



PetraDiamonds

Panel Discussion

Do Diamonds Matter?

5 April 2017

Driving Forward



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The Natural Scarcity of Diamonds



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c.30

The number of significant kimberlite mines operating in the world today

7

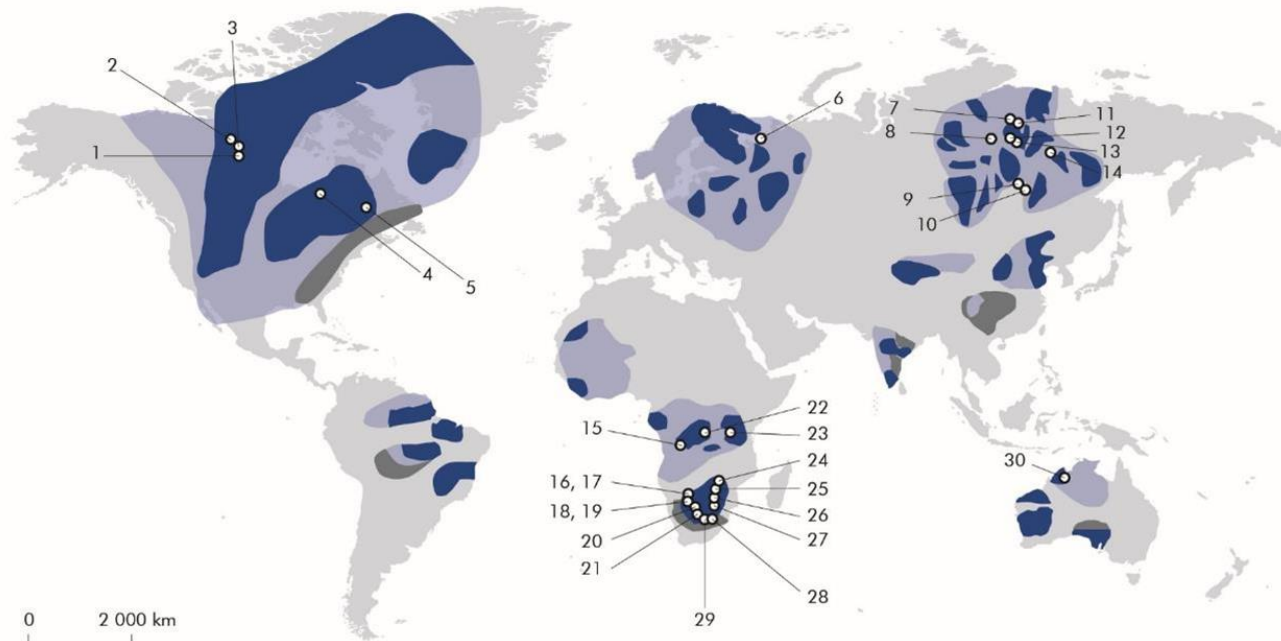
The number of 'Tier 1' diamond mines in the world today (+US\$20bn Reserves)

c.60%

of the world's diamonds by value are produced in Africa today

1-3bn

years ago – diamonds were formed



1 Archeons: Archean areas
(3 500-2 500 million years old)

2 Protons: Early and middle proterozoic areas
(2 500-1 500 million years old)

3 Tectons: Late proterozoic areas
(1 500-600 million years old)

Major kimberlite diamond mines currently in operation

- | | | |
|------------------|------------------|--------------------------|
| 1 Gahcho Kue | 11 Zarnitsa | 21 Kimberley Underground |
| 2 Ekati | 12 Komsomolskaya | 22 Mbuji Maye |
| 3 Diavik | 13 Aikhal | 23 Williamson |
| 4 Victor | 14 Nyurbinskaya | 24 Murowa |
| 5 Renard | 15 Catoca | 25 Venetia |
| 6 Grib | 16 Orapa | 26 Cullinan |
| 7 Udachny | 17 Letlhakane | 27 Koffiefontein |
| 8 Jubilee | 18 Karowe | 28 Letseng |
| 9 Mir | 19 Jwaneng | 29 Liqhobong |
| 10 International | 20 Finsch | 30 Argyle |

1870

All diamonds came from alluvial sources up to this date

1 in 10,000

diamonds is fancy coloured

127 Mcts

2015 global production, valued at US\$13.5bn

>99%

of the world's diamonds are today from sources free of conflict

Only 5.7 billion carats have ever been mined

Diamonds are Rare

- Only 5.7 billion carats have been mined since antiquity = 1,150 tonnes
- The specific gravity of a diamond is 3.52 = 327m^3
- $327\text{m}^3 = 8\text{m} \times 8\text{m} \times 5\text{m}$ high
- However, if we assume roughly $\frac{2}{3}$ of these diamonds are industrial quality then this = 108m^3
- Circa 60% of the rough diamond is lost in polishing
- The volume of polished diamonds would equate to 44m^3



First record of diamond engagement ring was in 1477, when Archduke Maximilian of Austria proposed to Mary of Burgundy with a ring that is set with pieces of diamonds in the shape of an 'M'



"Diamond is the most valuable, not only of precious stones, but of all things in this world" - Pliny, 1AD

Compelling Supply / Demand Dynamics

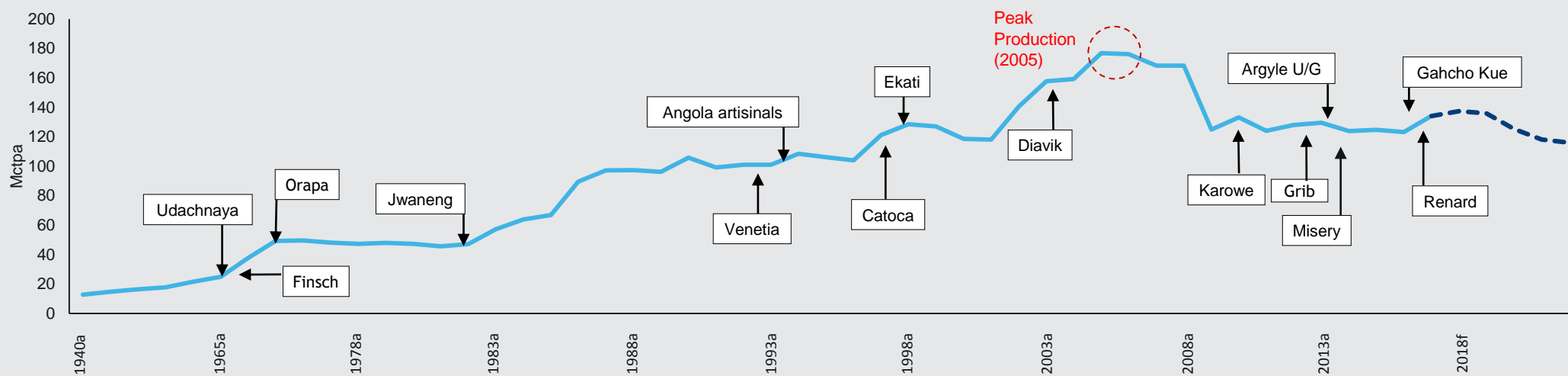
Supply

- **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

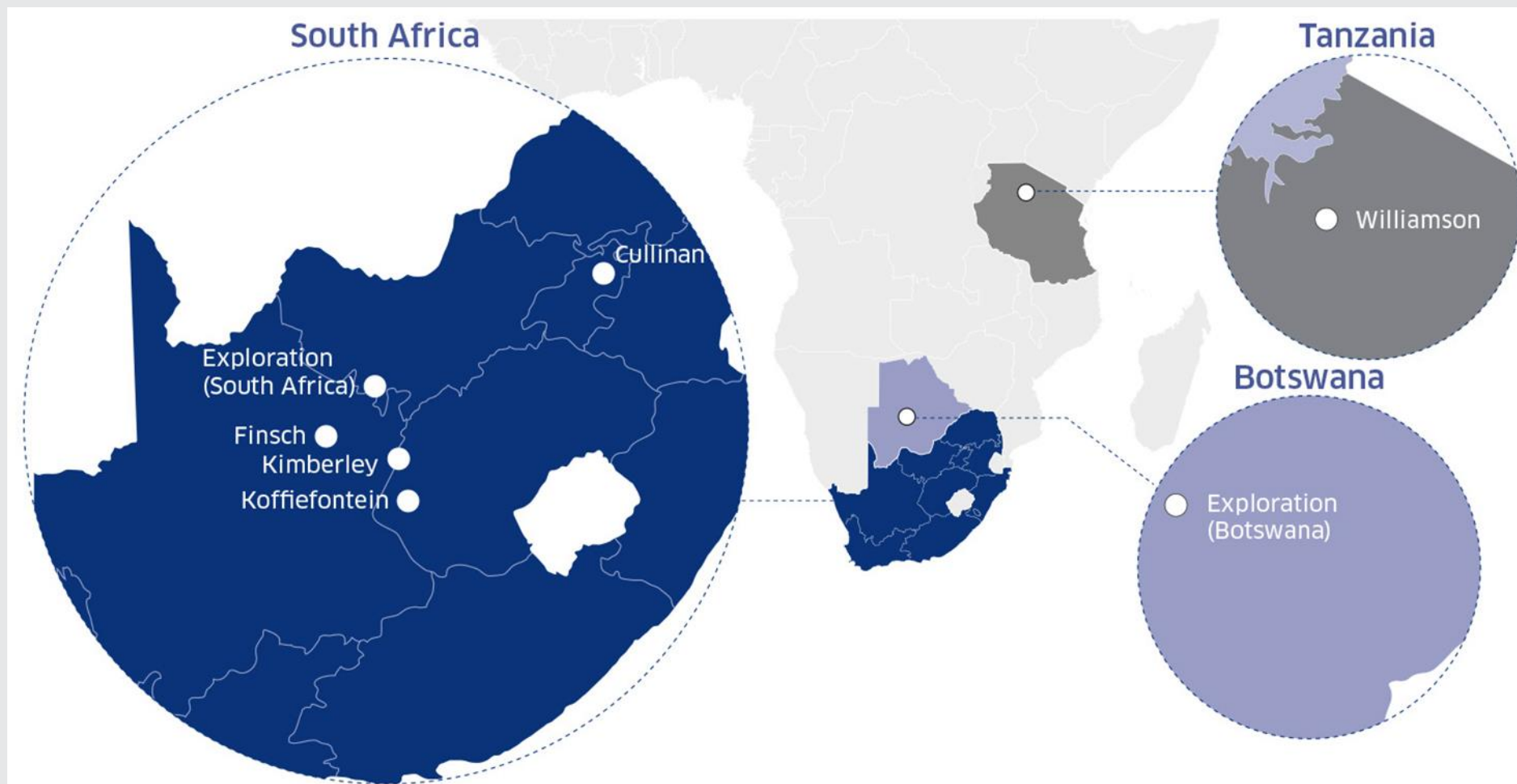
Demand

- **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



Petra's Focus on Africa



- Five producing operations (four in South Africa and one in Tanzania), exploration in Botswana and South Africa
- Diversified portfolio is key to managing production risk across the Group
- Africa produces 62% of the world's diamonds by value

Petra's Operations: An Exceptional Growth Plan – 5 “new” mines



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July 2007

Koffiefontein



70% Petra¹; 30% BEE

First mined: 1870
Sub-level / Block Cave
Mine Plan to 2025
+20yr Potential Life

July 2008

Cullinan



74%¹ Petra; 26% BEE

First mined: 1903
Block Cave
Mine Plan to 2030
+50yr Potential Life

February 2009

Williamson



75% Petra¹; 25% Government of Tanzania

First mined: 1940
Open Pit
Mine Plan to 2033
+50yr Potential Life

May 2010

Kimberley UG



74% Petra¹; 26% BEE

First Mined: 1867
Block Cave
Mine Plan to 2026
+13yr Potential Life

September 2011

Finsch



74% Petra¹; 26% BEE

First mined: 1967
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

Why Are Diamonds So Special?

- The most precious and enduring of all gemstones - ancient Greek word αδάμας (adámas) meaning 'unbreakable'.
- For centuries their exquisite beauty, inner fire and unique physical qualities have made them prized above all other gems.
- One of the oldest substances known to man - thought to have been formed between 1-3 billion years ago.
- As well as being valued for their captivating beauty and hardness, they have even been thought to possess magical properties - in early India, just to gaze upon a diamond was considered strengthening.
- One of the most highly concentrated forms of wealth – selling for up to \$4m per carat.
- The traditional stone in engagement and wedding rings, representing eternal love and commitment.

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



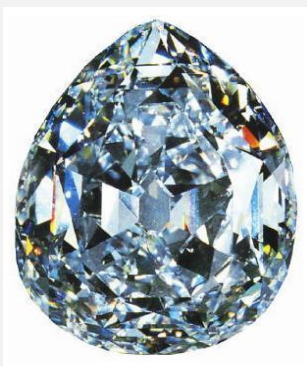
121 carat Cullinan white sold for \$6 million in June 2016



Iconic Diamonds From Iconic Mines



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The Greater Star of Africa
Largest polished yield
from the Cullinan at
530ct; sits in the Royal
Sceptre
Cullinan, 1905



The Cullinan Heritage
507.5 carats rough
Cullinan, 2009

The Williamson Pink
55ct rough; 24ct polished;
gifted to Princess Elizabeth
on her engagement
Williamson, 1947



The Golden Jubilee
755.5ct rough,
545.6ct polished
Cullinan, 1986



The Cullinan
3,106 carats rough
Largest gem diamond ever discovered
Cullinan, 1905

The Oppenheimer
253.7ct rough
Perfect yellow diamond
*Dutoitspan Mine,
Kimberley U/G, 1964*



The Star of Josephine
26.6ct rough,
7.0ct polished
Cullinan, 2009



The Blue Moon
29.6ct rough, 12.0ct polished
Cullinan, 2014

The Taylor Burton
240.8ct rough,
69.4ct polished
Cullinan, 1966



Diamonds Do Good



- ca. 5 million people have access to appropriate healthcare globally thanks to diamond revenues
- ca. 10 million people globally are directly or indirectly supported by the diamond industry
- Diamonds account for 33% of the GDP of Botswana
- Diamond mining generates 76% of Botswana's annual export earnings
- Diamond revenues enable every child in Botswana to receive free education up to the age of 13
- Diamond mining generates >40% of Namibia's annual export earnings
- The revenue from diamonds is instrumental in the fight against the HIV/AIDS pandemic
- Diamonds led to the industrialisation of South Africa

Diamonds Do Matter: Petra's Contribution



Investing Significant Resources

- Extending our project's lives: \$1.2bn capex invested over the last 8 years
- Going 'beyond compliance' by providing direct support in communities

Supporting the Community

- Our operations use local suppliers where possible: 57% of SA procurement was from BBBEE / HDSA suppliers in FY 2016
- Petra's mines are the backbones of local communities - the towns only exist because of these operations
- Petra supported 21 bursaries in 2016

Investing in Our People

- Petra employs >5,000 people, thereby benefitting >50,000 people in Africa using x10 multiplier effect
- \$5.8m spent on training & development programmes in FY 2016
- Women in Mining Committee established
- Leadership Development Programme
- Local employment: 100% of new employees hired in FY 2016 indicated the operations' host province as their permanent residence

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'
- Minimal environmental impact due to limited footprint / biodiversity management / rehabilitation



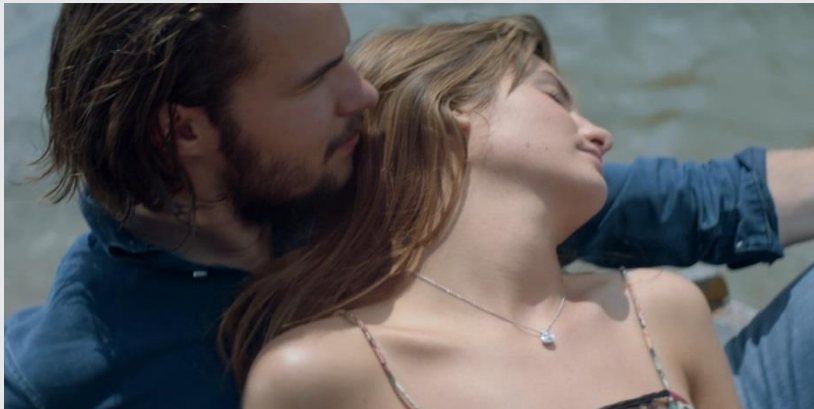
Local Economic Development
Finsch's Small Business supports entrepreneurs



Professional Development
Exposure to career opportunities in Kimberley

DPA Advertising Campaign: Wild and Kind

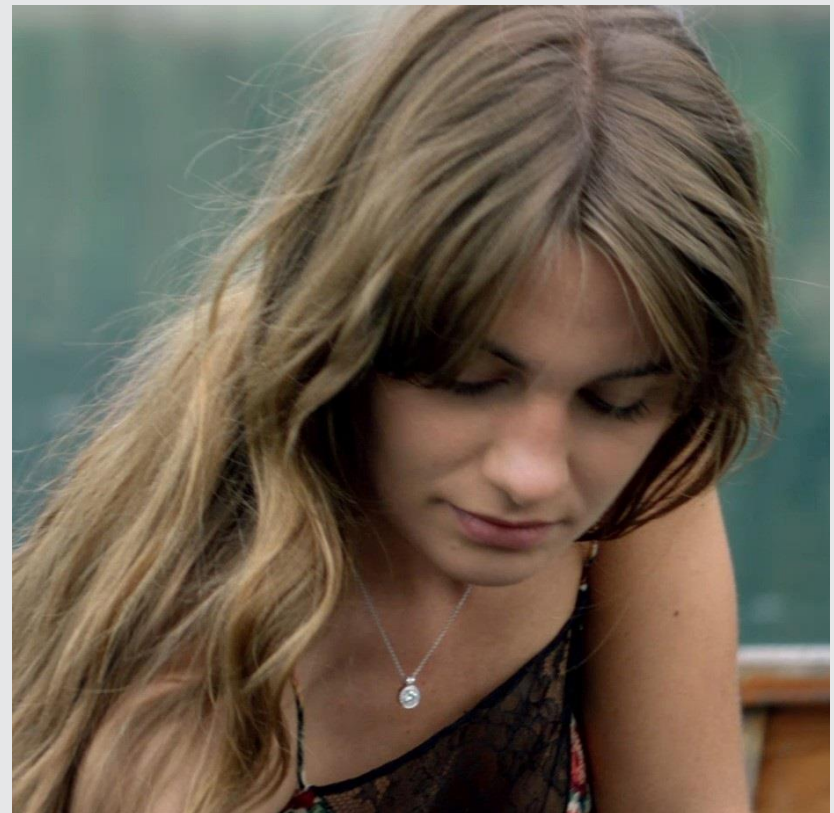
- **Diamond Producers Association** aims to encourage best practice and sustainability across the industry and to protect the integrity of the diamond
- ‘**Real is Rare. Real is a diamond**’ communication platform based on research into US millennial generation mind set and speaks to desire for authentic emotional connections
- **First campaign** launched in October 2016; future campaigns planned to target important new markets such as China and India
- **Petra taking active role** in sustaining consumer demand over the long term as a founder member of DPA



Campaign launched in October 2016

“The opportunity exists for diamonds to represent the rare, precious and real connections that Millennials crave.”

Jean-Marc Lieberherr, DPA CEO



DPA's new generic marketing campaign for diamonds



Thank you

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Finsch

South Africa's second largest diamond mine by production

- World class operation with state-of-the-art infrastructure, modern plant and quality management
- Produces a number of +50 ct stones, highly commercial goods of +5 cts, gem quality smaller diamonds and fancy yellows
- Successful implementation of plant modifications to focus on value within Finsch diamond profile and improve revenue per tonne
- Successful ramp up in production – consistent increase in ROM and tailings throughput
- Objective to increase production to c. 2 Mctpa (ROM) by FY 18
- Mine plan to 2030 but significant residual resources suggest potential mine life of +25 yrs

Location	Northern Cape Province
Size of kimberlite pipe at surface	18ha
Mine start date	1967
Acquisition by Petra	Sept 2011
Total Resources (incl. reserves)	49.07 Mcts
Current depth of Resources	1,000m
Mining method	Block cave and SLC
Mine plan	To 2030
Potential mine life	+25 years



LHD tipping blasted ore from the SLC ring; rockbreaker reduces oversize lumps



36 and 43 carat yellow diamonds from Finsch

Cullinan

The World's most important source of truly rare and highly prized blue diamonds

- One of the world's largest diamond resources of c. 200 Mcts valued at US\$36.9 bn
- Renowned for large diamonds, incl. the 3,106 ct Cullinan diamond, has produced a quarter of all the world's diamonds of +400 cts; 138 stones of +200 cts; 802 stones of +100 cts
- Only important source of very rare blue diamonds
- C-Cut Phase 1 – new block cave being established on western side of orebody
- Mine plan to 2030 but significant residual resources suggest potential mine life of +50 yrs from FY 2015
- Expansion plan to take production to c. 2.2 Mcts by FY 2019 (c. 2.0 Mcts ROM & c. 0.2 Mcts tailings)

Location	Gauteng Province
Size of kimberlite pipe at surface	32ha
Mine start date	1903
Acquisition by Petra	July 2008
Total Resources (incl. reserves)	194.17 Mcts
Current depth of Resources	1,073m
Mining method	Block cave
Mine plan	To 2030
Potential mine life	+50 years



29.6 ct "Blue Moon of Josephine" diamond



507 ct "Cullinan Heritage"



Long hole drilling draw point 5, 839 Extraction level C-Cut

Other Assets

Petra has a diversified portfolio of 5 producing operations in South Africa and Tanzania

	Koffiefontein	Kimberley Ekapa Mining JV	Williamson
Location	Free State, South Africa	Northern Cape, South Africa	Shinyanga, Tanzania
Size of kimberlite pipe at surface	11ha	Bultfontein: 10ha, Dutoitspan: 11ha, Wesselton: 9ha	146ha
Mine start date	1870	Bultfontein: 1869, Dutoitspan: 1869, Wesselton: 1892	1940
Acquisition by Petra	July 2007	Kimberley UG: May '10, Kimberley Mines assets: Jan '16	February 2009
Total Resources (incl. reserves)	6.67 Mcts	9.03 Mcts	40.39 Mcts
Current depth of Resources	720m	1,060m	580m
Mining method	Sub level and block cave	Sub level and block cave	Open pit
Mine plan	To 2027	to 2035	To 2033
Potential mine life	+20 years	+12 years	+50 years



Koffiefontein is known for high quality white diamonds



Kimberley typical tender layout



32.33 ct Williamson pink, March 2016



16.39 ct Williamson pink, September 2014



23.16 ct Williamson pink, November 2015