



PetraDiamonds

Finsch Site Visit

1 February 2018



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Finsch Site Visit Itinerary

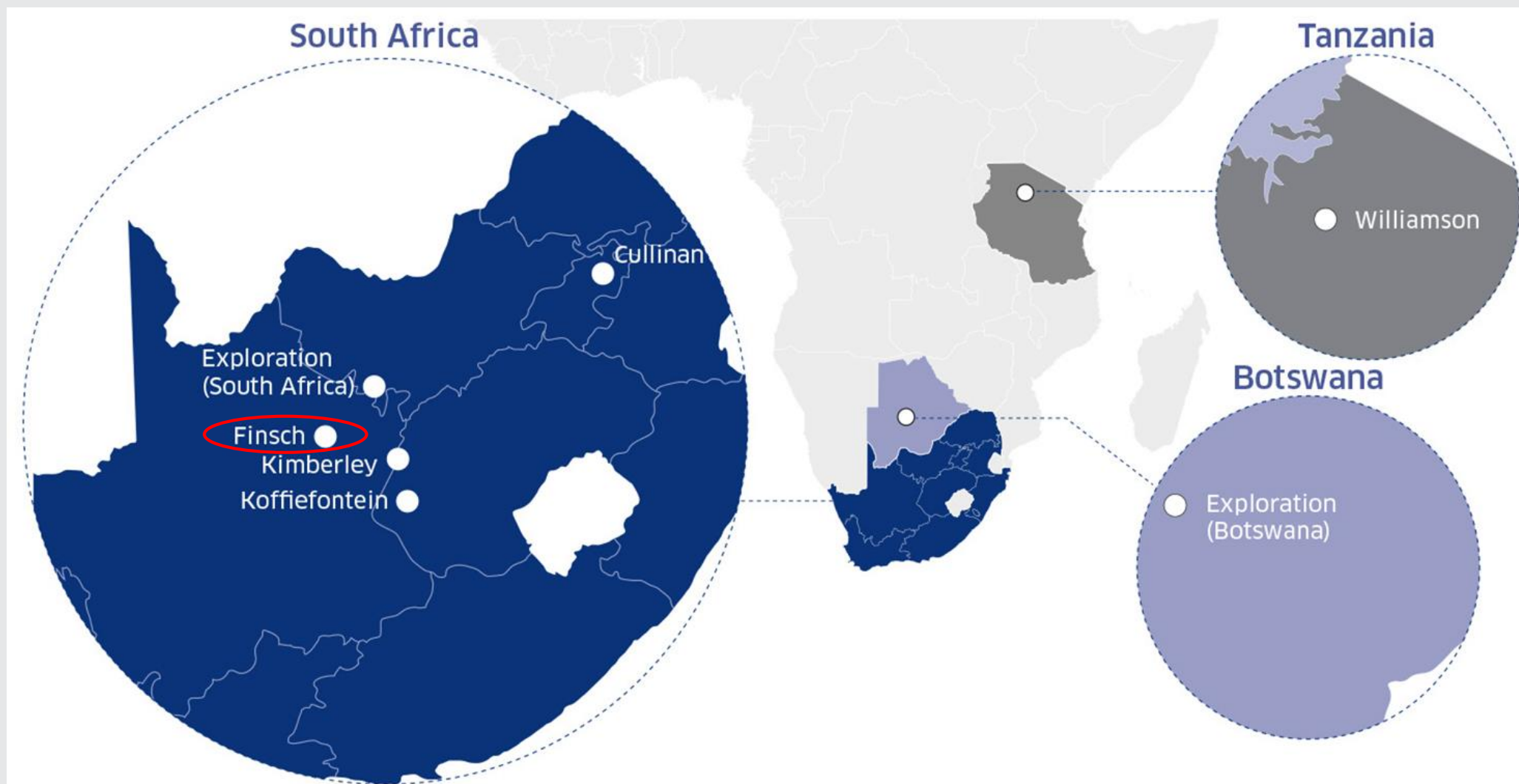
- 06:00 Pick up from Sandton, Johannesburg
- 07:00 Depart Lanseria
- 08:15 Arrive at Finsch
- 08:30 Overview on Petra, Finsch & Safety briefing
- 09:30 Underground visit
- 12:00 Overview of Central Control Room
- 12:30 Corporate Social Responsibility
- 13:00 Plant and open pit visit, sorthouse and diamonds
- 14:00 Closing discussions
- 15:00 Mine visit ends
- 15:30 Depart Lime Acres
- 17:15 Arrive Lanseria, transfer to Sandton




About Finsch



Location within Petra Portfolio



Finsch Overview

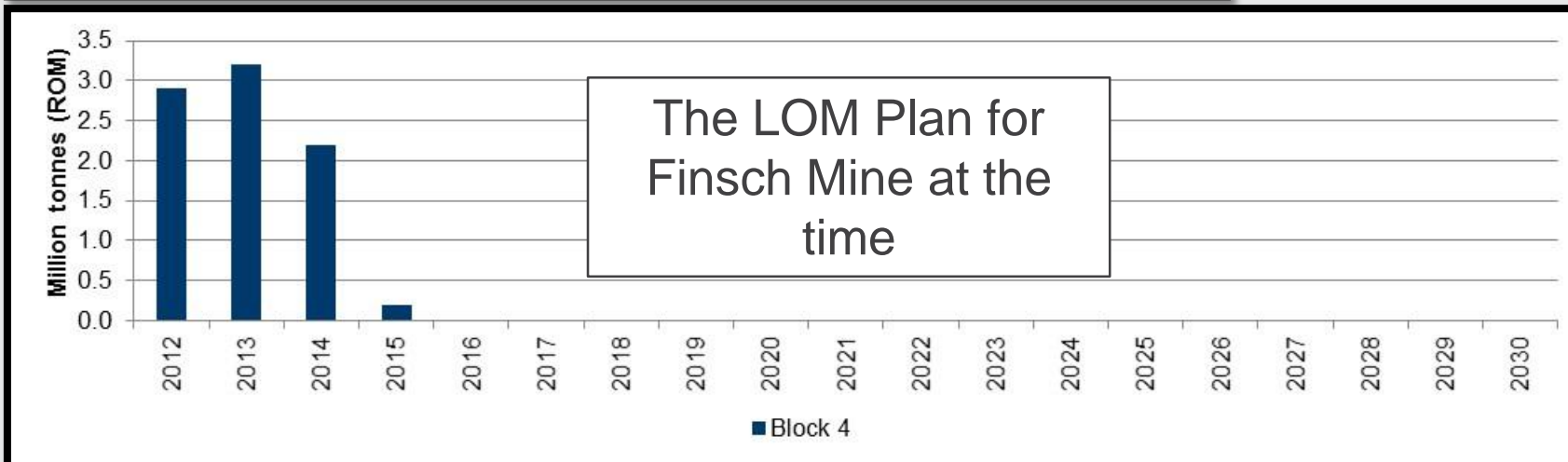
| 1961 | 1963 | 1978 | 1980 | 1990 | 2002 | 2008 | 2011 |
|--|---|---|--|---|---|---|--|
|  |  |  |  |  |  |  | <p>14 Sep 2011</p>  |
| Established Finsch Diamonds | Full mining rights | First stage underground mining | Upgrade of treatment plant | Open pit operation ceased | Development of Block 4 started | Second upgrade of treatment plant | Change of ownership & start of Block 5 development |

- South Africa's second largest diamond mine by production (after De Beers' Venetia)
- Major Resource of 45.0 Mcts, incl. 26.0 Mcts Reserves as at 30 June 2017.
- World class operation with state-of-the-art infrastructure, modern plant and quality management
- Excellent safety and environmental record; strong social programmes and relationships
- Block cave and sub level cave mining (high volume, low cost)
- H1 FY 2018 production of 1.0 Mcts (0.9 Mcts ROM and 0.1 Mcts tailings) and revenue of US\$100.8 million
- On track to deliver ca. 2.0 Mctpa for FY 2018

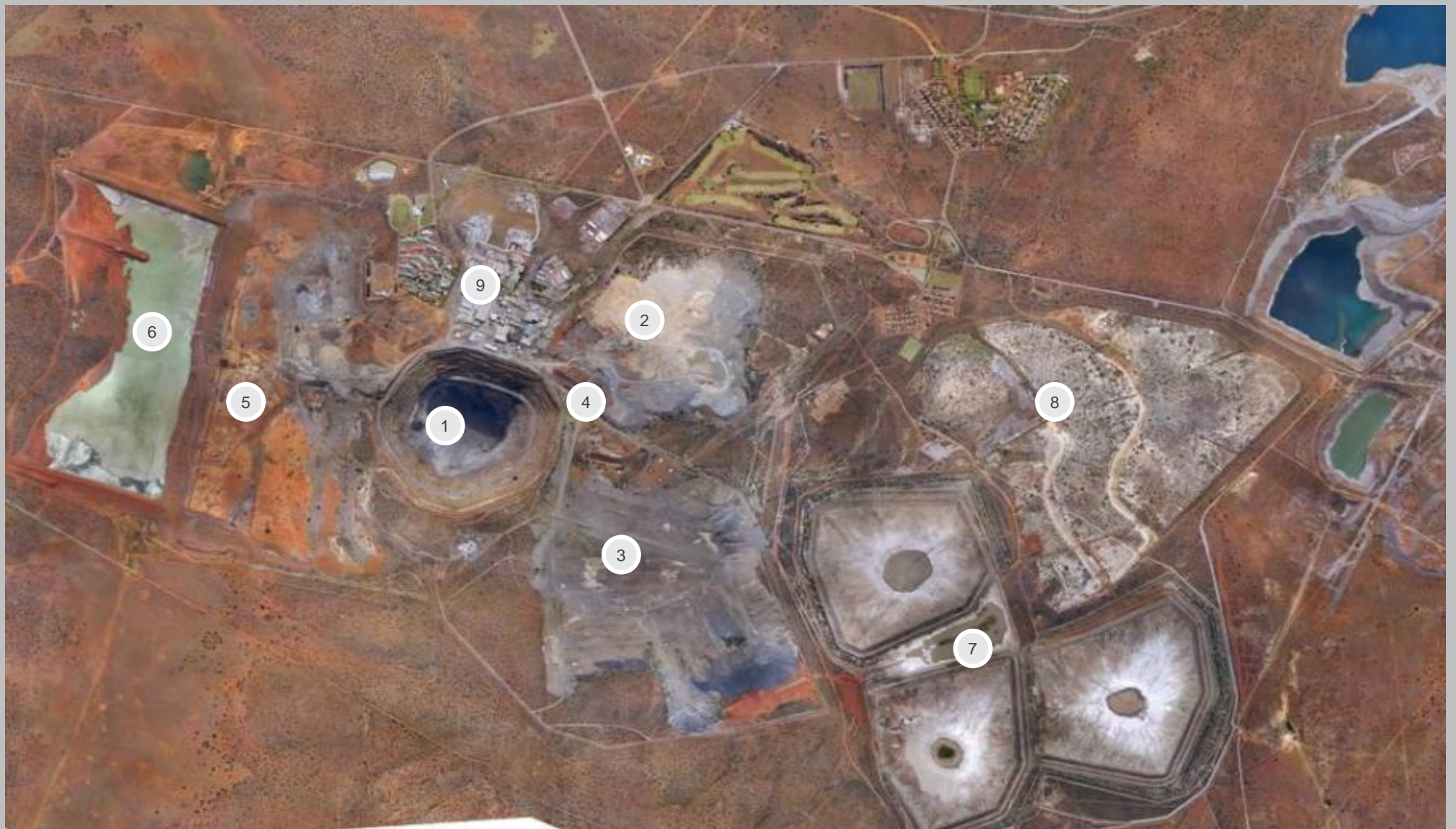
The Petra Story Commences for Finsch – Oct 2011



The first single boom
Sandvik drill rig
arrives at Finsch Mine



Mine Site Layout



- | | | | |
|---------------|----------------------|-------------------|----------------------------------|
| 1 Underground | 3 Post-79 TD | 5 Waste rock dump | 7 FRD's 1,2 and 3 and Infill Dam |
| 2 Pre-79 TMR | 4 Overburden Deposit | 6 Britz FRD | 8 Old Paddocks |

Diamond Profile

- Rich in gem quality smaller diamonds
- Highly commercial goods of +5 carats
- Produces a number of +50 carat stones pa – both white and yellow diamonds



Selection from tender



36cts & 43cts



53cts



43cts

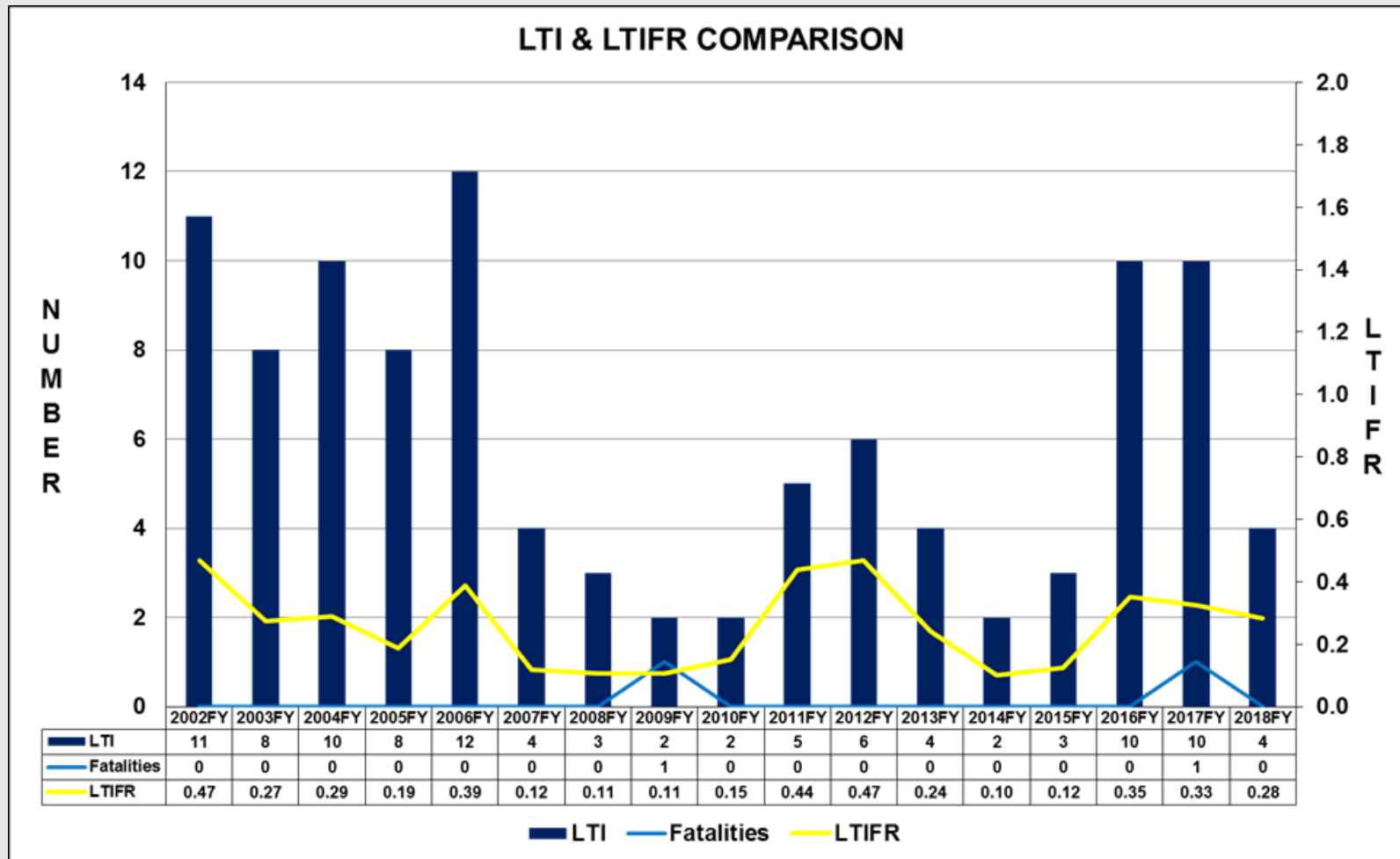


2.9cts



2 classic models of 6-7.5cts

Safety Performance

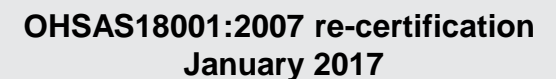
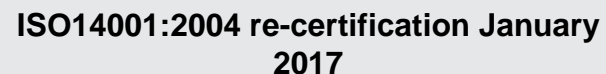


Highest LTIFR/nr = 2006FY: 0.39 / (12)

Lowest LTIFR/nr = 2014FY: 0.10 (2)

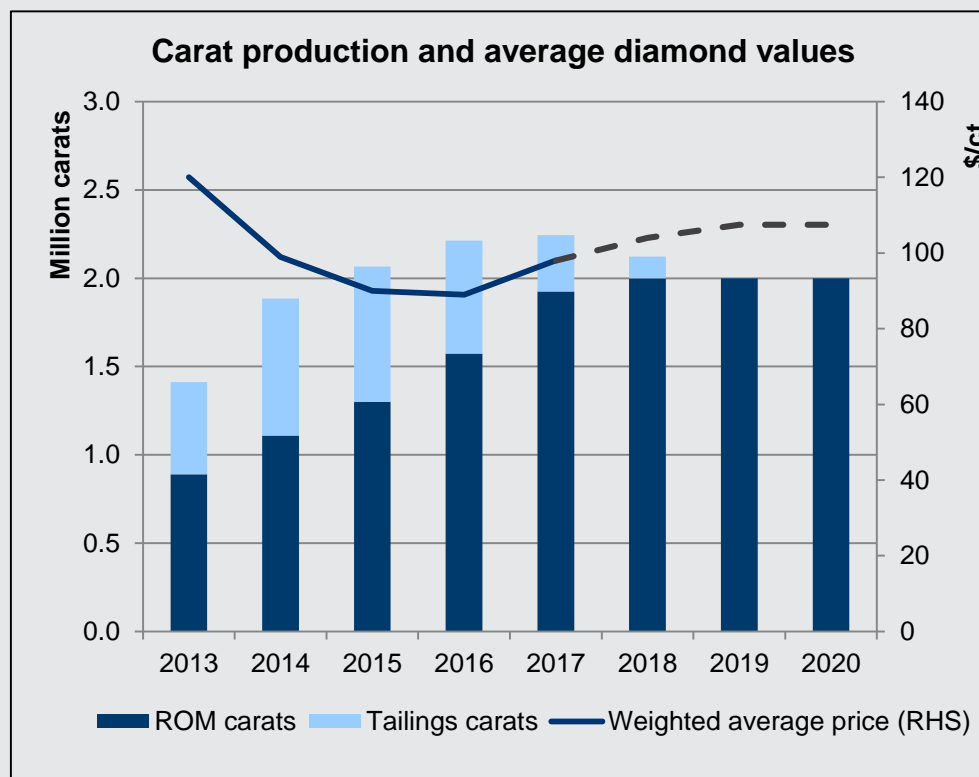
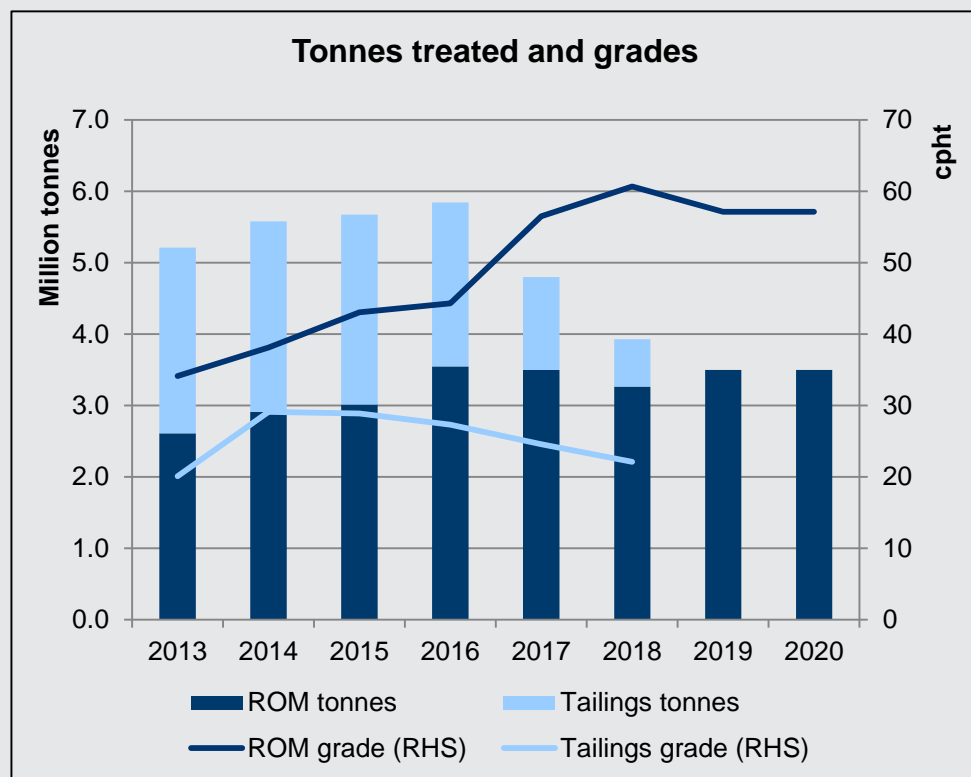
2004 = Previous time that development was done underground
 2010 – current = Increase in activities, employees and projects both underground and surface plant

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



Finsch – Production Plan

- ROM diamond production expected to increase approx. 10% on FY 2017, due to increase in mining of undiluted ore from newly established mining areas



1. Forecasts for average value per carat calculated using FY 2018 guided prices, and 0% annual real price increase

Current Trading – H1 FY 2018 Results

| | Unit | H1 FY 2018 | H1 FY 2017 | Variance | FY 2017 |
|-----------------------------------|--------|------------|------------|----------|-----------|
| <u>Sales</u> | | | | | |
| Revenue | US\$m | 100.8 | 99.3 | +2% | 216.7 |
| Diamonds sold | Carats | 970,446 | 1,010,015 | -4% | 2,141,885 |
| Average price per carat | US\$ | 104 | 98 | +6% | 101 |
| <u>ROM Production</u> | | | | | |
| Tonnes treated | Tonnes | 1,559,280 | 1,498,449 | +4% | 3,212,169 |
| Diamonds produced | Carats | 931,859 | 816,001 | +14% | 1,818,454 |
| Grade | Cpht | 59.8 | 54.5 | +10% | 56.6 |
| <u>Tailings Production</u> | | | | | |
| Tonnes treated | Tonnes | 515,224 | 1,041,758 | -51% | 1,651,089 |
| Diamonds produced | Carats | 104,737 | 215,559 | -51% | 331,442 |
| Grade | Cpht | 20.0 | 20.7 | -2% | 20.1 |
| <u>Total Production</u> | | | | | |
| Tonnes treated | Tonnes | 2,074,503 | 2,540,207 | -18% | 4,863,258 |
| Diamonds produced | Carats | 1,036,596 | 1,031,560 | 0% | 2,149,896 |
| <u>Capex</u> | | | | | |
| Expansion Capex | US\$m | 24.0 | 27.9 | -14% | 58.4 |
| Sustaining Capex | US\$m | 3.4 | 2.3 | +48% | 9.1 |

- ROM diamond production +14% to 931,859 carats, in line with the Company's guidance, impacted by strikes (ca. 55,000 carats)
- Pre-79 tailings exceeding full year guidance; planned depletion of resource during H2 FY 2018
- ROM grade +10% to 59.8 cpht due to increased contribution from SLC, assisted by high grade ROM surface stockpiles
- Improving ROM grade in line with Company guidance of 58 cpht for FY 2018



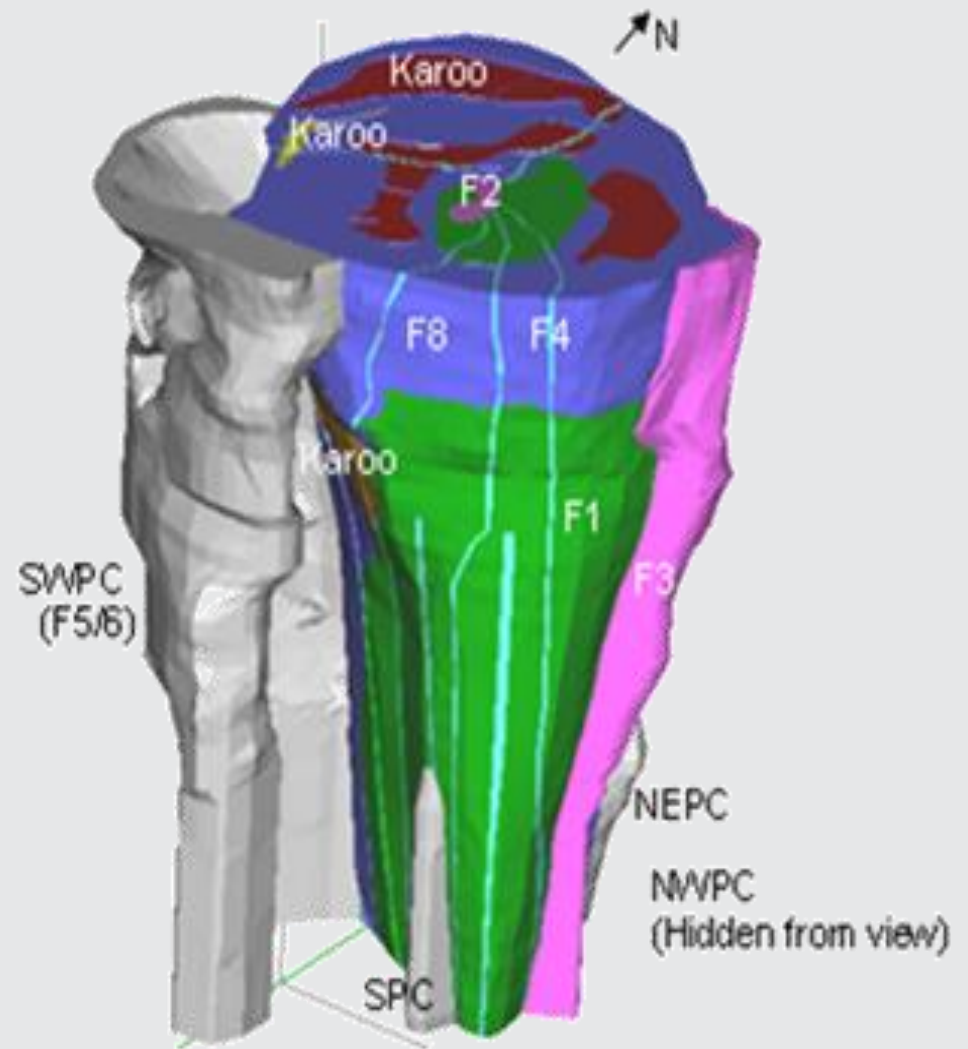
Block 5 SLC

Mining and Development
Programme



Geology

- Finsch pipe is hosted by banded ironstones at surface and thereafter dolomites of the Griqualand West Sequence of the Transvaal Supergroup
 - A Group II kimberlite pipe with an age of 118Ma
 - 17.9ha on surface
 - Main pipe tapers to 3.7ha and Precursor to 1.5ha at 880m
 - Truncates earlier Precursors
- Total of 8 different kimberlite facies each with unique characteristics and different grades
- 2 facies (F1 and F8) make up majority of the main pipe
- Grade increases with depth (decrease in waste dilution)



Finsch – Development Programme

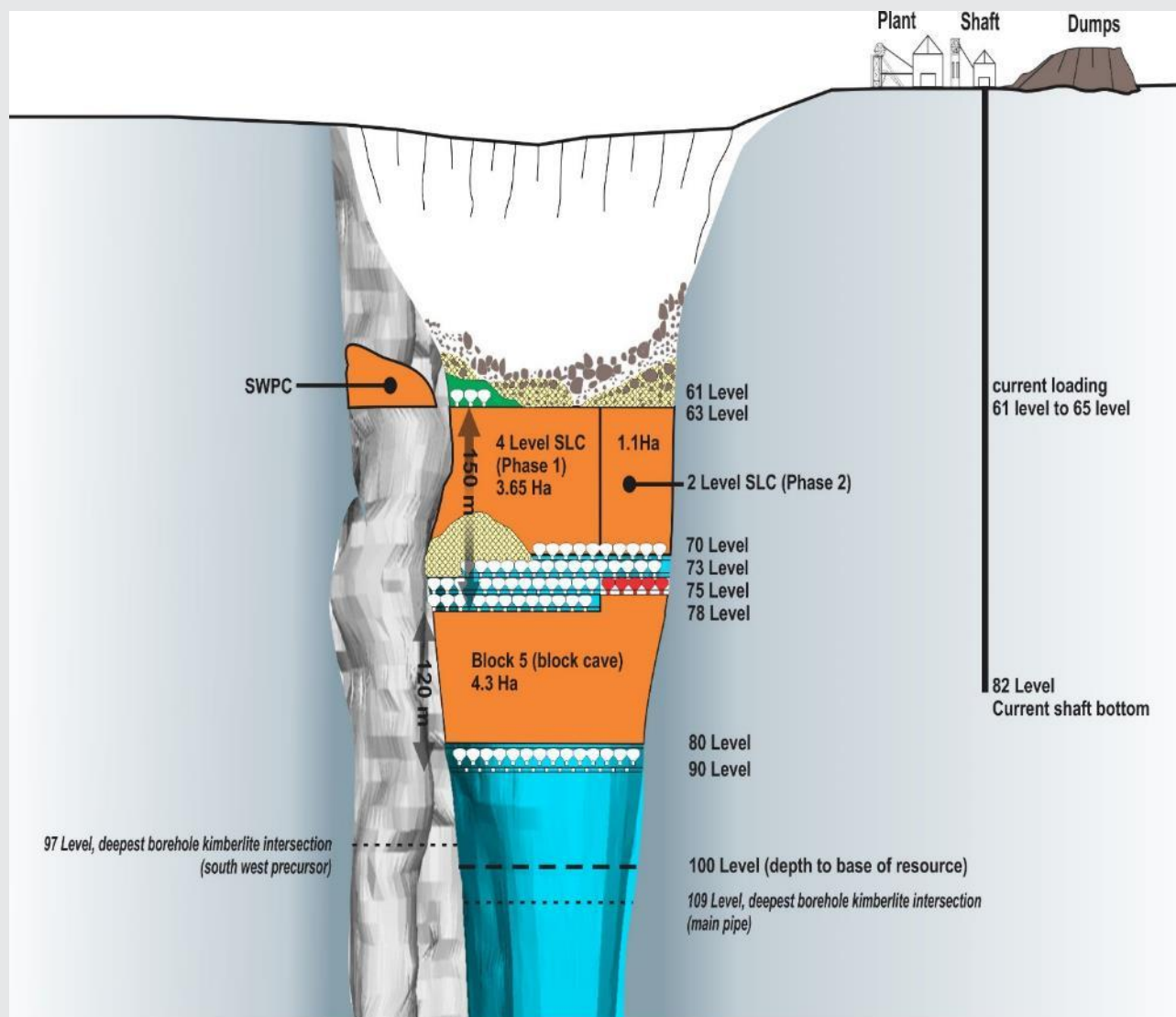
Expansion Plan

- **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 / 1000m

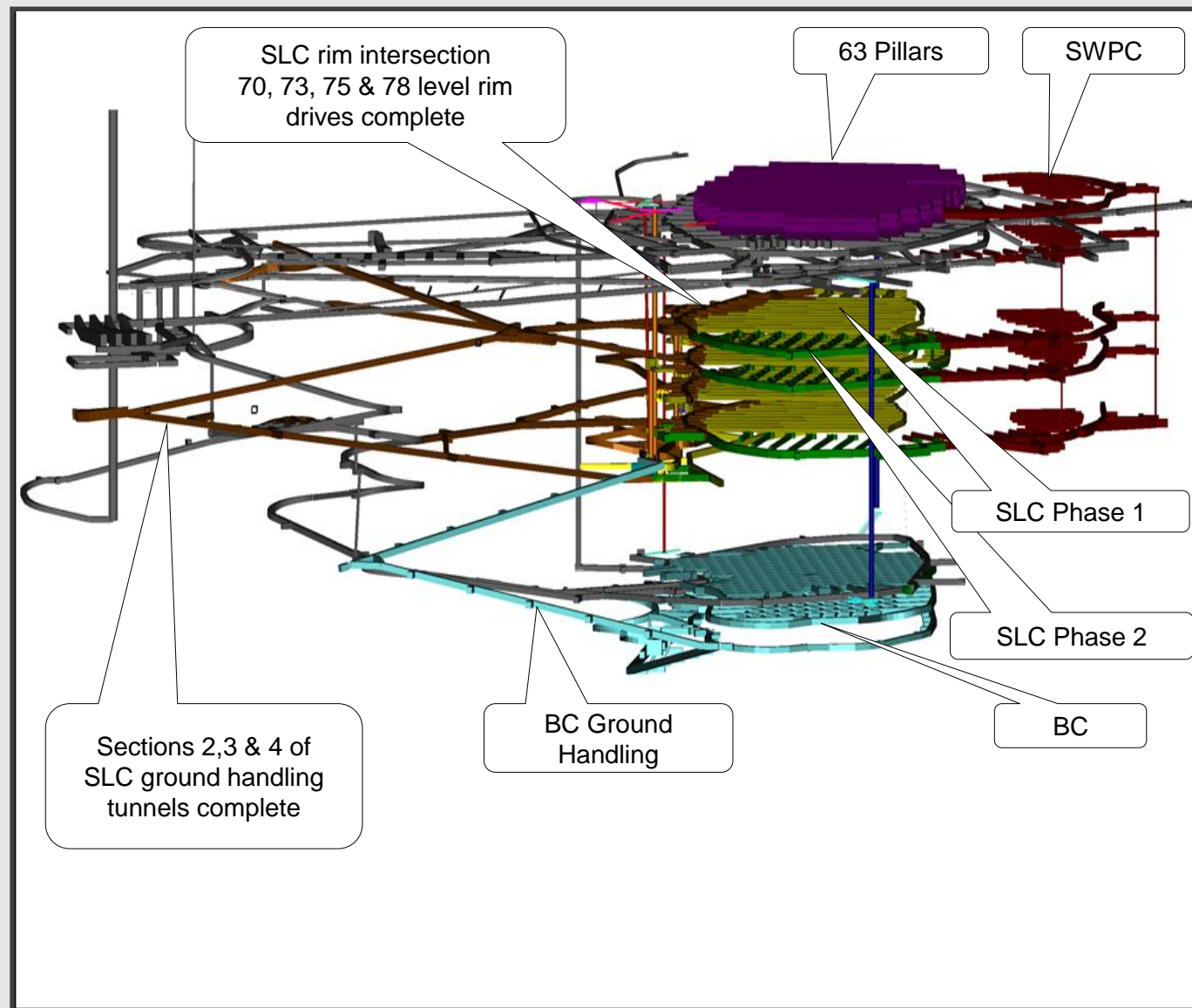
Key Milestones

- 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**
- 2nd crusher commissioned - **end H1 FY 2018**
- Decommissioning of Block 4 automated ore-handling system – **H2 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

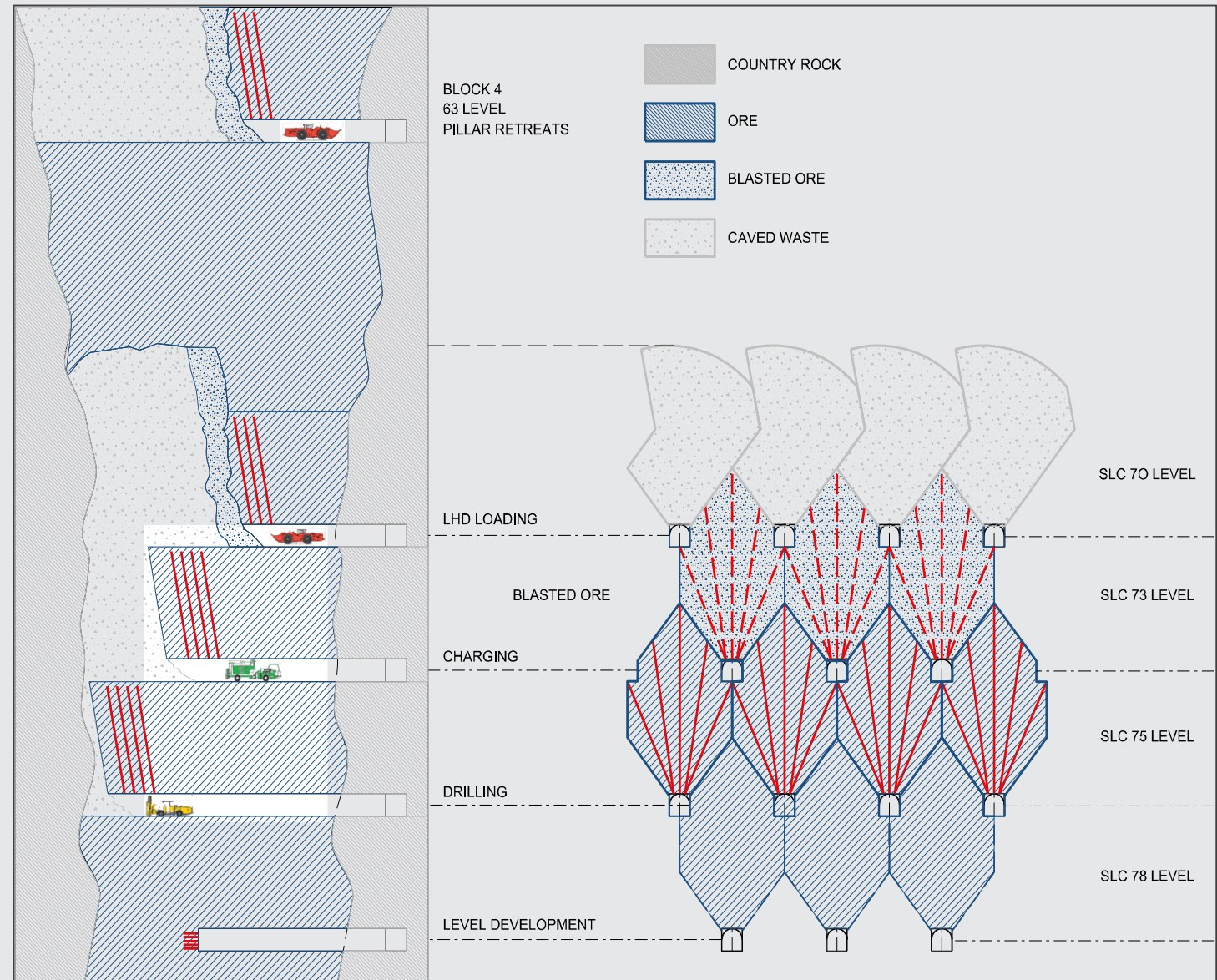


Underground Development

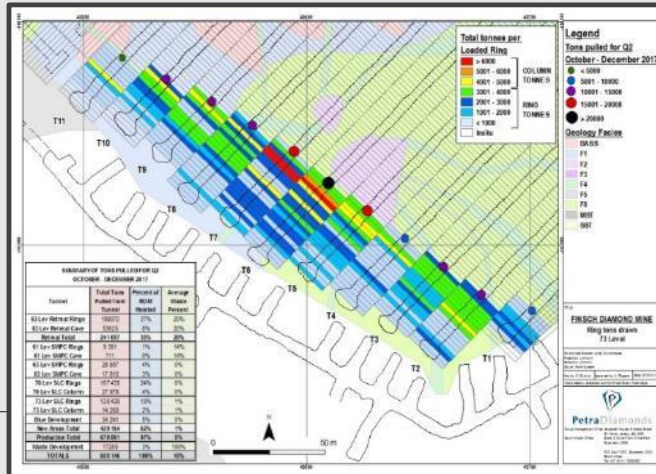
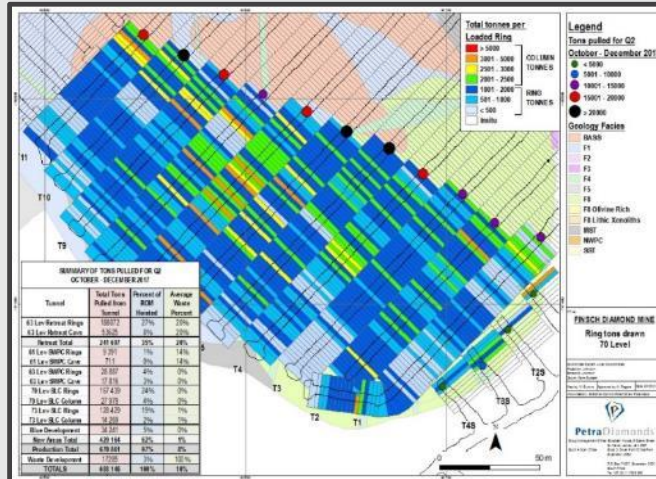
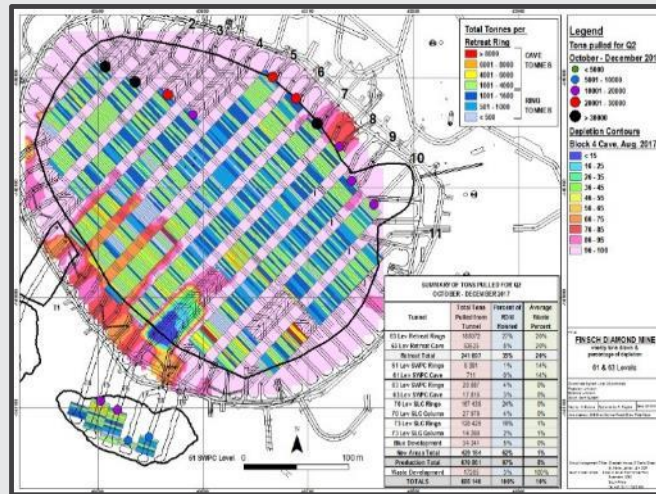
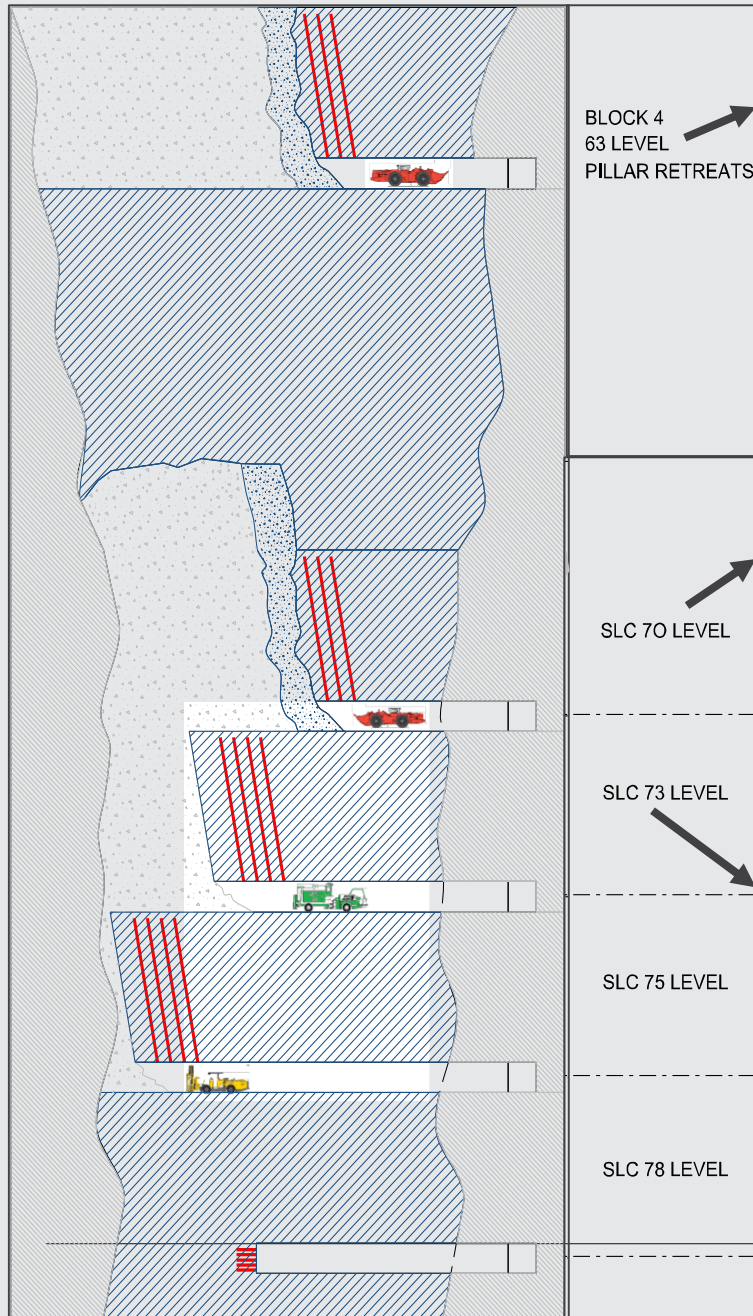


Sub-level Caving

- A cave where most of the recovered rock is drilled, charged and blasted
- The face must continuously advance:
 - To disturb the column above
 - To manage the damaged brows
- Performance is highly dependent on:
 - Extraction sequencing and disciplined following of it
 - Drill and blast
 - Draw control
- Expected ore recovery
 - 66% to 80% on top level
 - 90% to 130% on second level
 - 150% + on subsequent levels



Block 5 Sub-level Cave



Cycles of Mining the SLC



Long hole drilling

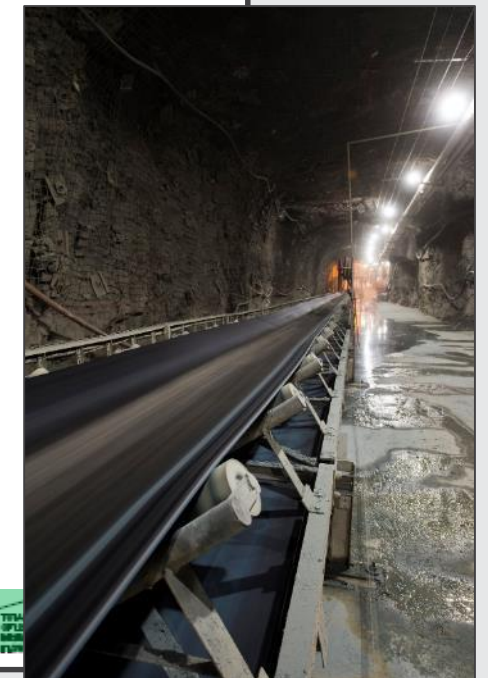
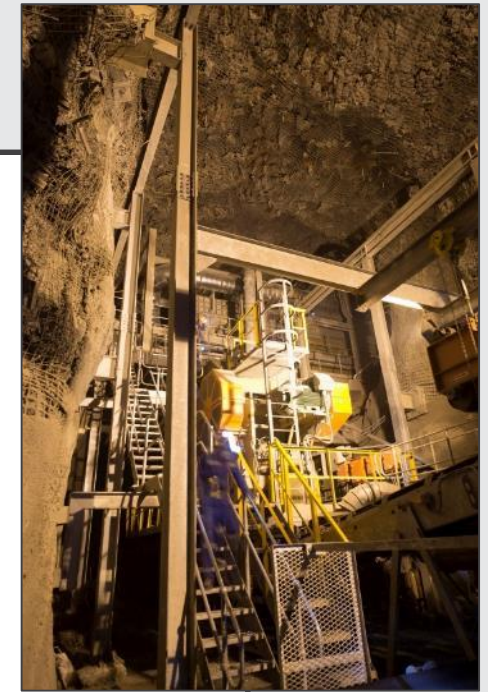
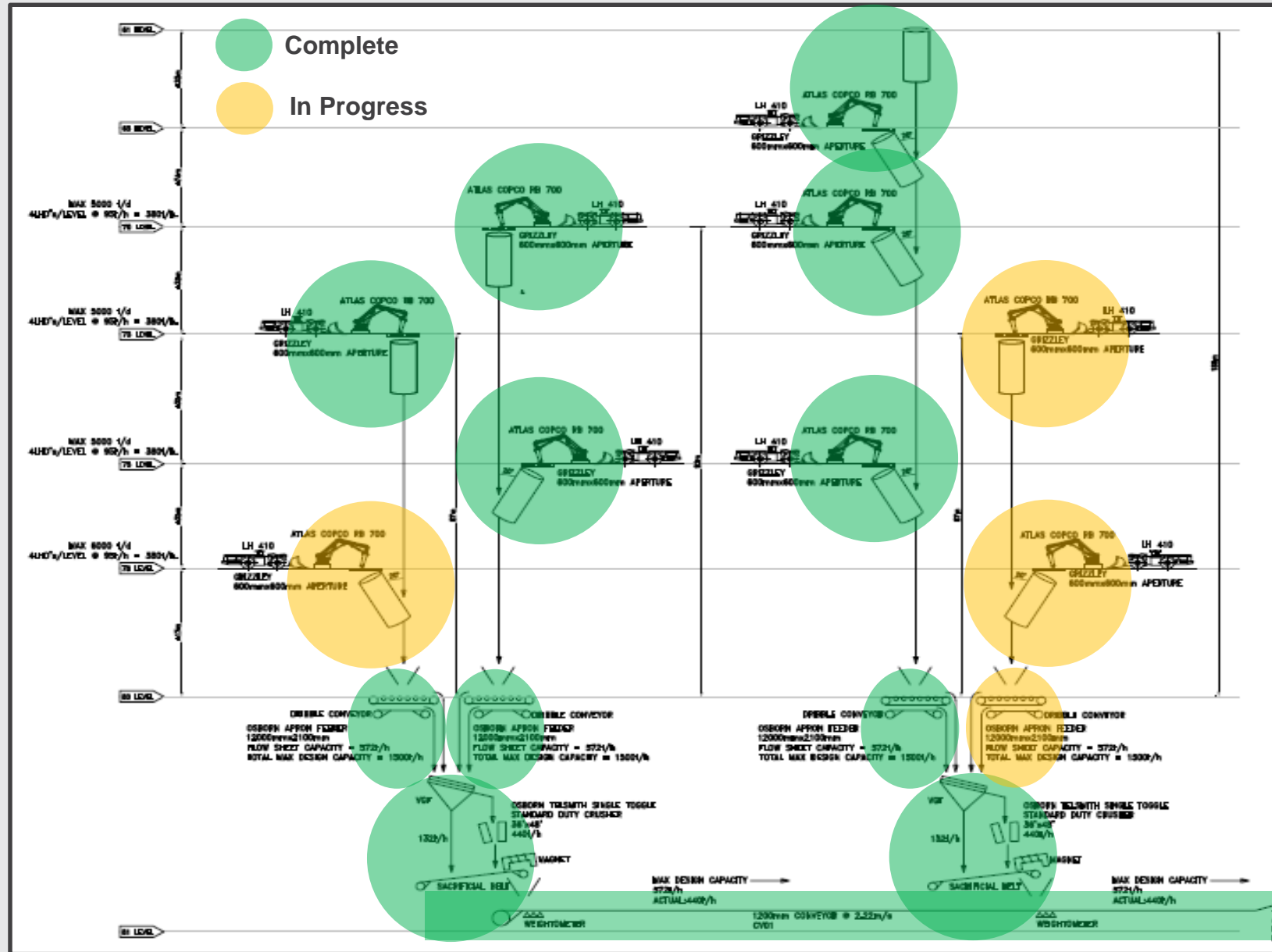


Charging & Blasting

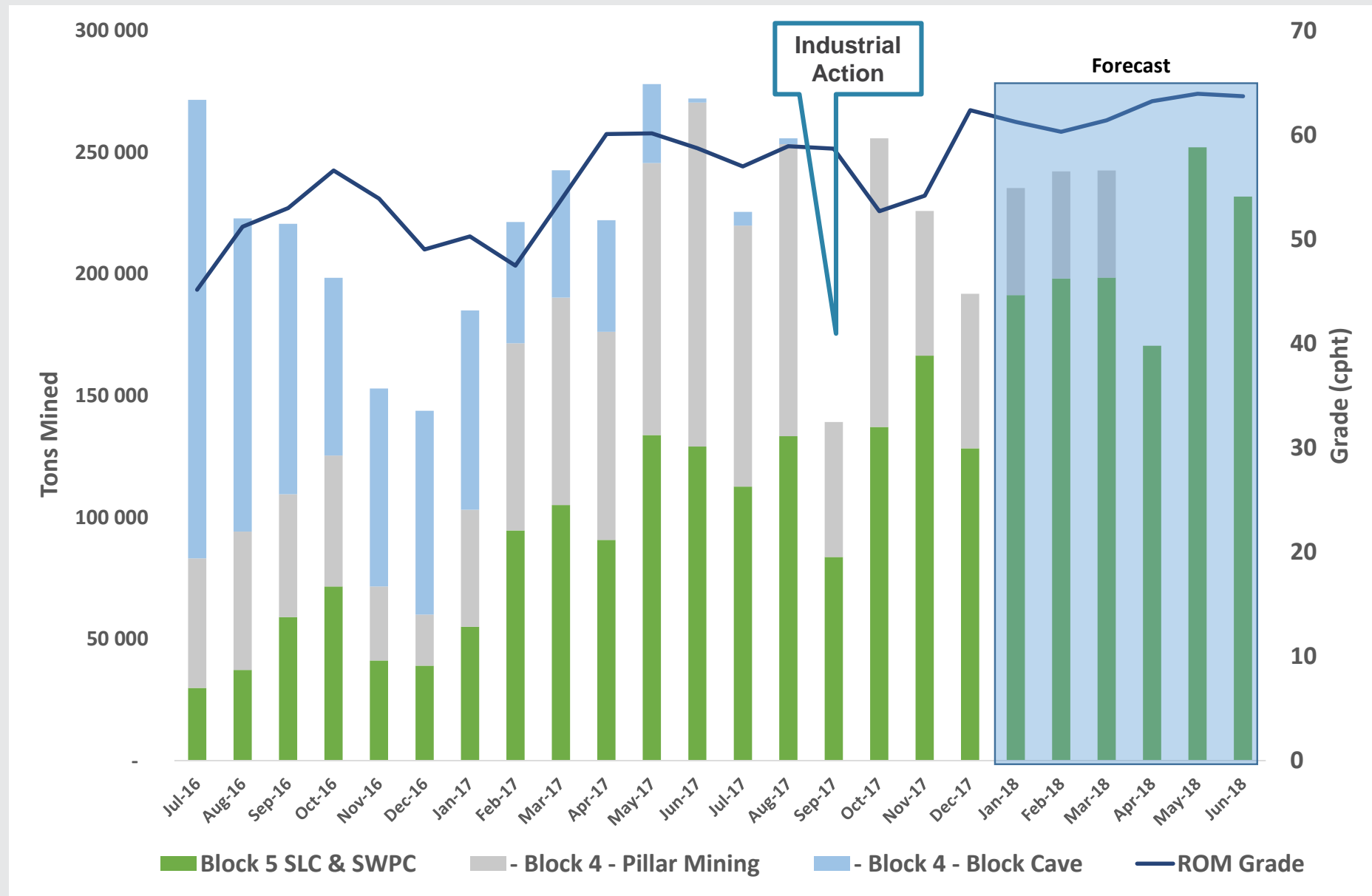


Loading & Tipping

Crushing & Conveyance



Production Ramp-up





Plant Overview



Plant Infrastructure

- Original plant built – 1964
- First upgrade completed – 1980
- Underground operation commence – 1990
- Introduced Pre-79 dump retreatment – 2003
- Full contops since 2005 – capacity of 5.7 Mtpa
- Treatment plant upgrade – predominantly the DMS, recovery and recrush sections – 2003 to 2008
- Total project cost: ca. US\$100 million
- Bulk sample plant acquired in late 2014 – capacity of ca. 0.6 Mtpa

Pre upgrade:



Post upgrade:



Plant Overview



Ore Reception

Ore Preparation

Concentration

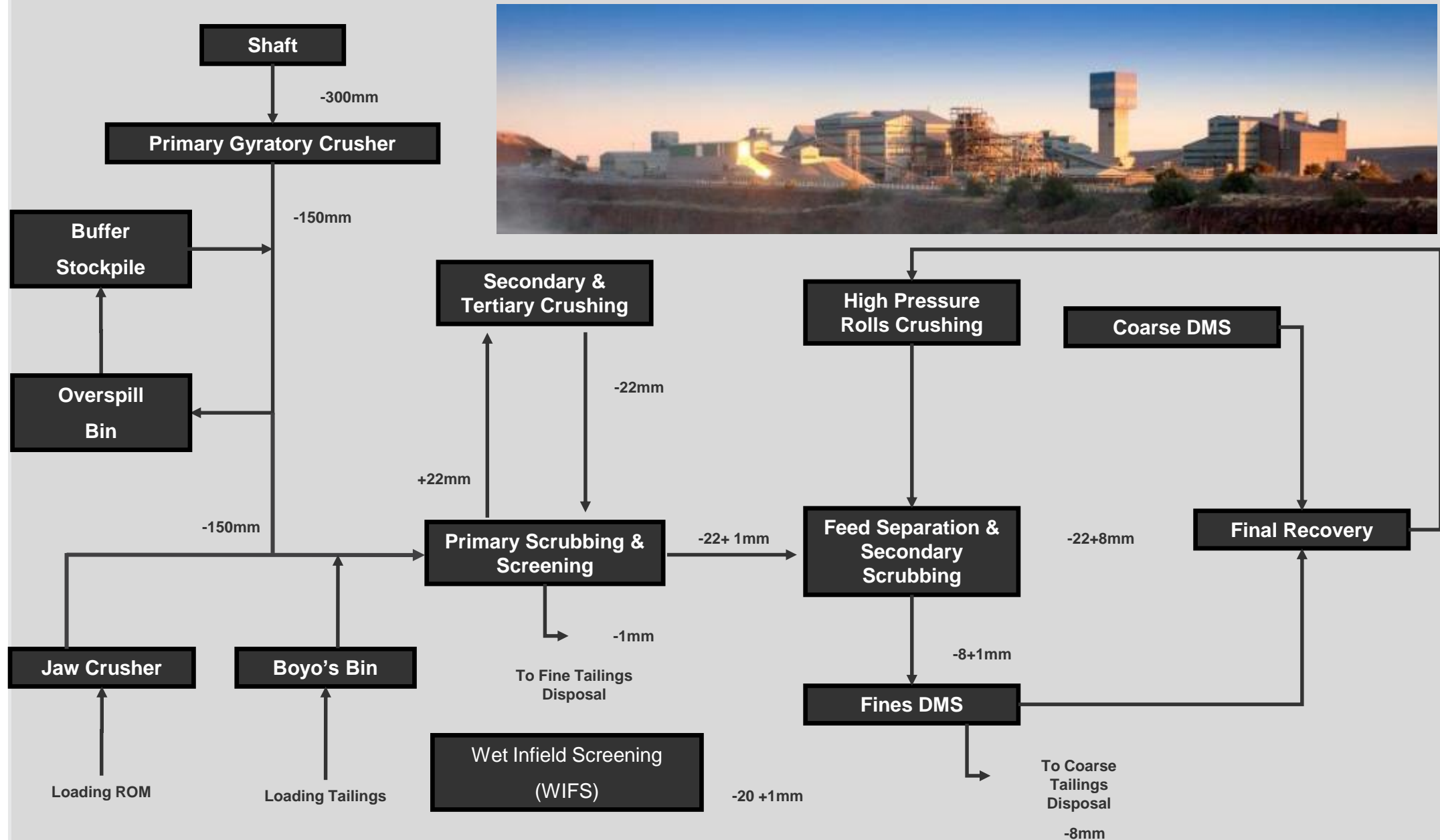
Mine Residue Disposal

Recovery

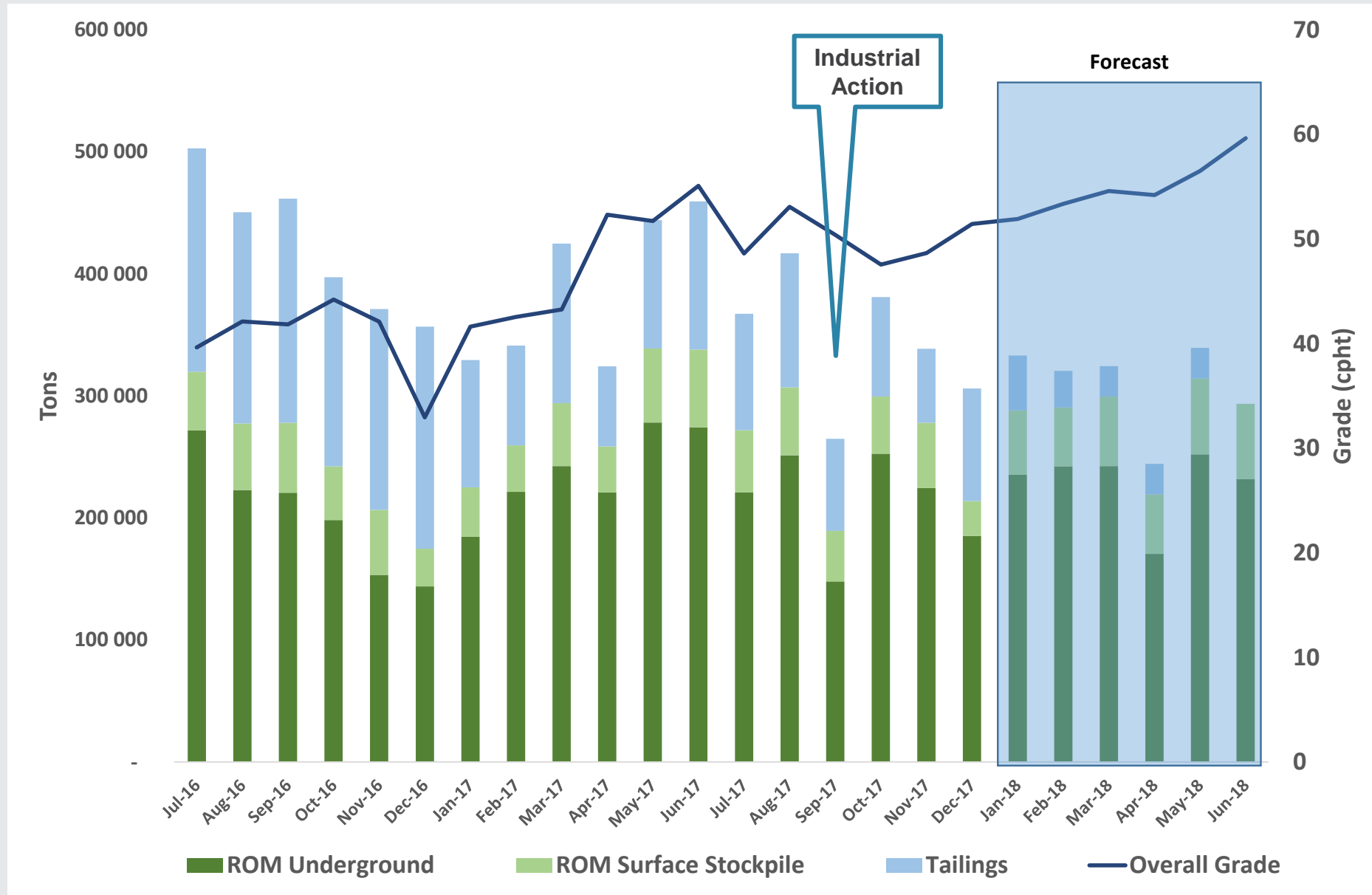
WIFS



Simplified Process Flow



Treatment Profile



Typical Production Layout

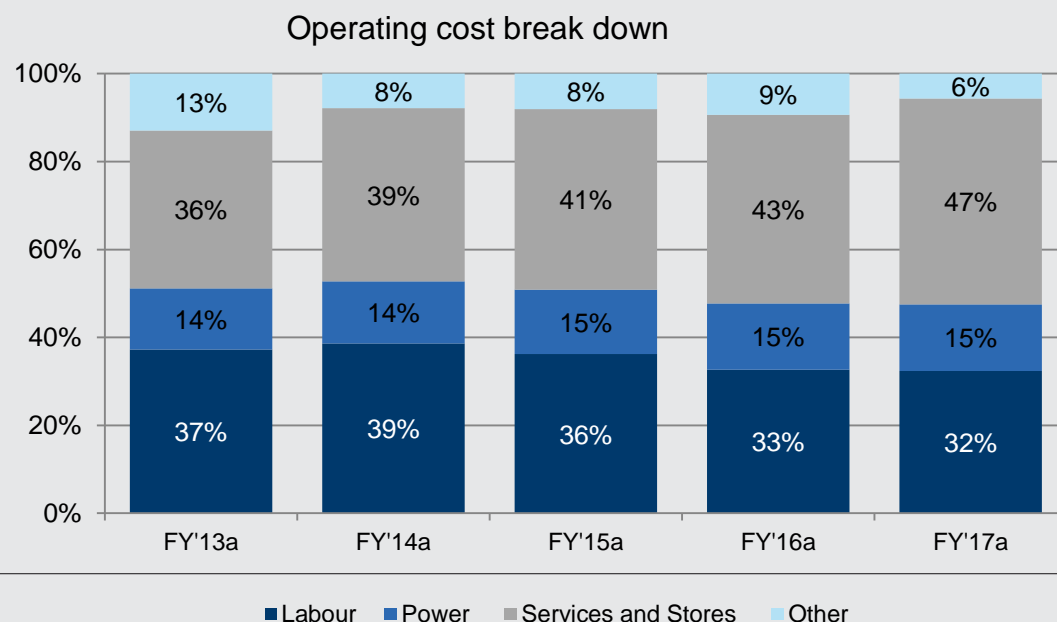
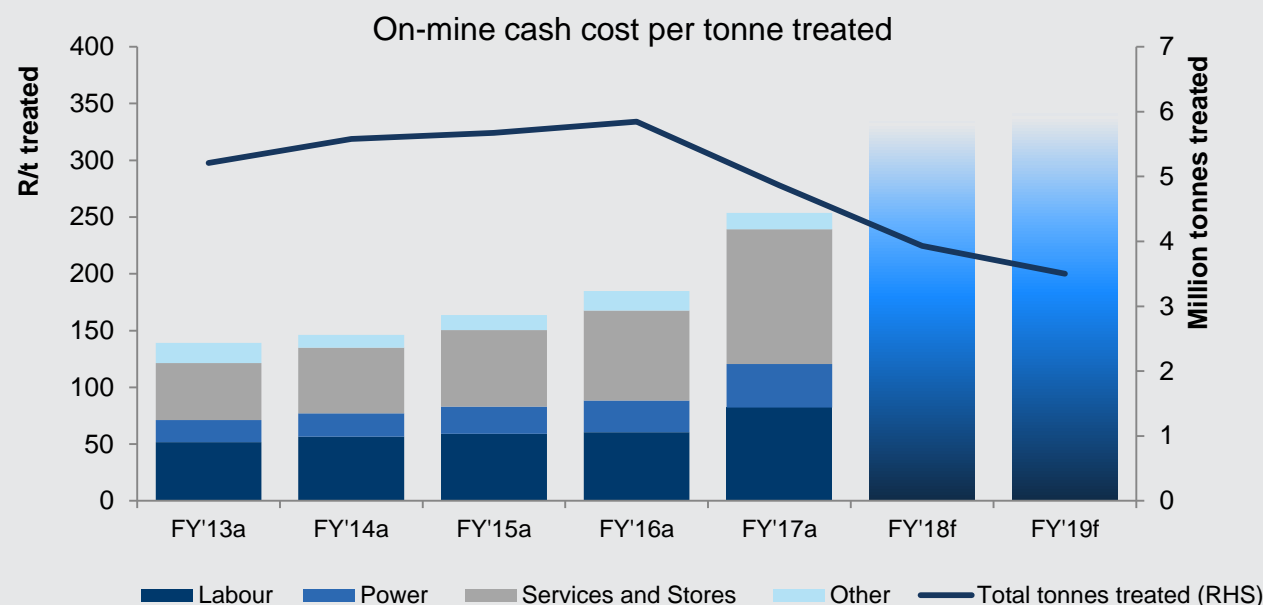




Operating Costs



Operating Cost History and Make-up



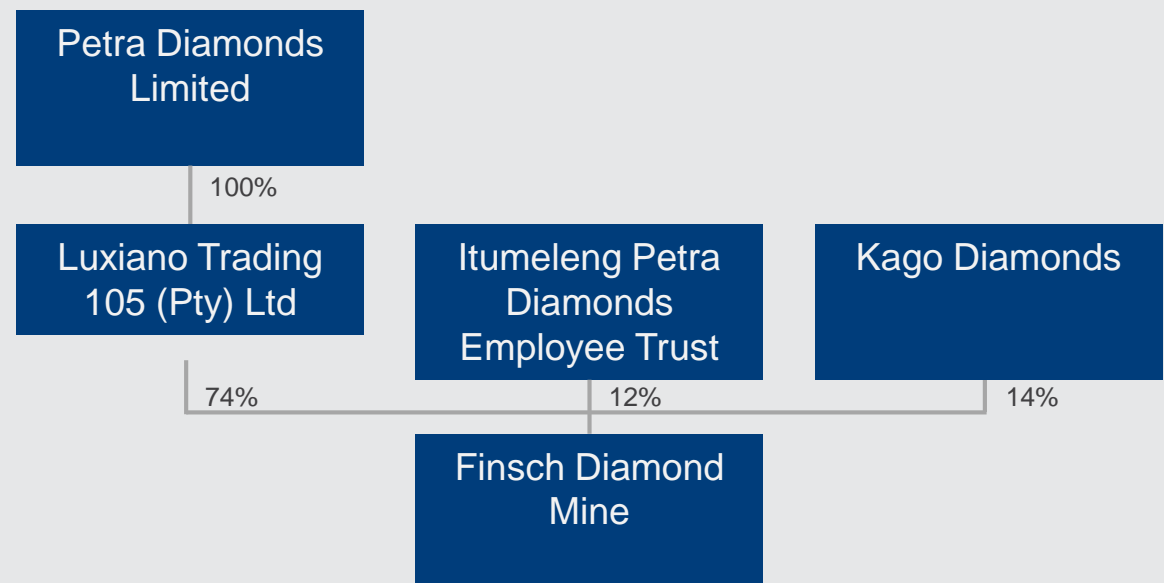
- Risk of rising electricity costs managed through efficient design of new infrastructure
- Maintenance and management of new and old infrastructure
- New designs cater for high degree of automation
- Advancement of a Group procurement strategy to yield benefits related to economies of scale
- Opportunities to optimize plant configuration given lower planned plant throughput once tailings depleted

Labour Relations – Risk Mitigation

- Labour relations at Petra's South African operations were stable for the three year period up to the negotiation of a new three year deal in 2017
- September 2017: Finsch, Koffiefontein and KEM JV experienced labour disruption (contained to less than two weeks), but none experienced at Cullinan
- New three year wage agreement with NUM by end September (+9 - 10% for year one and +8.5% for years two and three) (effective to 30 June 2020)
- No migrant labour – 70% of employees come from local/provincial area to Finsch
- Strong focus on internal communications and engagement with employee representatives

Finsch Ownership Structure

- Itumeleng Petra Diamonds Employee Trust owns 12% of mine
 - Annual IPDET distributions commenced in December 2014

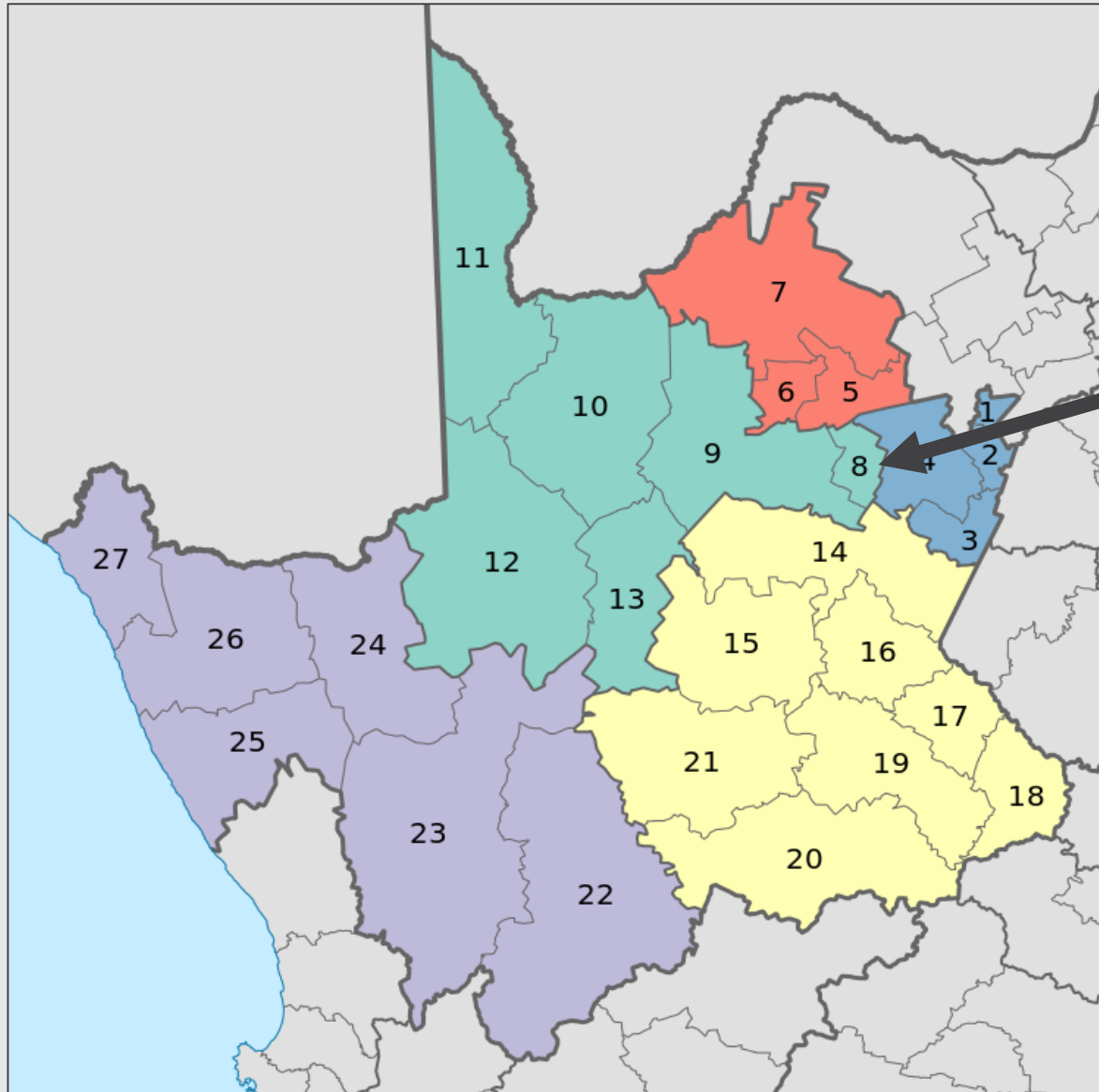




CSD



Northern Cape District Municipalities



Finsch Diamond Mine falls within the Kgatelopele local Municipality (8) which includes the towns of Danielskuil and Lime Acres

Corporate Social Responsibility Objective

Our main objective is to continue building effective relationships with employees, stakeholders and the community at large

Principles:

- Transparency
- Employee participation (committee members)
- Utilising of local suppliers and service providers
- Comply with legislation
 - 2002 Mining Charter of South African Mining Industry
 - S100 (2) (a) MPRDA as prescribed by the Department of Mineral Resources

Focus Areas

- Infrastructure
- Health Care Services
- Community Development and Support
- Education and Training:
 - Early Childhood Development (ECD)
 - Maths & Science
 - Outreach programmes
- Sports, Arts and Culture

Water Infrastructure

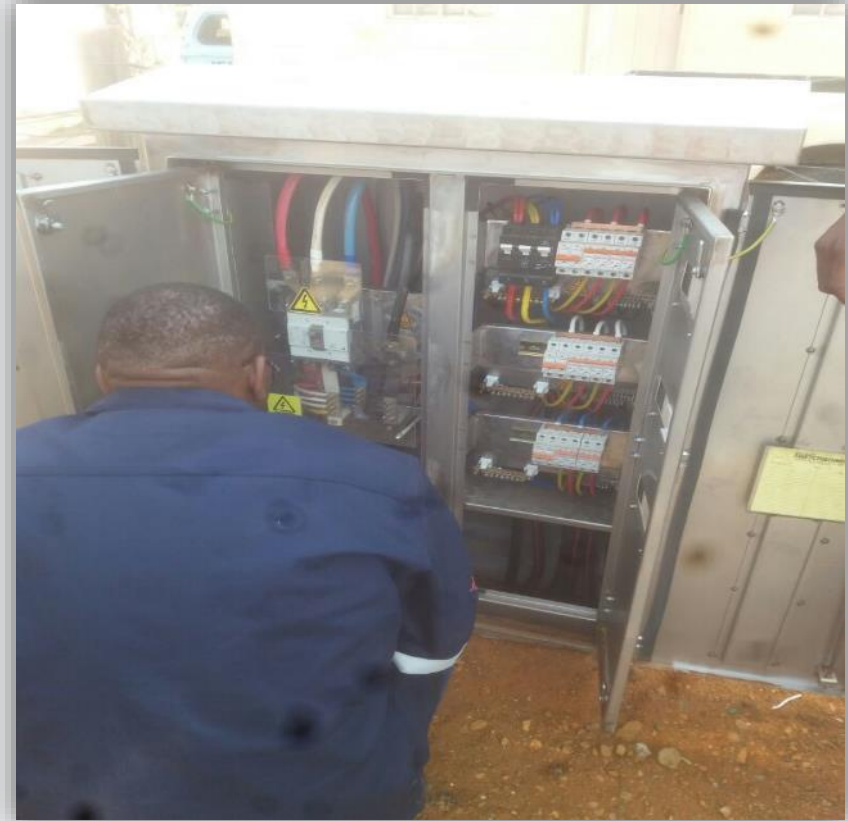


Resident of Danielskuil next to the installed pre-paid water meter and all water leakages fixed



Bulk water infrastructure and borehole upgrades at Danielskuil

Electrical Infrastructure



Electrical infrastructure upgrade in partnership with two local mines (PPC Lime and Idwala Lime)

Health Care Services



An extension to local clinic adding a Pharmacy section to dispense medicine



Finsch in partnership with the Local Municipality, local mines and Department of Health donated additional medical equipment for the Mobile Clinic

Community Development

Community skills development programme to address skills shortages by unemployed youth to access opportunities.

- **Drivers License Project**
 - 20 unemployed youth participated in the programme
- **Portable Skills**
 - 10 unemployed youth took part in the programme
- **Internship** – based at the local Municipality
 - Town Planner – *now permanently employed at LM*
 - Project Technician
 - Process controller

Enterprise Development

Provide community members with an opportunity to be employed alleviating poverty and unemployment

Services

- Computer and internet access (business purposes only)
- Business advice
- Entrepreneurial training and business mentoring
- Assistance with business plan/profile compilation

Training Conducted

- Success planning
- Entrepreneurial training
- Pricing and costing
- Business plan/profile compilation
- National Home Builders Registration Council (NHBRC) information session



School Support

- School subsidy: Assist six schools with additional funding to meet the needs of learners
- Donations to schools



Finsch donating two printers to Finsch Primary School and Sha-Leje Primary School

Corporate Social Investment



Finsch sponsored Kgatelopele Social Development Forum with a new Gazebo.



Local sports teams sponsored sports equipment



Outlook



Finsch Outlook

- Transformation in production profile
 - Depletion of lower value Pre-79 tailings resource planned during H2 FY 2018
 - Ramp up of undiluted ore from new mining areas to contribute ca. 1.9 Mt in FY 2018
 - Expected to lead to improving average product mix
- Improving mining costs
 - Decommissioning of truck loop during H2 FY 2018
 - Increasing extraction per ring blasted resulting in reduced drilling and blasting cost per tonne
 - Opportunities to optimize plant configuration given lower planned plant throughput once tailings depleted
- Very robust economics
 - FY 2017 EBITDA margin of 54%
- Longevity
 - Potential to further extend life-of-mine plan beyond Block 5
 - Finsch aims to generate value for all stakeholders and plays a vital role in its local communities

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



Thank You

Further enquiries:

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