



PetraDiamonds

# Corporate Presentation

February 2018



# Important Notice

---

- These Presentation Materials are being supplied to you by Petra Diamonds Limited (the “Company”) solely for your information and use at this presentation. These Presentation Materials may contain information that is confidential, legally privileged or otherwise protected by law. These Presentation Materials may not be reproduced in any form, redistributed or passed on, directly or indirectly, to any person or published, in whole or in part, by any medium or for any purpose. Failure to comply with this restriction may constitute a violation of applicable securities law.
- These Presentation Materials are exclusively for the purposes of raising awareness about the Company. These Presentation Materials are not intended to solicit the dealing in securities or securities financing nor do they form part of any invitation, offer for sale or subscription or any solicitation for any offer to buy or subscribe for any securities in the Company (“Company Securities”) nor shall they or any part of them form the basis of, or be relied upon in connection therewith or act as any inducement to enter into, any contract or commitment with respect to Company Securities.
- These Presentation Materials must not be used or relied upon for the purpose of making any investment decision or engaging in an investment activity. Accordingly, neither the Company nor any of its subsidiary undertakings (as defined in the Bermuda Companies Act 2006) (together, the “Group”), nor any of their respective directors, employees, agents or advisors makes any representation or warranty in respect of the contents of the Presentation Materials or otherwise in relation to the Group or any of its businesses.
- The information contained in the Presentation Materials is subject to amendment, revision and updating, and such information may change materially. No person is under any obligation to update, or keep current, the information contained in these Presentation Materials, and any opinions expressed in relation thereto are subject to change without notice. The Presentation Materials contain forward-looking statements which involve risk and uncertainties and actual results and developments may differ materially from those expressed or implied by these statements depending on a variety of factors. The Presentation Materials have not been independently verified and no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information or opinions contained herein. The forward-looking information contained in these Presentation Materials is expressly qualified by this cautionary statement.
- The delivery of these Presentation Materials shall not at any time or in any circumstance create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Company or any other member of the Group since the date of these Presentation Materials.
- Any securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable states securities laws. The distribution of these Presentation Materials in other jurisdictions may also be restricted by law, and persons into whose possession these materials come should inform themselves about, and observe, any such restrictions. No public offering of securities is being made in the United States or any other jurisdiction.
- By attending this presentation or by accepting a copy of the Presentation Materials, you agree to be bound by the foregoing limitations and conditions.



# Discover Petra...

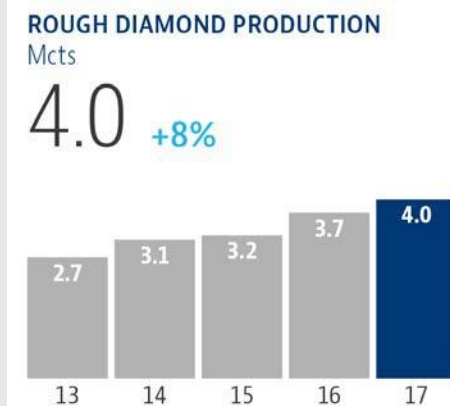
...a leading independent diamond miner with a diversified portfolio and high quality team

Petra expansion plans expected to:

- Improve grades
- Improve product mix
- Improve operative costs

## Driving VALUE

- Production growth to come mainly from higher value ROM carats
- Adj. EBITDA margin expected to increase to 40 – 45% by FY 2019 at prevailing Rand / US\$ exchange rates
- Future focus of the Company is on maximising free cashflow rather than volume targets



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. £333 million / US\$475 million (as at 1 February 2018)



PetraDiamonds

Johan Dippenaar  
CEO

H1 Trading Update





# H1 FY 2018 (six months to 31 December 2017)

		H1 FY 2018 <sup>1</sup>	H1 FY 2017 <sup>1</sup>	Variance	FY 2017 <sup>1</sup>
<b><u>Sales</u></b>					
Diamonds sold	Carats	1,811,154	1,910,113	-5%	4,006,856
<b>Revenue</b>	<b>US\$m</b>	<b>225.2</b>	<b>228.5</b>	<b>-1%</b>	<b>477.0</b>
<b><u>Production</u></b>					
ROM tonnes	Mt	6.5	5.1	+28%	10.1
Tailings & other <sup>2</sup> tonnes	Mt	3.5	4.8	-27%	8.7
<b>Total tonnes treated</b>	<b>Mt</b>	<b>10.0</b>	<b>9.9</b>	<b>+1%</b>	<b>18.8</b>
ROM diamonds	Carats	1,778,145	1,331,615	+25%	2,849,247
Tailings & other <sup>2</sup> diamonds	Carats	429,911	683,472	-37%	1,163,966
<b>Total diamonds</b>	<b>Carats</b>	<b>2,208,056</b>	<b>2,015,087</b>	<b>+10%</b>	<b>4,013,213</b>
<b><u>Capex</u></b>					
Expansion	US\$m	66.5	124.7	-47%	230.5
Sustaining	US\$m	11.0	10.2	+8%	25.5
<b>Subtotal</b>	<b>US\$m</b>	<b>77.5</b>	<b>134.9</b>	<b>-43%</b>	<b>256.0</b>
Borrowing costs capitalized	US\$m	16.2	22.3	-27%	44.1
<b>Total</b>	<b>US\$m</b>	<b>93.7</b>	<b>157.2</b>	<b>-40%</b>	<b>300.1</b>

- Record six month production of 2.2 Mcts
- Record ROM production of 1.8 Mcts, but impacted by lower grade at Cullinan and ca. 60,000 ct impact of labour action in H1
- Revenue of US\$225.2 million impacted by Williamson parcel of ca. 71,000 carats remaining blocked from export
- Operational Capex down 43% in line with declining Capex profile

1. Production and sales data are stated on an attributable basis, including 75.9% of KEM JV effective from 1 July 2016

2. 'Other' includes alluvial diamond mining at Williamson

# Cullinan – Grade versus Value Analysis

- Original steady state grade guidance of ca. 50 cpht at Cullinan based on actual mine production records – see Figure 1
- The new plant at Cullinan was commissioned in Q1 FY 2018 – initial indications are that it will not be cost effective to pursue similar liberation of fine (small) diamond recoveries as originally envisaged
- De-risks capacity / opportunity to add new fresh ore feed to the plant
- Figure 2 demonstrates that the diamond profile of the new plant is significantly weighted to diamonds in the larger size fractions, and significantly less to those in the smallest size fraction

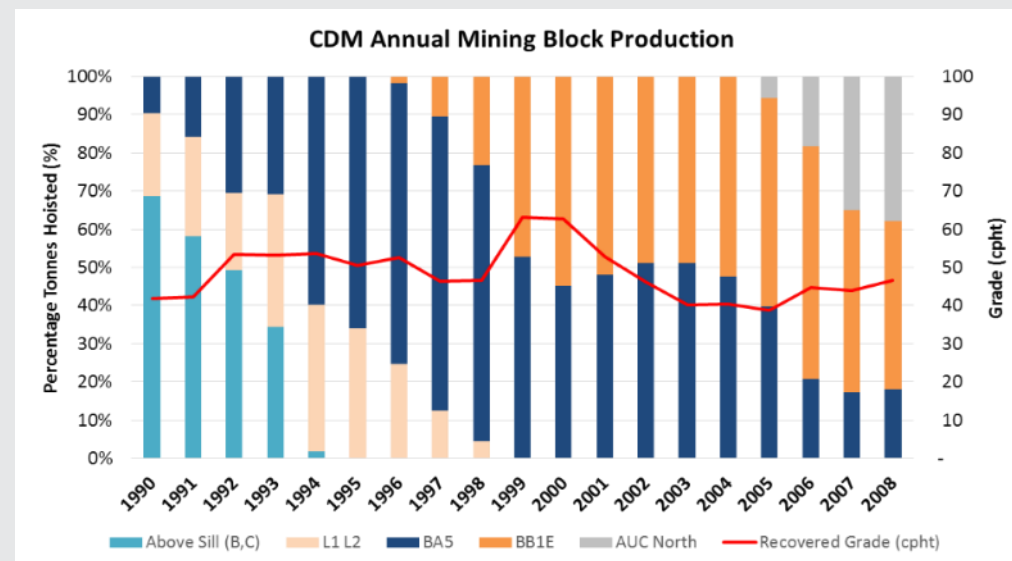


Figure 1 – Historical Grade and Production Profile

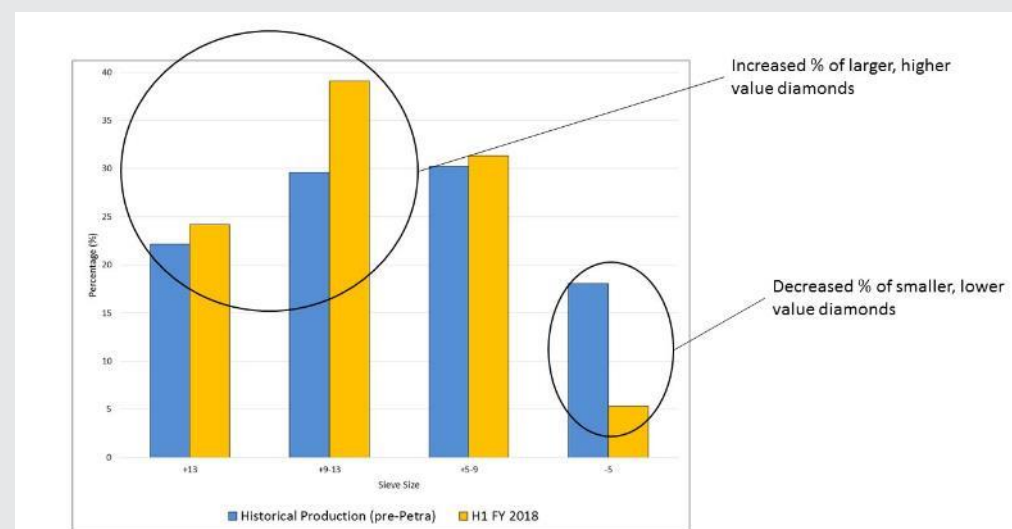


Figure 2 – Recoveries per diamond size fraction for old plant versus new plant

# Impact of New Cullinan Value and Grade Guidance

## FY 2017 vs H1 FY 2018 - Cumulative US\$/ct price comparison per size class

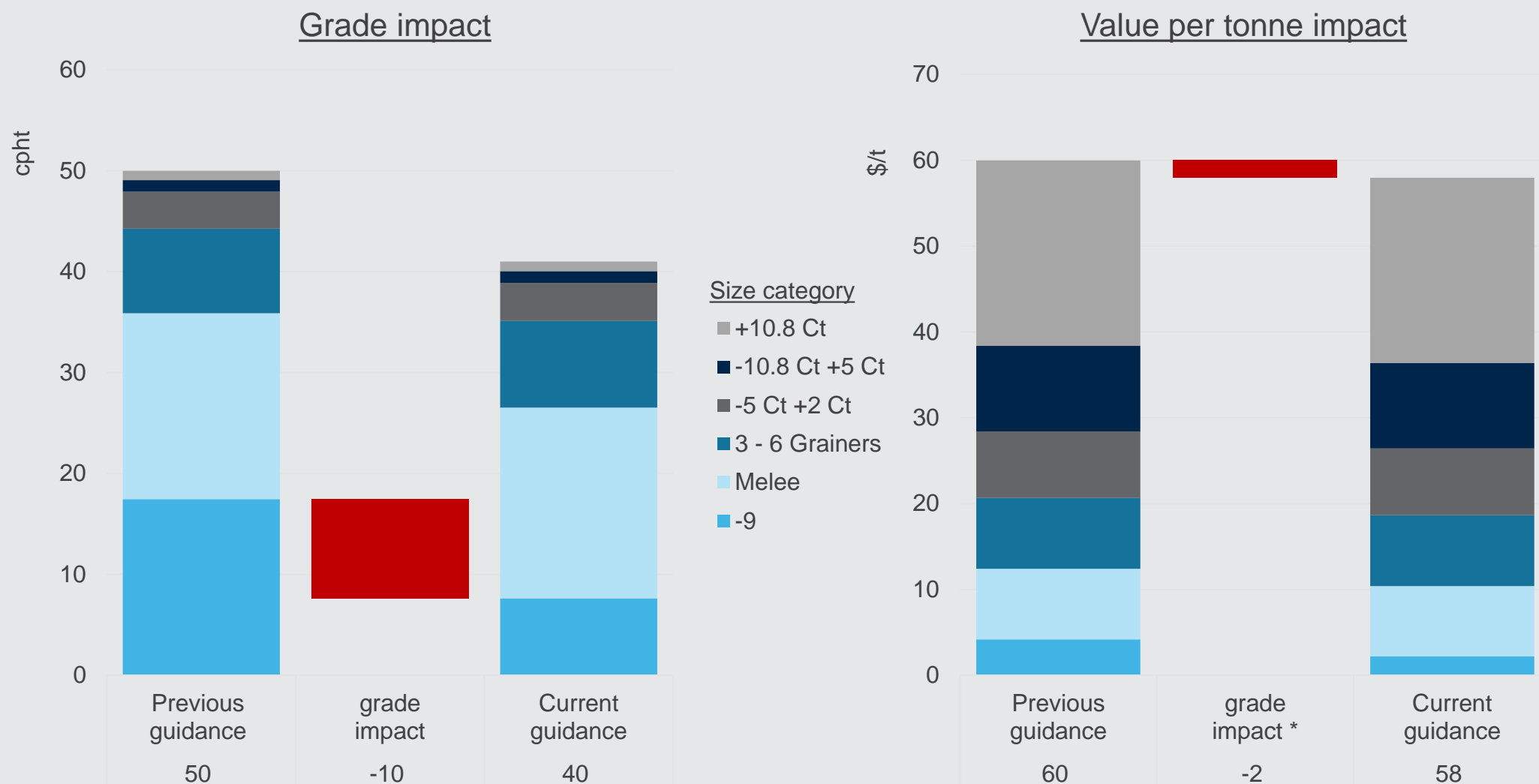
Size Class	Cumulative US\$/ct FY 2017	Cumulative US\$/ct H1 FY 2018	% Increase
<b>+10.8ct</b>	120	140	16.6%
<b>-10ct +5ct</b>	77	86	11.5%
<b>-5ct +2ct</b>	57	64	12.8%
<b>3 - 6 Grainers</b>	41	47	13.7%
<b>Melee</b>	25	28	11.2%
<b>-9</b>	8	9	3.2%

## Stones with a weight of 100 cts or more recovered during H1 FY 2018

Weight	Description
<b>574.15</b>	Clivage
<b>356.35</b>	Brown Gem
<b>281.75</b>	Boart
<b>147.15</b>	Poor Clivage
<b>100.4</b>	Poor Clivage

- Increased recovery of diamonds in larger size fractions (including 5 stones of +100 carats) and lack of recovery of low value small diamonds saw average diamond price increase to US\$140/ct in H1 (versus guidance of US\$113 – 119/ct)
- Substantial improvement in overall prices across entire diamond profile realised, despite weaker diamond market in H1 FY 2018 (like-for-like prices down ca. 3.5%)
- Diamond price guidance for H2 increased to US\$140 – 160/ct (continued improvement in product mix expected as the footprint of C-Cut Phase 1 continues to expand in the Western side of the orebody, which is historically associated with a higher incidence of large and special stones, including blue diamonds)
- Diamond grade guidance for H2 of 37 – 42 cpht (increased ore from undiluted areas, depletion of lower grade ROM stockpile)
- Impact on Petra outlook for FY 2018:
  - Revenue guidance remains in line with consensus as at 29 January 2018
  - Production guidance reduces to 4.6 – 4.7 Mcts (from 4.8 – 5.0 Mcts previously)

# Impact of New Cullinan Value and Grade Guidance (ROM)



\* Estimated incremental cost of ca. R20 per tonne to recover these small stones



# Impact of Strong ZAR on Petra

## USD to ZAR Chart

1 Feb 2017 00:00 UTC - 1 Feb 2018 07:50 UTC **USD/ZAR** close:**11.89909**  
low:**11.80495** high:**14.47007**



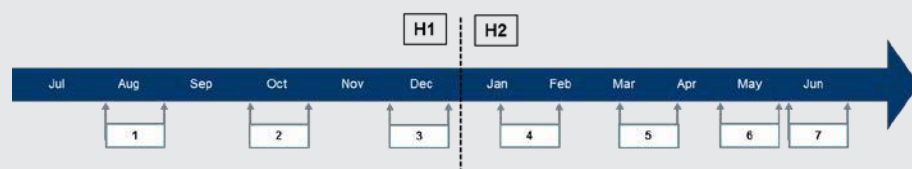
- 70 – 80% of Petra's operating costs are ZAR based
- Petra FY 2018 consensus figure previously based on R13.40/US\$1 for year; Petra now assuming R12.00/US\$1 for H2 FY 2018; average of R12.70/US\$1 for FY 2018
- Strengthening of the Rand therefore expected to see EBITDA 10 – 15% below consensus as at 29 January 2018
- Movement of R1/US\$1 from base case of R12/US\$1 would see ca. US\$20 million on FY EBITDA and ca. US\$20 million on Petra's consolidated net debt position

# Positive Diamond Market and Prices

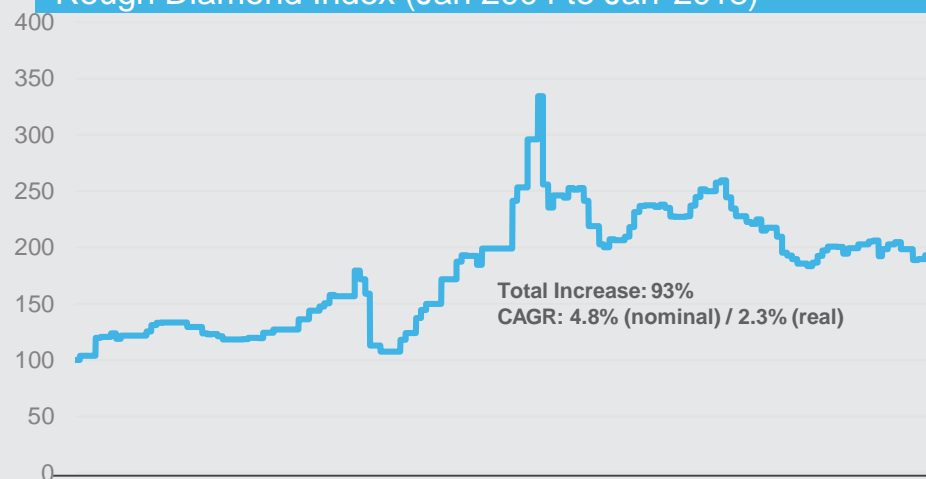
## Calendar 2017 Market

- Stable rough market – pricing up ca. 2% in H1; pricing saw seasonal weakness in Jul to Oct (down ca. 5%) and recovered ca. +1.5% in December
- Steady demand and price performance experienced across all diamond size ranges
- Higher average ROM prices achieved Jul to Dec for Finsch, Cullinan and Koffiefontein despite weaker market due to expected improvement in product mix

## Petra Sales Timing – FY 2018



## Rough Diamond Index (Jan 2004 to Jan 2018)



## Calendar 2018 Outlook

- Market started to strengthen in December 2017 due to positive momentum around the festive selling season
- Initial Christmas results are generally positive, with buoyant sales in the US and continued growth in the Chinese and Hong Kong markets
- Petra guiding for flat diamond pricing for FY 2018, but continued improvement in product mix expected for Finsch, Cullinan and Koffiefontein (less tailings contribution and increasing volumes of undiluted ore)

Petra – Rough Diamond Prices	Actual Weighted Average US\$/ct H1 FY 2018	Revised Guidance <sup>1</sup> Weighted Average US\$/ct <sup>1</sup> FY 2018	Actual Weighted Average US\$/ct FY 2017
<b>Finsch</b>	104	101 – 106	101
<b>Cullinan</b>	140	140 – 160 <sup>2</sup>	120 <sup>3</sup>
<b>Koffiefontein</b>	511	525 – 550	506
<b>KEM JV</b>	111	105 – 115 <sup>4</sup>	100 <sup>5</sup>
<b>Williamson</b>	233	214 – 224	258 <sup>6</sup>

- Revised guidance now includes Exceptional Diamonds
- Guidance increased from US\$113 – 119 (excluding Exceptional Diamonds)
- Excluding Exceptional Diamonds, the average value was US\$113
- Guidance decreased from US\$120 – 125 due to higher percentage of tailings in product mix
- Excluding Exceptional Diamonds, the average value was US\$235

# 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 47) at the 31 December measurement period; Petra is in formal discussions with its lender group to agree a suitable resolution and remains confident of continued support as the Company remains firmly in growth mode

	Unit	31 December 2017	30 June 2017
<i>Closing exchange rate used for conversion</i>		<i>R12.38:US\$1</i>	<i>R13.05:US\$1</i>
Cash at bank	US\$m	119.1	203.7
Diamond debtors	US\$m	7.5	41.5
Diamond inventories	Carats	961,220	570,264
	US\$m	92.5	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	113.8	109.0
Net debt <sup>1</sup>	US\$m	644.7	555.3
Bank facilities undrawn and available	US\$m	7.4	5.6

1. 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

## Transformation continues

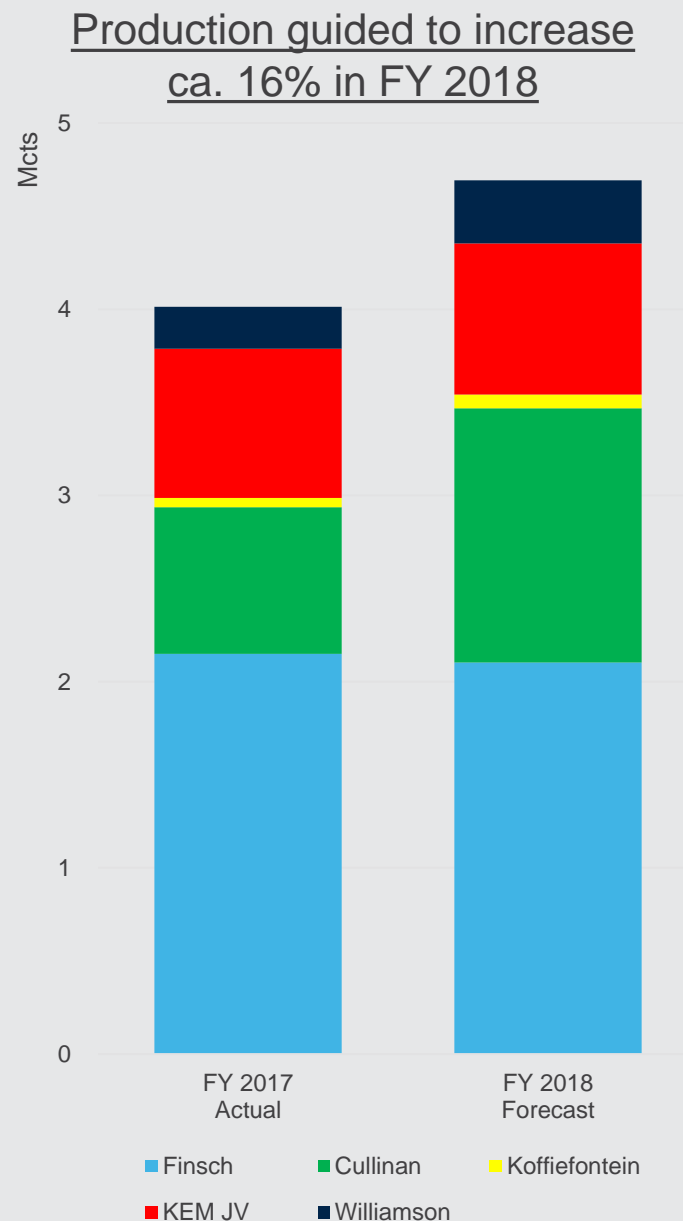
- Delivery of production rollout supported by:
  - Increasing mining footprints of new production areas
  - Undiluted ore expected to double from two major projects
  - Addition of new ore handling systems
  - New Cullinan Plant in full operation but optimisation ongoing
- Continue improvement in product mix expected due to higher volumes of undiluted ore and less contribution of tailings

## Financial Management Objectives

- Increasing volumes against Petra's fixed cost base (ca. 70%)
- Review of capital profile underway – aim to optimise cashflow and reduce short to medium term capital requirements – more information to be provided in interim results on 19 February 2018
- Petra is currently at peak debt levels prior to first tender of H2; net debt expected to fall to US\$560 – 600 million by June 2018

## Risks to Outlook and Guidance

- Risks to FY 2018 performance relate to the potential continued strengthening of the Rand, the potential inability to sell the blocked Williamson parcel and potential variability in grade and value while production ramp up continues





PetraDiamonds

Adonis Pouroulis  
Non-Executive  
Chairman

---

Creating a  
Sustainable  
Business





# What is a diamond?

- One of the oldest substances known to man - diamonds are **as old as the stars**
- Thought to have been formed between **1-3 billion years ago**, diamonds are time capsules into an era before life began on Earth
- Formed under intense heat and pressure in the upper mantle, **100 miles below ground**, diamonds follow a **very precarious journey to surface** via volcanic eruptions
- True masterpieces of nature, **no two diamonds are alike and each carries its own story**; the only certainty is it will last longer than a lifetime
- Used correctly, can be a **tool of sustainable development worldwide**


“A scientist will tell you a diamond is pure carbon. I believe it is much more.”

*Marion Fasel  
The Adventurine*





# A brief history of diamond mining

- 
- **4BC** Diamonds believed to be first discovered in Golconda, India – the birthplace of diamonds; until the end of 19<sup>th</sup> C, it was the source of the finest and largest diamonds in the world, incl. the *Koh-i-Noor* (105.6cts)
  - **1400s** Diamonds started to become fashionable amongst Europe's elite; Archduke Maximilian of Austria proposed to Mary of Burgundy with a diamond ring
  - **1668** The *Hope Diamond* (45.5ct blue from India) was sold to King Louis XIV
  - **1700s** India's diamond supplies began to decline; alluvial deposits in Brazil emerged as an important source
  - **1869** The *Star of South Africa* (83.5cts) was found on the banks of the Orange River in South Africa, triggering the "diamond rush"; first discovery of hardrock deposits in Kimberley, hence the name "kimberlite"
  - **1880** Cecil Rhodes formed De Beers Consolidated Mines
  - **1905** The *Cullinan* diamond was discovered at the Premier mine (re-named Cullinan) – at 3,107cts it is the largest rough gem-quality diamond in history
  - **1900s** Hardrock deposits enabled a steady supply of diamonds taking global production into the millions of carats for the first time, allowing a mass market to develop
  - **1947** 'A Diamond Is Forever' campaign created by De Beers
  - **1990's** Diamond market opens up to new producers, but barriers to entry remain high

# Diamonds linked to economic development

- 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 led to the industrialisation of South Africa
- 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



Source: World Diamond Council – [diamondfacts.org](http://diamondfacts.org)

# A truly scarce commodity

Putting annual production into perspective

Diamond



27 tonnes

US\$12 billion

Source: Kimberley  
Process Statistics

Gold



2,952 tonnes

US\$118 billion<sup>1</sup>

Source: SNL Metals  
& Mining

Copper



20 million tonnes

US\$98 billion<sup>1</sup>

Source: SNL Metals  
& Mining

Iron ore



2 billion tonnes

US\$118 billion<sup>1</sup>

Source: SNL Metals  
& Mining

1. Based on average commodity price over 2016



# Putting historical production into perspective

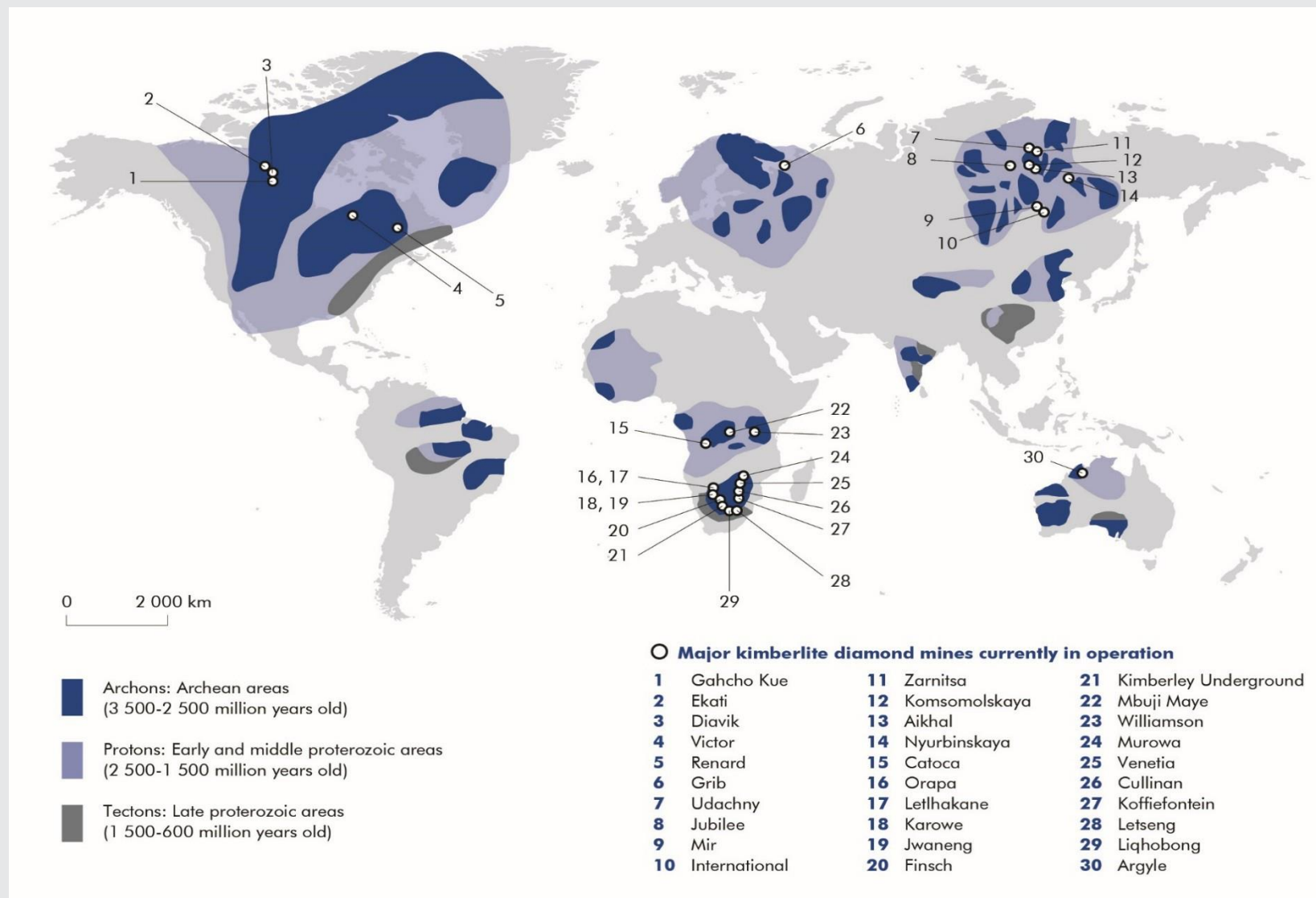
- Only 5.7 billion carats have been mined since antiquity = 1,150 tonnes
- The specific gravity of a diamond is 3.52 =  $327\text{m}^3$
- $327\text{m}^3 = 8\text{m} \times 8\text{m} \times 5\text{m}$  high
- However, if we assume roughly 1/2 of these diamonds are industrial quality then this =  $163\text{m}^3$
- Circa 60% of the rough diamond is lost in polishing
- The volume of polished diamonds would equate to  $65\text{m}^3$



$65\text{m}^3$  is 1/40 as big as an Olympic swimming pool

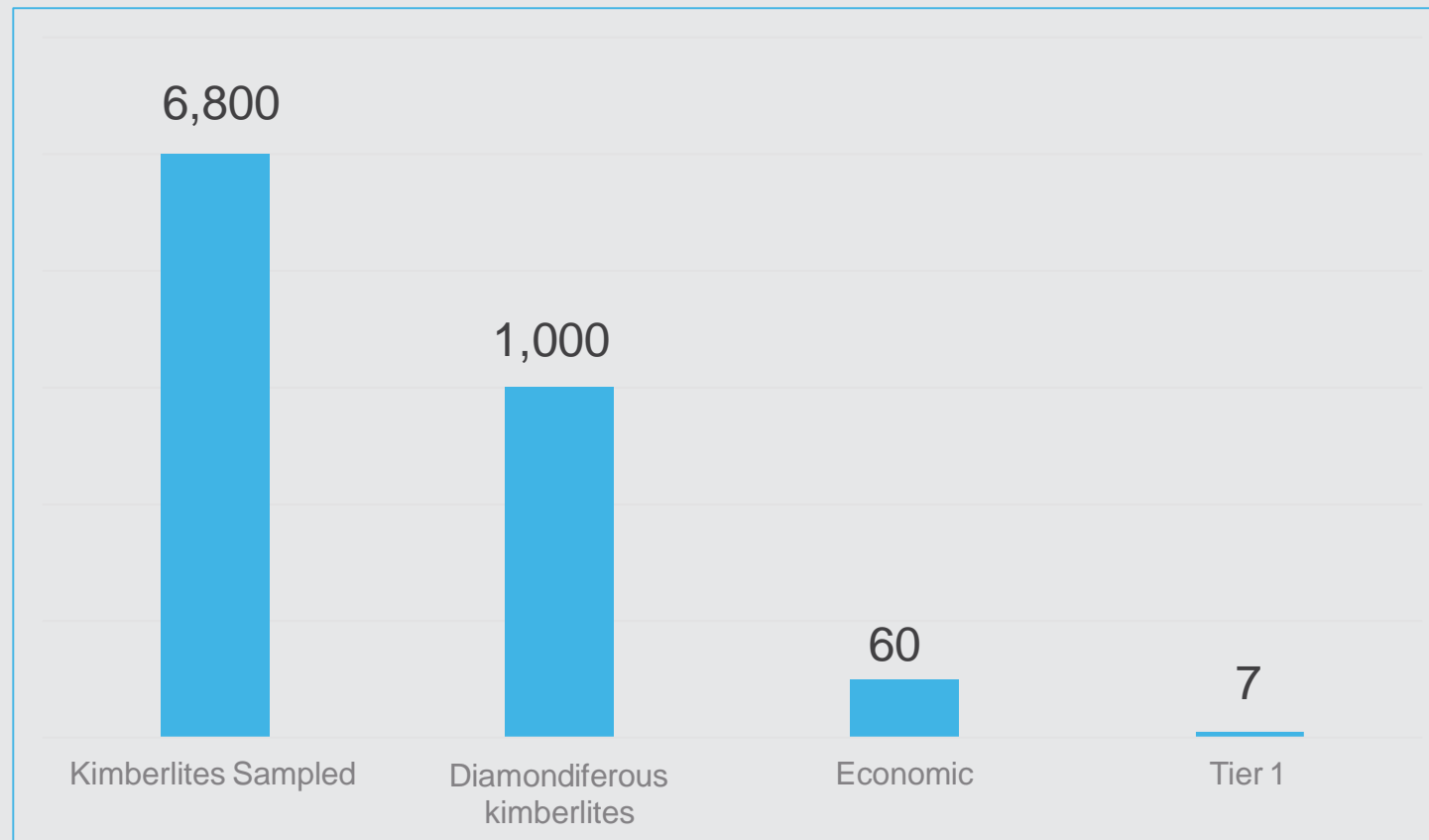
# Diamonds are rare...and getting rarer

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

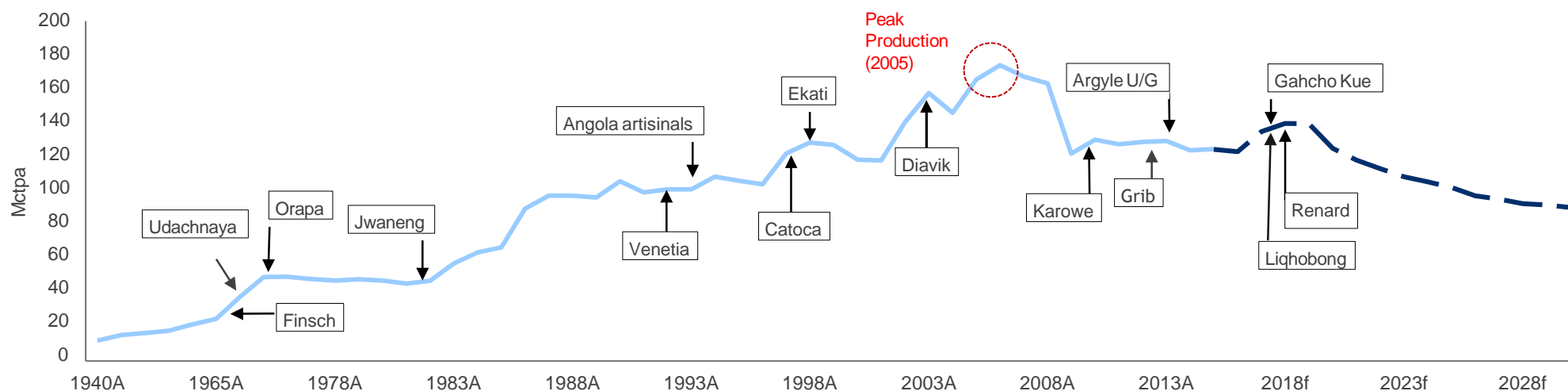
Source: De Beers



# 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

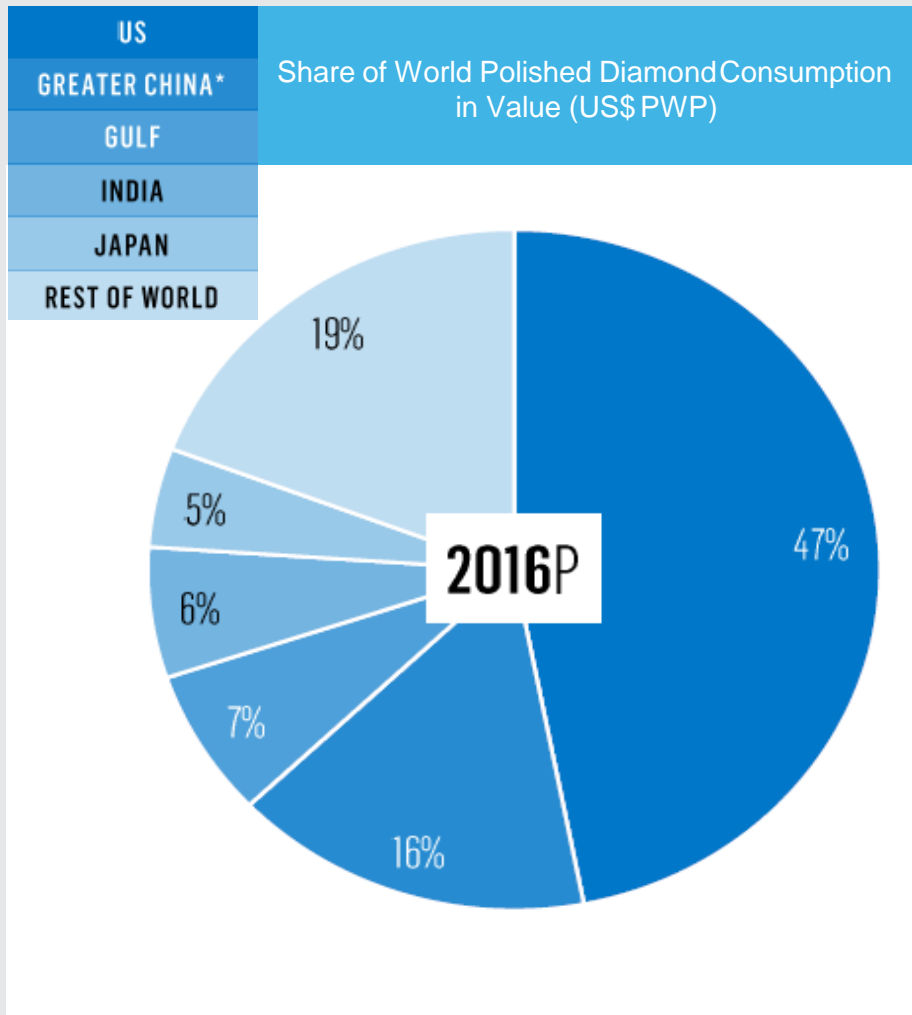
## Global Diamond Supply: Historical & Forecast Rough Production



## ...but demand for diamonds continues to grow

Global diamond jewellery sales of ca. US\$80 billion

Demand is driven by:









- Continued growth in US and developed markets
  - Bridal diamond jewellery is the bedrock
  - Self-purchase by women is an important growing demand category
  - Industry turning its efforts to the 'millennials'
- Continued urbanisation and strong growth in the middle classes in developing economies, particularly China and India
  - Brides increasingly desire diamonds in their bridal jewellery, as well as traditional gold
- Mass luxury for the middle classes (i.e. affordable jewellery items priced from US\$200 to US\$2,000+)
- Trend to use diamonds across a wide range of luxury goods, from watches and accessories to pens and digital devices

# 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
- Petra will have invested a total of ca. US\$1.4 billion over the period FY 2008 to FY 2019 to extend their lives

## Date of acquisition by Petra and its partners<sup>1</sup>

July 2007	July 2008	February 2009	May 2010	September 2011	January 2016
Koffiefontein	Cullinan	Williamson	Kimberley UG	Finsch	Kimberley Mines
					
South Africa Sub-level / Block Cave Mine Plan to 2025	South Africa Block Cave Mine Plan to 2030	Tanzania Open Pit Mine Plan to 2033	South Africa Block Cave Mine Plan to 2035	South Africa Sub-level / Block Cave Mine Plan to 2030	South Africa Tailings Operations Mine Plan to 2035

## Year of first production

1870	1903	1940	1869	1967	1869
------	------	------	------	------	------

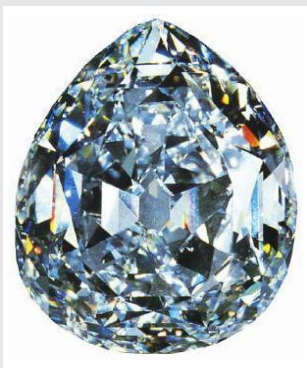
1. Refer to 'FY 2018 Analyst Guidance – Explanatory Notes', section 'Effective Interest in Mines' at <https://www.petradiamonds.com/investors/analysts/analyst-guidance> for disclosures re. Petra's interest in its mines



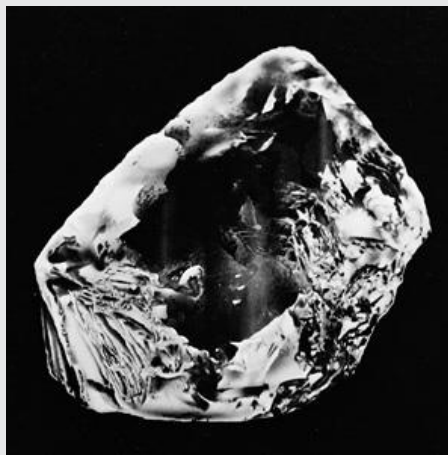
# Iconic diamonds from iconic mines



PetraDiamonds

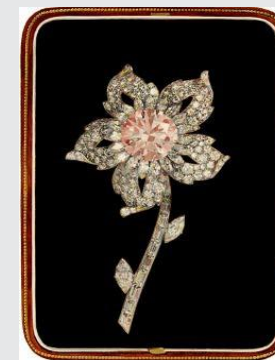


The Greater Star of  
Africa  
Largest polished yield  
from the Cullinan at  
530ct; sits in the Royal  
Sceptre  
*Cullinan, 1905*



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

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

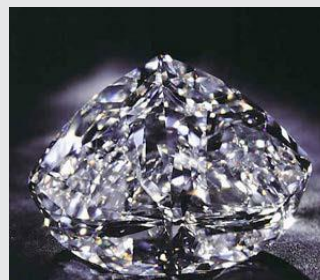


The Golden Jubilee  
755.5ct rough  
545.6ct polished  
*Cullinan, 1986*

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



The Blue Heart  
100.5ct rough  
30.6ct polished  
*Cullinan, 1908*



The Centenary  
599 carats rough  
273.8ct polished  
*Cullinan, 1986*

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



# Our production profile - the full spectrum



High volumes of lower quality and commercial goods at a typical tender layout



Small volumes of higher quality and larger diamonds



Only ca. 1 in 10,000 diamonds is fancy coloured



World-class gems: The Cullinan Heritage and The Star of Josephine



# 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



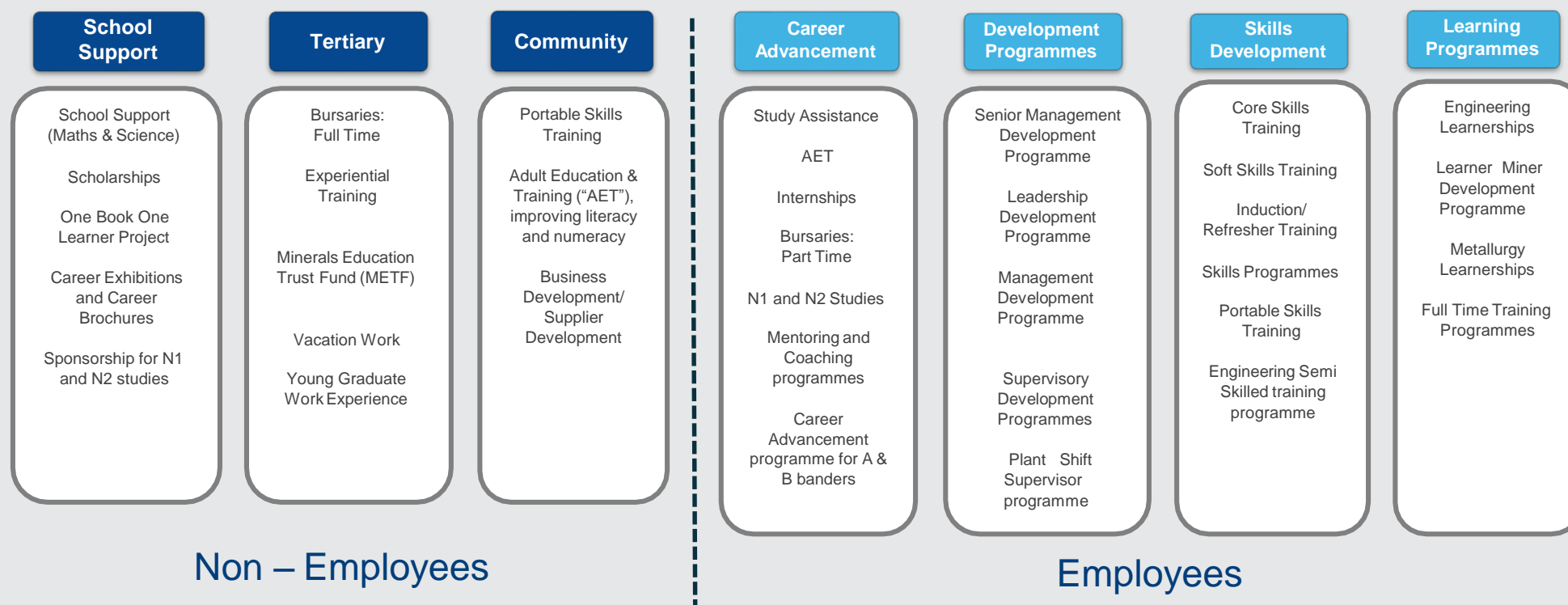
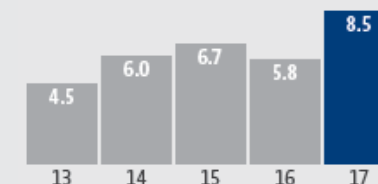


# Focus on developing our people

- Petra has increased its training spend to US\$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



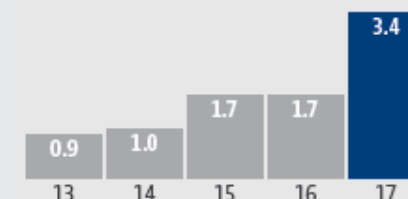


# Focus on long-term socio-economic development

- Petra doubled its social spend to US\$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

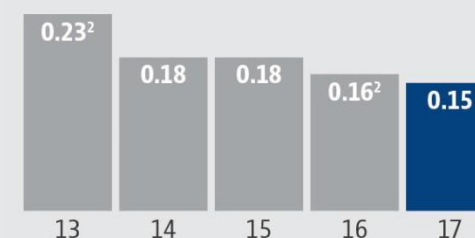
# Minimising our environmental footprint

- 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)

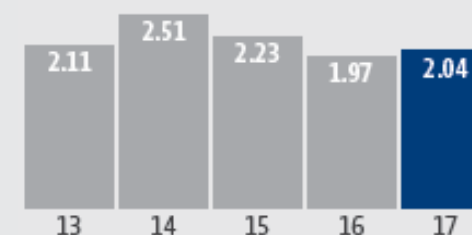
0.15 -6%



## 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

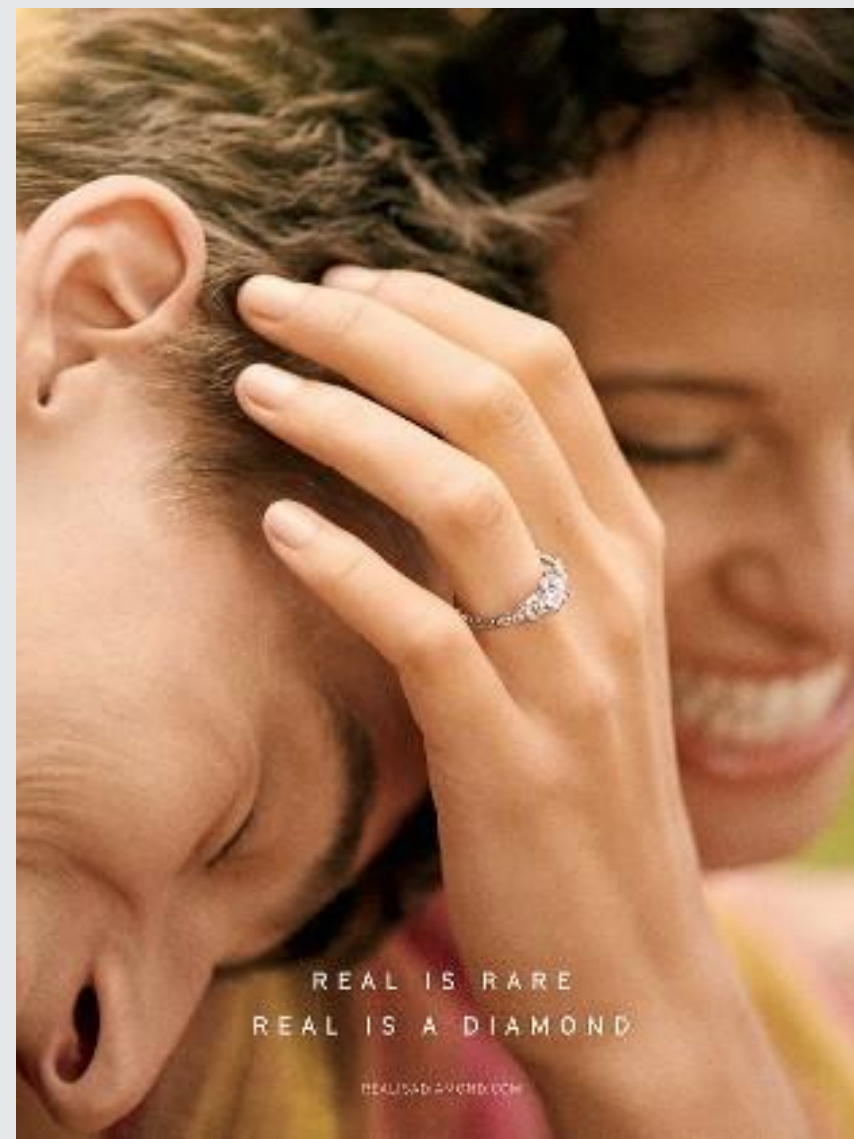
Diamond Producers Association comprises De Beers, ALROSA, Rio Tinto, Dominion, Petra, Lucara, Gem – together 75% of world supply by value

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 to US\$70 million in 2018

- Continued focus on major US market; comprises multi-channel advertising, innovative digital programmes, high-impact PR around the 'Real is Rare. Real is a Diamond' campaign
- 2018 will mark first full year of marketing in India and marketing will launch in China in April 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

US\$4.0 million per  
carat, equivalent to

US\$20 million per gram





PetraDiamonds

## Appendix

---



# Capital Structure

Share Price (1 year to 1 February 2018)



## As at 1 February 2018

	Number of voting rights	% ISC
BlackRock Investment (UK) Limited	69,987,534	13.1%
Standard Life Aberdeen plc	31,535,532	5.9%
Prudential (incorporating M&G Group Limited)	28,175,972	5.3%
T. Rowe Price Associates	25,956,589	4.9%
Directors	20,009,953	3.8%

## Listing

Average daily trading volume (shares) – (LTM)

Shares in issue

Free float

Market cap @ 62.65p (1 February 2018)

## LSE: PDL

4.05m

532.5m

93.7%

£333.3 / US\$475m



# FY 2017 Operational Results



PetraDiamonds

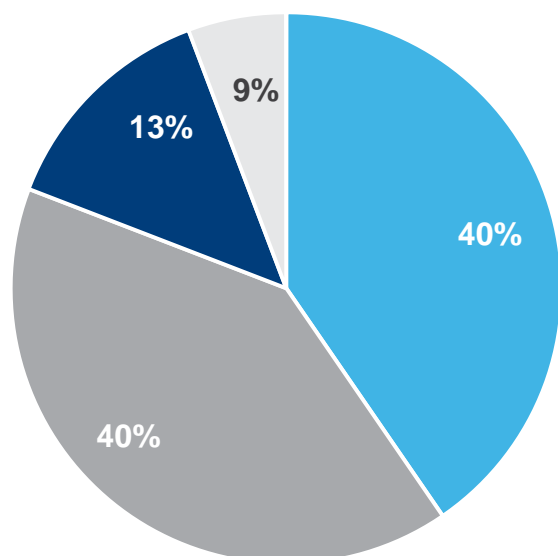
	Finsch		Cullinan		Koffiefontein		KEM JV		Williamson <sup>2</sup>	
	H1 FY18	FY 2017	H1 FY18	FY 2017	H1 FY18	FY 2017	H1 FY18	FY 2017	H1 FY18	FY 2017
<b>ROM PRODUCTION</b>										
Tonnes Treated (t)	1,559,280	3,212,169	1,783,229	1,882,911	289,478	667,821	430,188	597,025	2,403,393	3,667,781
Grade (cpht)	59.8	56.6	33.8	36.1	8.7	7.7	11.5	14.7	7.0	5.8
Diamonds recovered (carats)	931,859	1,818,454	602,594	679,622	25,292	51,173	49,519	87,783	168,881	212,215
<b>TOTAL PRODUCTION</b>										
Tonnes treated (t)	2,074,503	4,863,258	1,820,252	2,389,087	289,478	667,821	3,232,973	6,750,682	2,596,565	4,071,592
Diamonds recovered (carats)	1,036,596	2,149,896	607,235	786,509	25,292	51,173	364,099	800,434	174,834	225,202
<b>SALES</b>										
Diamonds sold (carats)	970,446	2,141,885	439,012	760,957	21,555	56,068	300,793	821,963	79,445	226,110
Average price per carat (US\$)	104	101	140	120 <sup>1</sup>	511	506	111	100	233	258
Revenue (US\$M)	100.8	216.7	61.4	91.3	11	28.4	33.5	82.3	18.5	58.4
On-mine cash cost per tonne treated <sup>1</sup>	n/a	R253	n/a	R316	n/a	R532	n/a	R133	n/a	US\$12
<b>TOTAL CAPEX<sup>1</sup></b>	<b>n/a</b>	<b>85.6</b>	<b>n/a</b>	<b>151.2</b>	<b>n/a</b>	<b>18.8</b>	<b>n/a</b>	<b>28.4</b>	<b>n/a</b>	<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

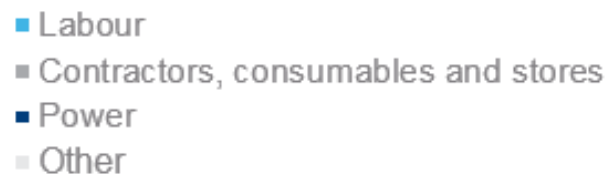
# FY 2017 Operating Costs

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



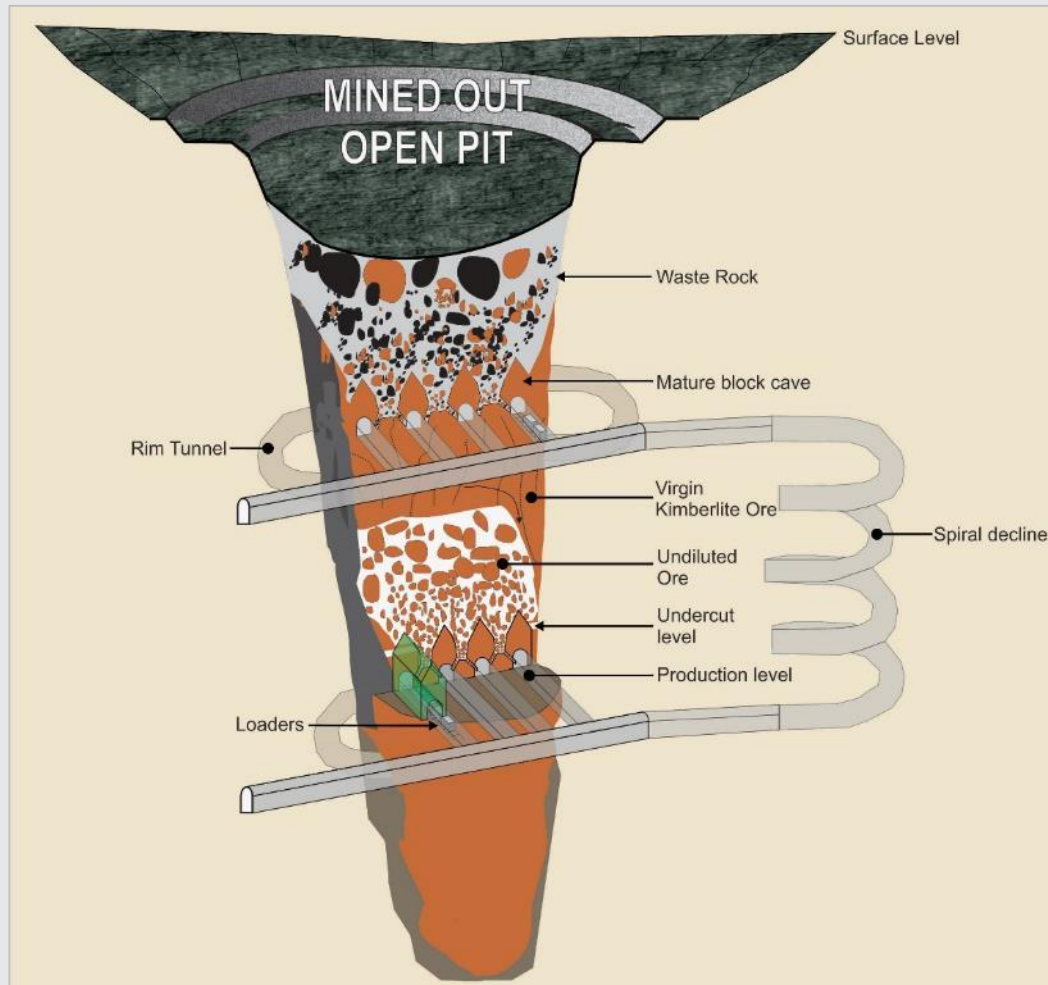
Group on-mine US\$ cash costs increased 17% due to:

- 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)



	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

# Moving to Undiluted Ore



- Caving is a safe and proven mechanised mining method
- Allows for the bulk mining of large orebodies and enables a higher ore extraction percentage compared to other underground mining methods
- A highly cost effective mining method once the capital to put the associated infrastructure in place has been spent – comparable with certain open pit operations
- Petra transition from diluted, mature caves nearing end of lives to new block / sub level caves in undiluted kimberlite well underway
- Value per tonne to increase further to rising input of undiluted ore



# Finsch – Development Programme

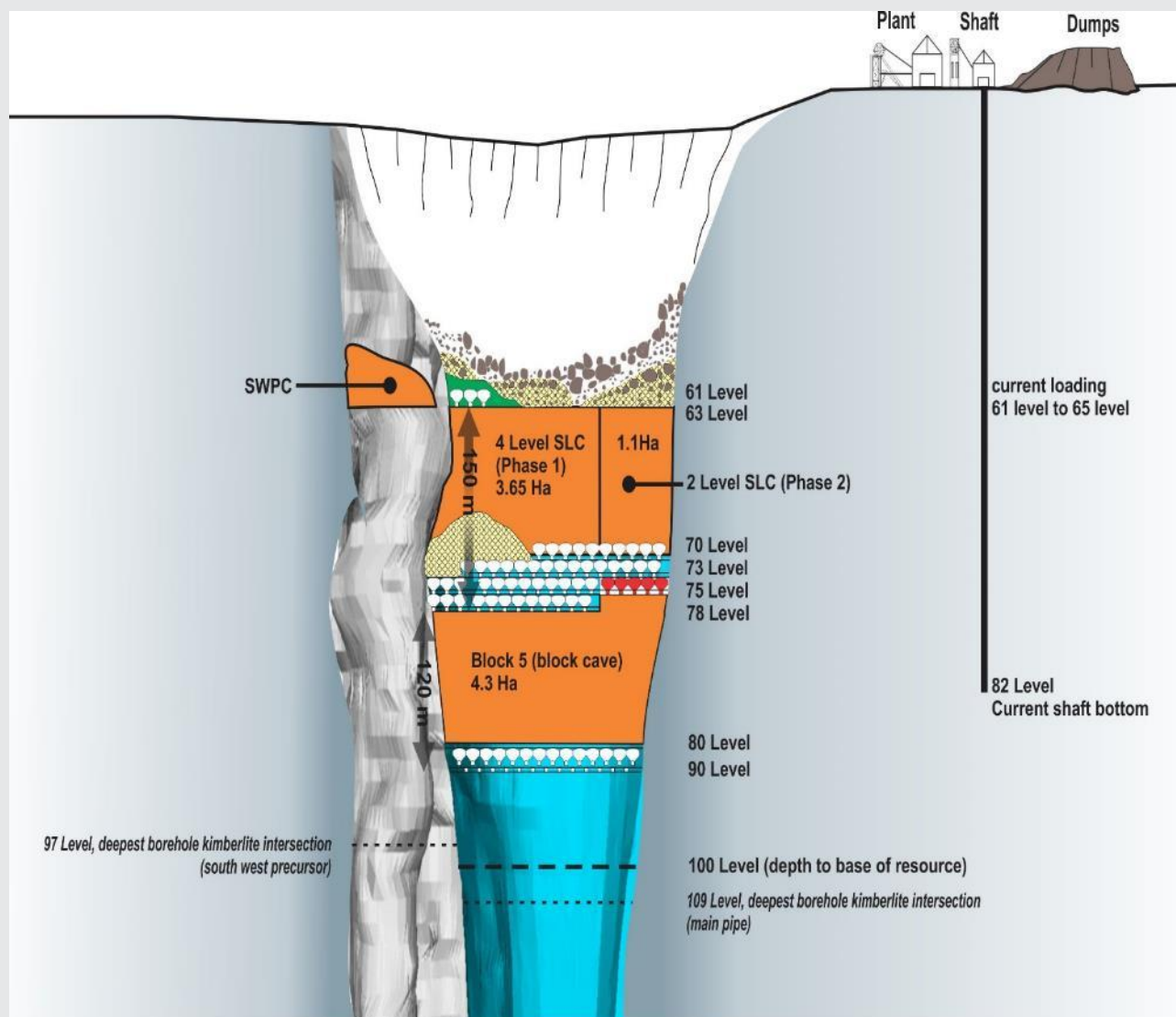
## Expansion Plan

- **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**
- 2<sup>nd</sup> 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



# Cullinan – Development Programme

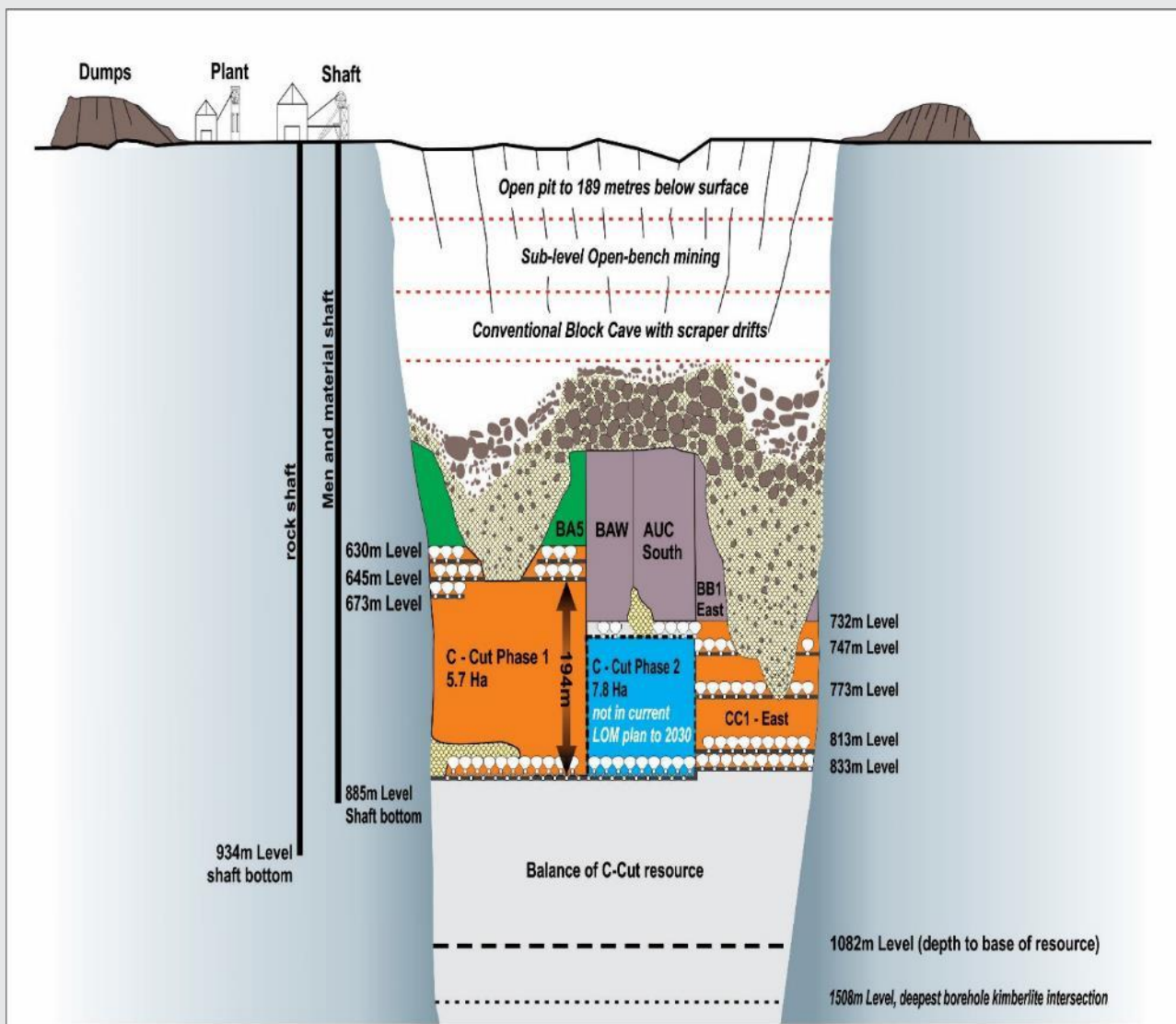
## Expansion Plan

- **Expansion plan:** to take production to ca. 1.7 Mcts by FY 2019 (1.6 ROM & 0.1 tailings) based on Jan 2018 grade estimates
- **C-Cut Phase 1:** New block cave being established on the western side of the orebody
- **CC1 East:** New SLC on the eastern side

## Key Milestones

- First blue development commenced – **April 2014**
- First rings in the undercut blasted – **June 2015**
- New production levels established at 839m and shaft to 930m commissioned – **FY 2016**
- 1425m ore-handling system, allowing for future ramp-ups to utilise full C-Cut footprint – **FY 2017**
- Initial production from new C-Cut cave – **H2 FY'16;**
  - **FY 2017:** 0.815 Mt
  - **H1 FY 2018:** 0.830 Mt
- Ore shaft completed and commissioned – **H1 FY'17**
- New Cullinan plant reaches ROM nameplate capacity – **Nov 2017**
- Steady state ROM production (4 Mtpa) – **FY 2019**

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



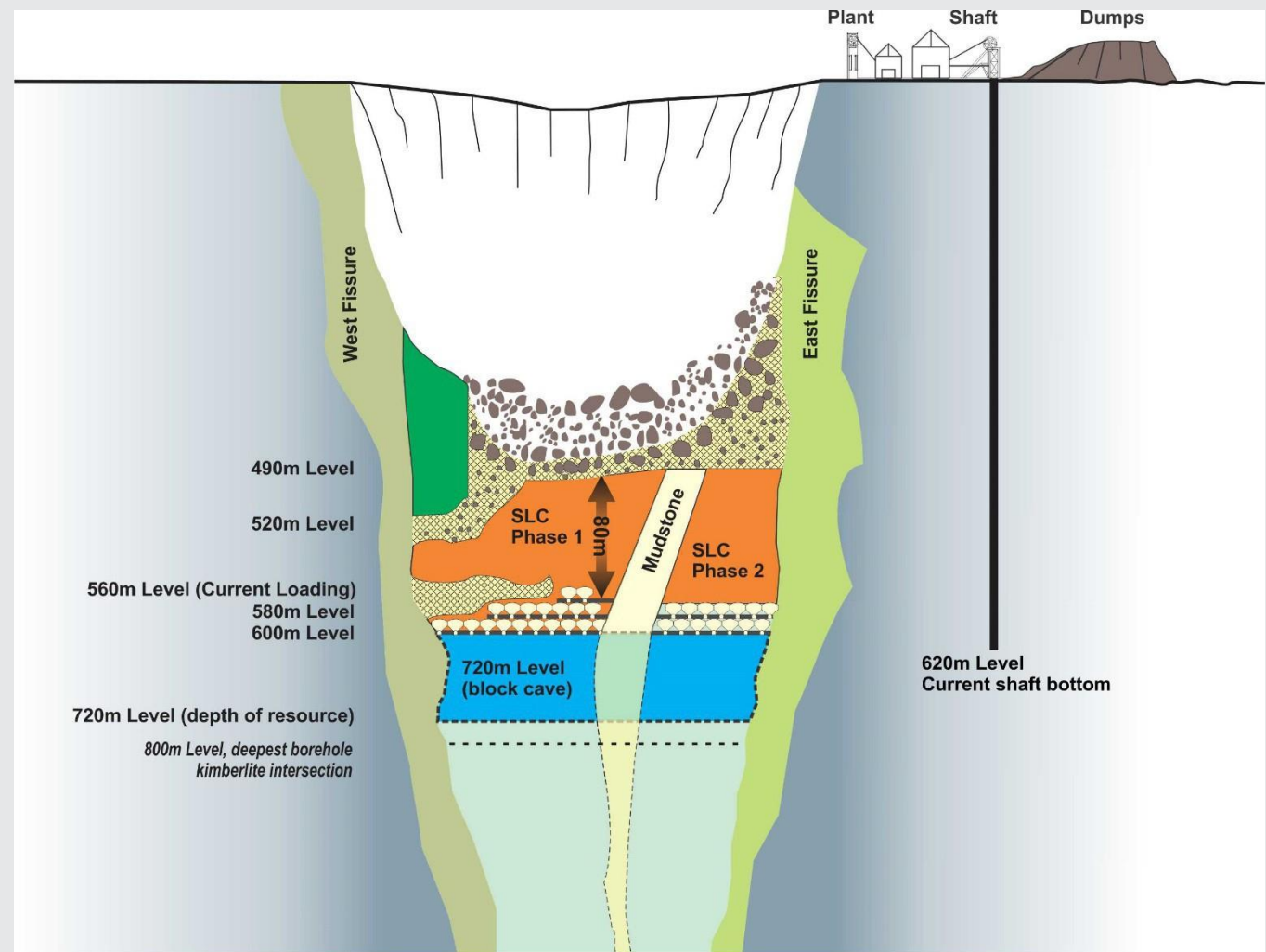
# Koffiefontein – Development Programme

## Expansion Plan

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

- SLC to be mined over 3 levels from 560mL to 600mL
- Production commenced from first tunnels of SLC on 560mL – **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





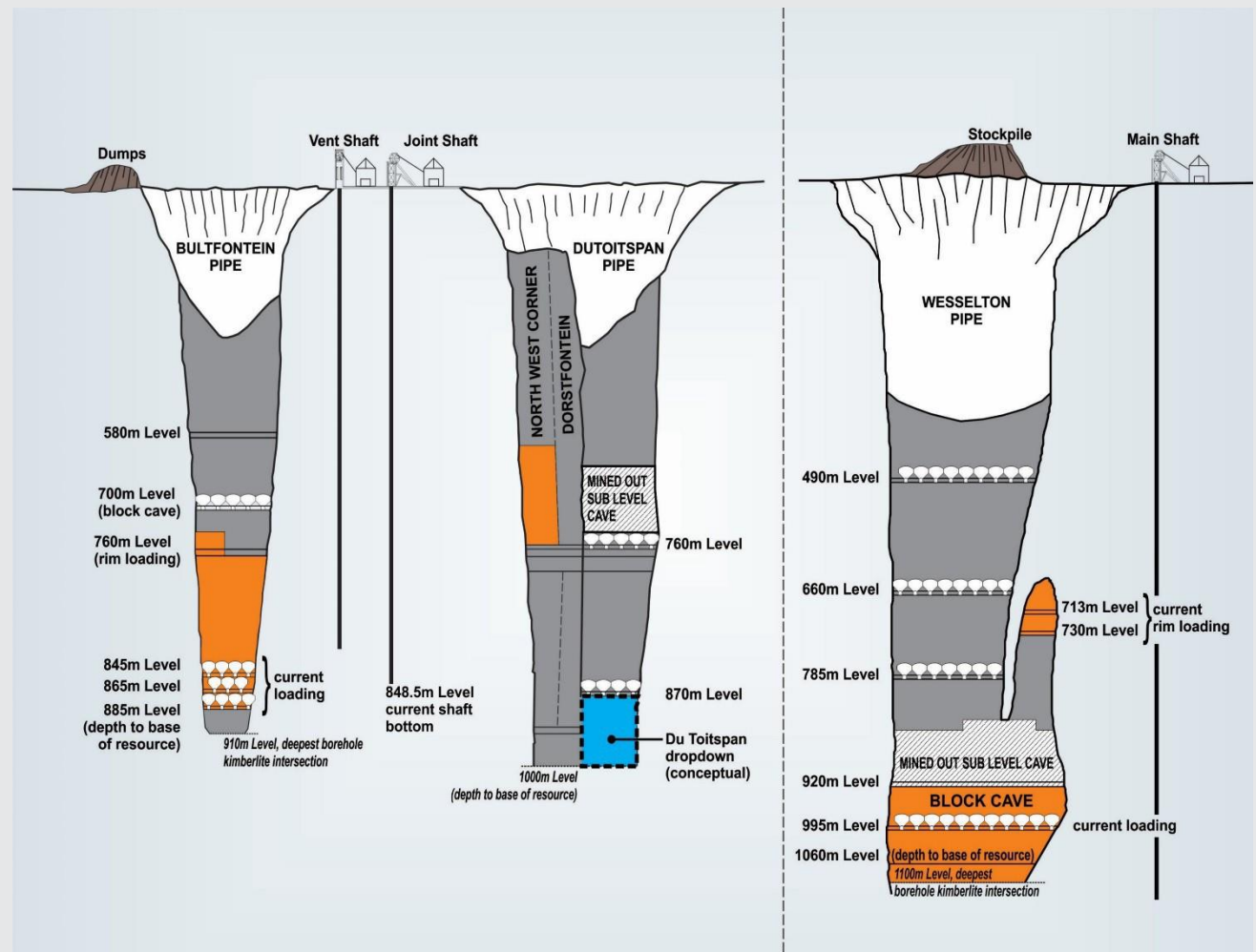
# Kimberley Underground – Development Programme

## 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 minelife

## Kimberley Underground Kimberlite Pipes Schematic



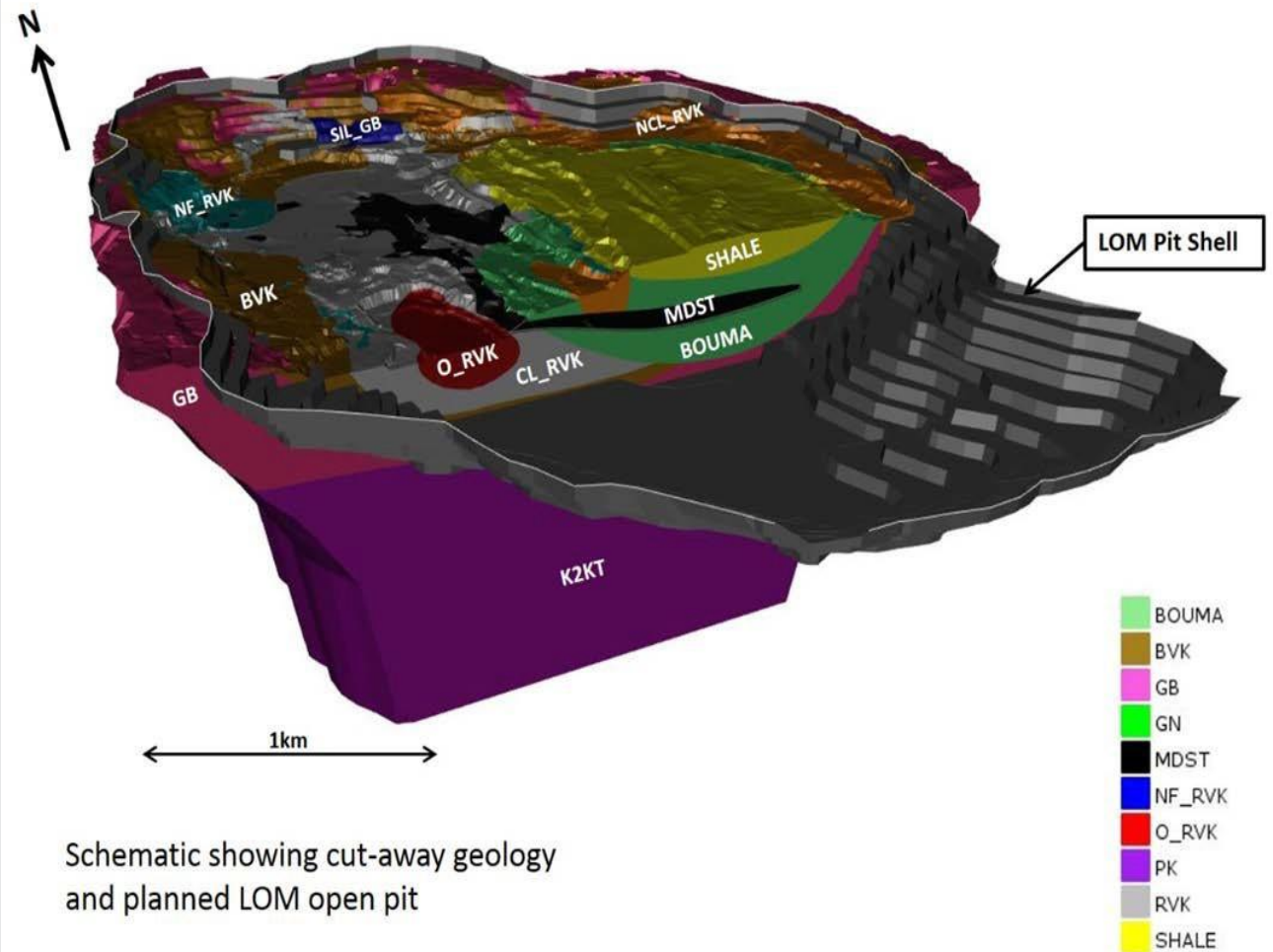
# Williamson – Development Programme

## 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



# 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



# Thank You

**Further enquiries:**

Petra Diamonds

Cathy Malins

Corporate Communications Manager

[cathy.malins@petradiamonds.com](mailto:cathy.malins@petradiamonds.com)

+44 20 74948203

[www.petradiamonds.com](http://www.petradiamonds.com)