



PetraDiamonds

Cullinan Site Visit

4 February 2017



Photo: Underground at Cullinan: Silo no.2 C-cut project

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Cullinan Site Visit Itinerary

- 08:00 Pick up from Sandton, Johannesburg
- 08:15 Pick up from OR Tambo
- 09:30 Arrive Cullinan Diamond Mine
- 09:45 Overview on Petra, Cullinan & Safety briefing
- 11:00 Underground visit
- 13:00 New plant visit
- 14:10 Changehouse
- 14:30 Lunch with management, Q&A, diamond viewing
- 16:00 Mine visit ends
- 17:30 Arrive OR Tambo airport
- 17:30 Arrive Sandton, Johannesburg



138.57 ct Cullinan white, sold for US\$6.5 million FY 2017



121.26 ct Cullinan white sold for \$6 million in June 2016



About Petra



Discover Petra...

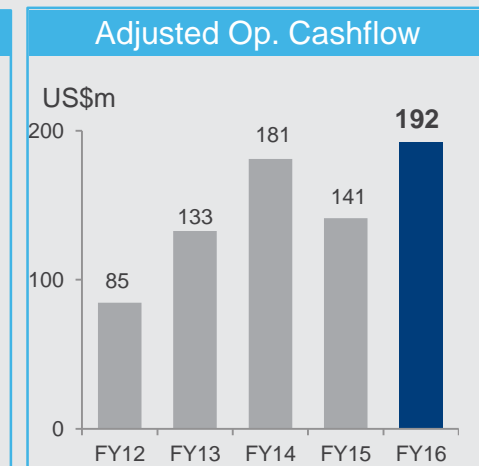
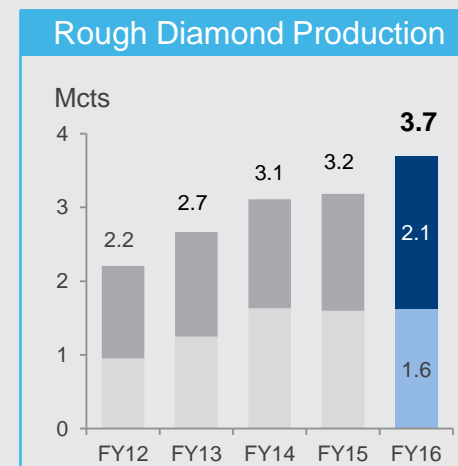
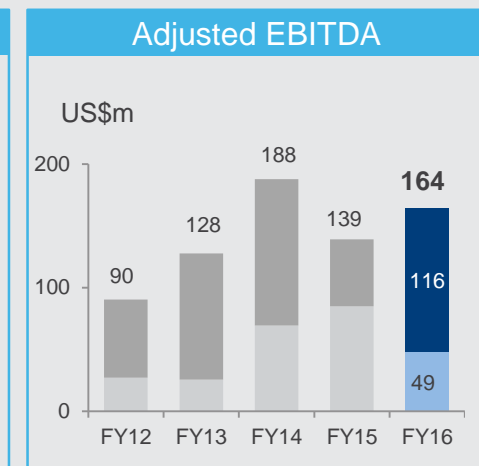
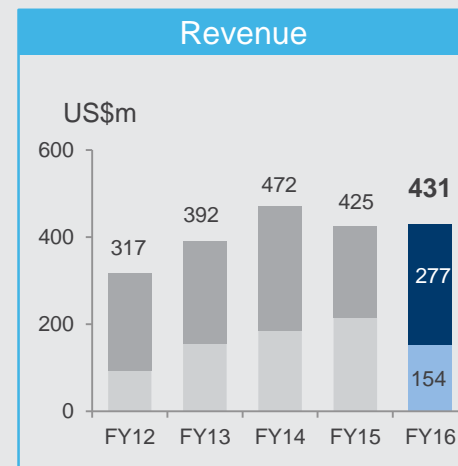
...a leading independent diamond miner with a diversified portfolio and high quality team

Petra expansion plans expected to:

- Improve grades
- Improve product mix
- Improve operating costs

Leading to:

- Significantly higher operating margins
- Production growth to ca. 5.3 Mcts by FY 2019

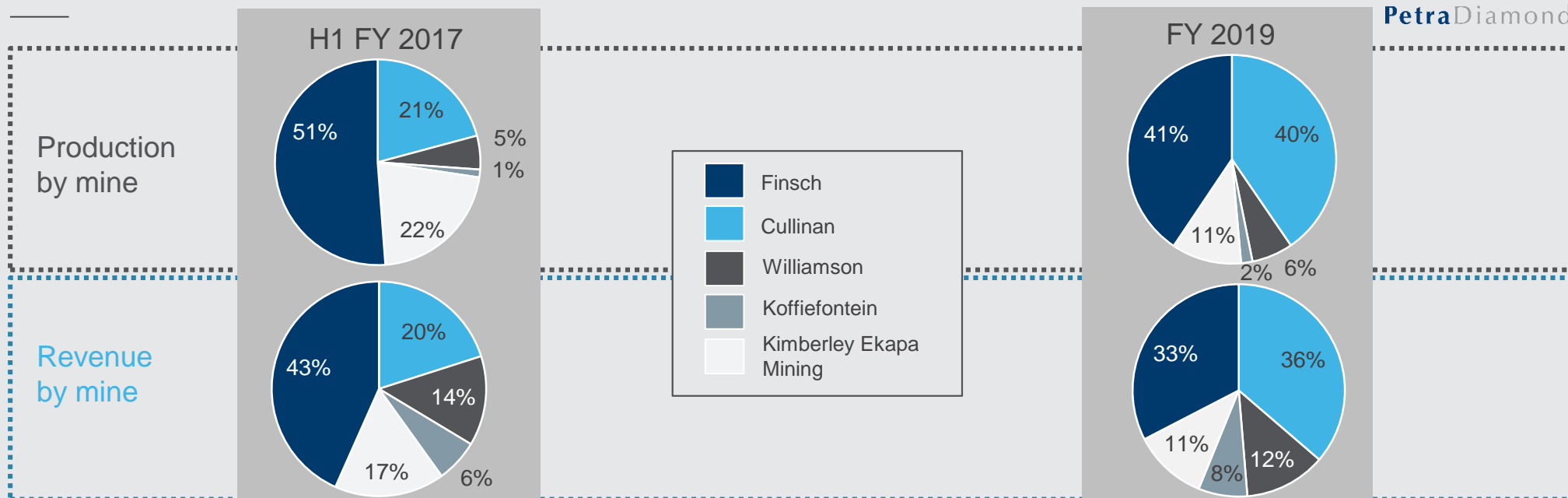


LSE: PDL; market capitalisation of ca. £810m / US\$1,000m (as at 1 February 2017)

H1 FY 2017 – driving forward to FY 2019

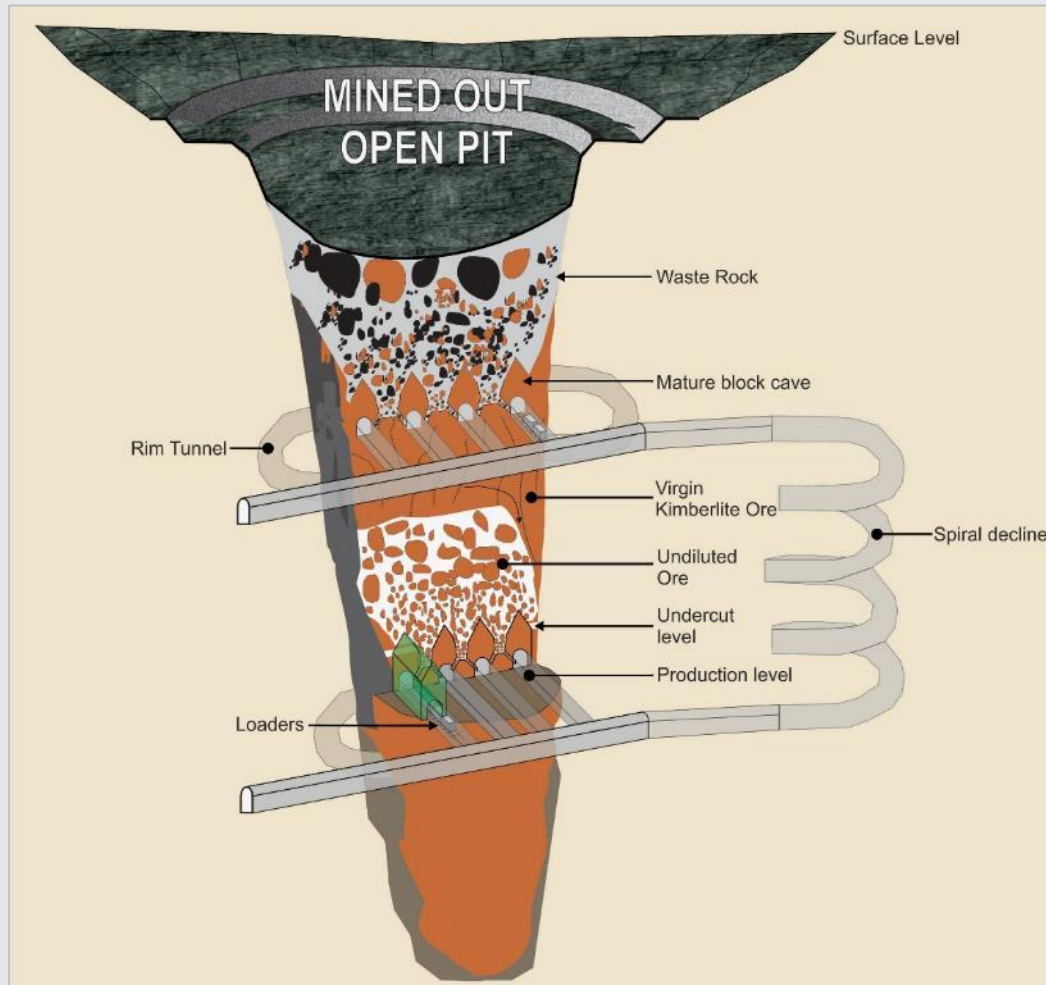


PetraDiamonds



	Unit	H1 FY 2017	H1 FY 2016	Variance	FY 2016 ¹
SALES					
Revenue	US\$m	228.5	154.0	+48%	430.9
Diamonds sold	Carats	1,910,113	1,303,051	+47%	3,448,084
PRODUCTION					
Total tonnes treated	Mt	9.9	7.7	+29%	19.0
ROM diamonds	Carats	1,331,615	1,243,706	+7%	2,582,135
Tailings & other ¹ diamonds	Carats	683,472	385,697	+77%	1,119,270
Total diamonds	Carats	2,015,087	1,629,403	+24%	3,701,405
CAPEX					
Total Capex	US\$m	157.2	151.3	+4%	322.3

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:

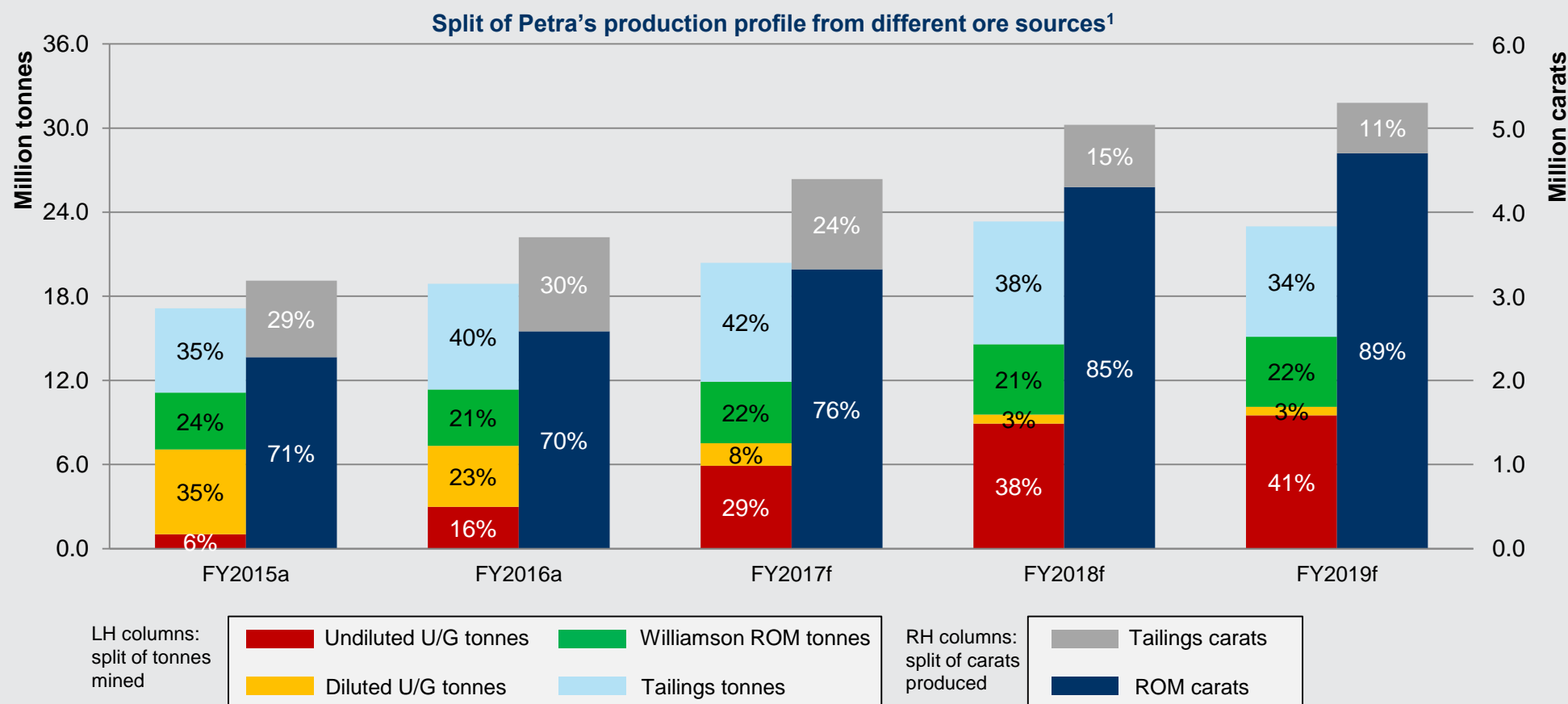
Cullinan +79%: ca. 28 cpht to ca. 50 cpht¹
- Will reduce wear and tear on processing systems (waste rock is harder and more abrasive than kimberlite)

¹ Management expectations

Growth and Margin Expansion

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

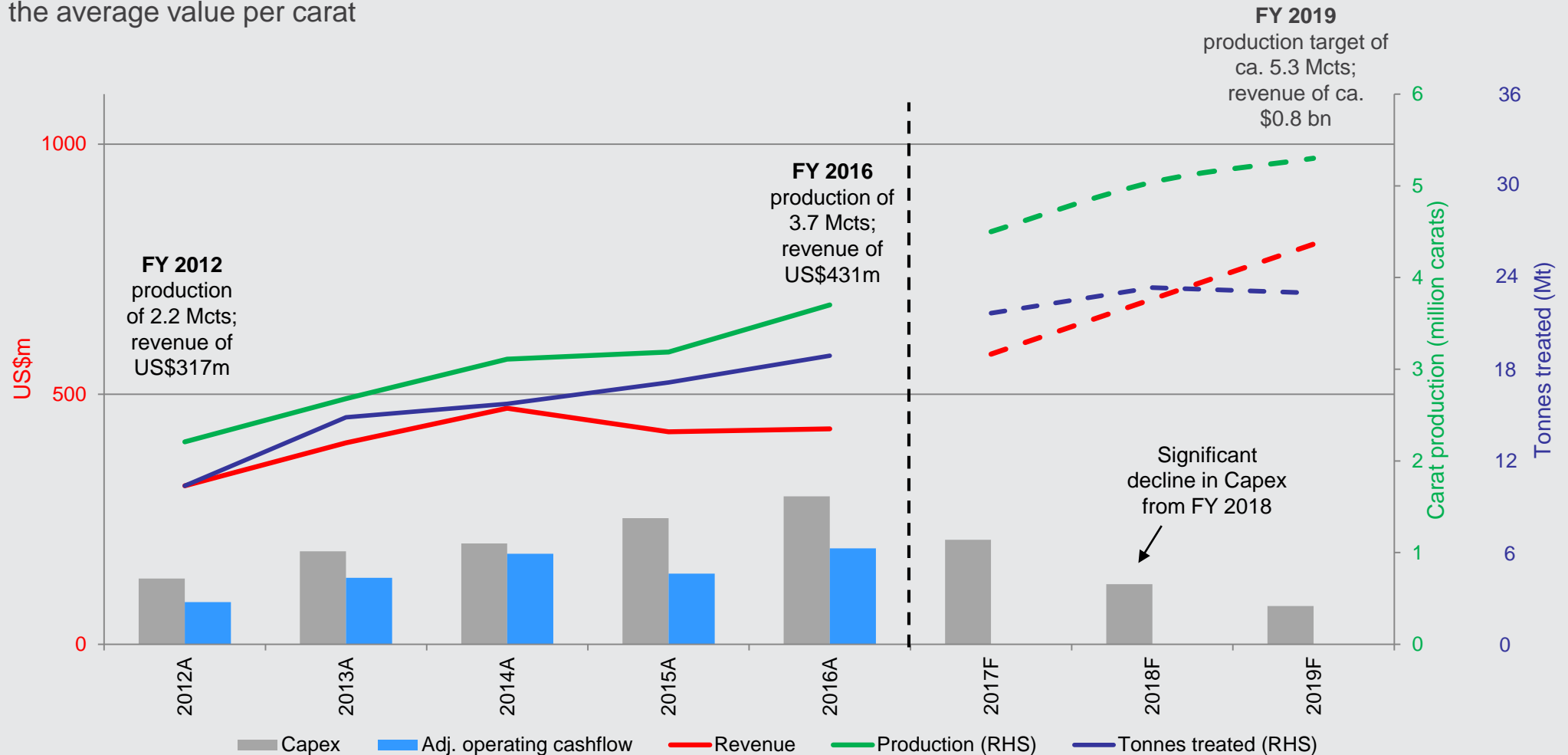
- Increase in ROM grades and increase in tonnage throughput (mainly due to Kimberley Mines transaction) to lead to ca. 43% growth in production
- Lower value tailings carat production to reduce from 30% in FY 2016 to 11% of carat production by FY 2019



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



Cullinan Overview



Cullinan Diamond Mine (“CDM”) Overview



1902	1903	1905	1930	1932	1945	1997	2008	2009
Cullinan kimberlite pipe originally discovered by Sir Thomas Cullinan	Open pit mining commenced at 'Premier Mine' in 1903 - at time of WW1 14,000 employed at mine	Recovery of the 3,106 carat Cullinan diamond – the world's largest gem diamond	De Beers acquired controlling interest in Premier	Mine closed due to depression and lack of market for luxury goods	Mine reopened and pit dewatered for development of underground mine	Premier (Transvaal) Diamond Company amalgamated into DBCM	Mine acquired by Petra Consortium acquisition cost of R1bn – Petra had initial 37% interest	Petra increased its interest to 74% by buying out Al Rajhi's interest

- Source of the Cullinan, the largest gem diamond ever recovered (3,106 carats)
- Produced a quarter of all the world's diamonds of +400 cts; 140 stones of +200 cts; >800 stones of +100 cts
- World's most important source of truly rare and highly prized blue diamonds
- One of the largest diamond resources by in-situ value – 194.17 Mcts valued at \$24 billion¹
- FY 2016 production of 0.7 Mcts and revenue of \$83.3 million
- C-Cut Phase 1 expansion plan to increase production to 2.2 Mctpa by FY 2019 (ca. 2Mcts ROM, ca. 0.2Mcts tailings)
- Cullinan plays a very important role in its local community and is dedicated to maintaining high ESG standards

1. Based on the average value per carat achieved in FY 2016

Iconic Diamonds of Cullinan



PetraDiamonds

- Petra's Exceptional Diamonds (+\$5 million stones) contributed on average \$23 million p.a. from FY 2009 to FY 2016
- A 121 carat white diamond, recovered at Cullinan in June 2016, was sold for US\$6 million in July
- A 138.57 carat white stone from Cullinan sold for US\$6.5 million in the first tender of FY 2017

Historic Recoveries pre-Petra



The Cullinan
3,106 ct rough
Largest gem diamond
ever discovered
Source of the diamonds in
the British Crown Jewels
1905



The Golden Jubilee
755.5 ct rough
545.6 ct polished
The largest cut diamond in the
world
1986



The Centenary
599.1 ct rough
273.8 ct polished
Cut into a modified heart-
shaped design, "fit for the
turban of a Sultan or Maharaja"
1986



The Taylor Burton
240.8 ct rough
69.4 ct polished
Gifted to Elizabeth Taylor by
Richard Burton
1966

Recoveries by Petra



The Cullinan Heritage
507.55 ct rough
104 ct polished, plus 23
auxiliary stones
Sold for **\$35.3m**, word record
for rough stone
2009



The Cullinan Dream
122.5 ct rough
sold **\$23.5m**
Petra retains 15% share in
polished
2014



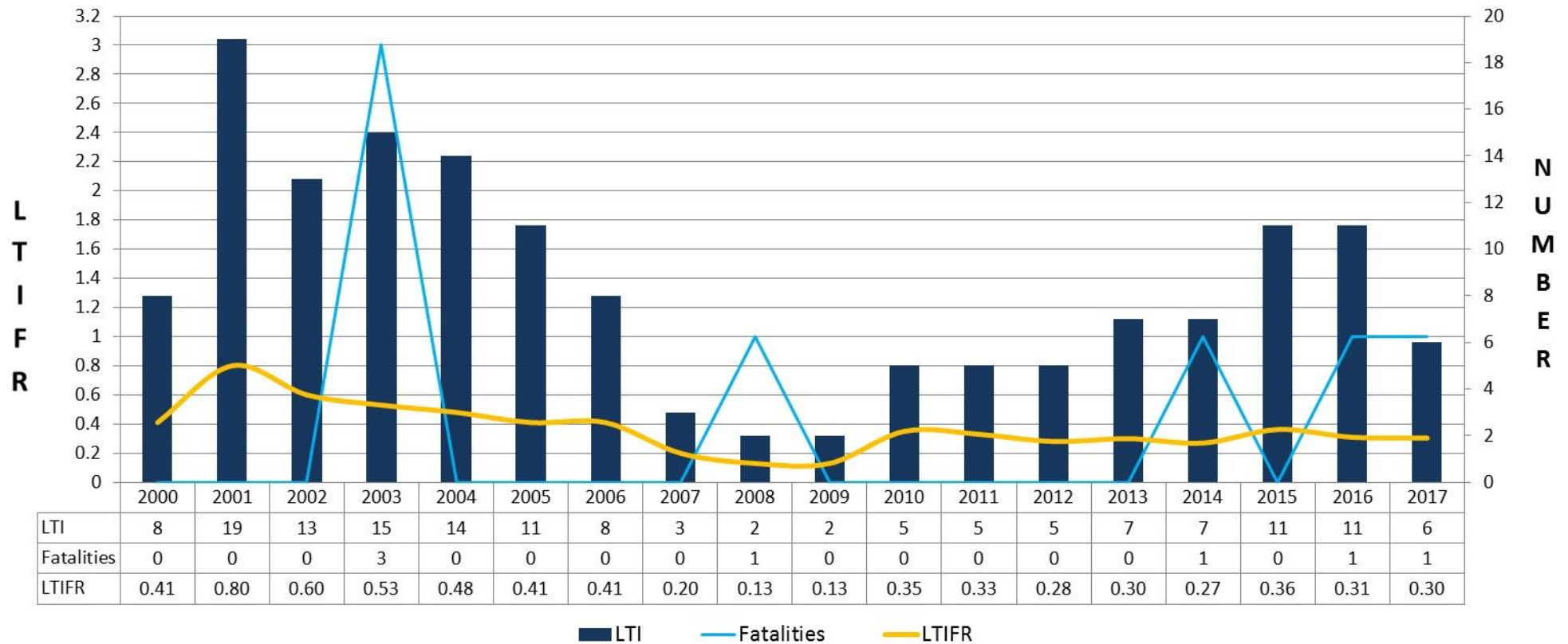
The Blue Moon of Josephine
29.6 ct rough
12.0ct polished
Rough sold for **\$25.5m**, and
polished for a record **\$48.5m**
2015



The Star of Josephine
26.6 ct rough,
7.0ct polished
sold for **\$9.5m**
2009

Safety Performance

LTI & LTIFR COMPARISON



Highest LTIFR/nr = 2001: 0.80 / (19)

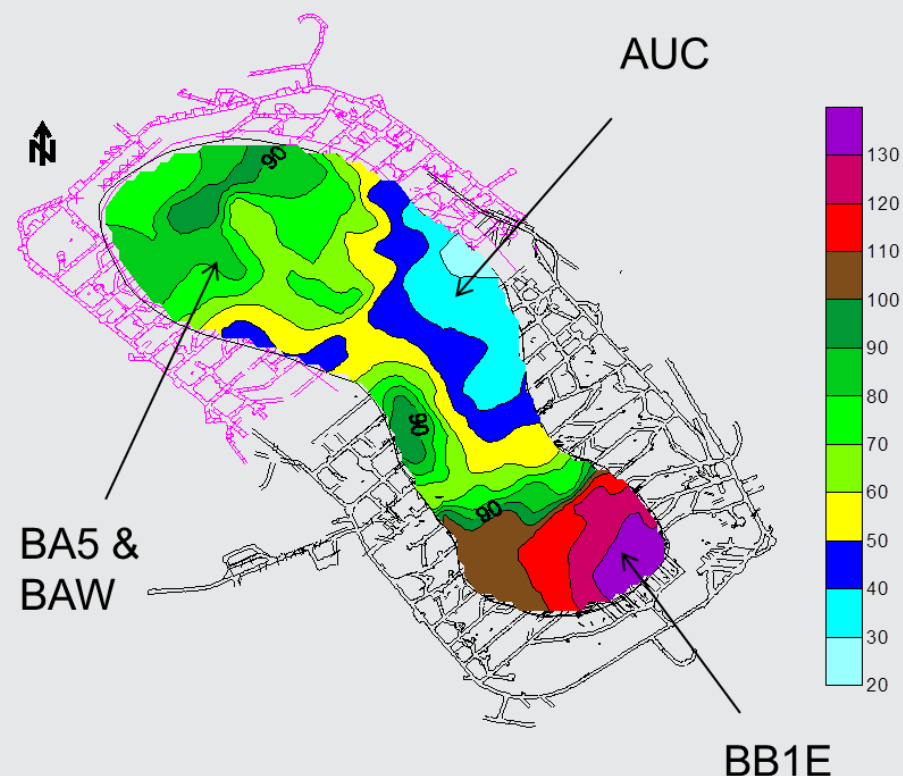
Lowest LTIFR/nr = 2008&9: 0.13 (2)

2001 = Previous time that development was done U/G
2010 – current = Increase in activities, employees and projects both underground and surface plant

*LTIFR = Nr of lost time injuries x 200,000 hrs / hrs worked

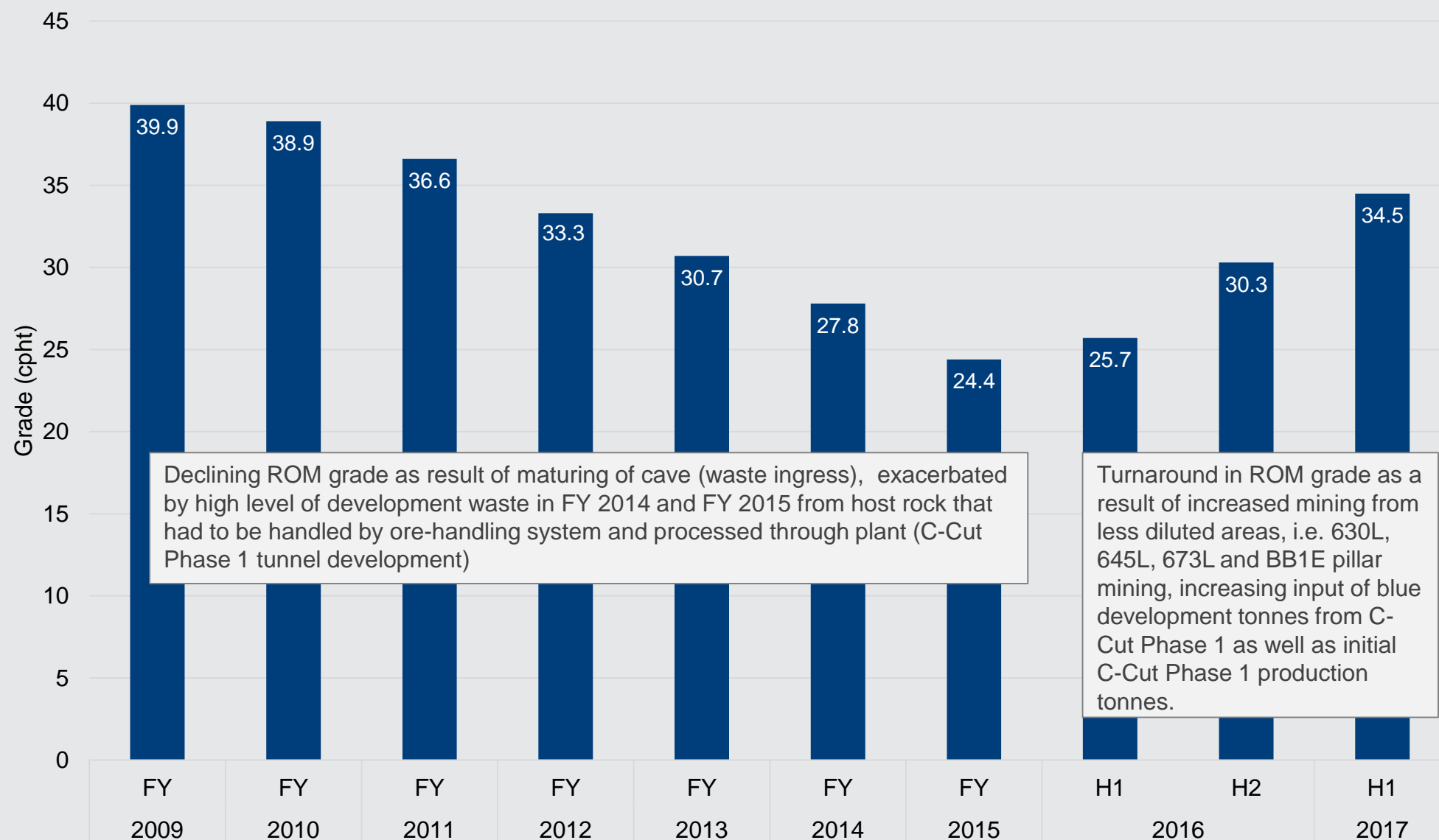
Major Diamond Resources

Category	Gross (June 2016)		
	Tonnes (millions)	Grade (cpht)	Contained Diamonds (Mcts)
Reserves			
Proved	-	-	-
Probable	47.8	45.1	21.6
Sub-total	47.8	45.1	21.6
Resources			
Measured	-	-	-
Indicated	251.5	70.3	176.9
Inferred	171.2	10.1	17.3
Sub-total	422.7	45.9	194.2



- Resource bottom cut-off: 1.0mm.
- Reserve bottom cut off: 1.15mm.
- B-Cut resource tonnes and grade are based on block cave depletion modelling and include external waste.
- C-Cut Resource stated as in-situ.
- Factorised Reserve grades and carats are derived from a Plant Recovery Factor ("PRF") per geological facies. The PRF for the new plant (currently under construction) accounts for the efficiency of sieving (bottom cut-off), diamond liberation, concentration and recovery in the ore treatment process. Historic liberation factors are applied to the current plant (Brown Kimberlite = 75.8%, Grey Kimberlite = 71.4%, Hypabyssal Kimberlite = 71.8%).
- All Mineral Reserves are according to PCBC scheduling of block caves and Mine2-4D scheduling of development and pillar mining.

ROM Grade Improvement



Cullinan – Progress and the Road Ahead

Development programme	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015		FY 2016		FY 2017		FY 2018		FY 2019	
					H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Development of Declines & Access Tunnels														
Blasting of Under Cut at 824L														
New Production levels at 839L														
Development of Shaft #1 to 943L														
Production from C-Cut Phase 1														
Development of ore-handling system at 895L														
Steady state ROM production of 4 Mtpa														
New Cullinan Plant to be operational														
Guidance on plans post FY 2019														



Mining Overview



Cullinan – High Level Development Programme

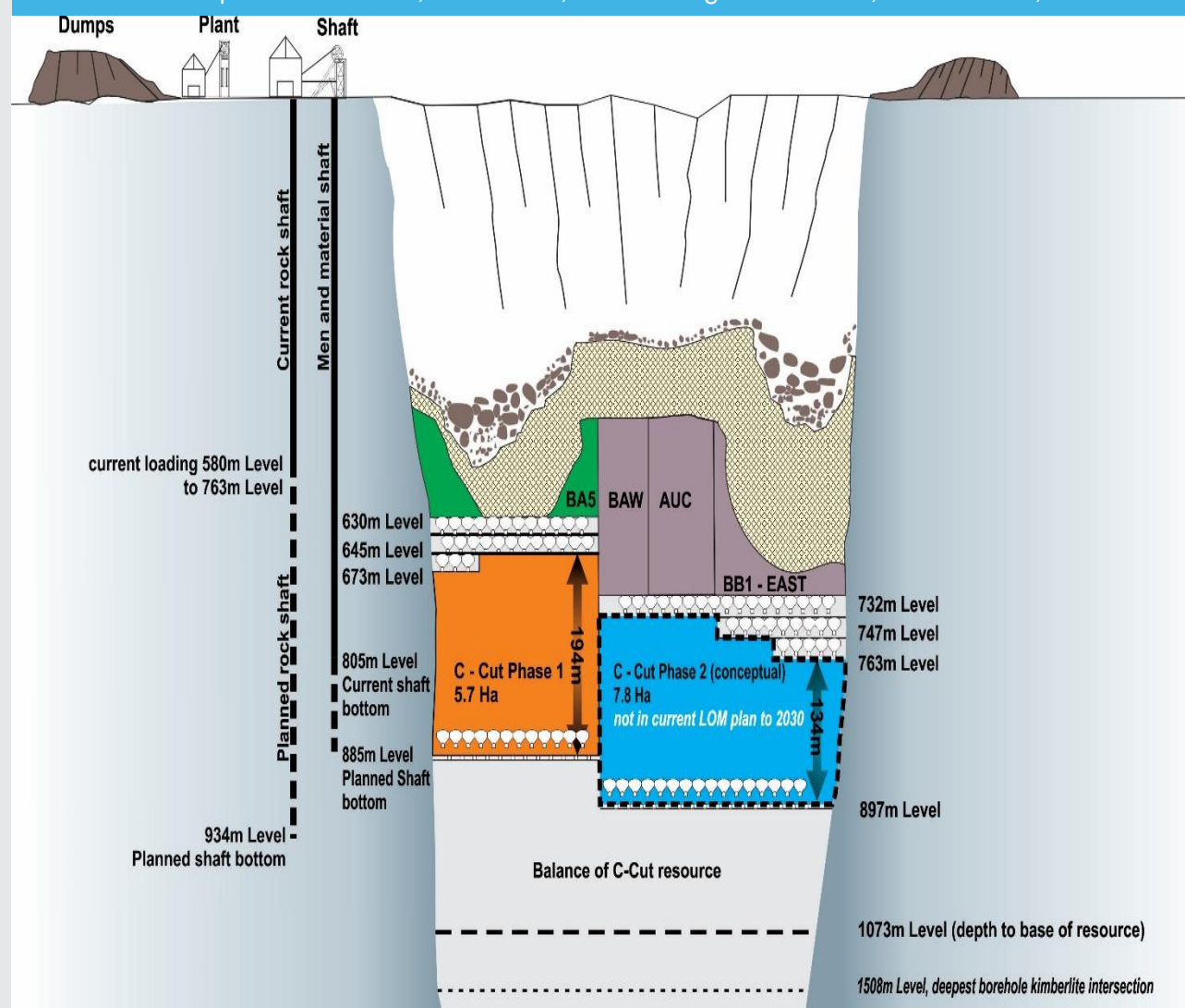
Expansion Plan

- **Expansion plan to take production to ca. 2.2 Mcts by FY 2019 (2.0 ROM & 0.2 tailings)**
- C-Cut Phase 1: new block cave being established on the western side of the orebody
- Development work transitioning from waste tunnelling in host rock to kimberlite
- First rings in the undercut blasted – **June 2015**

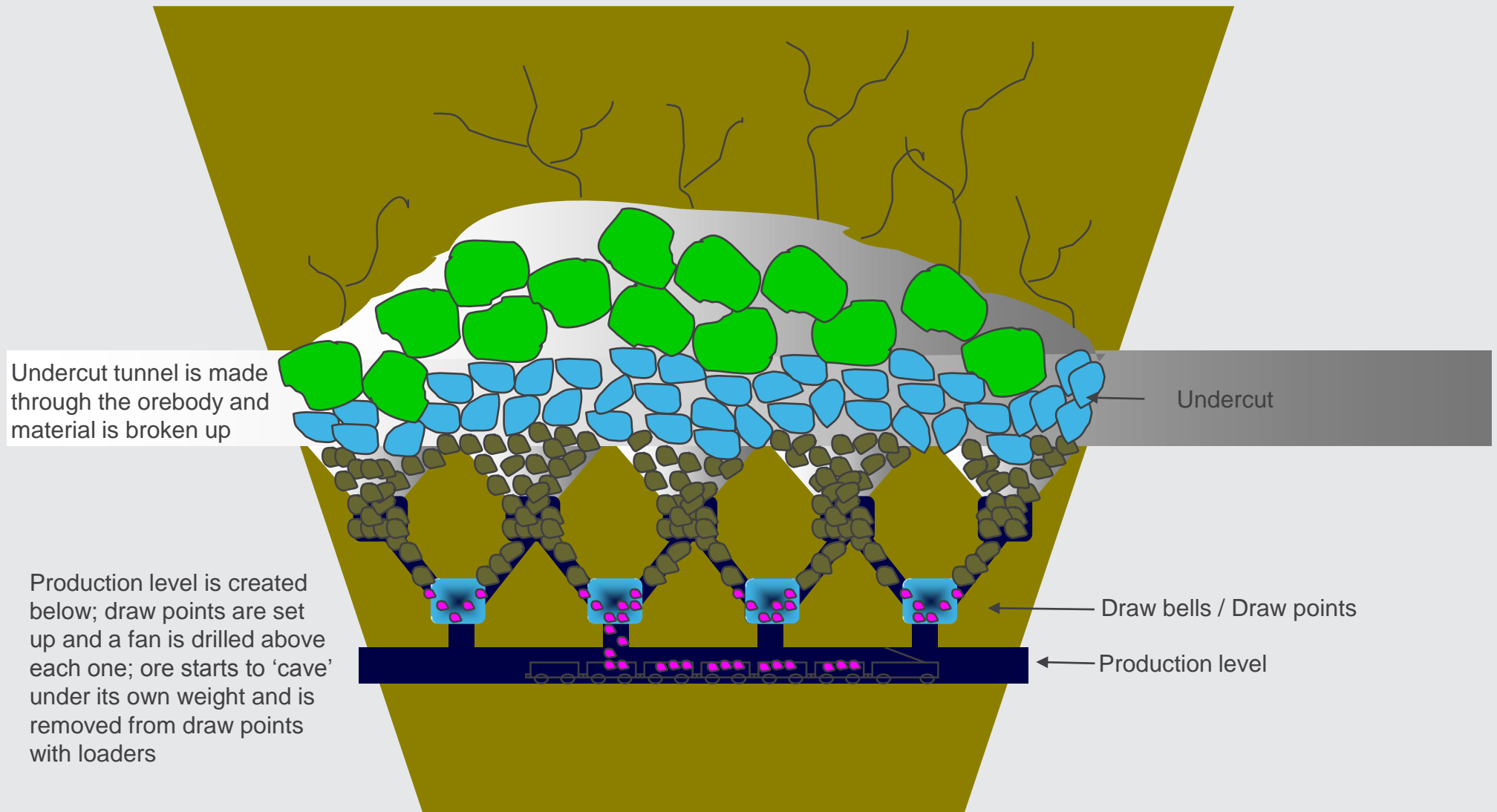
Key Future Milestones

- New production levels established at 839m and shaft to 930m commissioned – **FY 2016**
- 880m ore-handling system, allowing for future ramp-ups to utilise full C-Cut footprint – **FY 2016**
- Initial production from new C-Cut cave – **H2 FY 2016**
- Ore shaft completed and commissioned – **H1 FY 2017**
- New Cullinan plant operational – **end FY 2017**
- Steady state ROM production (4Mtpa) – **FY 2019**

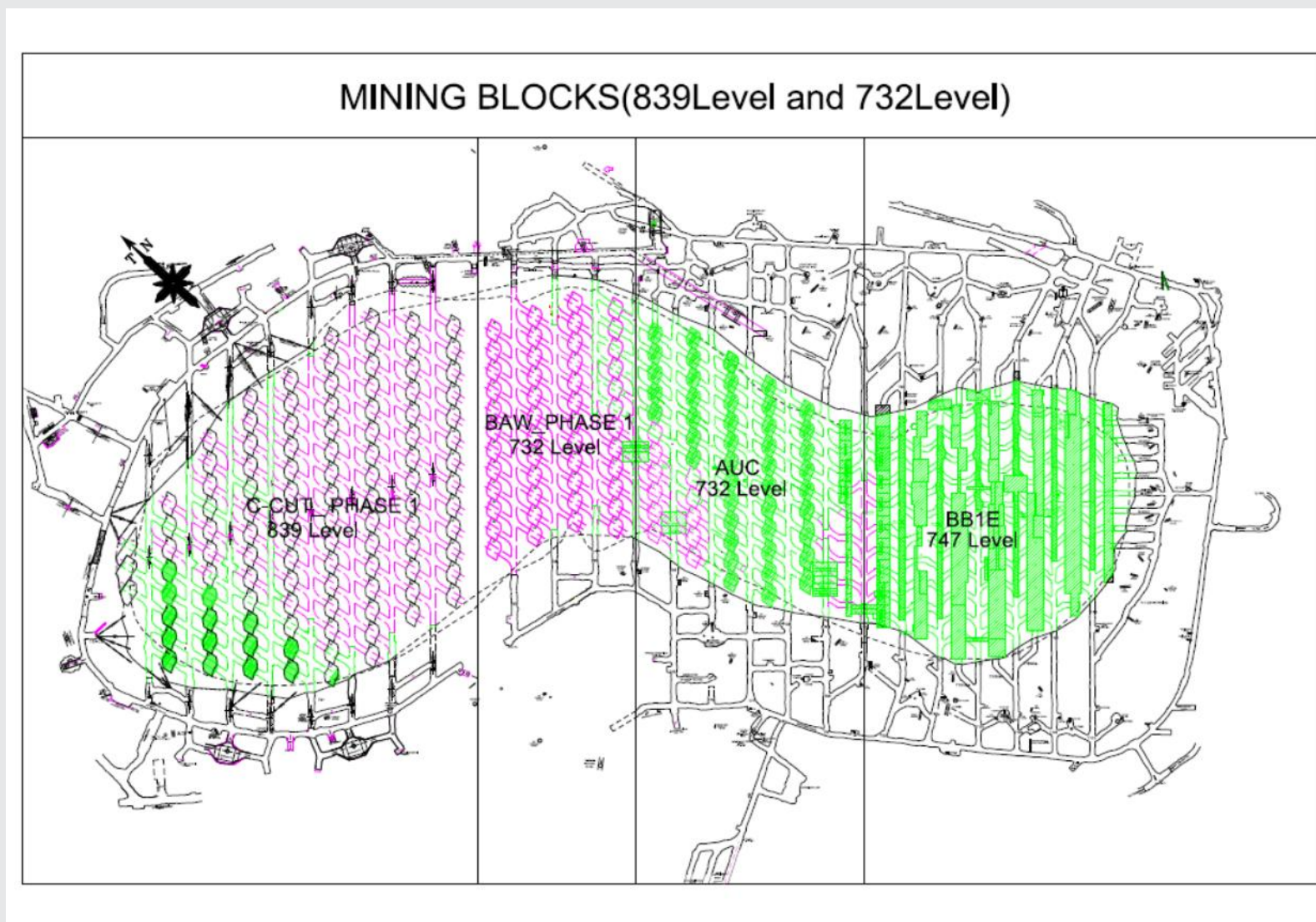
FY 2016 Development: Waste: 1,911 metres; Raiseboring: 838 metres; Kimberlite: 2,837 metres



Block Caving Schematic



Plan View of Cullinan Mining Areas



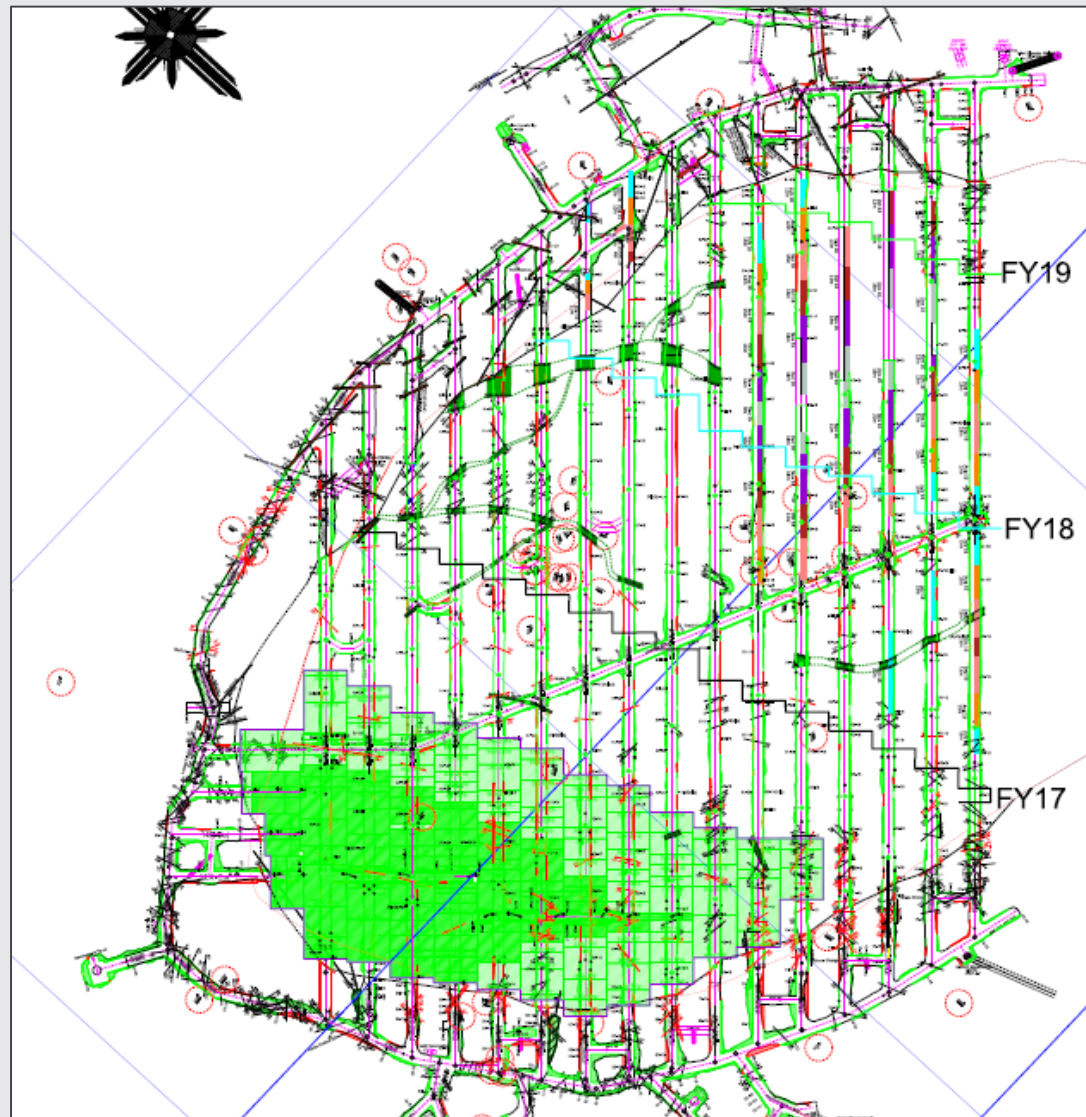


C-Cut Phase 1

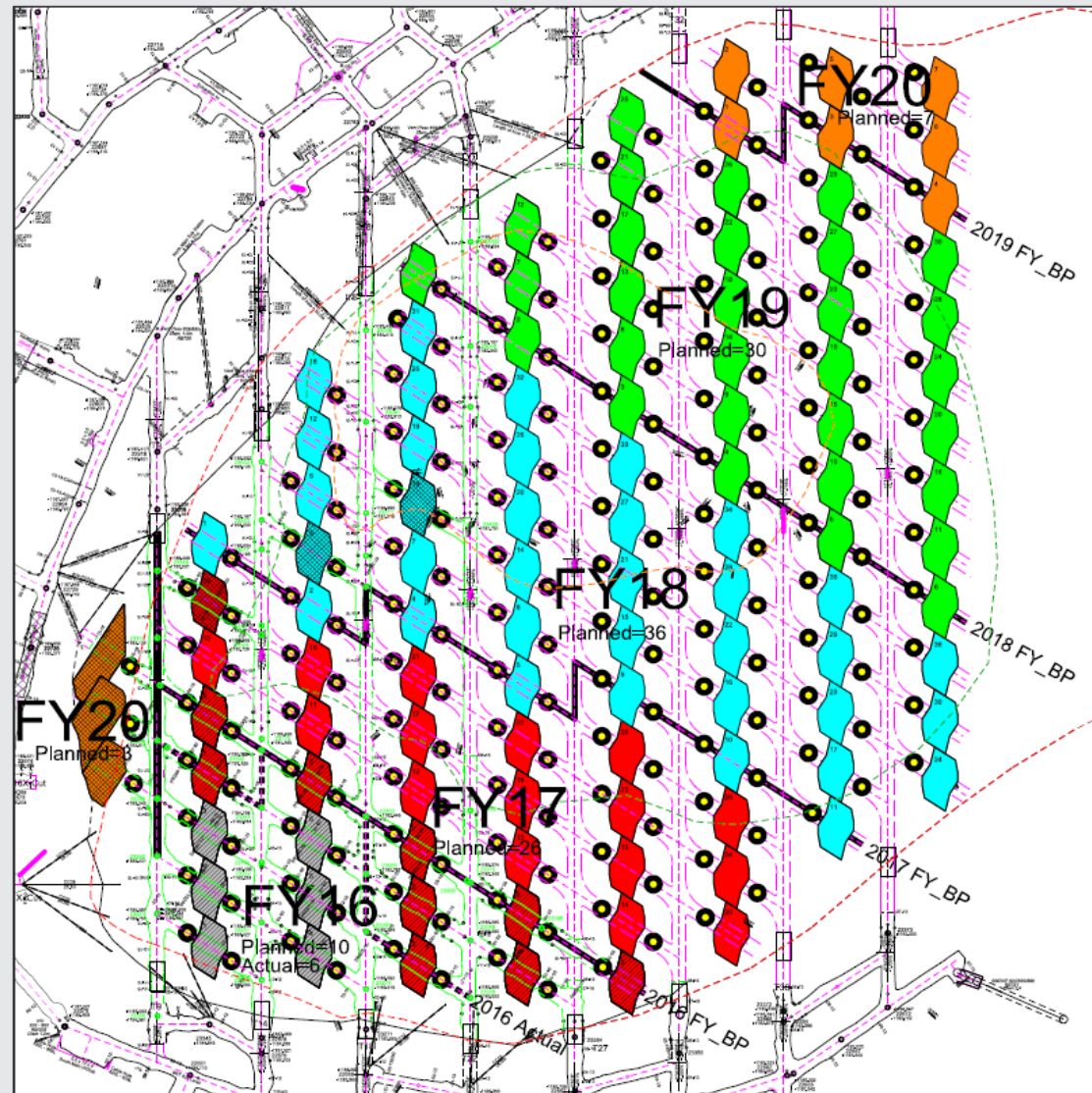
Expansion Programme



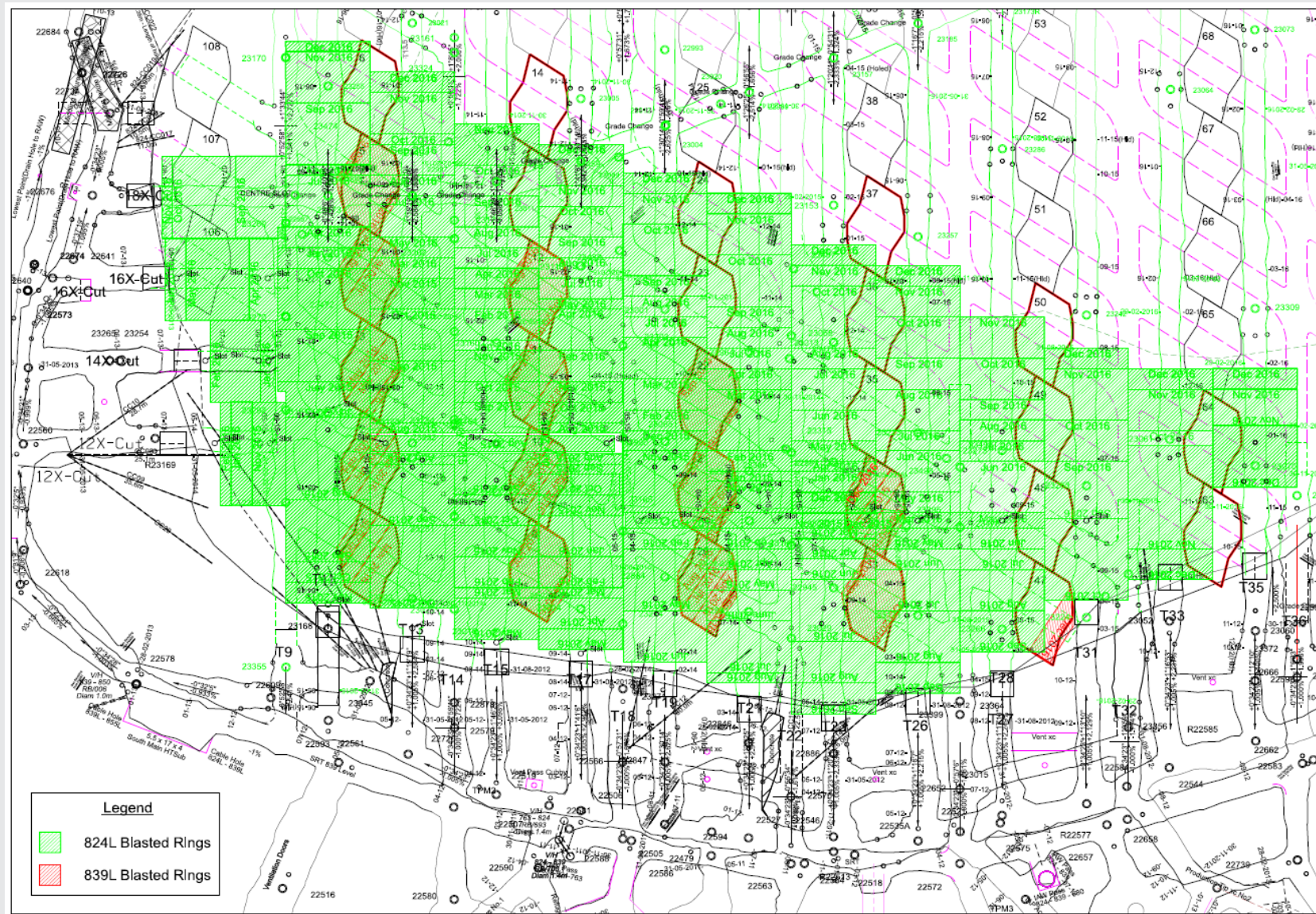
C-Cut Under Cut Level



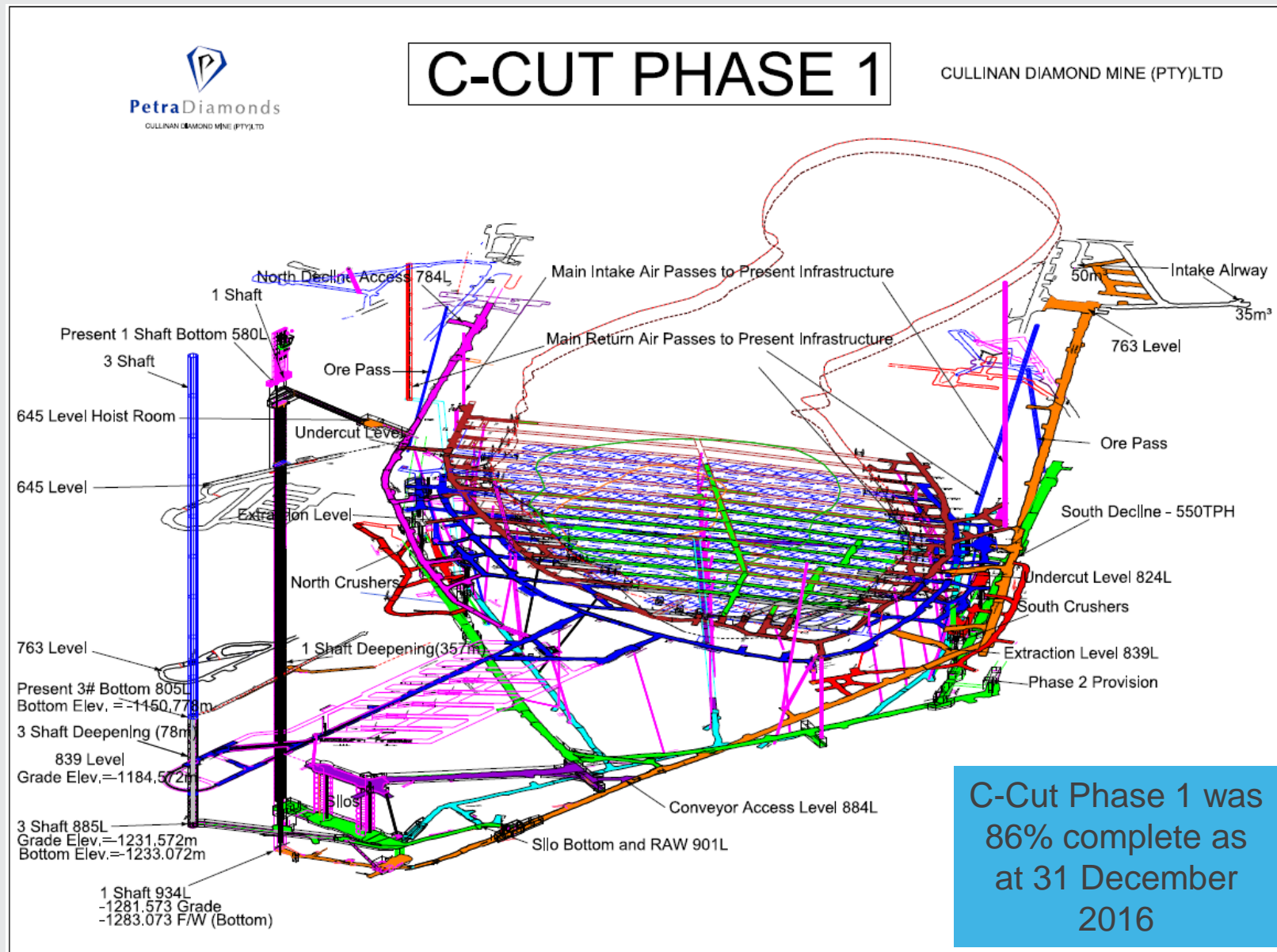
C-Cut Production Level



C-Cut Under Cut and Extraction Overlay (Dec'16)



C-Cut Phase 1



Cullinan Development Snapshot



Rock breaker south extraction



Long hole drilling draw point



North production conveyor 2



Conveyor Planning



Crusher installation



Silo loading Box



New Plant



New Plant – Significantly Reduced Footprint

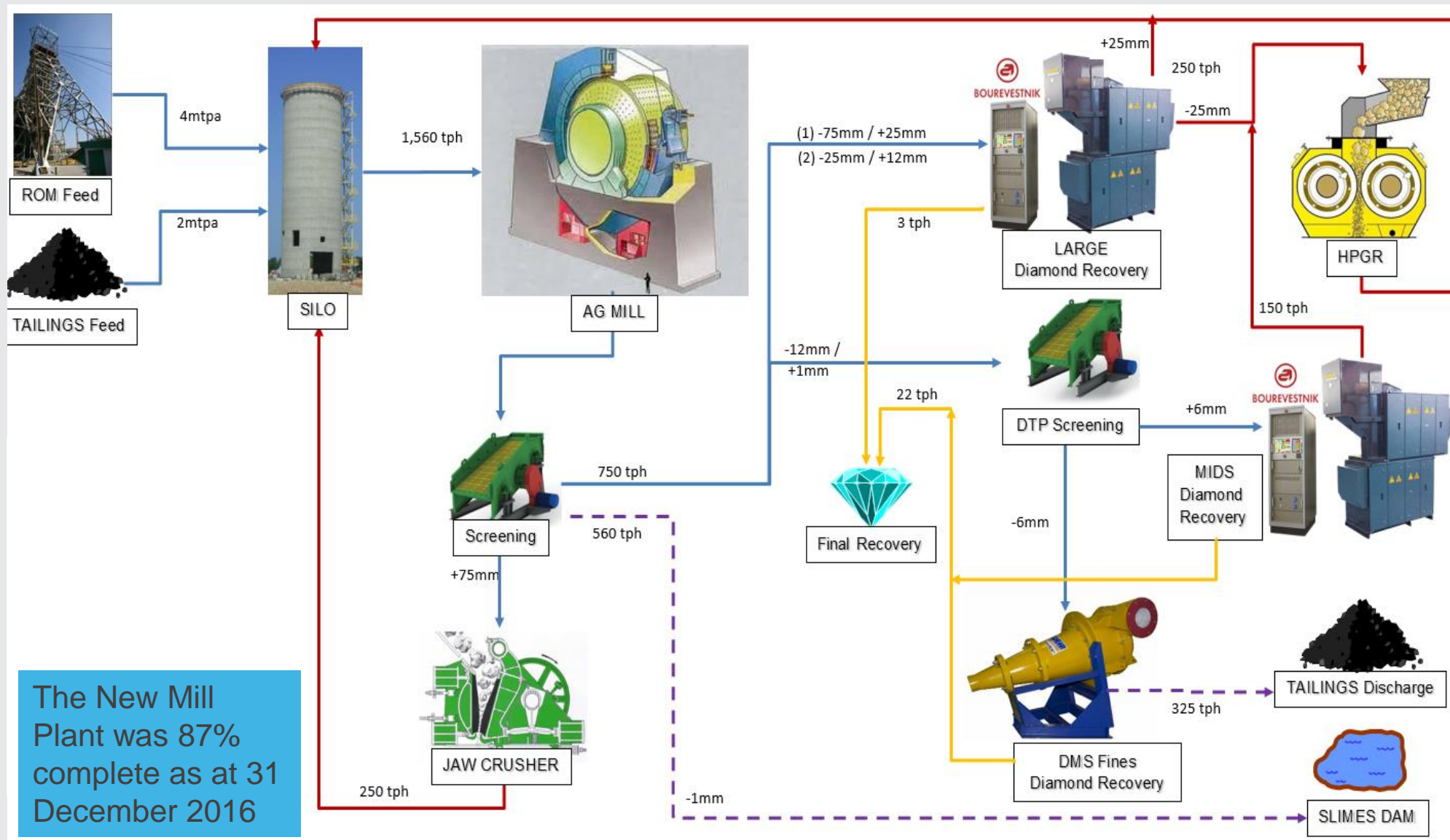
COMPARISON – CURRENT vs AG MILLING PLANT		
	Current Plants (Main, DTP & OSP)	New AG Milling Plant
Throughput p.a.	2.8 Mt ROM 2.5 Mt Tailings	6.0Mt ROM capacity Initial feed: 4.0 Mt ROM 2.3 – 2.5 Mt Tailings
Total footprint	ca. 27 ha	ca. 4 ha
MAJOR EQUIPMENT INSTALLATIONS		
Conveyors	151 belts (15 km)	22 belts (3 km)
Conveyor transfer points	179	32
Screens	88	22
Pumps	121	7
Crushers	18	4 (excl 2 mills)
Feeders	21	14
Substations	17	3
Electrical motors	589	84
IMPROVED ELECTRICITY EFFICIENCY		
Power consumption	22.5 MW	25.0 MW
Power consumption per tonne	4.7	4.2 (12% improvement)



Google Earth image of current plant, commissioned in 1947

IMPROVED WATER CONSUMPTION		
Consumption	Current Plants	New AG Milling Plant
m ³ per tonne	3.5	1.2 (66% improvement)

New Plant – Simplified Process Flow Diagram



The New Mill Plant was 87% complete as at 31 December 2016

New Plant Construction Snapshot



Mill 1 Feed – Fully Autogenous Milling, inter-particle grinding



HPGR motor side, Inter-particle crushing,



XRL BV X-Ray Machine, X-Ray Luminescence. 12-25mm & 25-75mm



Mill 1 Discharge, Split 75-150, 12-75, 1-12mm



DTP BV X-Ray Machine, 6mm to 12mm .
DMS 1-6mm



7 Dam Pumps, simplified pumping

New Plant Construction Snapshot



Run of Mine Silo & Recycle Silo



Main Sub Station



Recovery & HPGR & XRL Buildings



Mill plant, mill basis and DMS feed area



Jaw Crusher installation



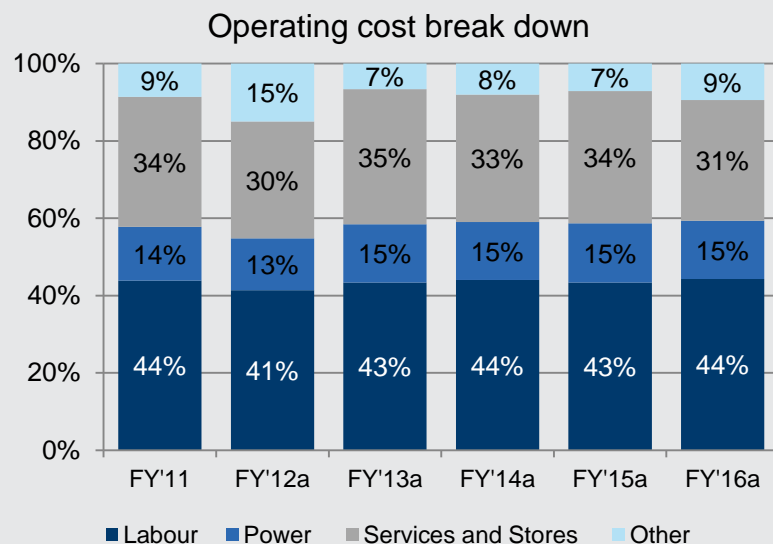
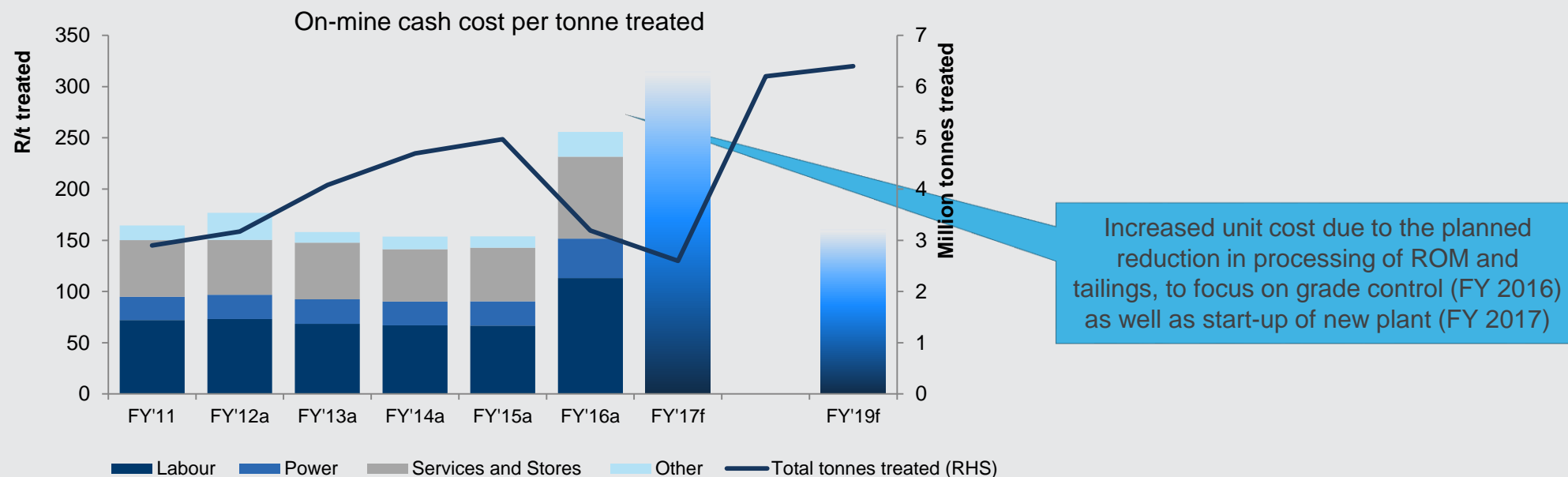
110 & 210 conveyor to mill



Costs & Capex

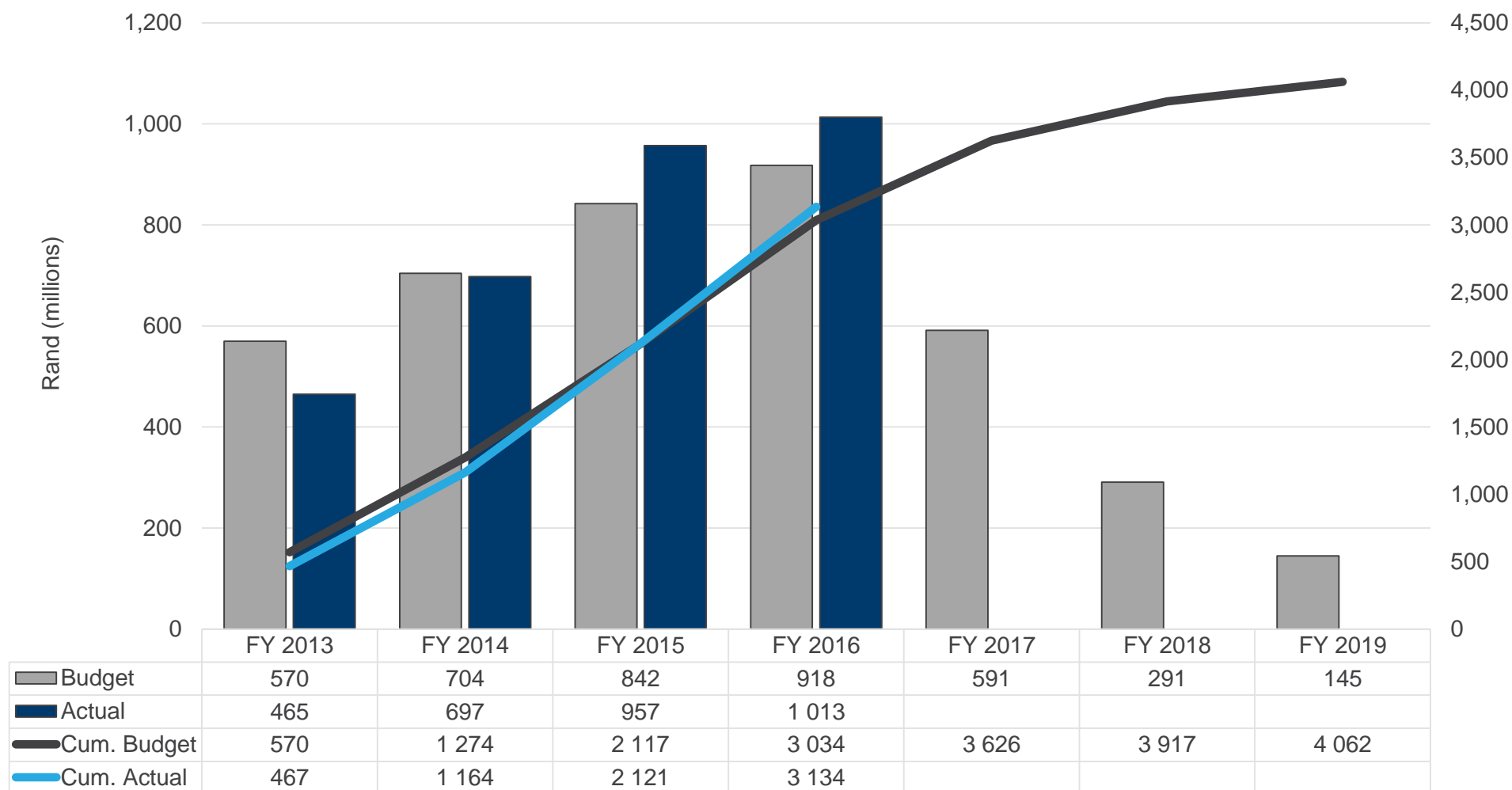


Operating Cost History and Make-up



- Risk of rising electricity costs managed through efficient design of new infrastructure
- Maintenance and management of new and old infrastructure
- New designs cater for high degree of automation
- Advancement of a Group procurement strategy to yield benefits related to economies of scale

C-Cut – Phase 1 Project: Actual Expenditure compared to Budget



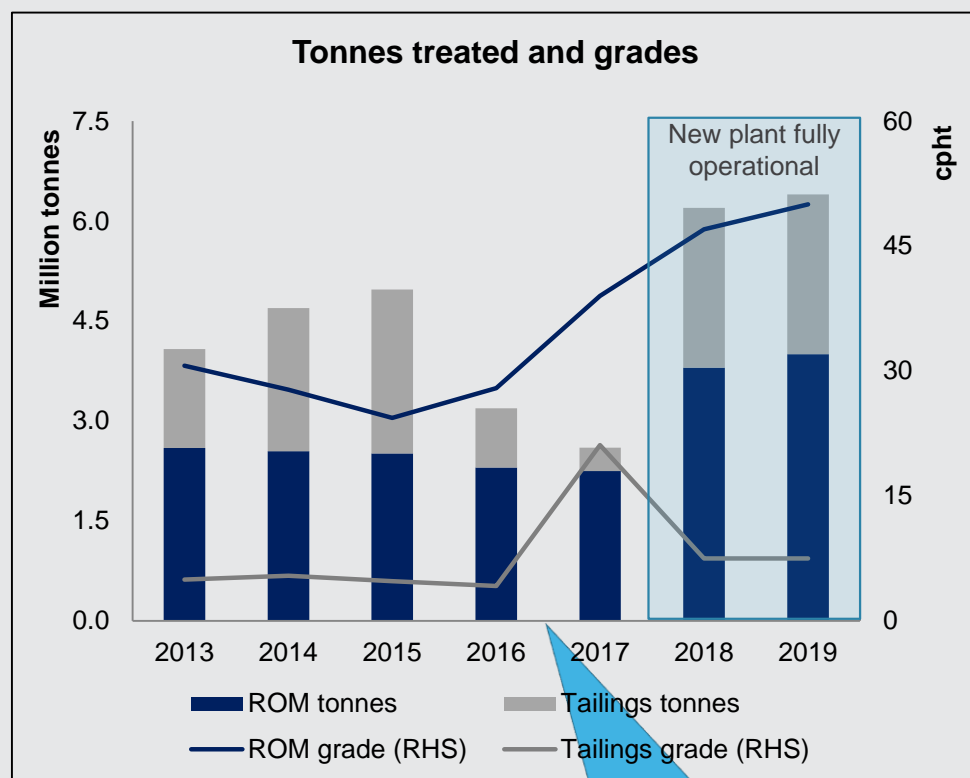


Outlook

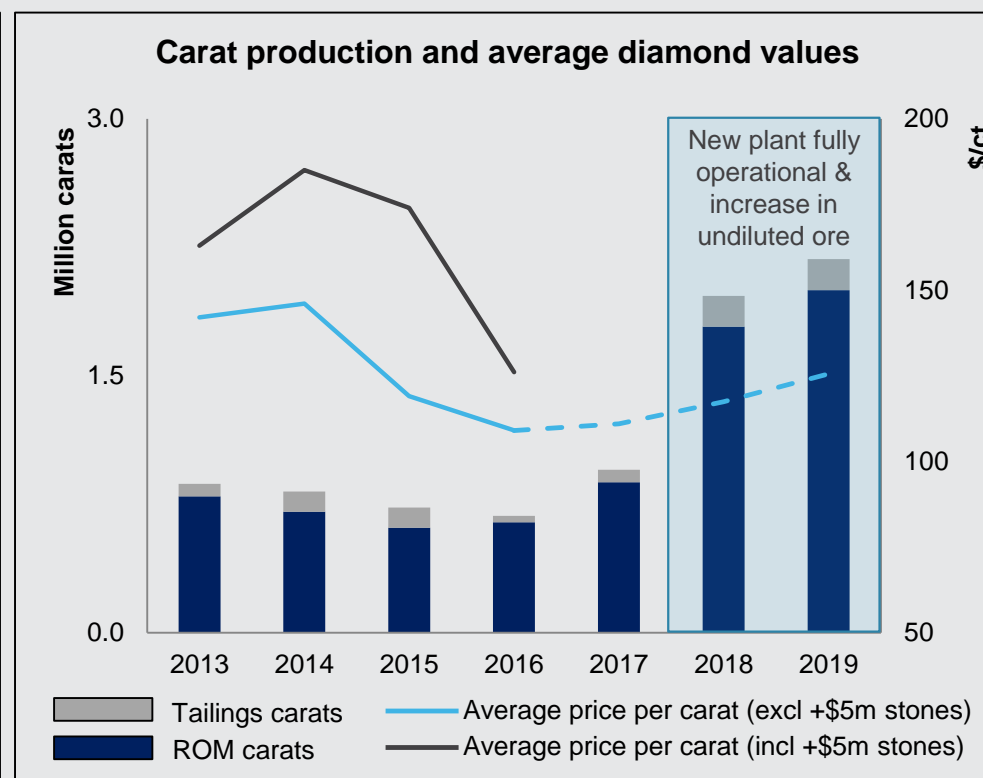


Cullinan – Production Plan

- ROM tonnages to rise 60%, but ROM carat production expected to rise +200%, due to increase in grade as result of mining undiluted C-Cut tonnes



FY 2016 / 2017 are outside of steady state due to transitional period and tonnes being processed through old Cullinan plant



- Forecasts for average value per carat calculated using FY 2017 guided prices, and 4% annual real price increase

Cullinan Outlook



- **Improving grades** – grade to rise gradually from ca. 35 cpht to +50 cpht by FY 2019
- **Improving product mix** – due to production from undiluted areas and higher proportion of ROM vs tailings
- **Improving recoveries** – new plant to optimise recoveries from Cullinan
- **Improving mining costs** – Focus on increasing efficiencies and major simplification of ore-handling system
- **Very robust economics** – positive cashflow even at depth of downturn
- **Longevity** – current 12 year C-Cut mine plan will only exploit 15% of the total declared resource
- **Spectacular diamonds** – Cullinan will continue to produce iconic diamonds

Putting in place a sustainable future for Cullinan and its local communities



CSR



Safety, Health & Employee Wellbeing



- OHSAS 18001:2007 certified
- Continued focus on safety
 - Fatality sustained during H1 FY2017
 - Time out sessions to enhance safety culture
 - Formalized VFL system
 - Focused audits
- Communication
 - Monthly HSE topics distributed, H&S meetings
- Employee Wellness
 - Well entrenched medical surveillance programme
 - Health awareness campaigns held on specific topics on quarterly basis i.e. HIV/Aids, TB, Flu, Blood Drive
 - 839 employees tested during December 2016 HIV/Aids campaign
 - Health work site visits completed on ad-hoc basis to raise awareness
 - Health work site biological sampling conducted
 - Chronic disease management programme in place, employees notified via bulk SMS system



Cullinan achieve 500,000 LTFL shifts at Cullinan



Cullinan commemorated World AIDS Day 1 December 2016

Environmental Management



- **ISO 14001 certified**; recertification in 2015
- **Incidents Management**
 - No major environmental incidents reported
 - No external community complaint received in FY 2017
- **EMP**
 - Environmental Management Programme (EMP) approved in 2012
- **Water Use License**
 - Currently operating with the valid existing lawful use permit
 - Applied for a Return Water Dam Water use License in 2016; awaiting approval from the Department
- **Environmental Initiatives**
 - Cost saving project to reduce usage, reuse of some equipment and maximizing recycling
 - Engagement with authorities and governmental officials in managing the water hyacinth in Wilge Dam
- **Awareness**
 - Environmental awareness topics communicated and distributed
 - Community awareness during mine Open Days and promoted during annual career day
- **Achievements**
 - Acquired closure letter for the old Cullinan Landfill Site reducing closure cost liability

Training and Development



- **Key area of focus** – US\$5.8m invested throughout the Group in FY 2016
- **Leadership Development Programme** – helps Petra identify and develop future leaders within the organisation:
 - 61 employees participated in FY 2016
 - 28% of participants were female
 - 40 people graduated in FY 2016
- **Adult basic education and training** provided free of cost or obligation
- **Portable skills training** – to develop alternative skills for employees (for self-employment after their mining careers) e.g. computer skills, electrical house wiring, drivers licence etc.
- **Learnerships** – 20 Engineering, 7 Mining and 24 Metallurgy



LDP Graduations



Portable Skills Agriculture

Education Initiatives



- **Technical skills** – long-term strategy to address scarcity of skills in the industry
- **Supporting early learning** – Cullinan transformed the Refilwe Early Learning Centre to ensure a conducive learning environment
- **Careers Day** – Cullinan hosted a careers days for 13 schools in May
 - 2,300 students attended the function, held over 3 days
 - 13 stalls present, including higher learning institutions
 - Cullinan explained varying career paths at the mine
- **Bursary programme** – bursaries awarded to 12 beneficiaries
- **Scholarships** – awarded to 11 learners from local schools



Encouraging grassroots learning in our communities



Cullinan hosts a careers day for local students

Community Projects



- **Significant investment** – Group social spend of US\$1.7 million in FY 2016 (FY 2015: US\$1.7 million)
- **Multi-purpose sports facilities** – constructed at 3 local primary schools, labourers from the local community were employed. Project launch date is 3 February 2017
- **Expansion of Onverwacht Primary School** – commenced in FY 2016 and is envisaged to be completed by end March 2017
- **Enterprise Development** – assistance in the areas of business & technical assessment, business skills training & linkage, financial contribution through short term loans, business coaching & mentoring



Surface Department visits Tshepong on Mandela Day



Cullinan contributes food parcels for Mandela Day



Appendix



Location



PetraDiamonds



Current Trading – H1 FY 2017 Results

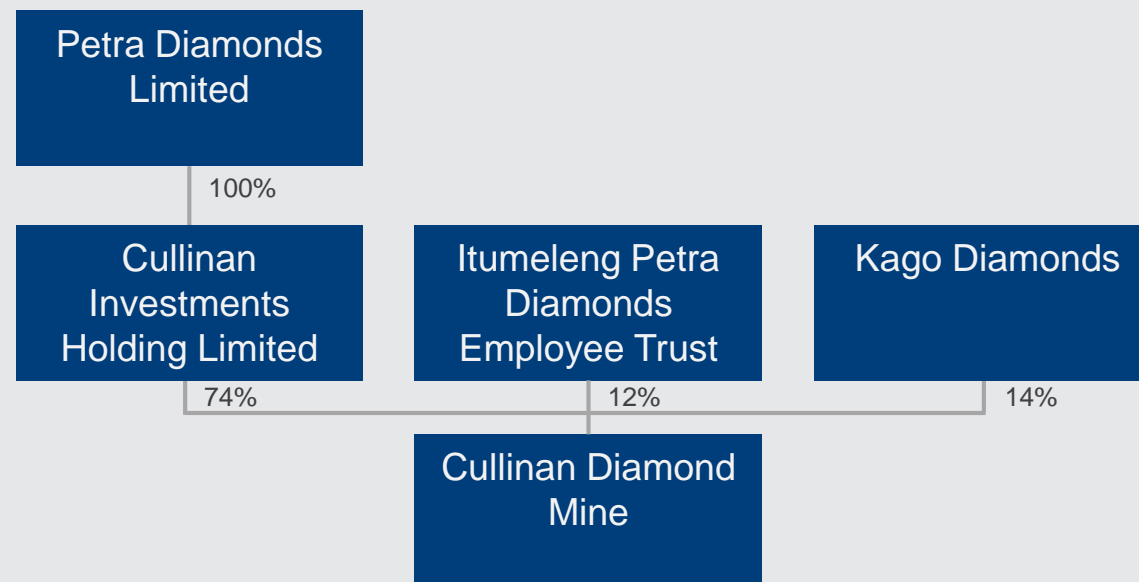
	Unit	H1 FY 2017	H1 FY 2016	Variance	FY 2016
Sales					
Revenue	US\$m	46.0	25.0	+84%	83.8
Diamonds sold	Carats	363,113	227,759	+59%	663,175
Average price per carat	US\$	127	110	+16%	126 ¹
ROM Production					
Tonnes treated	Tonnes	1,039,417	1,180,399	-12%	2,302,892
Diamonds produced	Carats	358,821	303,400	+18%	643,724
Grade	Cpht	34.5	25.7	+32%	28.0
Tailings Production					
Tonnes treated	Tonnes	259,831	397,158	-35%	886,289
Diamonds produced	Carats	60,932	18,966	+221%	37,089
Grade	Cpht	23.5	4.8	+390%	4.2
Total Production					
Tonnes treated	Tonnes	1,299,248	1,577,557	-18%	3,189,181
Diamonds produced	Carats	419,754	322,366	+30%	680,813
Capex					
Expansion Capex	US\$m	64.8	73.2	-12%	156.2
Sustaining Capex	US\$m	2.6	4.4	-41%	7.3
Borrowing Costs Capitalised	US\$m	13.4	6.9	+94%	15.9
Total Capex	US\$m	80.8	84.5	-4%	179.4

1. Excluding Exceptional Diamonds, the average value for H1 FY 2017 was US\$111 per carat; H1 FY2016 US\$110 per carat and FY 2016 US\$109 per carat.

- Diamond production +30% to 419,754 carats, in line with the Company's guidance
- ROM grade of 34.5 cpht +15% on H2 FY 2016, due to initial production from the C-Cut phase 1 Block Cave, coupled with continued pillar and reclamation mining
- Improving ROM grade in line with Company guidance of 33 to 35 cpht for H1 FY 2017

Labour Relations – Risk Mitigation

- Labour relations at Cullinan have been stable in FY 2015 and FY 2016
- No migrant labour – 70% of employees come from local/provincial area to Cullinan
- Strong focus on internal communications and engagement with employee representatives
- Petra concluded 3 year wage agreement with NUM in September 2014 (10% pa)
- Itumeleng Petra Diamonds Employee Trust owns 12% of mine
 - Annual IPDET distributions commenced in December 2014





PetraDiamonds

Thank you

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