cashflow and revenue relating to KEM JV stated at 75.9% Petra attributable terms

FY 2016 Highlights

Continued production growth

- Record production of 3.7 Mcts and 19.0 Mt in FY 2016
- FY 2019 target increased from ca. 5 Mcts to ca. 5.3 Mcts

Expansion programmes on track

- SLC at Finsch and new C-Cut block cave at Cullinan commenced initial production
- Cullinan mill plant project on track
- Peak Capex year now behind the Company

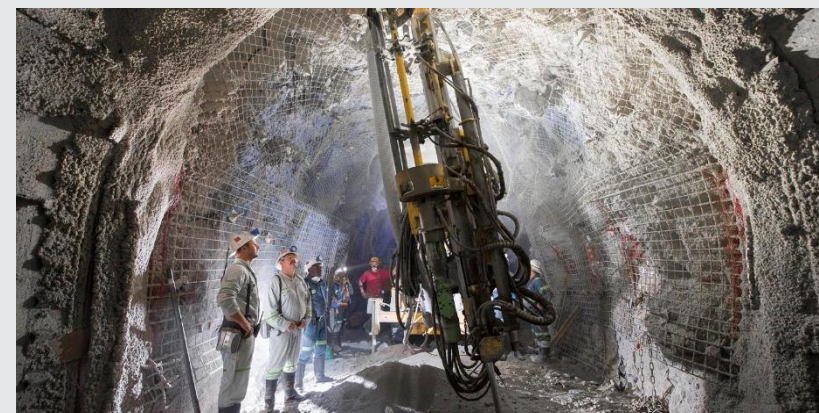
Increased profitability

- EBITDA¹ margin of 38% (FY 2015: 33%)

Solid start to FY 2017

- First two tenders of the year realised ca. \$161 million; 1 more tender planned for H1 FY 2017 and 4 tenders for H2 FY 2017
- Prices on par with H2 FY 2016 on a like-for-like basis
- EBITDA¹ margin of +40% expected in FY 2017

1. EBITDA is Adjusted EBITDA



Underground development, Cullinan



New plant construction, Cullinan

Diamond Market – Overview

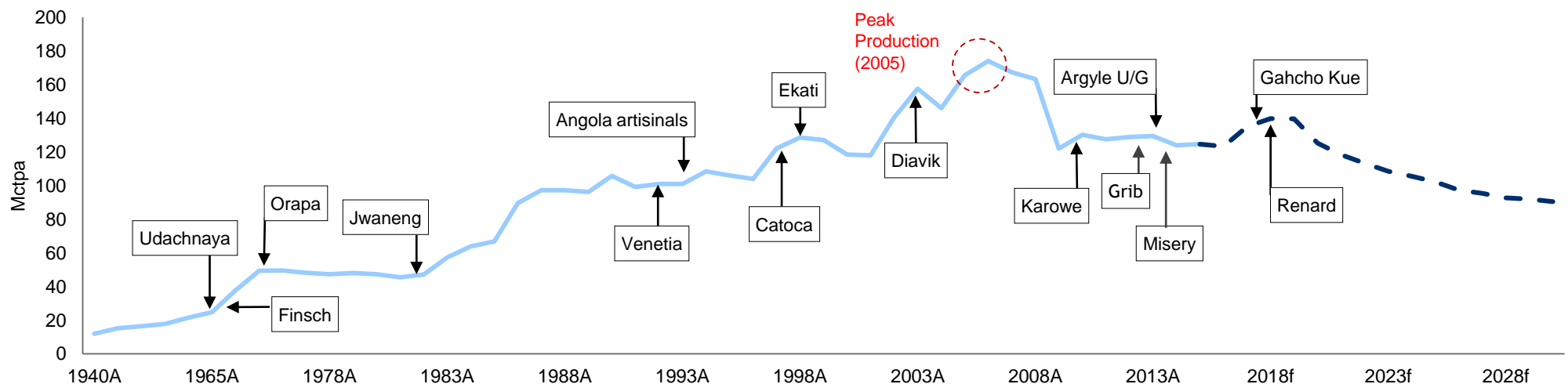
Supply

- **Supply constraints:** Global rough diamond production rose 2% to 127 Mcts worth \$13.9bn in 2015 (average \$109/ct)
- **No new finds:** success rate in diamond exploration estimated to be <1% - no significant finds this century, plus exploration expenditure cut worldwide
- **Overall declining trend:** 2005 expected to have been world peak diamond production
- New mines coming on stream in 2016/2017 not large enough to counter declines from world's major producers
- World supply expected to decline slowly after 2020

Demand

- **US recovery:** economy continues to improve; very strong diamond buying culture (ca. 45% of world demand); retail demand currently performing well
- **“Late cycle” commodity:** growth in developed and emerging markets to continue further to rising wealth and growing middle classes worldwide
- **Bridal underpin:** The bridal sector provides a certain level of immunity to fluctuating economic conditions; desire for diamond bridal jewellery increasingly taking hold in emerging markets
- **Mass luxury:** China / India starting to follow US model of affordable diamond jewellery (US\$200 to + US\$2,000)

Global Diamond Supply: Historical & Forecast Rough Production

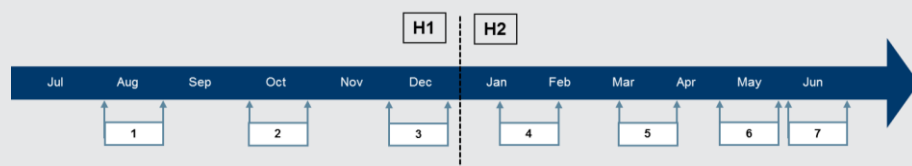


Diamond Market – Overview

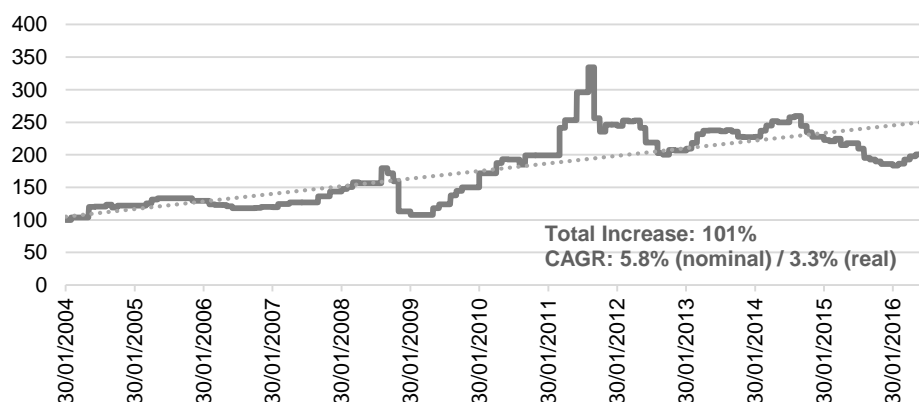
FY 2016 Market

- Petra pricing down ca. 6% for Year
- H1: Market experienced challenging conditions in H1 2016 – Petra pricing down ca. 9%
- H2: Market stabilised in early calendar 2016, with good sales demand from the midstream of the diamond pipeline – Petra pricing up ca. 3%

Petra Sales Timing – FY 2017



Rough Diamond Index (Jan 2004 to Jun 2016)



FY 2017 Outlook

- Market conditions will depend on continued supply discipline from the major producers, as well as a stable retail market, particularly in the US
- DPA commenced first marketing campaign in US in October – “Real is Rare – Real is a Diamond”
- July 2016: Petra conservatively guiding for flat diamond pricing for FY 2017, but improved product mix expected for Finsch, Cullinan and Koffiefontein (less tailings contribution and ever-increasing volumes of ore from undiluted areas)
- First two tenders of FY 2017 saw steady market conditions, with pricing on a like for like basis generally on par with H2 FY 2016

Petra – Rough Diamond Prices (US\$/ct)

	Guidance Weighted Average US\$/ct ¹ FY 2017	Actual Weighted Average US\$/ct FY 2016	Actual Weighted Average US\$/ct FY 2015
Finsch	100-105	89	90
Cullinan	105-115	126 ²	174 ²
Koffiefontein	520-550	462	386
Kimberley Operations	125-130	132	302 ³
Williamson	220-230	384 ²	298

- Excludes guidance for exceptional diamonds (stones above \$5 million in value)
- Average values excluding exceptional stones: Cullinan FY16: \$109/ct; Cullinan FY15: \$119/ct; Williamson FY15: \$238/ct
- Kimberley FY15 reflects production from Kimberley Underground only

Exceptional Diamonds

- Petra classifies 'exceptional diamonds' as stones that sell for +\$5 million each
- Exceptional diamonds contributed on average \$23 million pa from FY 2009 to FY 2016
- Average increased to ca. \$36 million pa in FY 2014 to FY 2016
- First tender of FY 2017 included sale of a 138.57 carat white stone from Cullinan which sold for US\$6.5 million, and a 10.64 carat pink stone from Williamson which sold for US\$5.2 million.

Exceptional Diamond Sales – FY 2016

Williamson

23 carat Williamson pink sold for \$10 million in December 2015



32 carat Williamson pink sold for \$15 million in March 2016



Cullinan

Petra's 15% share in sale of 24 carat Cullinan Dream was \$5 million in June 2016



121 carat Cullinan white sold for \$6 million in June 2016



Sustainability



Health and Safety

- Achievements: Stable LTIFR; Finsch won two MineSAFE Awards
- Challenges: Petra's mining method and operations are inherently safe but there is an ever present risk of accidents
- Fatality in Jul 15 at Tailings Treatment Plant at Cullinan related to equipment maintenance and fatality in Aug 16 at Williamson due to disconnecting an overhead power cable
- Investigations carried out into both accidents, findings shared with Group and new control procedures put in place; Petra striving for zero harm

Stable Labour Relations in FY 2016

- FY 2017 is last year of 3 year wage agreement
- Restructure of Group BEE holdings – Itumeleng Petra Diamonds Employee Trust (IPDET) now holds 12% in each SA operation

Training and Development

- \$5.8m spent on training & development programmes in FY 2016

Environment – continued focus on efficiencies

- All expansion programmes designed for improvements in energy, water and carbon emitted per tonne
- Petra shortlisted by Carbon Disclosure Project for 'Best year on year change in performance' for FTSE 350 companies'



Finsch achieved 3 million FFS on 29 July 2016



Annual CEO Tour of Operations – presentation on Petra's strategic direction and opportunity for employees to have direct access and Q&A

Integrated Approach to Sustainability



Williamson Children's Day
An annual fun day for children of all ages



Environmental Awareness
Tree planting at local schools



Local Economic Development
Finsch's Small Business supports entrepreneurs



Professional Development
Exposure to career opportunities in Kimberley



Education
Williamson donates +1,000 desks to Kishapu



Community
Cullinan contributes food parcels for Mandela Day

The Petra Board



Adonis Pouroulis
Non-Executive Chairman

Successful mining entrepreneur
Founded Petra Diamonds in 1997 and floated first diamond company on AIM
Along with fellow directors, built Petra into pan-African diamond group with over 5,000 employees
Instrumental in raising funds to help finance and structure early stage mining companies in Africa



Johan Dippenaar
CEO

One of South Africa's most successful diamond entrepreneurs with 25 years' experience
Founded diamond group in 1990 and grew portfolio to three producing mines before listing as Crown Diamonds on ASX
Merger with Petra in 2005 – now at helm of London's largest listed diamond company



Jim Davidson
Technical Director

Acknowledged world authority on kimberlite geology and exploration
+20 years' experience in diamond mine management
Formerly Head of Diamond Exploration for Rio Tinto across Southern Africa
As Technical Director of Crown Diamonds, managed specialist underground fissure mines over a decade



Tony Lowrie
Senior Independent Non-Executive Director

Over 35 years' association with the equities business and an experienced NED
Formerly Chairman of ABN AMRO Asia Securities & MD of ABN AMRO Bank. Has previously been a NED of Allied Gold Plc (prior to its merger with St Barbara Limited), Dragon Oil plc, Kenmare Resources, J. D. Wetherspoon plc and several quoted Asian closed end funds
Currently a Director of the Edinburgh Dragon Fund



Dr Patrick Bartlett
Independent Non-Executive Director

Acknowledged expert on kimberlite geology and design and geotechnical aspects of block caving
Formerly Chief Geologist for De Beers; responsible for all kimberlite mines in South Africa
In-depth knowledge of several Petra mines, having worked at Finsch, Koffiefontein, Kimberley Underground, plus was geologist at Cullinan between 1983 to 2003
Since retiring has been involved in block caving projects for BHP, Anglo and Rio Tinto



Gordon Hamilton
Independent Non-Executive Director

Extensive experience as a NED across wide range of businesses, both JSE and LSE listed; chairs Audit Committee for all these companies
Formerly a partner for +30 years at Deloitte & Touche LLP; primarily responsible for multinational and FTSE 100 listed company audits, mainly in mining, oil & gas, and aerospace and defence; headed up Deloitte South Africa desk in London
Served for 9 years as member of the UK Financial Reporting Review Panel



Octavia Matloa
Independent Non-Executive Director

A chartered accountant with broad business, financial and auditing experience
Member of the Audit Committee
Completed articles with PwC in South Africa in 2000 before joining the Department of Public Transport, Roads and Works, first as deputy chief financial officer, followed by chief director management accountant
An entrepreneur who has founded a number of businesses



Thank You

Further enquiries:

Investor Relations

investorrelations@petradimaonds.com

+44 20 7494 8203

www.petradiamonds.com

