



PetraDiamonds

# 2017 AGM

24 November 2017



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# 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

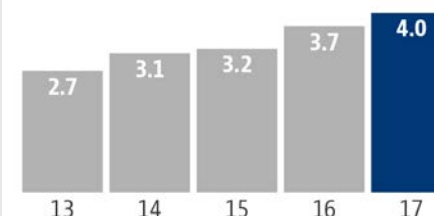
## Driving VALUE

- Production growth to come mainly from higher value ROM carats
- Adj. EBITDA margin expected to increase to 45 – 50% by FY 2019
- Future focus of the Company will be on maximising free cashflow rather than volume targets

### ROUGH DIAMOND PRODUCTION

Mcts

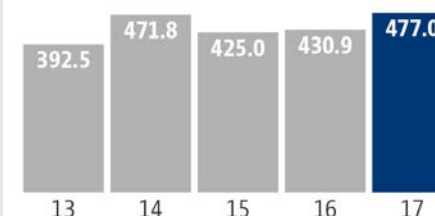
4.0 +8%



### REVENUE

US\$ million

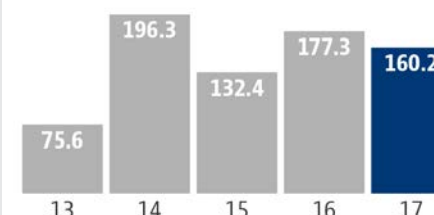
477.0 +11%



### OPERATING CASHFLOW

US\$ million

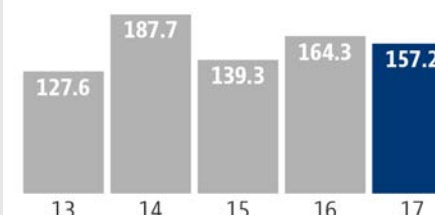
160.2 -10%



### ADJUSTED EBITDA<sup>1</sup>

US\$ million

157.2 -4%



1. Adj. EBITDA is net profit after tax stated before KEM JV fair value adjustment, bond redemption premium and acceleration of unamortised costs, depreciation, share-based expense, impairment charges, net finance expense, tax expense, net unrealised foreign exchange gains and losses and loss on discontinued operations, as applicable to previous years

LSE: PDL; market capitalisation of ca. £365 million / \$483 million (as at 21 November 2017)





PetraDiamonds

Johan Dippenaar  
CEO

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Trading Update





# FY 2017 – Driving Forward

## Continued production growth to 4 Mcts

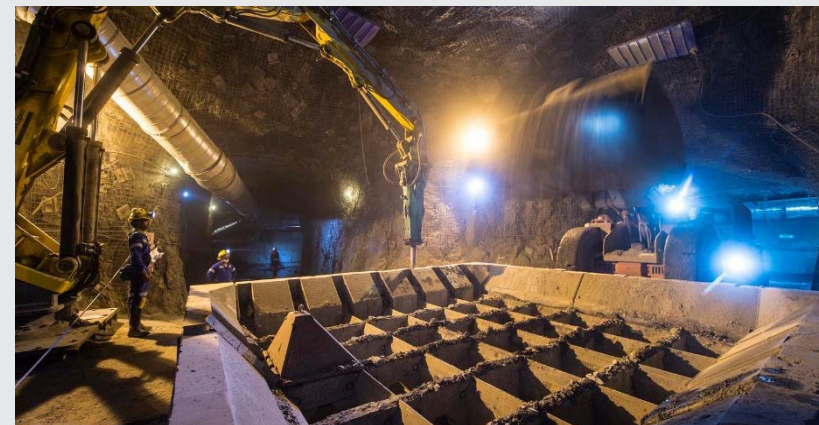
- Disappointing not to achieve guidance of 4.4 to 4.6 Mcts (ca. 9% below) but still represented record production for Group

## Major development work achieved in FY 2017

- Completion of 11.4 km development (out of a total 63.3 km to date) and start of significant build up of tonnes from new underground caves
- Plant modifications at Williamson and KEM JV
- Cullinan Plant commissioning started

## Transformation in production profile underway in FY 2017

- Undiluted ore: 750,000 tonnes from Finsch
- Undiluted ore: 940,000 tonnes from Cullinan
- Finsch ROM grade +28% and Cullinan ROM grade +29%
- Finsch US\$/ct +14% and Cullinan US\$/ct +4% (excl. Exceptionals)



Extensive underground development at Finsch



New Cullinan Plant – capable of 6 Mtpa

# YTD FY 2018 (Year to 30 June 2018)

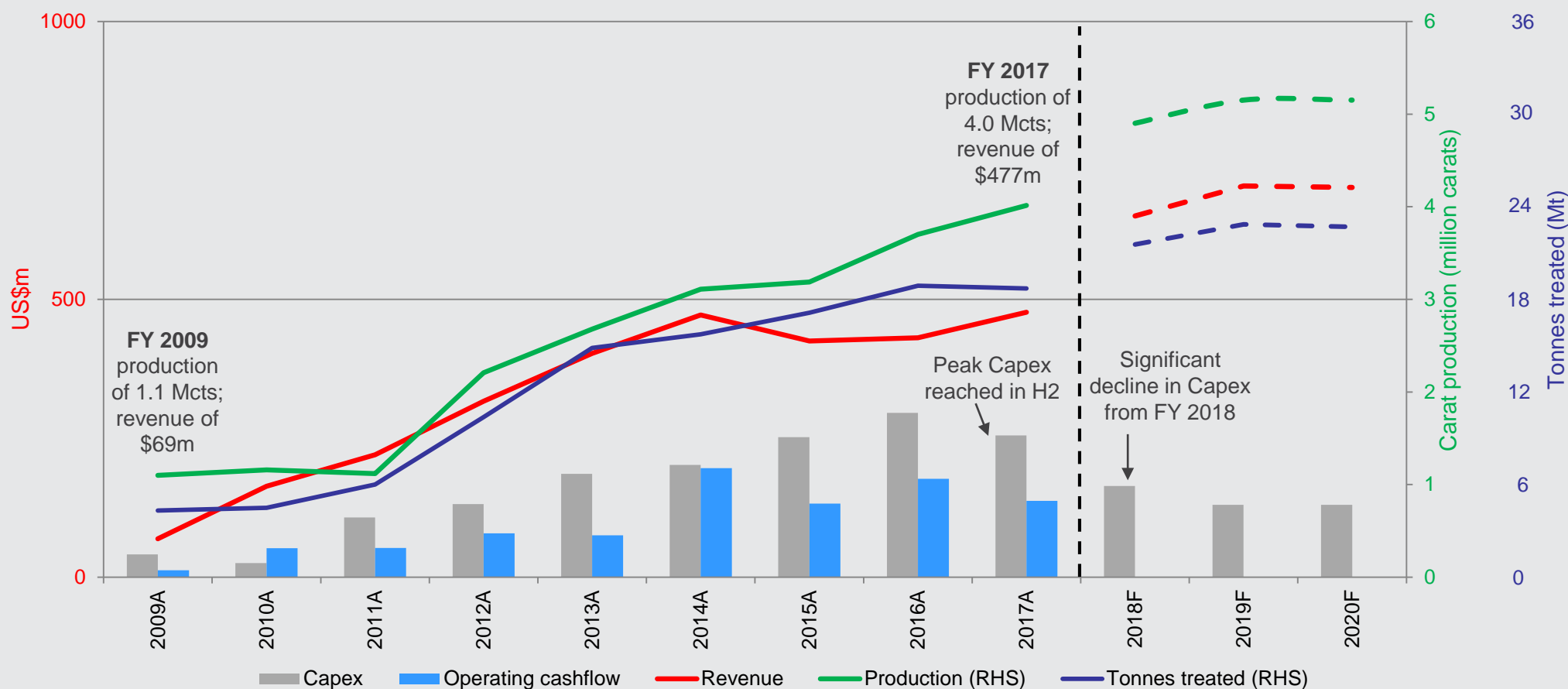
	Unit	Q1 FY 2018 <sup>1</sup>	Q1 FY 2017 <sup>1</sup>	Variance	FY 2017 <sup>1</sup>
<u>Sales</u>					
Diamonds sold	Carats	711,277	745,447	-5%	4,006,856
<b>Gross revenue</b>	<b>US\$M</b>	<b>78.7</b>	<b>94.7</b>	<b>-17%</b>	<b>477.0</b>
<u>Production</u>					
ROM tonnes	Mt	3,127,485	2,796,670	+12%	10.1
Tailings & other tonnes	Mt	1,669,728	2,577,792	-35%	8.7
Total tonnes treated	Mt	4,797,213	5,374,462	-11%	18.8
ROM diamonds	Carats	842,809	720,475	+17%	2,849,247
Tailings & other diamonds	Carats	211,008	377,048	-44%	1,163,966
<b>Total diamonds</b>	<b>Carats</b>	<b>1,053,817</b>	<b>1,097,523</b>	<b>-4%</b>	<b>4,013,213</b>

- Q1 ROM production +17%, despite ca. two week labour disruptions in September 2017 (ca. 60,000 ROM carat impact)
- Overall Q1 production -4% mainly due to planned reduction in tailings production at Finsch and KEM JV
- Q1 revenue -17% due to no sales from Williamson in Tanzania (parcel of 71,654 carats detained by Government of United Republic of Tanzania ("GoT")), weaker pricing for the quarter and no contribution from Exceptional Diamonds (Q1 FY 2017 included \$10.9 million from Exceptional Diamonds)
- Post period end, further sales of South African goods realised of \$53.1 million; GoT authorised export and sale of parcel of ca. 40,000 carats from Williamson in November; a further Williamson parcel of ca. 40,000 carats to be sold in December; Petra remains in dialogue with GoT to agree a resolution for the detained parcel of 71,654 carats
- Diamond pricing down ca. 5% July 2017 to end October 2017 generally due to seasonal factors, but signs that rough market is stabilising as midstream prepares for festive selling season
- Expansion programmes remain on track but are subject to ramp up volatility; all components of Cullinan plant now operational, with optimisation activities ongoing



# Transformation Underway

- Replacement of poorer quality tonnes with better quality tonnes will grow production and margins due to less waste dilution, higher grades and improved product mix



- All forecasts for Capex, revenue and production are management estimates; Capex is in nominal terms; no escalation applied to diamond prices (real terms)
- Capex, production, adj. operating cashflow and revenue relating to KEM JV stated at 75.9% Petra attributable terms

# Financial Position

- The Group's forecasts show that Petra has sufficient liquidity to meet its working capital and capital development requirements
- However, the Company announced on 9 October it is likely to breach the EBITDA covenants related to its bank facilities (see slide 40) at the 31 December measurement period; Petra is in regular engagement with its lender group to agree a suitable resolution

	Unit	30 September 2017	30 June 2017
<i>Closing exchange rate used for conversion</i>		<i>R13.57:US\$1</i>	<i>R13.05:US\$1</i>
Cash at bank	US\$m	125.8	203.7
Diamond debtors	US\$m	5.6	41.5
Diamond inventories	Carats	912,812	570,264
	US\$m	81.9	50.2
US\$300 million loan notes (issued May 2015)	US\$m	-	300.0
US\$650 million loan notes (issued April 2017)	US\$m	650.0	-
Bank loans and borrowings	US\$m	89.6	109.0
Net debt <sup>1</sup>	US\$m	613.8	555.3
Bank facilities undrawn and available	US\$m	20.9	5.6

- Net debt is the US\$ loan notes and bank loans and borrowings net of cash at bank, but does not include 'Diamond debtors' which were settled shortly after each period end



# FY 2018 Outlook

## Trading to date in FY 2018

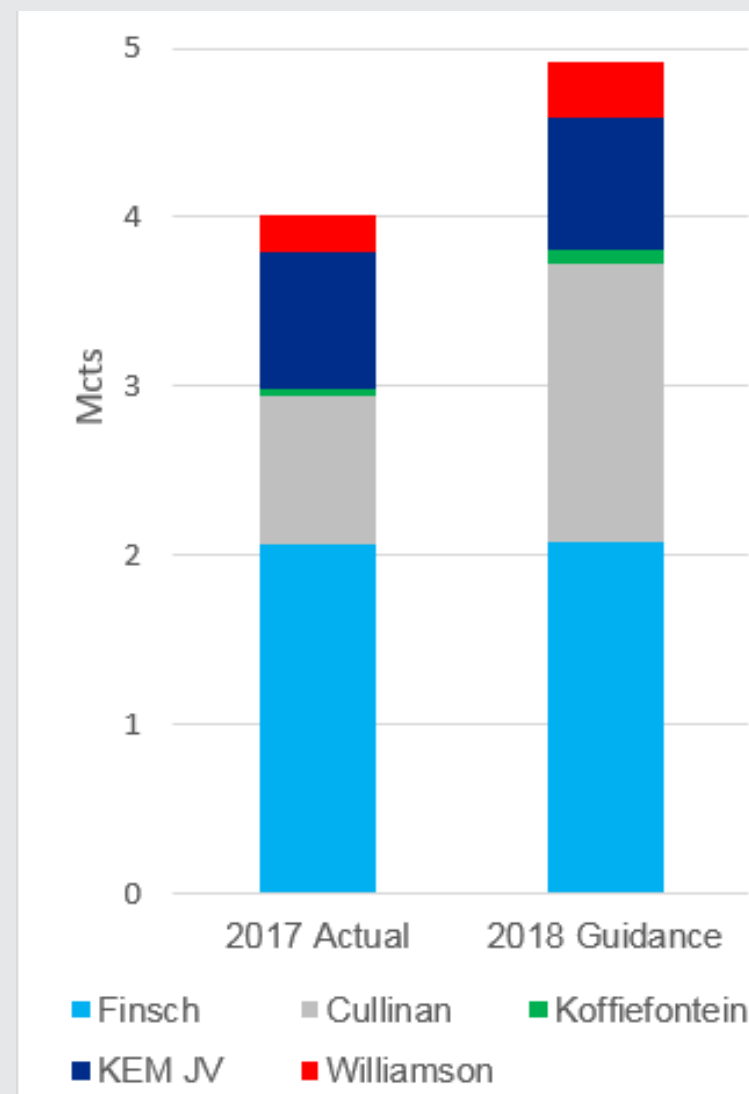
- Solid production start to FY 2018; Company maintains guidance of 4.8 – 5.0 Mcts in FY 2018
- YTD sales announced of \$131.8 million (South African goods only)

## Transformation continues

- Delivery of production rollout supported by:
  - Undiluted ore expected to double from two major projects
  - Increasing mining footprints
  - Addition of new ore handling systems
  - New Cullinan Plant
- Increasing volumes against Petra's fixed cost base (ca. 70%) to have positive impact on FY 2018 results
- Ongoing focus on free cashflow and continuous evaluation of timing and quantum of capex
- Net debt expected to start falling from H2 FY 2018, and free cashflow expected to be generated from H2 FY 2018 onwards

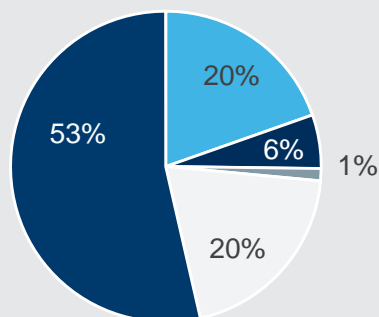
## Risks to Outlook and Guidance

- Risks to FY 2018 performance relate to the labour disruption in South Africa, grade and throughput variability during the ongoing project ramp-up phase, as well as the uncertain outlook for Williamson



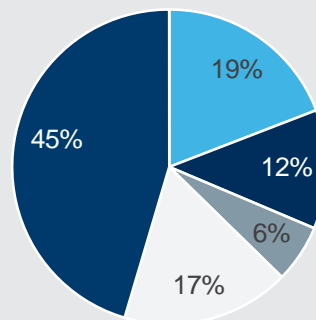
# FY 2017A versus FY 2019F

## Production by mine



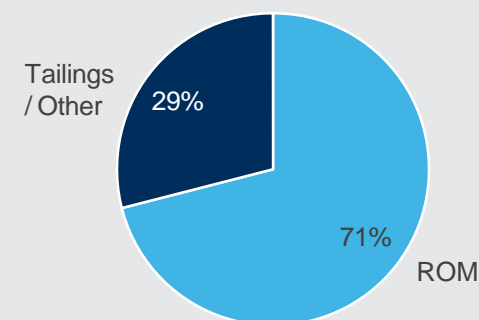
FY 2017 Actual

## Revenue by mine

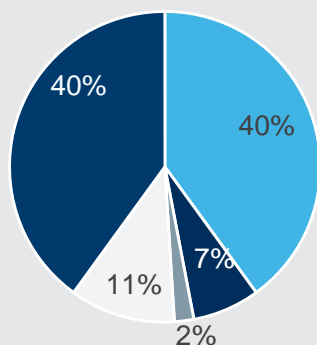


FY 2017 Actual

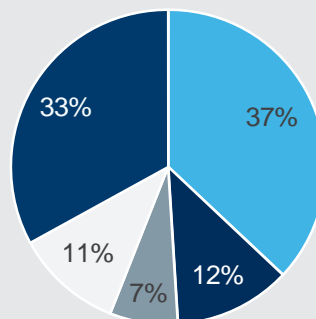
## Production split - carats



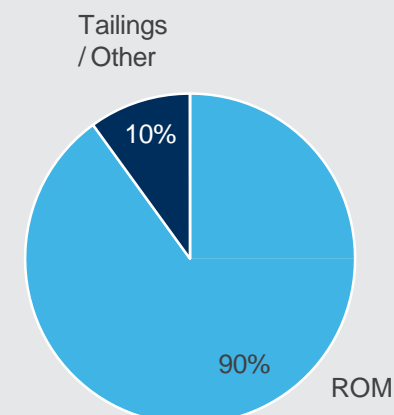
FY 2017 Actual



FY 2019 Guidance<sup>1</sup>



FY 2019 Guidance<sup>1</sup>



FY 2019 Guidance<sup>1</sup>

1. All forecasts are management estimates; no escalation applied to diamond prices (real terms)





PetraDiamonds

Adonis Pouroulis  
Non-Executive  
Chairman

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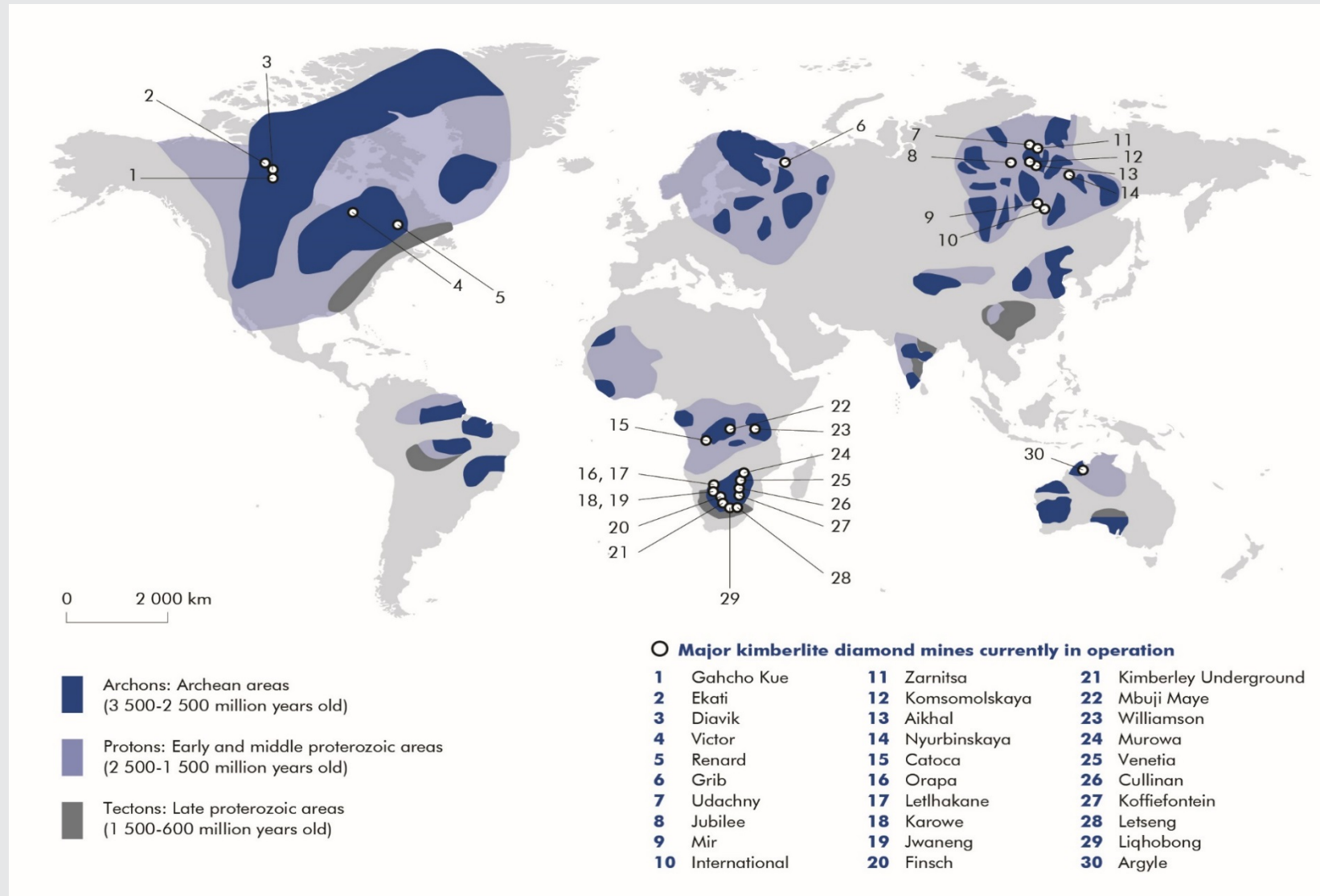
Creating a  
Sustainable  
Business





# Diamonds are rare...and getting rarer

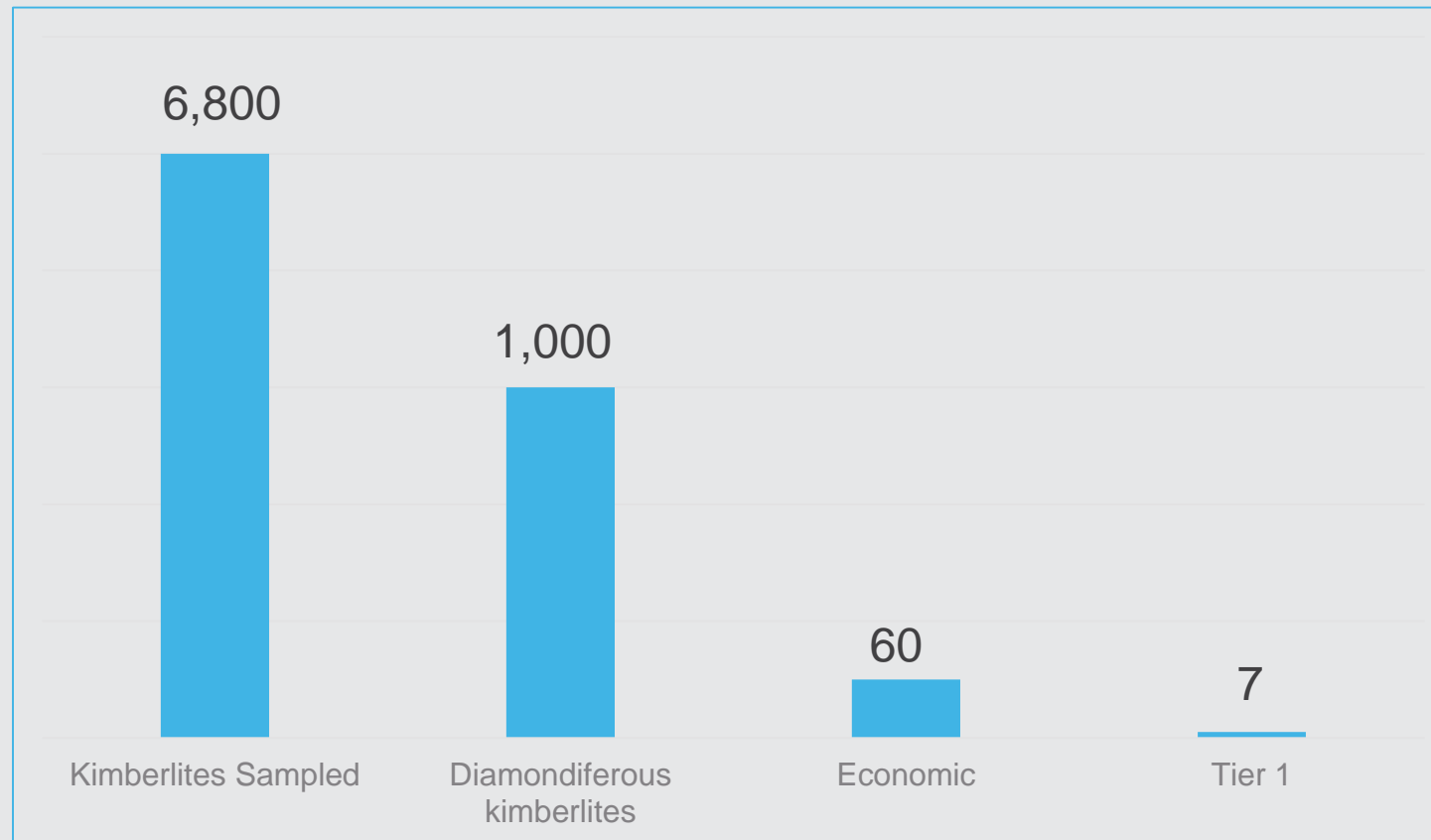
Only 30 significant kimberlite mines in production today





# Exploration has a less than 1% success rate

## Diamond exploration results



Only 7 'Tier 1' mines  
(+US\$20 billion Reserves)

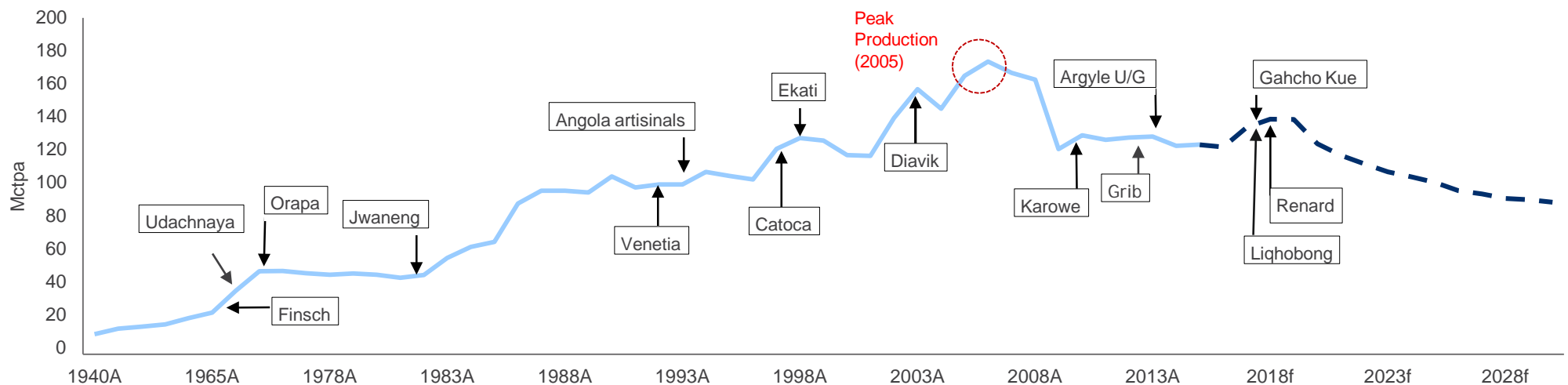
1. Jwaneng
2. Orapa
3. Udachnaya
4. Venetia
5. Catoca
6. Cullinan
7. Mir

Source: De Beers

# Diamond supply may already have peaked...

- Production peaked at 177 million carats in 2005 – not expected to reach there again
- 2016 production of 134 million carats (Kimberley Process Statistics)
- Major diamond mines have passed their production peak; once mines go underground, can no longer keep up previous output
- Several mines / development projects recently closed or are due to close soon (e.g. Argyle)
- Three 'new' mines came into production in 2016, but these were in development for decades; only add ca. 7 Mcts to world supply
- No new major discoveries in over 20 years

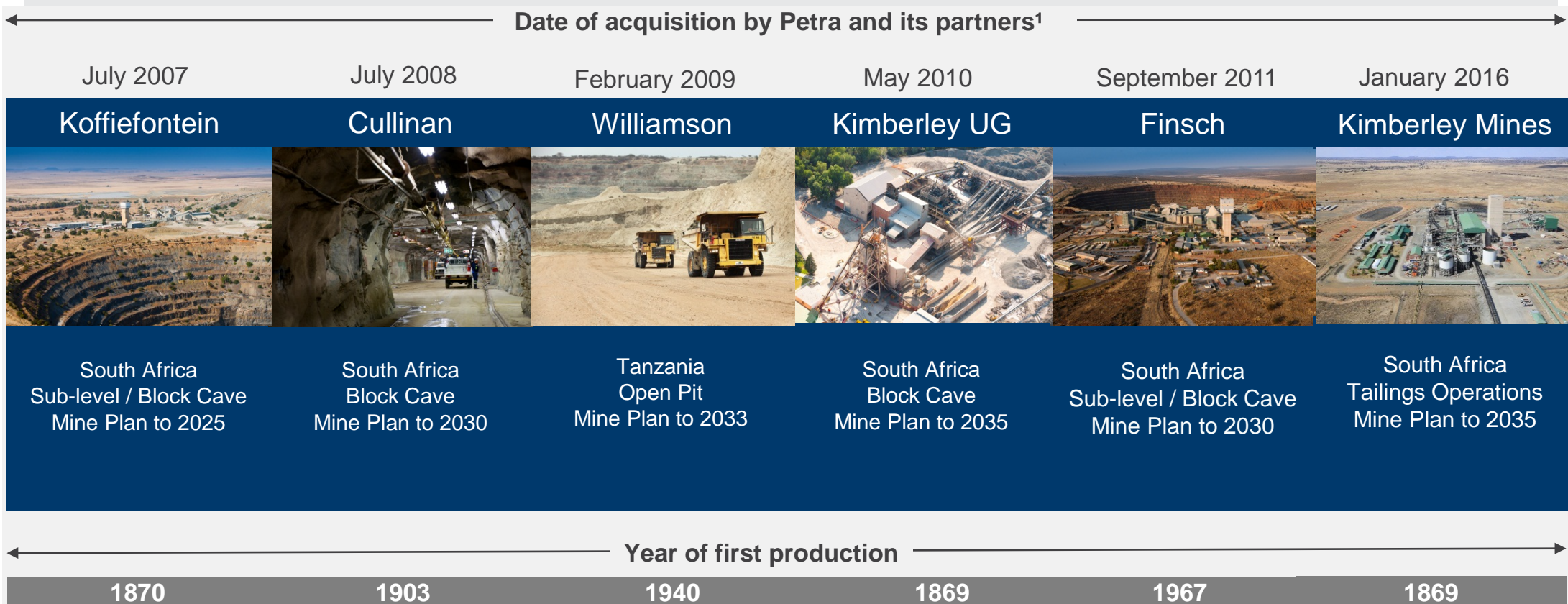
## Global Diamond Supply: Historical & Forecast Rough Production





# Petra has grown by acquisitions, not discoveries

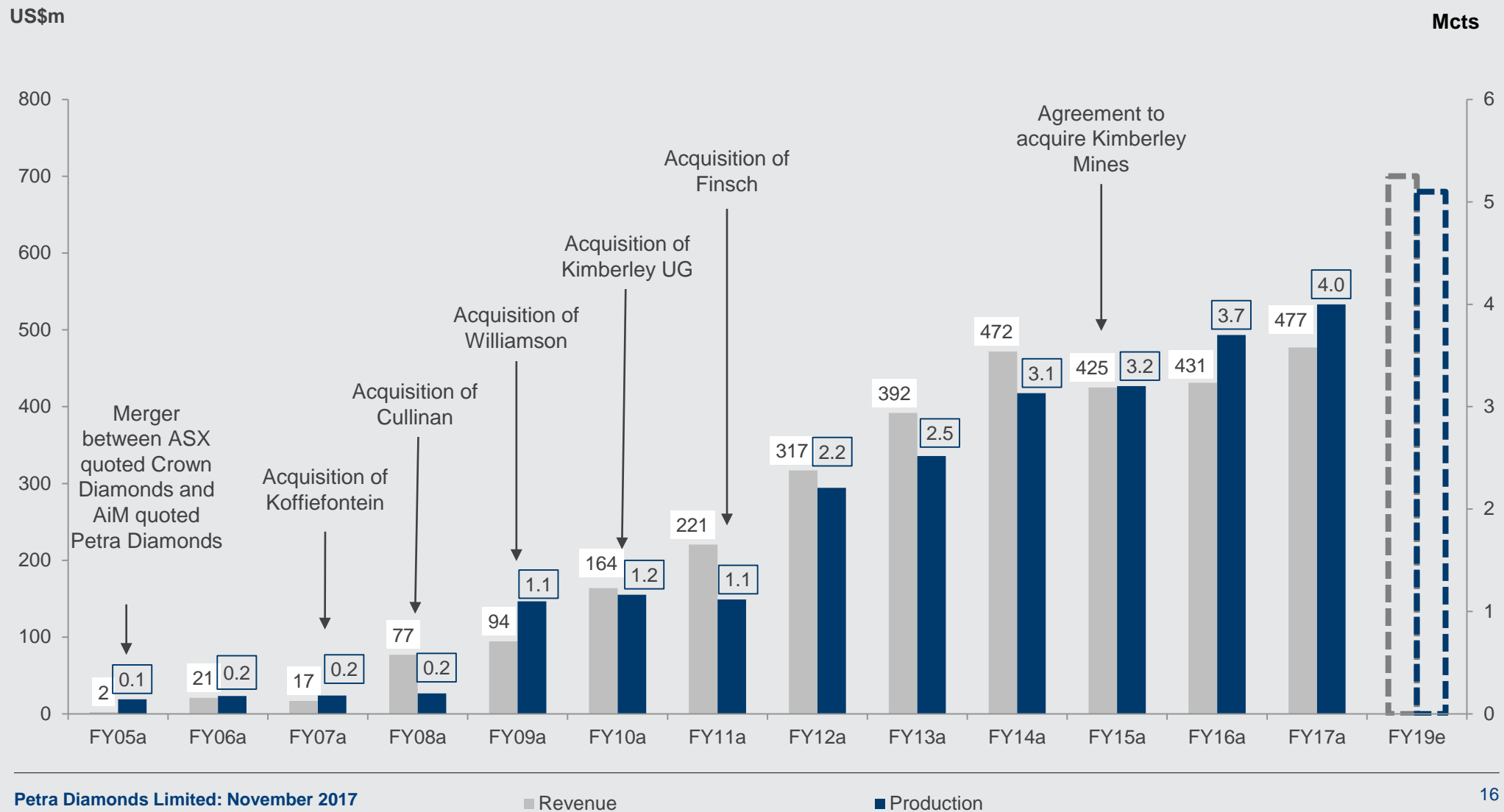
- Petra explored for diamonds from 1997 to 2008 in Angola; despite discovery of +200 kimberlites, was not able to identify economic orebody (efforts hampered by GFC and difficulty operating in country)
- These former De Beers mines were the mainstay of world production before the Russian and Botswana mines opened from the 1960s onwards



1. Refer to 'FY 2018 Analyst Guidance – Explanatory Notes', section 'Effective Interest in Mines' at <https://www.petradiamonds.com/investors/analysts/analyst-guidance> for disclosures re. Petra's interest in its mines

# Our growth path

- Production has grown from 0.1 to 4.0 million carats
- Revenue has grown from \$2.3 million to \$477.0 million



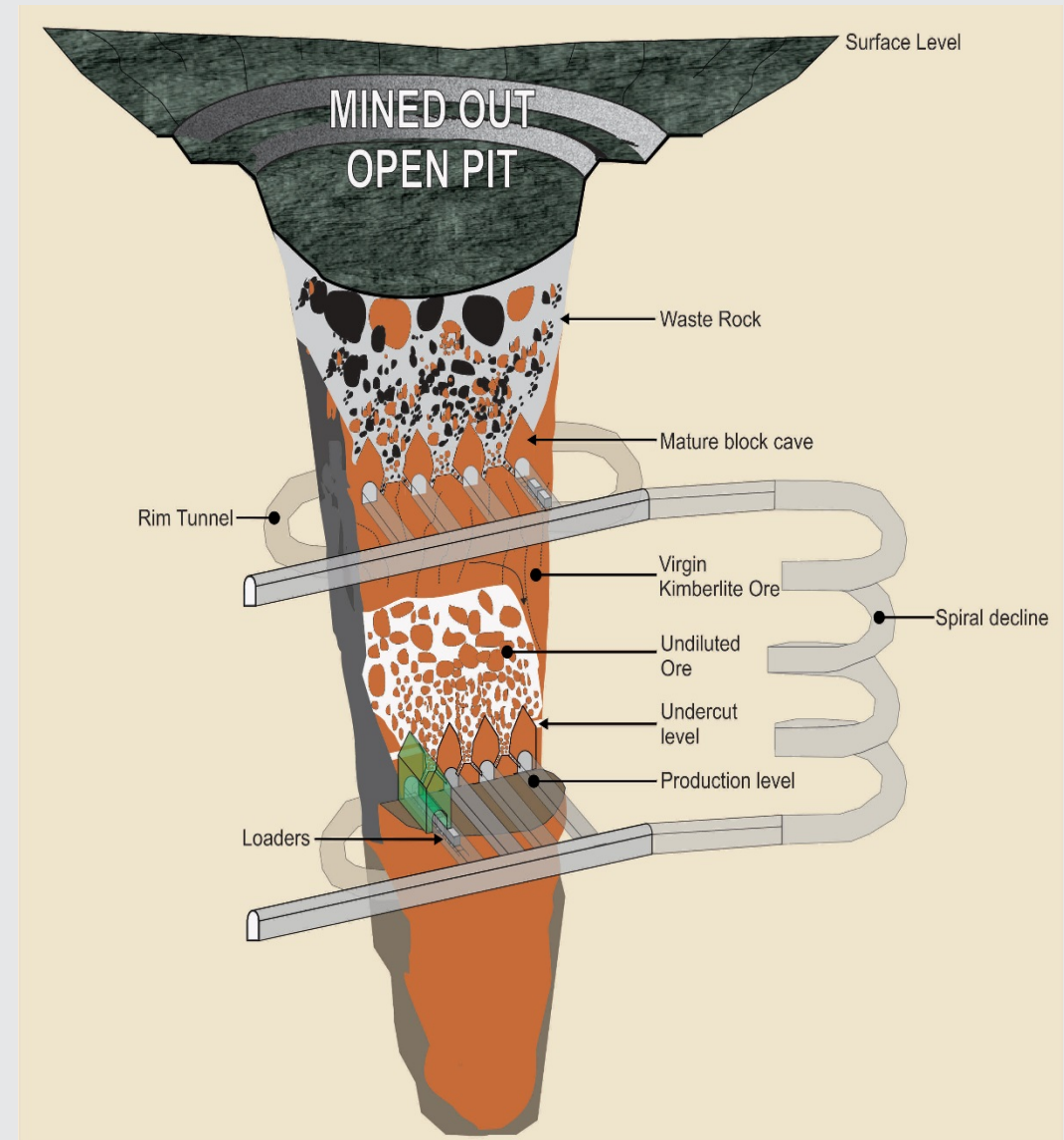
# Many challenges had to be overcome

Petra acquired mines that were either closed down or facing closure

- Lack of investment, development and resource allocation to the mines in the years pre takeover
- Unproven business model and initial scepticism about our assets

## Challenges along the way

- Global financial crisis in 2008
- Difficulty accessing funding
- Scarcity of equipment and skills
- Volatility of rough diamond pricing
- Ever increasing dilution of mining areas with waste rock, due to being critically behind in terms of opening up access to new ore, leading to deterioration in 'grade' of diamonds recovered





# Succeeding against the odds

## Significant investments made

- Petra will have invested a total of ca. \$1.4 billion over the period FY 2008 to FY 2019
- Mining is a long-term industry – e.g. investment made today may only reap rewards in 10 years time

## Achievements so far

- Cost base of each asset aligned under Petra management
- New cuts in orebodies at all mines
- New plant at Cullinan and processing improvements at all other mines
- Gradual improvement in grades witnessed as new undiluted mining areas come into production

## Job not done yet

- Next few years spent finalising projects which then creates efficient production units
- Build-up to ensure that the investment made gets its required return



Extensive underground development



New Cullinan Plant – capable of 6 Mtpa

Free cashflow generation is key to ensuring sustainable operations

# The health and safety of our people is our priority

- Our mines and mining method are inherently safe, but accidents can happen due to being a heavy industry
- Our mines are certified OHSAS 18001:2007, the international safety management framework
- Petra has reinforced its safety procedures to address the tragic fatalities experienced in FY 2017; the Company will strive relentlessly for a zero harm workplace
- 100% of staff are trained in safety and undergo medical screenings every year
- All South African employees belong to a medical aid fund; all Tanzania employees are part of the National Social Security Fund
- Subsidised primary healthcare is provided by the Williamson Diamonds Hospital in Tanzania
- Various health programmes in Tanzania are provided free of charge to employees, families and community members, such as mother and child health, malaria prevention and HIV/AIDs services
- Employee wellbeing services focus on mental health and encouraging a healthy lifestyle



Safety is the most important personal and organisational value



The Williamson Diamonds Hospital provides vital mother-child healthcare services



# Sustainability – providing stable employment

- By investing its resources in its mines, Petra has put in place long-term, sustainable mine plans
- When Petra acquired mines: +/- 2,500 employees
- Today Petra employs more than 5,600 employees
- And several thousand contractors during expansion programmes
- Using accepted multiplier of x10, ca. 56,000 people are dependent on our operations





# Focus on developing our people

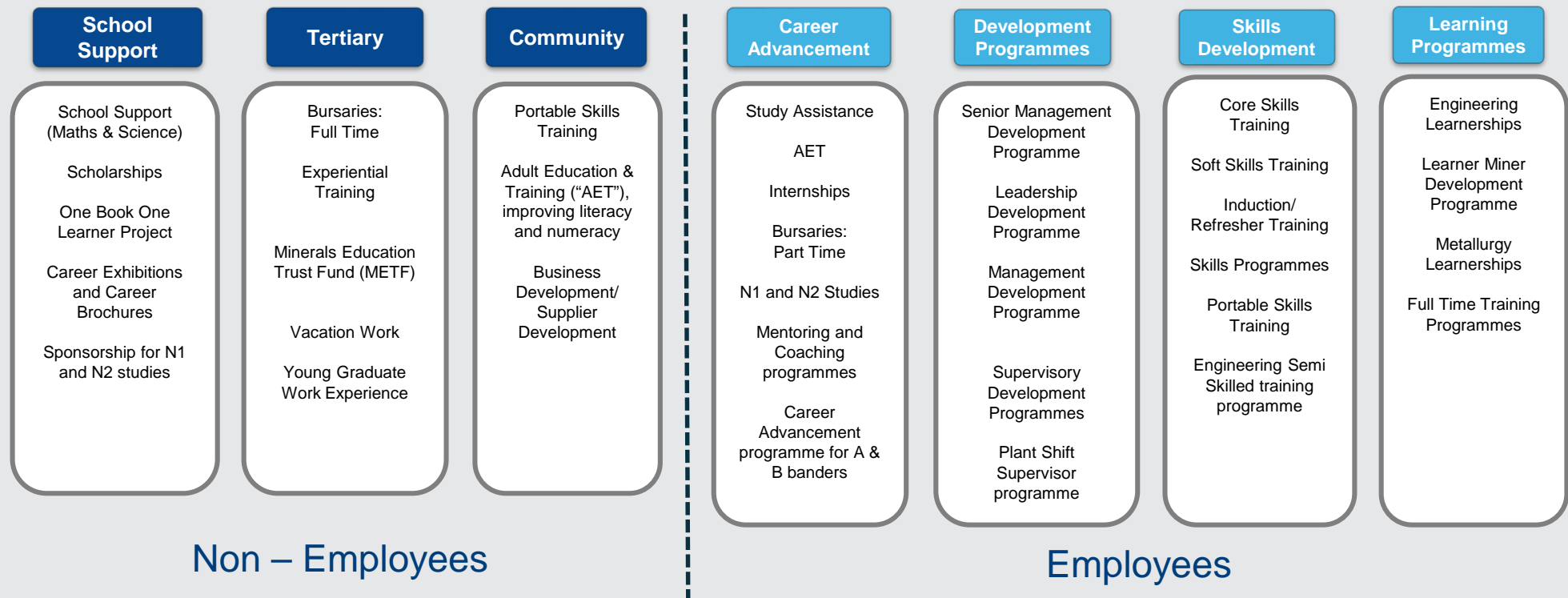
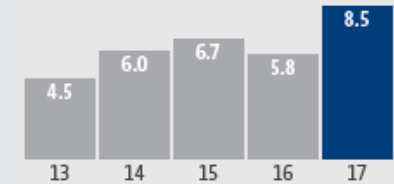


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- Petra has increased its training spend to \$8.5 million in FY 2017
- Efforts start at grassroots level – improving education standards in local schools
- Bursaries, scholarships and training offered to community members
- Numerous Company programmes to develop our employees

TRAINING SPEND  
(US\$ million)

8.5 +47%



# Driving grassroots development



The Petra Foundation funded the construction of a new science laboratory for the Chipa-Tabane High School



The Williamson mine owns and operates the Mwadui Primary School, providing education to 492 students



Petra supports My Maths Buddy in South Africa, which focuses on improving maths teaching in association with Education Africa



Cullinan hosts a careers day for local students



# The Petra Graduation Ceremony 2017

A celebration of the many Petra graduates who completed one of our development programmes



# Focus on the development of women

Diversity is proven to result in improved decision making and better results

- Number of Company initiatives aimed at encouraging and developing women at all levels of the business, with women representing:
  - 33% of engineering learnerships
  - 31% of mining learnerships
  - 26% of bursars
  - 28% of leadership development programme
  - 17% of total workforce
- Our Women in Mining Committee has created a platform for women at Petra's South African operations to share experiences, identify challenges and promote development opportunities





# Focus on long-term socio-economic development

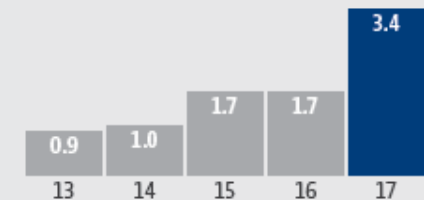


PetraDiamonds

- Petra doubled its social spend to \$3.4 million in FY 2017
- Our development work focuses on addressing the most critical needs of our communities in order to drive meaningful sustainable development
- Projects are agreed in consultation with stakeholders
- Each of our mines in South Africa has opened an Enterprise Development Centre to assist in the development of local suppliers who could enter our supply chain

SOCIAL SPEND  
(US\$ million)

3.4 +100%



The new multi-sports centre near Cullinan. Sport is considered to play a positive role in society, particularly for young people



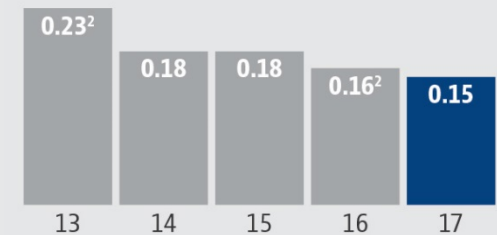
The new Enterprise Development Centre at Kimberley will offer formal business mentoring, computer and printing facilities and supply chain opportunities

# Minimising our environmental footprint

- Diamond mining is energy and water intensive but it does not use any harmful chemicals – vegetation grows freely on our tailings dumps
- Ongoing initiatives to reduce energy usage, including continual investigation of renewable energy sources
  - Continual reduction in carbon emissions per carat
  - Carbon sequestration implemented through maximisation of indigenous vegetated areas
- Ongoing initiatives to reduce water usage
  - 52% of water used on mine is recycled
- Petra has designated protected habitats totalling 10,255 ha adjacent to its mines to ensure preservation of fauna and flora
  - In all cases, apart from Kimberley, these protected areas equal or are larger than the footprint of the mining operations
- Environmental impact of our mining activities is not expected to last long after the cessation of operations due to continuous rehabilitation

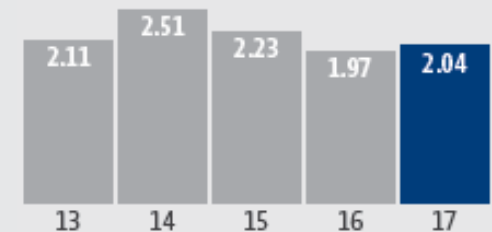
## CARBON EMISSIONS (tCO<sub>2</sub>-e/ct)

0.15 -6%



## WATER USAGE (m<sup>3</sup>/t<sup>2</sup>)

2.04 +4%



# Ensuring ethical provenance

- Petra will only operate in countries which are members of the Kimberley Process and will only sell diamonds mined at our operations
- We are fully committed to upholding the human rights of all our stakeholders, including employees, contractors, partners and communities
- There is no risk of child labour or forced labour at our operations due to rigorous employment and pre-employment vetting processes
- All our diamonds are traceable directly to their mine of origin
- 100% of our production is “conflict-free”



Petra has partnered with GIA on the M2M programme, a consumer app that provides retailers with a new way to tell a diamond's story by shedding light on its journey from mine to market



# Sustaining consumer demand – today and tomorrow

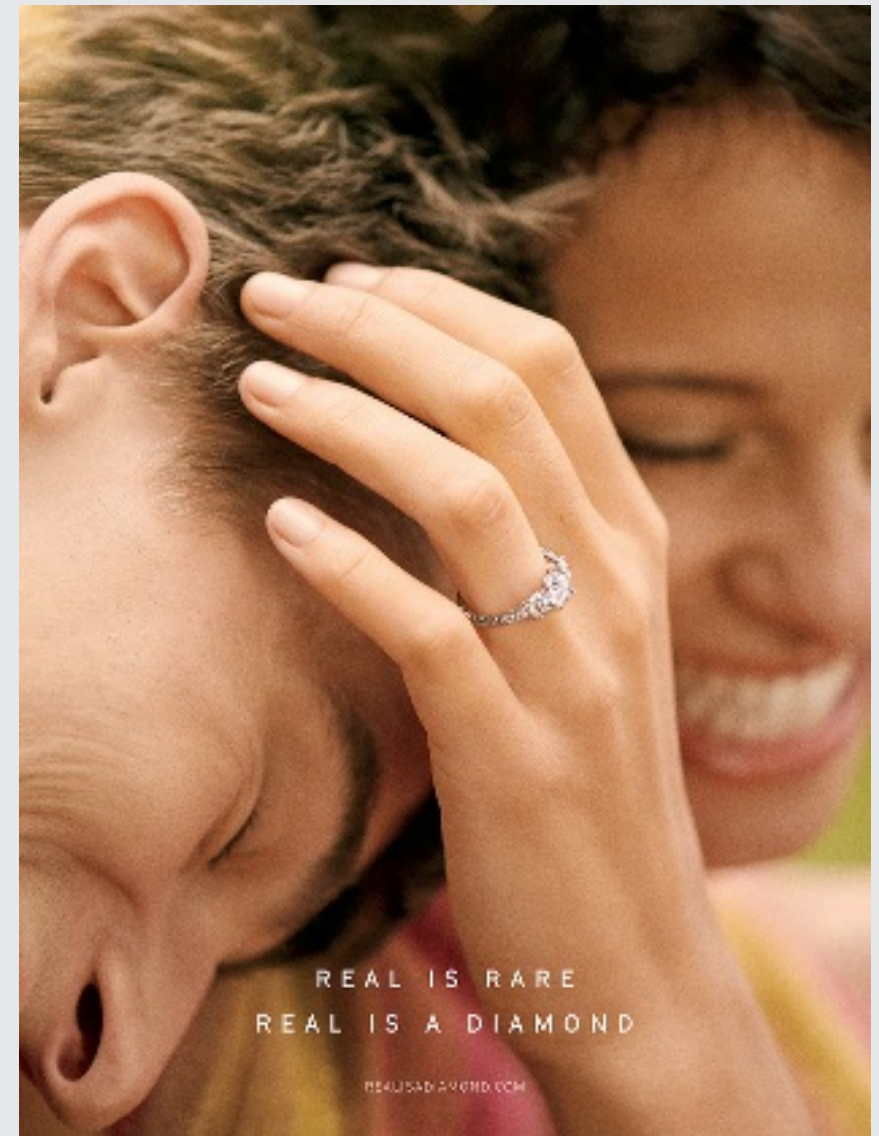
Diamond Producers Association comprises De Beers, ALROSA, Rio Tinto, Dominion, Petra, Lucara, Gem – together 75% of world supply by value

The DPA seeks to actively influence sustainable consumer demand by:

- Promoting the integrity of the diamond industry and maintaining consumer confidence
- Providing generic marketing support, ensuring diamonds remain relevant to the next generation of consumers

DPA budget increases x4 to \$57 million in 2017

- \$50 million assigned to major US market; comprises multi-channel advertising, innovative digital programmes, high-impact PR around the 'Real is Rare. Real is a Diamond' campaign
- Marketing launch in India in late 2017 and in China in 2018
- Industry advocacy and trade programmes to support the pipeline, plus challenging misleading synthetics industry narrative and language



# The most highly concentrated form of wealth

What happens when you combine incredible rarity, beauty, ethical provenance and heritage?



## **The 12.03ct Blue Moon of Josephine**

Cut from a 29ct rough stone  
from the Cullinan mine

Fancy vivid blue, internally  
flawless

12 November 2015:  
sold to Hong Kong property  
magnate Joseph Lau for  
\$48.4 million

\$4.0 million per carat,  
equivalent to

\$20 million per gram





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## Appendix

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# Capital Structure

Share Price (1 year to 6 November 2017)



As at 21 November 2017

	Number of voting rights	% ISC
BlackRock Investment (UK) Limited	81,421,777	15.3%
T. Rowe Price	51,958,815	9.8%
Standard Life Aberdeen plc	31,535,532	5.9%
Prudential (incorporating M&G Group Limited)	28,175,972	5.3%
Directors	20,009,953	3.8%

## Listing

Average daily trading volume (shares) – (LTM)

Shares in issue

Free float

Market cap @ 69p (21 November 2017)

## LSE: PDL

3.5m

532.1m

93.7%

£365 / \$483m

# 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 5,600 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 27 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  
Multidisciplinary career spanning 45 years across the full spectrum of the diamond mining process  
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 45 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, the Edinburgh Dragon Fund and several quoted Asian closed end funds



**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**

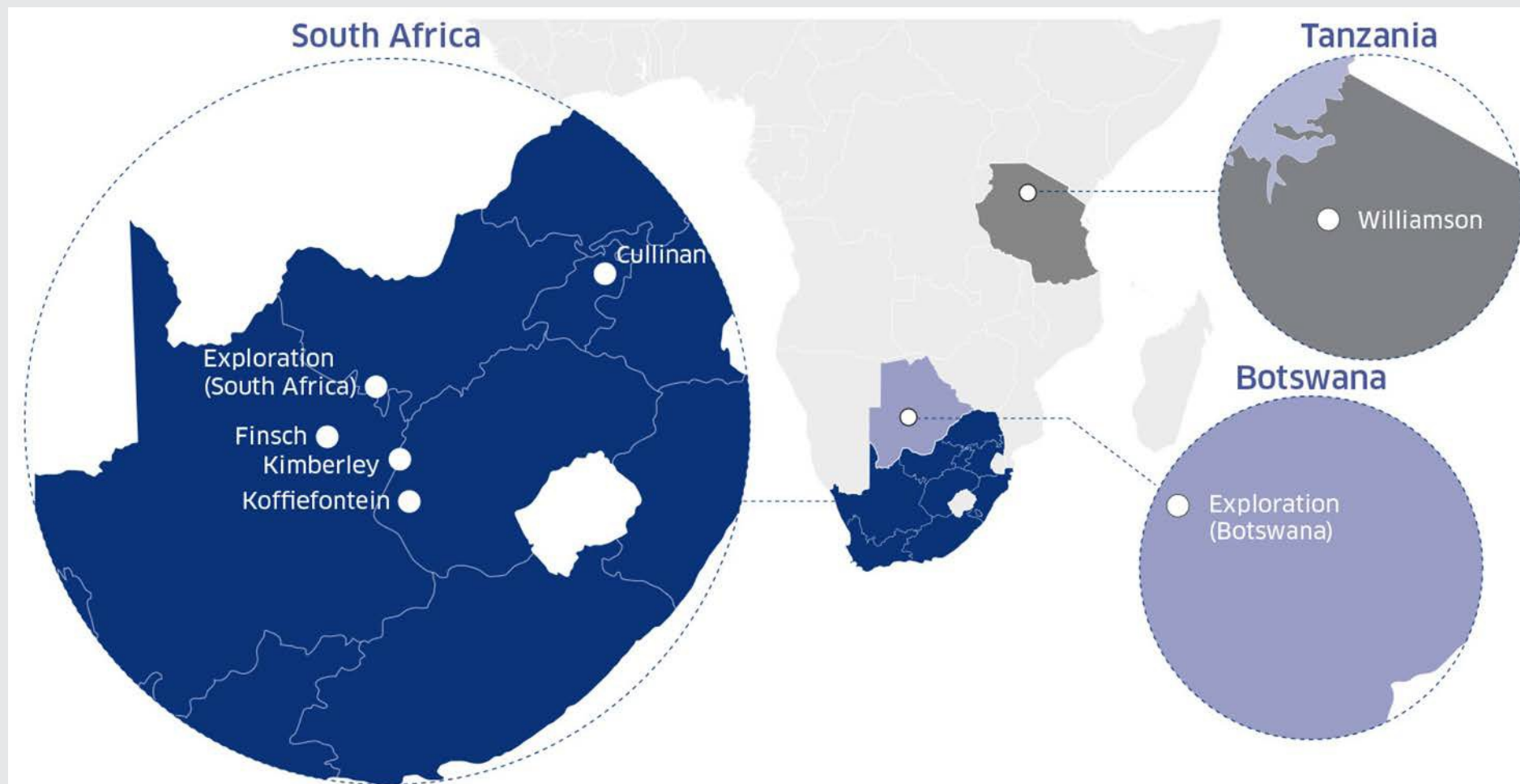
Extensive experience as a NED across wide range of businesses, both JSE and LSE listed; chairs Audit Committee for all these companies  
Formerly a partner for +30 years at Deloitte & Touche LLP; primarily responsible for multinational and FTSE 100 listed company audits, mainly in mining, oil & gas, 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

## Focus on Africa



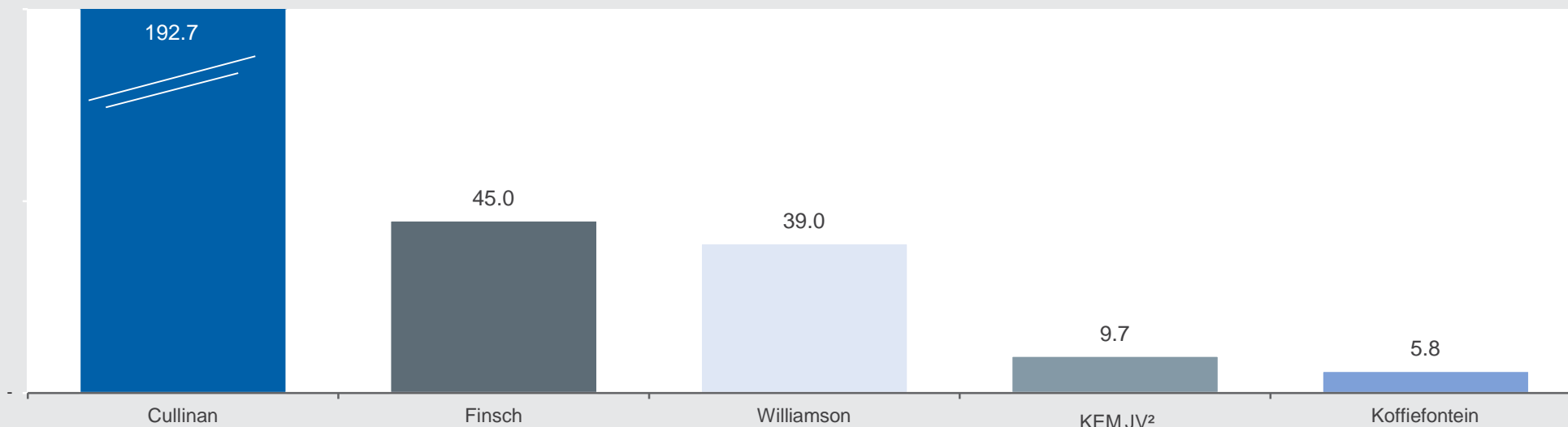
- Five producing mines (four in South Africa and one in Tanzania), plus exploration in Botswana and South Africa
- Diversified portfolio is key to managing production risk across the Group



# 2017 Resource Statement (30 June 2017)

World-class Resource base of 305.0 million carats<sup>1</sup>

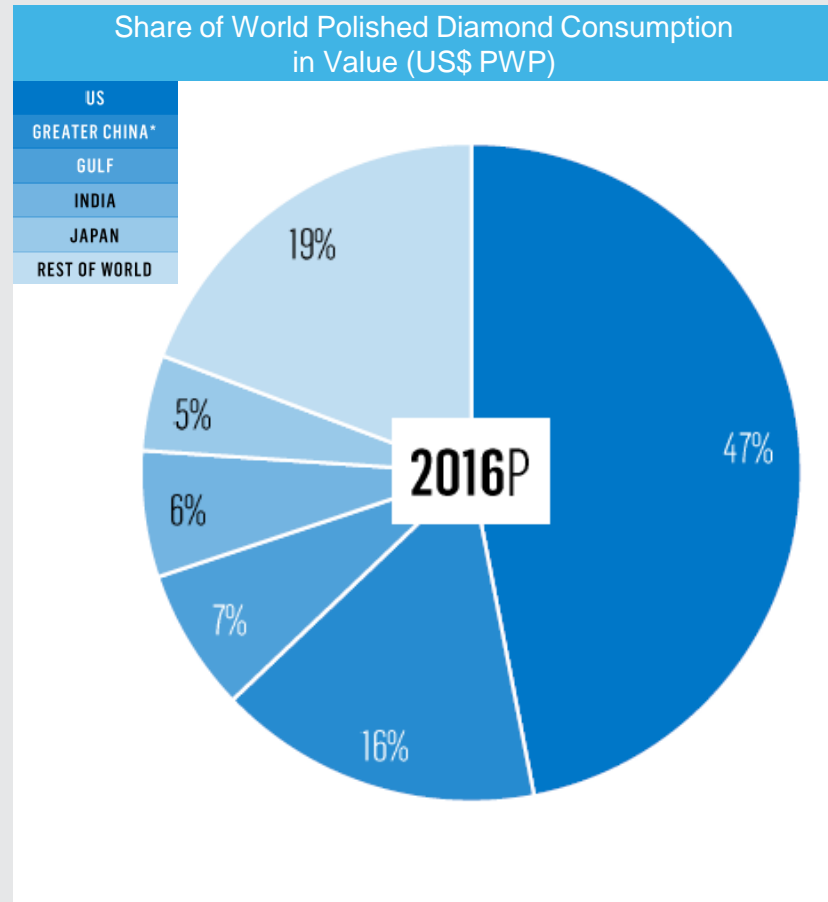
Gross Resources (Mcts)



1. The total Group Resource includes 4.1 Mcts for the Helam mine in South Africa (now on care and maintenance) and 8.7 Mcts for the KX36 exploration project in Botswana
2. All KEM JV Reserves and Resources changed to 75.9% attributable to Petra from 1 July 2016 due to the formation of the KEM JV on that date

# The Diamond Market in 2016

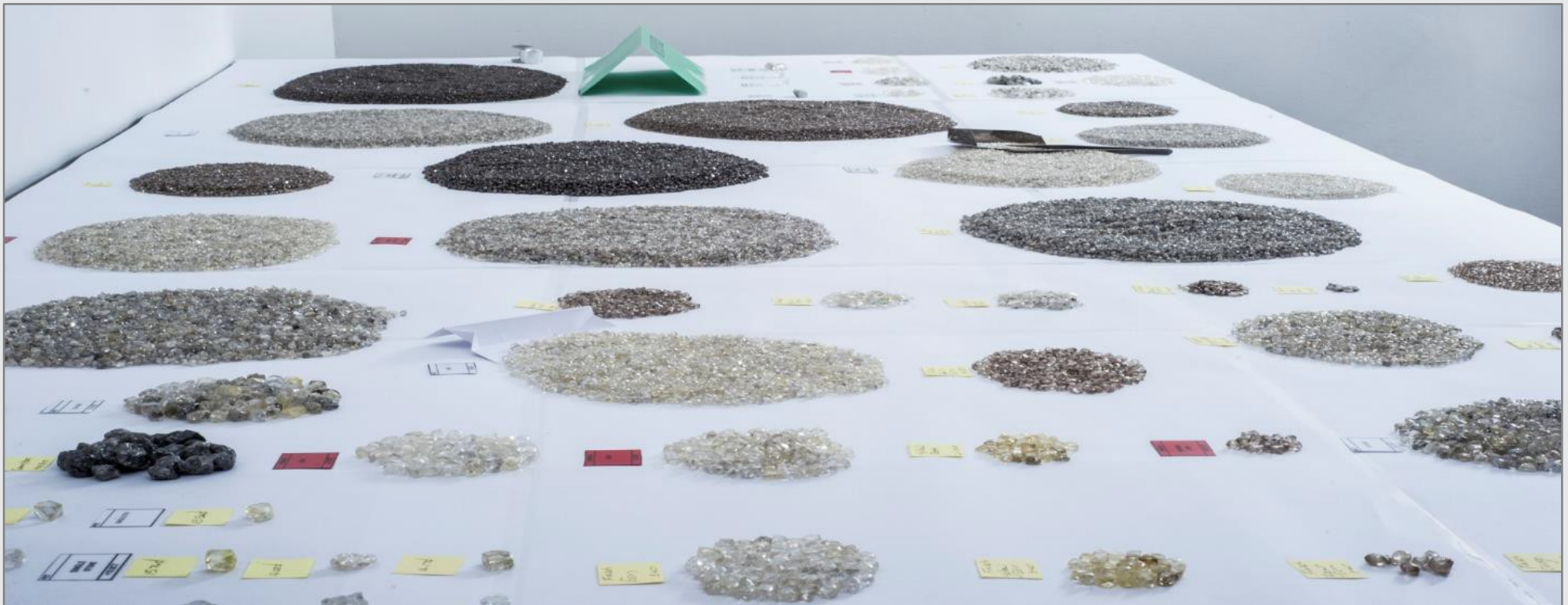
- Global diamond jewellery sales +0.3%: ca. \$80 billion



Source: De Beers Diamond Insight Report 2017

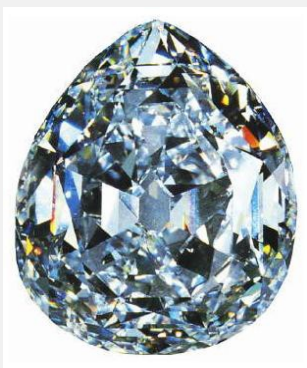
# Petra Production Profile

- Production profile of a kimberlite is highly consistent when the mine is in steady state production
- Growing volumes across the full diamond spectrum (from lowest to highest value)
- Growing trend for mass luxury supported by strong pricing performance in smaller / 2nd to 3rd quality goods





# Iconic Diamonds From Iconic Mines



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*



# The Most Highly Concentrated Form of Wealth

Examples of recent polished coloured diamond sales at auction



**The 14.62ct  
Oppenheimer  
Blue diamond**

Sold for \$57.7m  
\$3.9m per carat,  
18 May 2016



**The 12.03ct Blue  
Moon of  
Josephine  
diamond**

Sold for \$48.4m  
\$4.0m per carat,  
12 November 2015



**The 24.18ct  
Cullinan Dream  
diamond**

Sold for \$25.4m  
\$1.1m per carat,  
9 June 2016



**The 59.60ct  
Pink Star  
diamond**

Sold for \$71.2m  
\$1.2m per carat,  
4 April 2017

# FY 2017 – Summary of Results



Petra Diamonds

	FY 2017 (US\$m)	FY 2016 (US\$m)
Revenue	477.0	430.9
Adjusted mining and processing costs <sup>1</sup>	(311.3)	(257.7)
Other direct income	2.8	2.8
<b>Profit from mining activities<sup>1</sup></b>	<b>168.5</b>	<b>176.0</b>
Exploration expense	(0.6)	(2.7)
Corporate overhead	(10.7)	(9.0)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>157.2</b>	<b>164.3</b>
Depreciation	(79.6)	(51.8)
Share-based expense	0.1	(4.1)
Net finance expense	(22.9)	(36.2)
Tax expense	(25.8)	(8.6)
<b>Adjusted net profit after tax<sup>1</sup></b>	<b>29.0</b>	<b>63.6</b>
KEM JV fair value adjustment <sup>1</sup>	4.1	-
Net unrealised foreign exchange gain	9.9	3.2
Bond redemption premium and unamortised costs <sup>1</sup>	(22.3)	-
<b>Net profit after tax</b>	<b>20.7</b>	<b>66.8</b>
<b>Earnings per share attributable to equity holders of the Company:</b>		
<b>Basic EPS – US\$ cents</b>	<b>3.47</b>	10.38
<b>Adjusted EPS – US\$ cents<sup>1</sup></b>	<b>5.04</b>	9.76

1. Refer to preliminary results announcement dated 18 September 2017 for detailed notes and explanations regarding non IFRS adjusted disclosures



# FY 2017 Operational Results

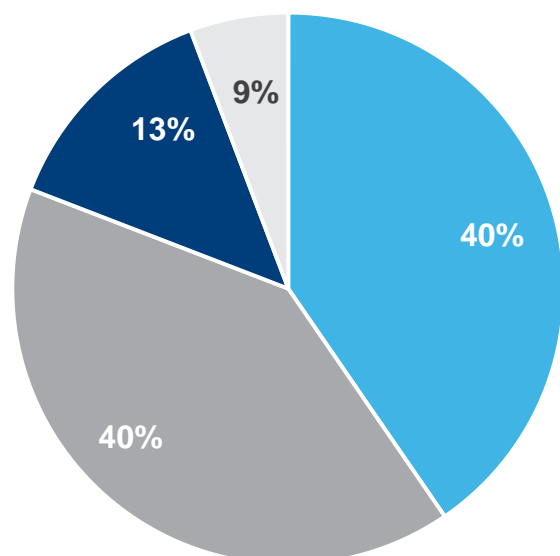
	Finsch		Cullinan		Koffiefontein		KEM JV		Williamson <sup>2</sup>	
	Q1 FY18	FY 2017	Q1 FY18	FY 2017	Q1 FY18	FY 2017	Q1 FY18	FY 2017	Q1 FY18	FY 2017
<b>ROM PRODUCTION</b>										
Tonnes Treated (t)	768,165	<b>3,212,169</b>	757,781	<b>1,882,911</b>	155,263	<b>667,821</b>	239,825	<b>597,025</b>	1,206,451	<b>3,667,781</b>
Grade (cpht)	60.9	<b>56.6</b>	33.0	<b>36.1</b>	8.1	<b>7.7</b>	11.4	<b>14.7</b>	7.1	<b>5.8</b>
Diamonds recovered (carats)	467,795	<b>1,818,454</b>	250,001	<b>679,622</b>	12,563	<b>51,173</b>	27,236	<b>87,783</b>	85,213	<b>212,215</b>
<b>TOTAL PRODUCTION</b>										
Tonnes treated (t)	1,048,997	<b>4,863,258</b>	757,781	<b>2,389,087</b>	155,263	<b>667,821</b>	1,538,381	<b>6,750,682</b>	1,296,791	<b>4,071,592</b>
Diamonds recovered (carats)	533,325	<b>2,149,896</b>	250,001	<b>786,509</b>	12,563	<b>51,173</b>	170,014	<b>800,434</b>	87,915	<b>225,202</b>
<b>SALES</b>										
Diamonds sold (carats)	454,504	<b>2,141,885</b>	123,888	<b>760,957</b>	8,178	<b>56,068</b>	148,213	<b>821,963</b>	-	<b>226,110</b>
Average price per carat (US\$)	110	<b>101</b>	97	<b>120<sup>1</sup></b>	464	<b>506</b>	87	<b>100</b>	-	<b>258</b>
Revenue (US\$M)	49.8	<b>216.7</b>	12.0	<b>91.3</b>	3.8	<b>28.4</b>	13.0	<b>82.3</b>	-	<b>58.4</b>
On-mine cash cost per tonne treated <sup>1</sup>	n/a	<b>R253</b>	n/a	<b>R316</b>	n/a	<b>R532</b>	n/a	<b>R133</b>	n/a	<b>US\$12</b>
<b>TOTAL CAPEX<sup>1</sup></b>	n/a	<b>85.6</b>	n/a	<b>151.2</b>	n/a	<b>18.8</b>	n/a	<b>28.4</b>	n/a	<b>15</b>

1. Operating costs and capex are not reported on a quarterly basis

2. There were no sales from Williamson during Q1, due to a parcel of 71,654 carats being detained by the GoT; Petra is in ongoing discussions with the GoT in order to reach a suitable resolution with regards to this parcel

# FY 2017 Operating Costs

FY 2017 On-mine cash cost breakdown  
(South Africa operations)



Group on-mine US\$ cash costs increased 17% due to:

- Inclusion of Kimberley Ekapa Mining JV for the full Year (4% increase)
- Inflationary increases, including the impact of electricity and labour costs (7% increase)
- The effect of translating South African operations' ZAR denominated costs at a stronger ZAR/USD exchange rate (6% increase)

■ Labour  
■ Contractors, consumables and stores  
■ Power  
■ Other

	On-mine cash costs US\$m	Diamond royalties US\$m	Diamond inventory and stockpile movement US\$m	Group technical, support and marketing costs US\$m	Adjusted mining and processing costs US\$m	Depreciation US\$m	Share based expense US\$m	Total mining and processing costs (IFRS) US\$m
FY 2017	287.3	4.7	(2.6)	21.9	311.3	78.7	0.1	390.1
FY 2016	246.4	5.4	(14.1)	20.0	257.7	51.0	1.6	310.3

# Finsch – Development Programme

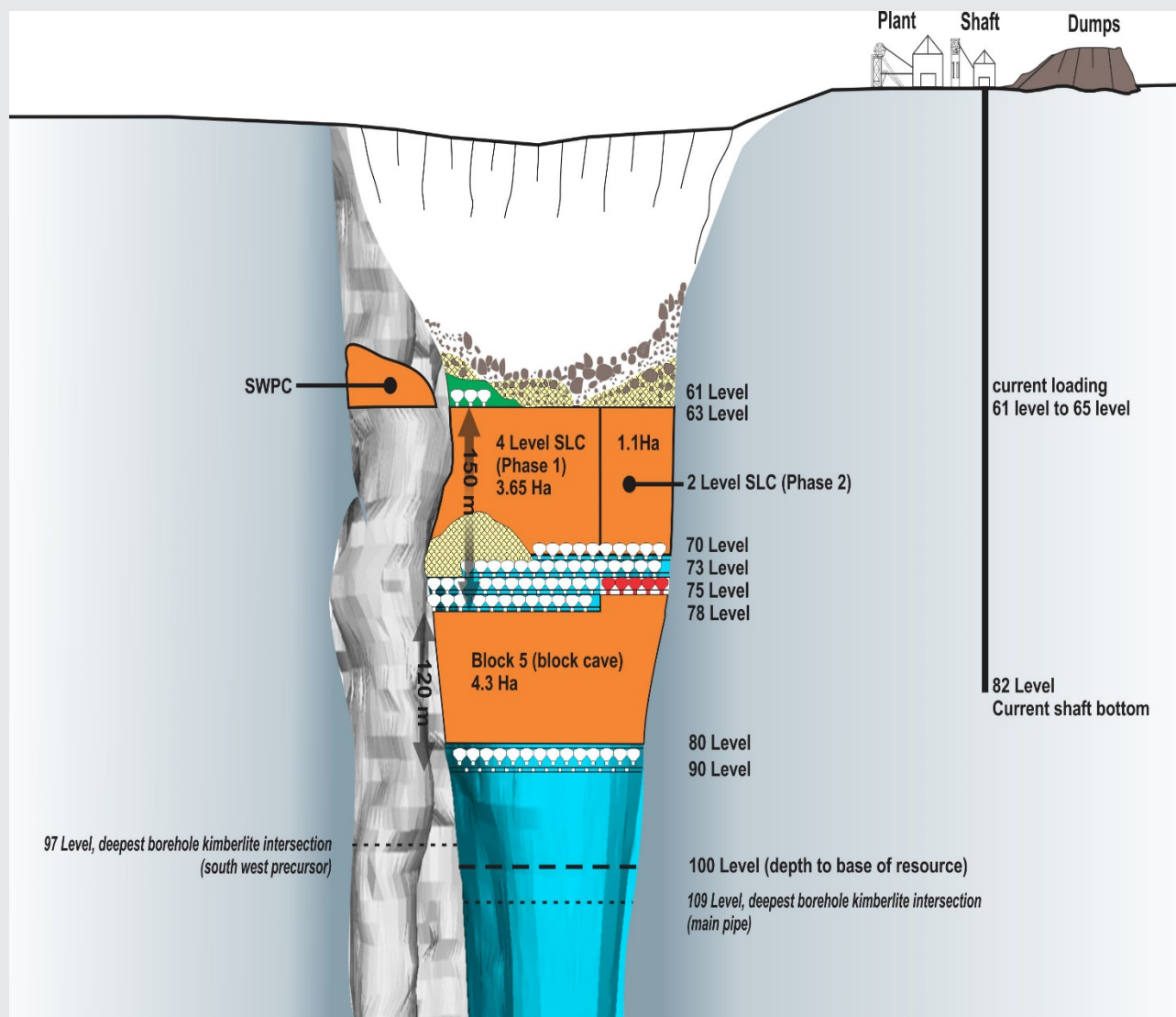
## Expansion Plan

- **Expansion plan to take production to ca. 2.0 Mctpa (ROM) by FY 2018**
- Sub level cave
  - tunnelling in host rock complete
  - All 22 tunnels in production – first 2 levels
- New Block 5 Block Cave to be installed at 900m

## Key Milestones

- Production from SLC – **from H2 FY 2016**
- Dedicated ore-handling infrastructure (to transfer SLC ore to existing infrastructure at 650m) – **end FY 2016**
- Mining of South West Precursor from 610m to 630m – **H1 FY 2017**
- 2<sup>nd</sup> crusher commissioned - **end H1 FY 2018**
- Decommissioning of Block 4 automated ore-handling system – **end H1 FY 2018**
- Pre 79 Tailings treated – **end FY 2018**
- Steady state ROM production – **FY 2018**
- Mining of overburden dumps – **continue to FY 2019 / FY 2020**
- Block 5 Block Cave at 900m – **from FY 2024 / FY 2025**

FY 2017 Development: Waste: 1,523 metres; Raiseboring: 427 metres; Kimberlite 3,733 metres





# Cullinan – Development Programme

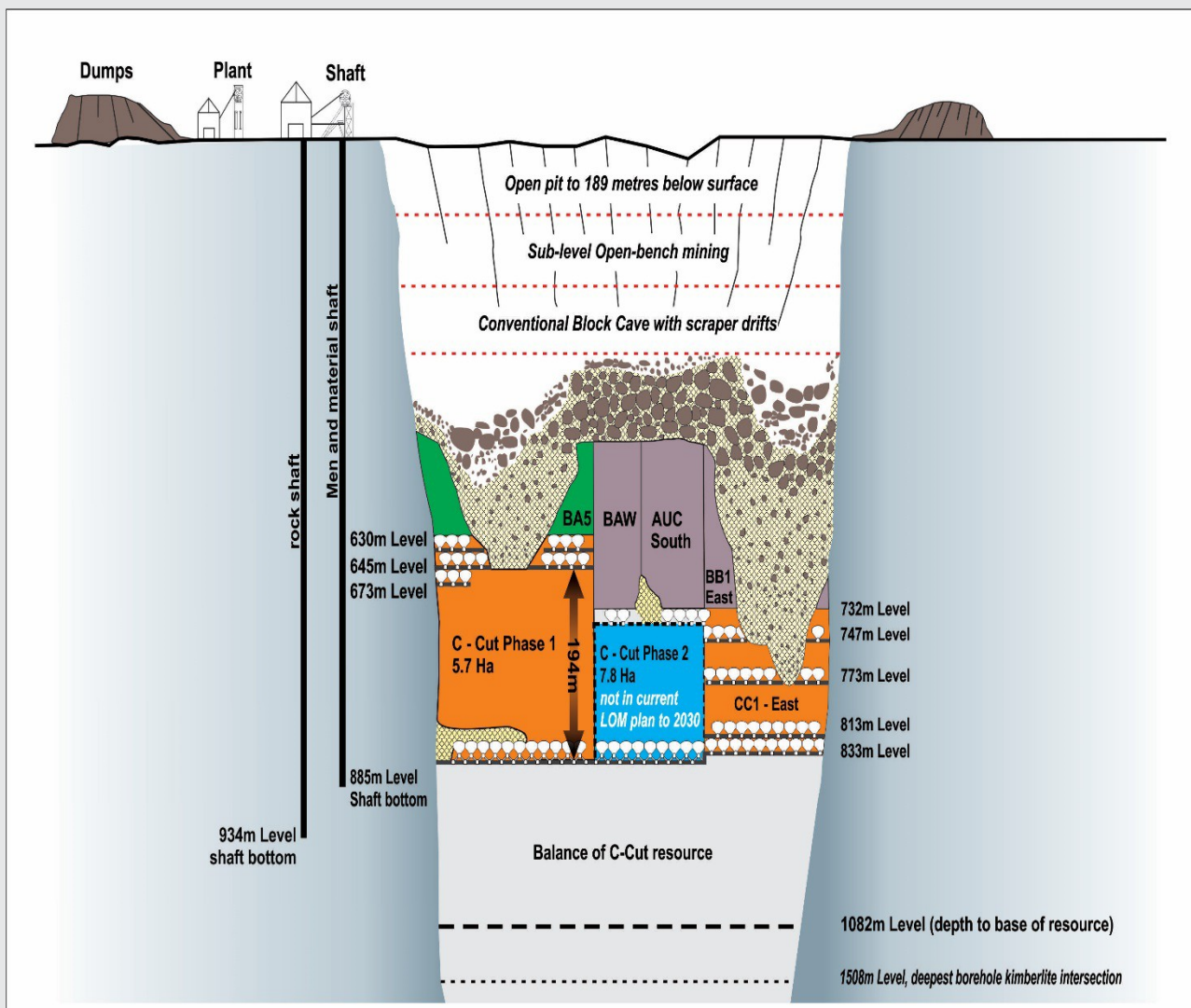
## Expansion Plan

- **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 (FY'18 – expansion into Eastern side of orebody (CC1 East))
- Development work transitioning from waste tunnelling in host rock to kimberlite
- First rings in the undercut blasted – **June 2015**

## Key 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**; ca. 1 Mt ROM from new block cave **during FY 2017**
- Ore shaft completed and commissioned – **H1 FY 2017**
- New Cullinan plant commissioning commences – **end FY 2017**
- Steady state ROM production (4 Mtpa) – **FY 2019**

FY 2017 Development: Waste: 1,049 metres; Raiseboring: 673 metres; Kimberlite: 2,530 metres



# New Cullinan Plant

- Plant delay in FY 2017 due to contractor labour disruptions / commissioning issues
- Fully operational as at end September 2017, with optimisation ongoing to improve recoveries and efficiencies
- Processing rates already at 60% of nameplate capacity (6 Mtpa); plant set to deliver Cullinan's production and treatment plan for FY 2018
- Q1 grade (33 cpht) and diamond value (\$97/ct) not considered to be representative; recovery of fine diamonds is below expectations and XRL modules only came into production at end September



New plant uses AG milling, HPGR, XRL



Autogenous milling – inter-particle crushing



BV X-Ray Machines



Sorthouse top floor – primary sort & re-sort

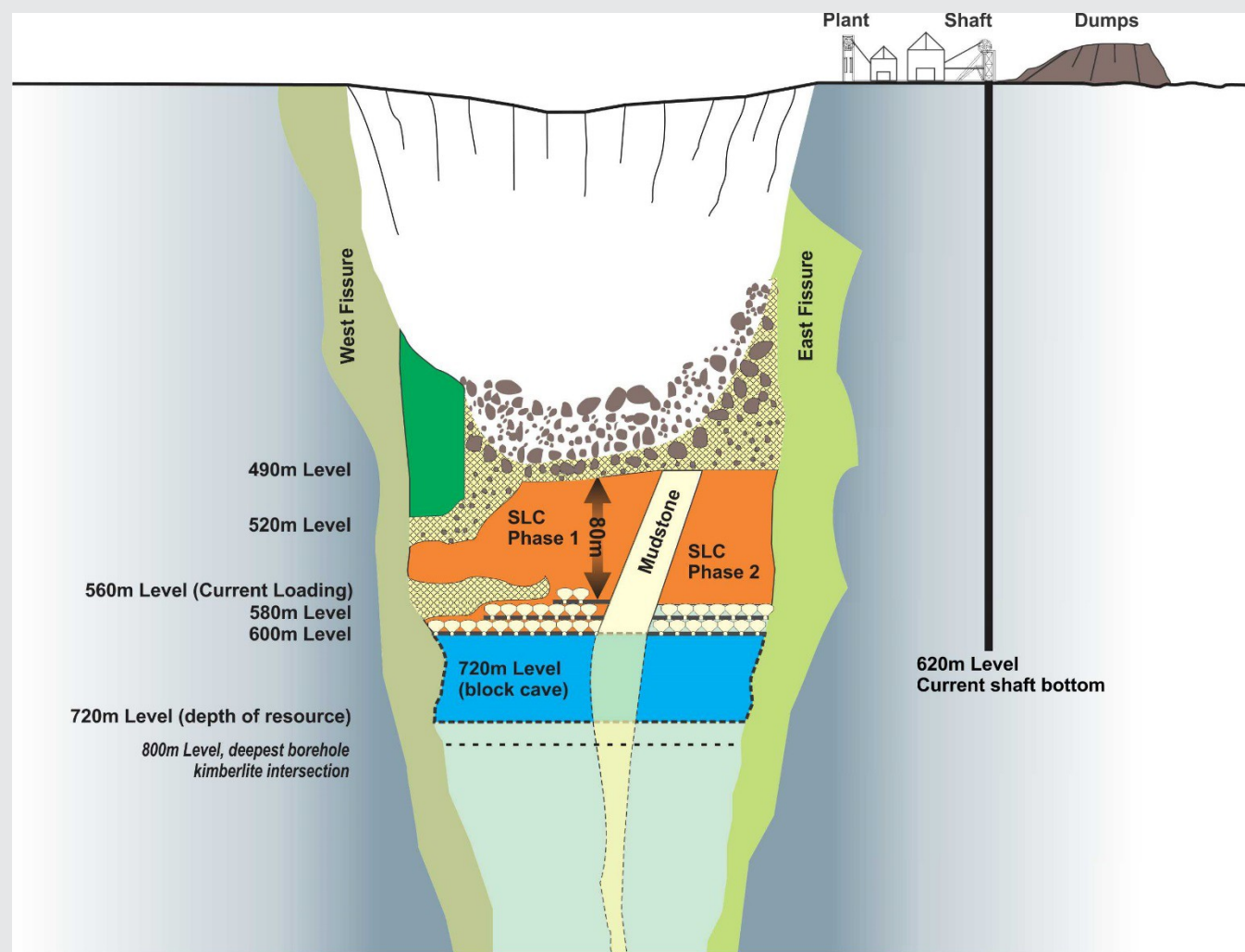
# Koffiefontein – Development Programme

## Expansion Plan

**Expansion Plan – to take production to ca. 85,000 ctpa by FY 2018**

- SLC to be mined over 3 levels from 560 mL to 600 mL
- Production commenced from first tunnels of SLC on 560 mL – **end FY 2015**
- 52L Western Fissure came into production to supplement ore from SLC Phase 1 on 56L – **FY 2016**
- Ramp up ROM production to 1.1 Mt – **FY 2019**

## Koffiefontein Kimberlite Pipe Schematic





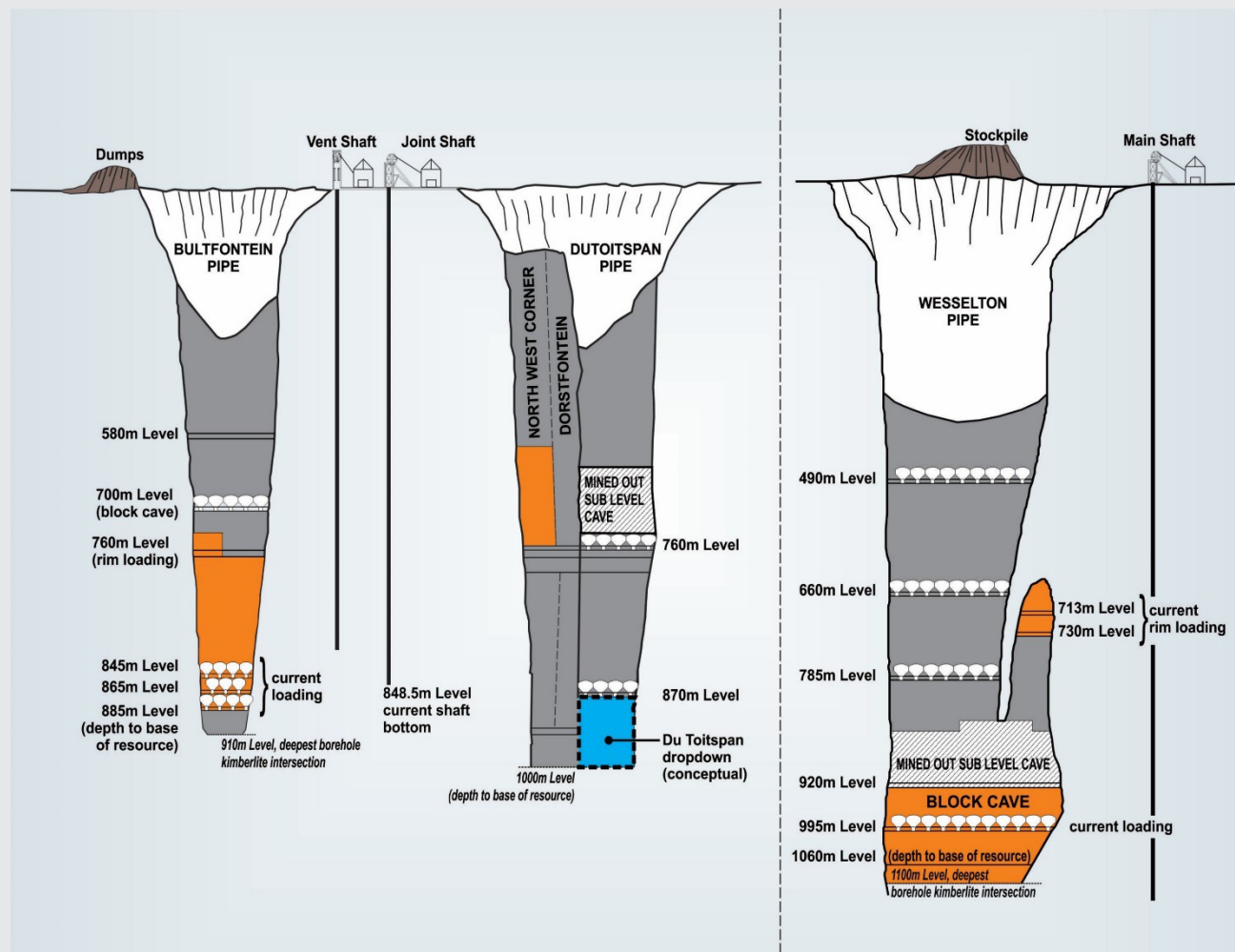
# Kimberley Underground – Development Programme

## Expansion Plan

**Expansion Plan – planned underground production of ca. 215,000 ctpa from FY 2019**

- Underground ore to be treated at Central Treatment Plant – **from FY 2017**
- Planned grade of 15 cpht – **FY 2018**
- ROM tonnes ramping up from 1.1 Mt planned in FY 2018 to ca. 1.2 Mtpa – **from FY 2019**
- Underground development at Wesselton and Dutoitspan to extend mine life

## Kimberley Underground Kimberlite Pipes Schematic



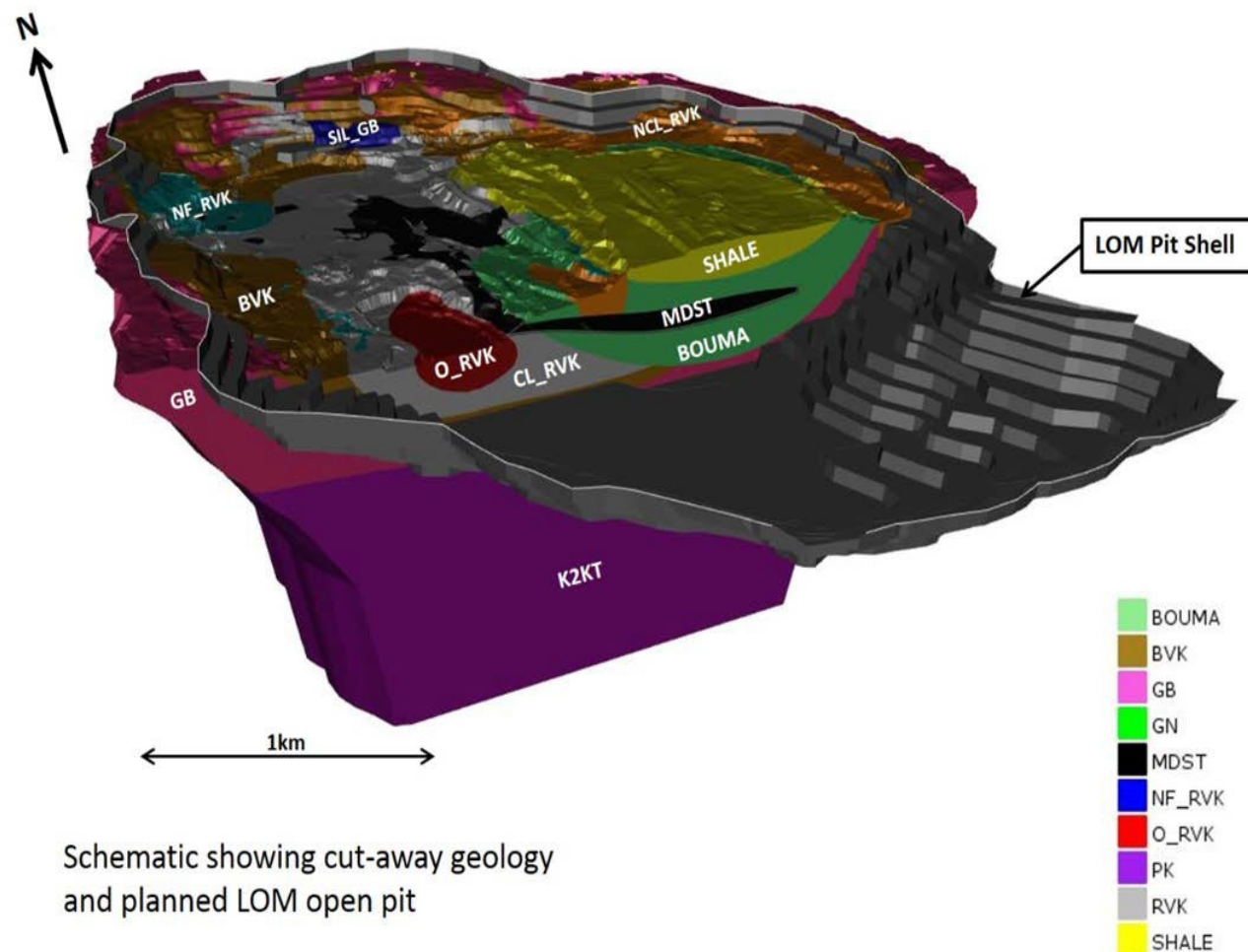
# Williamson – Development Programme

## Expansion Plan

**Expansion Plan – to take production to ca. 337,500 ctpa by FY 2019**

- Plant modifications (additional crusher circuit, 2 autogenous mills) completed – **FY 2017**
- ROM throughput planned at 4.6 Mt – **FY 2018**
- Ramp up of ROM throughput to ca. 5 Mtpa (at ca. 6.5 – 7 cpht) by **FY 2019**

## Williamson Kimberlite Pipe Schematic



# Debt Facilities

- Bank facilities (excl. FX lines) as at 30 September 2017: ca. \$100.6 million
- Bank debt facilities undrawn and available to the Group as at 30 September 2017: \$20.9 million, in addition to cash at bank of \$125.8 million

Lender	Type	Size ZARM	Size US\$M <sup>1</sup>	Utilised at 30 Jun 2017 ZARM/US\$M	Interest Rate	Repayment
Absa & Nedbank	ZAR Revolving credit facility	1,000	73.7	ZAR1,000M	1M JIBAR + 5.0%	Repayable Dec 2019
Absa & RMB (FNB)	ZAR Working capital facility	500	36.9	ZAR213M	SA Prime – 1.0%	Subject to annual renewal

1. Converted to USD using exchange rate of ZAR13.57/USD1



# Bank Debt Facilities – Covenants

Covenant	Maintenance Covenants			Distribution Covenants
	12 months to 30 June 2017	12 months to 31 Dec 2017	12 months to 30 June 2018	All periods
	Required ratio	Required ratio	Required ratio	Required ratio
Consolidated Net Debt <sup>2</sup> to Consolidated EBITDA	n/a <sup>1</sup>	≤4.0x  (Revised from ≤2.8x)	≤2.5x	≤2.0x
Consolidated EBITDA to Consolidated Net Finance Charges	n/a <sup>1</sup>	≥2.7x  (Revised from ≥3.85x)	≥4.0x	≥6.0x
Consolidated Net Senior Debt <sup>3</sup> to Book Equity <sup>4</sup>	≤0.4x	≤0.4x	≤0.4x	≤0.3x

1. Waiver obtained for 30 June 2017 measurement period
2. Consolidated net debt is loans and borrowings, less cash, less diamond debtors; consolidated net debt includes the BEE guarantees of ca. ZAR1.37 billion (\$105 million) as at 30 June 2017, issued by Petra to the lenders as part of the BEE financing concluded in December 2014
3. Consolidated Net Senior Debt means at any time the Consolidated Gross Debt (excluding any second lien and other subordinated debt)
4. Book Equity is Equity excluding accounting reserves

# Leverage Ratios

		30 June 2017	30 June 2016
IFRS Net debt <sup>1</sup>	USDM	555.3	375.8
Consolidated net debt (for bank debt covenant measurement)	USDM	616.8	464.6
Gearing <sup>2</sup>	%	86	69
Adjusted EBITDA <sup>3</sup>	USDM	157.2	164.3
EBITDA margin <sup>4</sup>	%	33	38
Consolidated net debt: EBITDA <sup>5</sup>	x	3.9	2.8
EBITDA net interest cover <sup>6</sup>	x	2.8	4.3

1. Net debt is the US\$ loan notes and bank loans and borrowings net of cash at bank

2. Gearing is calculated as IFRS net debt divided by total equity

3. Adjusted EBITDA, stated before depreciation, share-based expense, net finance expense, tax expense, impairment charges, net unrealised foreign exchange gains and losses and loss on discontinued operations

4. EBITDA margin is Adjusted EBITDA divided by revenue

5. Consolidated net debt: EBITDA is Consolidated net debt divided by Adjusted EBITDA

6. EBITDA: net interest cover is EBITDA divided by net finance costs, exchange gains or losses and unwinding of present value adjustment for rehabilitation costs

# Capex Profile – FY 2018 to FY 2019

Financial Year		2018	2019	2020
Operation				
Finsch	ROM tonnes treated (Mt)	3.5	3.5 – 3.8	3.5
	Tailings tonnes treated (Mt)	0.35	0.0	0.0
	Expansion Capex (ZARm)	600	420	350
	Sustaining Capex (ZARm)	150	100	100
Cullinan	ROM tonnes treated (Mt)	3.4 – 3.6	4.0	4.0
	Tailings tonnes treated (Mt)	0.7	2.4	2.4
	Expansion Capex (ZARm)	690	450	450
	Sustaining Capex (ZARm)	100	100	100
Koffiefontein	ROM tonnes treated (Mt)	1.0	1.1	1.1
	Expansion Capex (ZARm)	225	80	80
	Sustaining Capex (ZARm)	50	50	50
KEM	ROM tonnes treated (Mt)	1.1	1.2	1.2
	Tailings tonnes treated (Mt)	6.5	5.5	5.5
	Expansion Capex (ZARm)	155	220	220
	Sustaining Capex (ZARm)	80	90	90
PETRA (SA Operations)	Expansion Capex (ZARm)	1 670	1 170	1 100
	Sustaining Capex (ZARm)	380	340	340
Williamson	ROM tonnes treated (Mt)	4.6	5.0	5.0
	Alluvial tonnes treated (Mt)	0.4	0.0	0.0
	Expansion Capex (USDm)	3.5	5	5
	Sustaining Capex (USDm)	2.8	4	4
PETRA (All Operations)	ROM tonnes treated (Mt)	13.7	15.0	14.8
	Tailings / other tonnes treated (Mt)	8.0	7.9	7.9
	Expansion Capex (USDm)	132	95	90
	Sustaining Capex (USDm)	32	30	30

1. All Capex numbers are stated in FY 2018 money terms (ZAR13:\$1 where applicable)
2. Depreciation on mining assets for FY 2018 guided at ca. US\$70 – 75 million at ZAR13:\$1
3. As in prior guidance, capital estimates above do not include any capitalised borrowing costs; guidance is to assume majority of borrowing costs are to be capitalised
4. Total Capex post FY 2018 expected to be \$100 – 120 million per annum – required to optimise mine plans and continue development beyond current mine plans (mostly related to Finsch and Cullinan)





# Thank You

**Further enquiries:**

Petra Diamonds

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