



PetraDiamonds

# FY 2018

Preliminary Results

12 months to 30 June 2018

Entering a new phase

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17 September 2018



**LISTED**

**PREMIUM**



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# Nearing End of +10 Year Heavy Capital Investment Phase

## Date of acquisition by Petra and its partners

July 2007	July 2008	February 2009	May 2010	September 2011	January 2016
Koffiefontein	Cullinan	Williamson	Kimberley UG	Finsch	Kimberley Mines
					

1. Binding Head of Agreement reached re. disposal of KEM JV in July 2018

## FY 2006 to FY 2018

- Acquisition costs: **\$330 million**
- Total production: **27.4 Mcts**
- Total revenue: **\$3.6 billion**
- Operating cashflow: **\$1.2 billion**
- Capital invested: **\$1.7 billion**

Delivering growth in

FY 2006		FY 2018 <sup>1</sup>
<b>0.175 Mcts</b>	Production	<b>4.6 Mcts</b>
<b>\$21 million</b>	Revenue	<b>\$576.4 million</b>
<b>(\$4.5 million)</b>	Adj. EBITDA <sup>2</sup>	<b>\$198.5 million</b>
<b>(\$8.8 million)</b>	Adj. Op. Cashflow <sup>3</sup>	<b>\$155.3 million</b>

1. Including KEM JV 2. Definition of Adjusted EBITDA is as disclosed in Petra's financial results 3. Cash generated from operations adjusted for the cash effect of the movement in diamond debtors

# Entering a New Phase

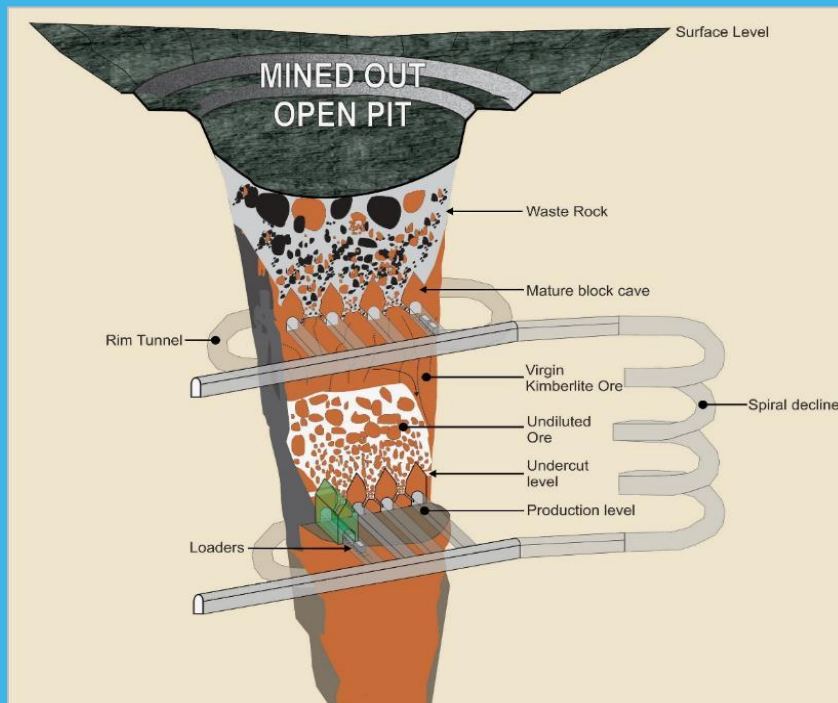
## Putting capital programmes to work

- Ever increasing footprint across orebody
- Multiple levels at SLCs
- Ratio of blasted tonnes to column tonnes
- Ongoing progress with fine tuning of infrastructure



## Future focus on maximising free cashflow

- Apply learnings from past challenges
- Ensure consistent production output
- Efficient operating and capital expenditure
- Reduction in leverage to  $\leq 2x$  Consol. Net Debt to Consol. EBITDA



Setting up for the future: Accessing undiluted ore



Optimisation across the portfolio



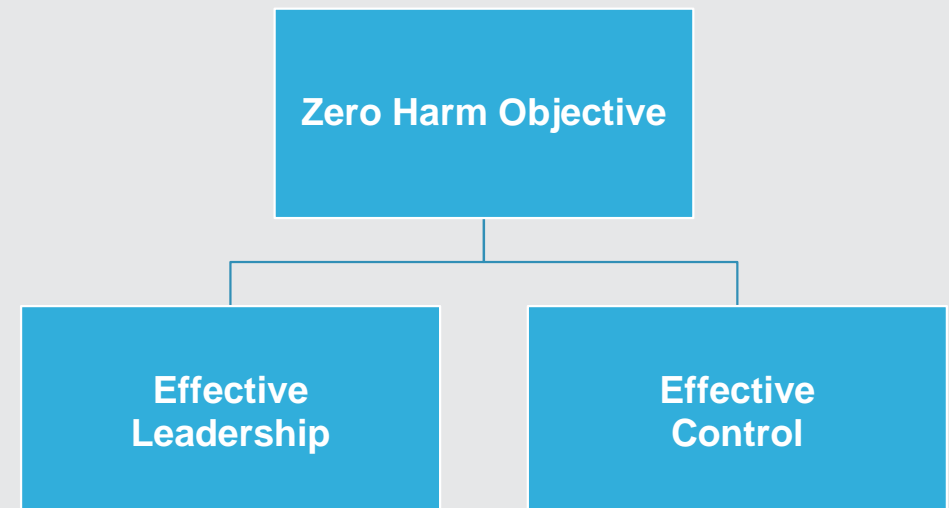
# Safety is Our Number One Priority

Zero harm remains our goal

- The health and safety of our workforce is our top priority
- Our mines are certified OHSAS 18001:2007, the international safety management framework
- Continuous risk assessment and management; all staff are trained in safety
- LTIFR of 0.23 recorded for FY 2018 (FY 2017: 0.27), comparing favourably against industry peers



Safety is our most important personal and organisational value



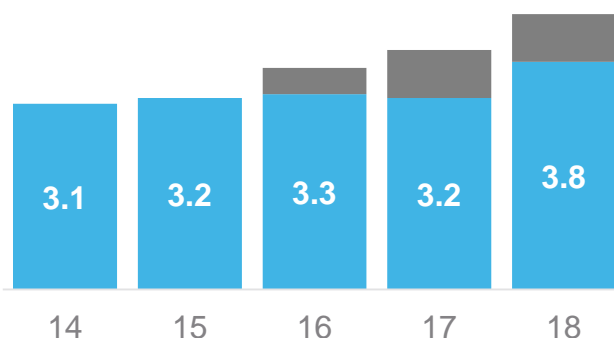
# FY 2018 – KPIs: Solid Operational Performance

NB: FY 16, 17 & 18 blue bars have been adjusted for the pending disposal of KEM JV; grey indicates KEM JV

## ROUGH DIAMOND PRODUCTION

Million carats

**3.8** +19%

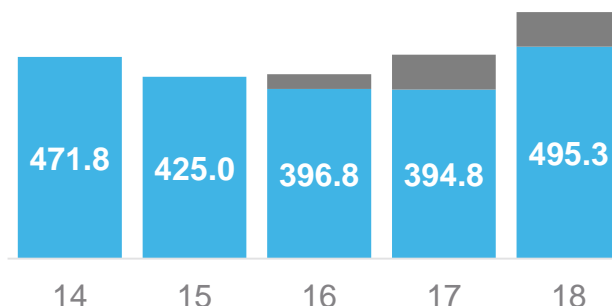


- Including KEM JV: production +15% to 4.6 Mcts
- Record production levels, in line with revised guidance

## REVENUE

US dollars (millions)

**495.3** +25%

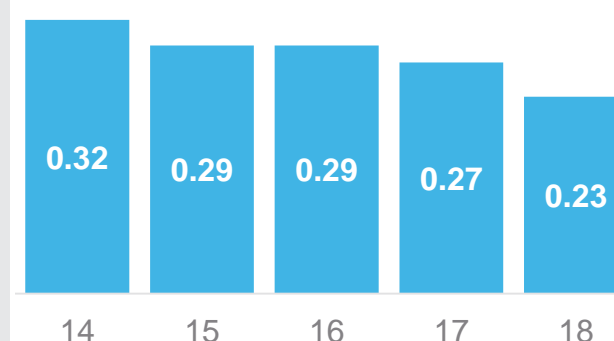


- Record revenue due to increased production and increased sales volumes

## SAFETY

LTIFR

**0.23** -15%



- Leading indicator to manage safety improved
- Strong performance and compares favourably with peer group

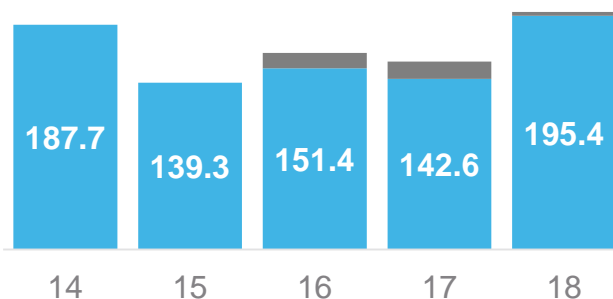
# FY 2018 – KPIs

NB: FY 16, 17 & 18 blue bars have been adjusted for the pending disposal of KEM JV; grey indicates KEM JV

## Adjusted EBITDA<sup>1</sup>

US dollars (millions)

195.4 +37%



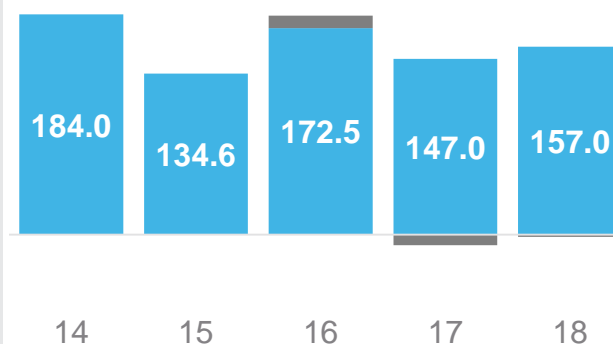
- Up 37% mainly due to higher revenue but partially offset by increase in mining and processing costs – see slide 12

<sup>1</sup> Refer to preliminary results announcement dated 17 September 2018 for detailed notes regarding non IFRS adjusted disclosures

## ADJUSTED OPERATING CASHFLOW

US dollars (millions)

157.0 +7%

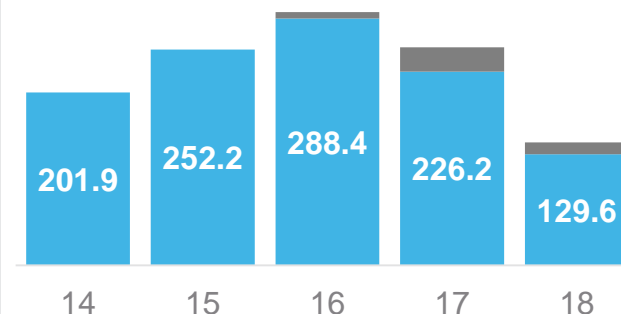


- 7% increase despite the negative impact of the blocked Williamson parcel and overdue VAT receivables in Tanzania

## CAPEX<sup>2</sup>

US dollars (millions)

129.6 -43%



- Declining trend due to advanced stage of the Group's expansion programmes

<sup>2</sup> Capex is Operational Capex, excluding capitalised borrowing costs

# Current Trading in FY 2019

On track to achieve stated guidance of 3.8 – 4.0 Mcts for FY 2019

- 718,635 carats produced in July and August

ROM grades in FY 2019 in line with expectations

- Cullinan has recorded a ROM grade of 40.6 cpht YTD

Previously reported turnaround at Koffiefontein being maintained

- YTD tonnages in line with FY 2019 annualised targeted throughput

Diamond market expected to be stable in FY 2019

- Sales of ca. US\$78 million from September tender; usual seasonal weakness with prices down ca. 5%
- Cullinan average price in the lower end of historical price ranges
- Six further tenders planned for FY 2019

Impact of currency ZAR:USD weakness

- Positive effect on ZAR cash flows





# FY 2018 – Summary of Results

All results are shown adjusted for the pending disposal of KEM JV

	FY 2018 (US\$m)	Restated FY 2017 (US\$m)
Revenue	495.3	394.8
Adjusted mining and processing costs <sup>1</sup>	(291.4)	(242.6)
Other direct income	1.2	1.7
<b>Profit from mining activities<sup>1</sup></b>	<b>205.1</b>	<b>153.9</b>
Exploration expense	(0.6)	(0.6)
Corporate overhead	(9.1)	(10.7)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>195.4</b>	<b>142.6</b>
Depreciation	(128.0)	(63.3)
Share-based expense	(0.6)	0.1
Net finance expense	(59.6)	(22.7)
Tax expense	(5.6)	(26.9)
<b>Adjusted net profit after tax<sup>1</sup></b>	<b>1.6</b>	<b>29.8</b>
Impairment charge	(66.0)	—
Net unrealised foreign exchange gain	(26.2)	8.6
Taxation charge on reduction of unutilised Capex benefits	(8.2)	—
Bond redemption premium and acceleration of unamortised costs	-	(22.3)
(Loss) / profit from continuing operations	(98.8)	16.1
(Loss) / profit on discontinued operations, net of tax	(104.3)	4.6
<b>Net (loss) / profit after tax</b>	<b>(203.1)</b>	<b>20.7</b>
<b>Earnings per share attributable to equity holders of the Company:</b>		
Basic (loss) / profit per share from continuing and discontinued operations – US\$ cents	(31.29)	3.14
Basic (loss) / profit per share from continuing operations – US\$ cents	(15.85)	3.14
Adjusted profit per share from continuing operations – US\$ cents <sup>1</sup>	0.50	5.50

# Strengthened Financial Position...

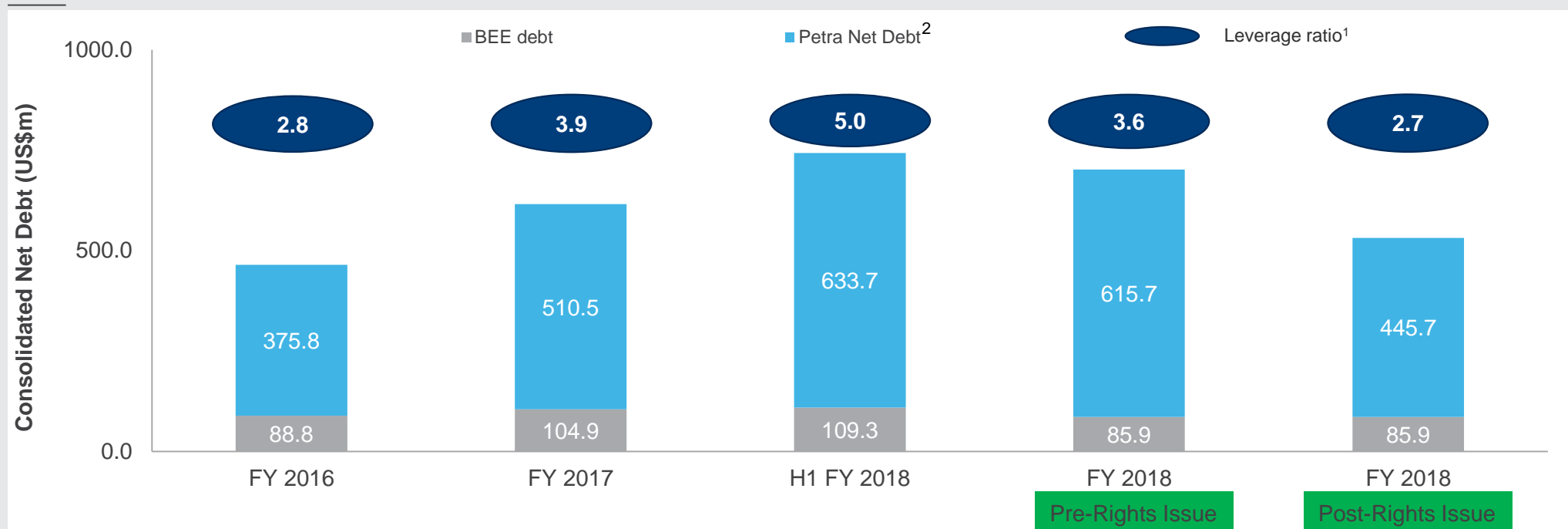
- SA bank debt settled after Year end as per one of the core objectives of the Rights Issue; remains available
- No covenant measurement for June '18

	Unit	30 June 2018	30 June 2017 <i>Restated</i>
<i>Closing exchange rate used for conversion</i>		<i>R13.73:US\$1</i>	<i>R13.05:US\$1</i>
Cash at bank	US\$m	236.0	203.7
Diamond debtors	US\$m	75.0	32.6
Diamond inventories (excl. KEM JV)	Carats	529,054	493,296
	US\$m	54.0	42.3
US\$650 million loan notes (issued April 2017)	US\$m	650.0	650.0
Bank loans and borrowings	US\$m	106.7	109.0
Net debt <sup>1</sup>	US\$m	520.7	555.3
Bank facilities undrawn and available	US\$m	2.6	5.6
Consol. net debt <sup>1</sup> for covenant measurement purposes	US\$m	531.6	618.5 <sup>2</sup>
Consol. net debt to consol. EBITDA ratio	x	2.7	3.9 <sup>2</sup>

1. Consolidated net debt is bank loans and borrowings plus loan notes, less cash, less diamond debtors and includes the BEE guarantees of ca. US\$85.9 million (FY 2017: US\$104.7 million) issued by Petra to the lenders as part of the BEE financing concluded in December 2014.

2. Including KEM JV

# ....Targeting Leverage Reduction of $\leq 2x$ ND:EBITDA<sup>1</sup> by FY 2020



Rights Issue – the catalyst in accelerating Petra's deleveraging profile

- Future free cash flow
- Leverage reduction
  - Continued communication to resolve Tanzania issues
  - Engage with SA Lender Group to simplify financing agreements, including BEE loan structure

Long term,  
sustainable  
leverage target by  
end of FY 2020

$\leq 2.0x^1$

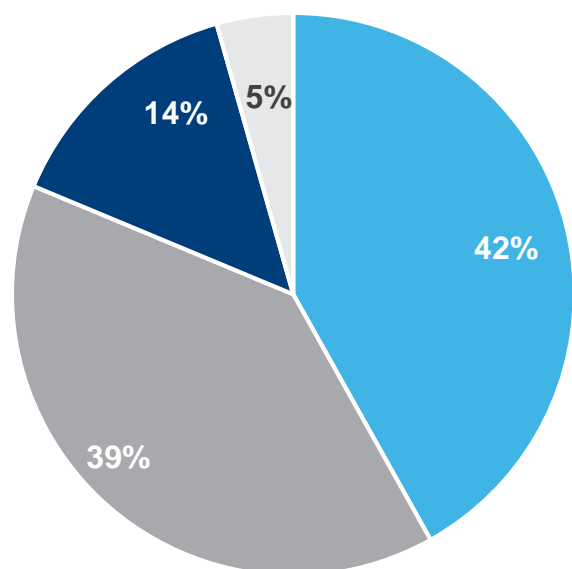


- Efficient use of free cash flow to reduce interest bearing debt
- Shareholder returns



# Operating Costs

FY 2018 On-mine cash cost breakdown  
(South Africa operations)



- Future focus on the optimisation of asset portfolio to drive cost efficiencies
- Absolute on-mine cash costs in line with expectations despite inflationary pressures
- Group on-mine US\$ cash costs +20% due to:
  - increase in production / volumes treated (+8%)
  - inflationary increases, including the impact of electricity and labour costs (+7%)
  - the effect of translating ZAR denominated costs at SA operations at a stronger ZAR/USD exchange rate (+5%)

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

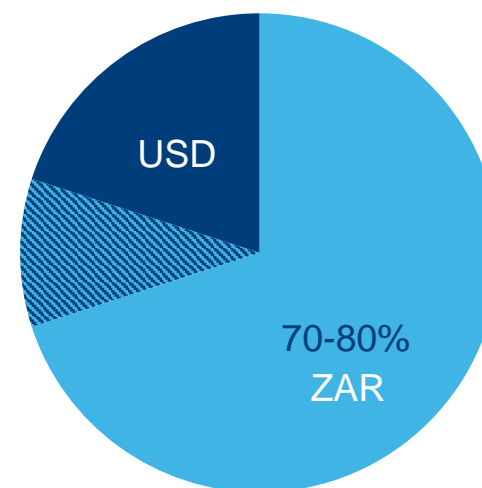
All in US\$m	On-mine cash costs <sup>1</sup>	Diamond royalties	Diamond inventory and stockpile movement	Group technical, support and marketing costs <sup>2</sup>	Adjusted mining and processing costs	Depreciation <sup>3</sup>	Share based expense	Total mining and processing costs (IFRS)
<b>FY 2018</b>	261.4	14.2	(9.5)	25.3	291.4	127.2	-	418.6
<b>FY 2017</b>	218.4	4.6	(1.7)	21.3	242.6	62.3	0.1	305.1

# Impact of ZAR/USD Movement on Petra

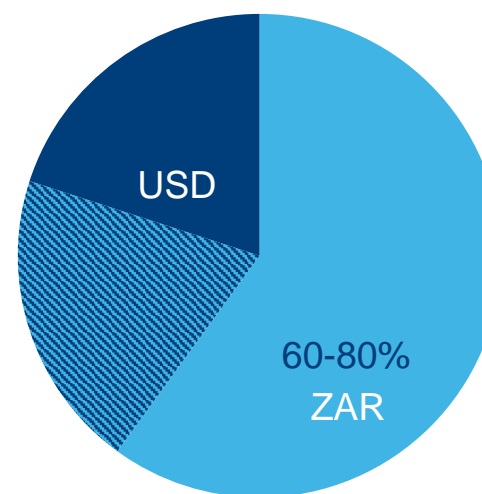
- US\$1:ZAR15.03 on 12 September 2018
- Increase / decrease of ZAR1 equates to:
  - ca. US\$20m on EBITDA
  - ca. US\$35m on FCF
- Short term hedging strategy to manage volatility
  - Collar style hedge on USD revenue converted to ZAR covering up to 50% of FY 2019 sales



USD:ZAR exchange rate – 1 July 2017 to 12 September 2018



70 - 80% of operating costs are ZAR denominated

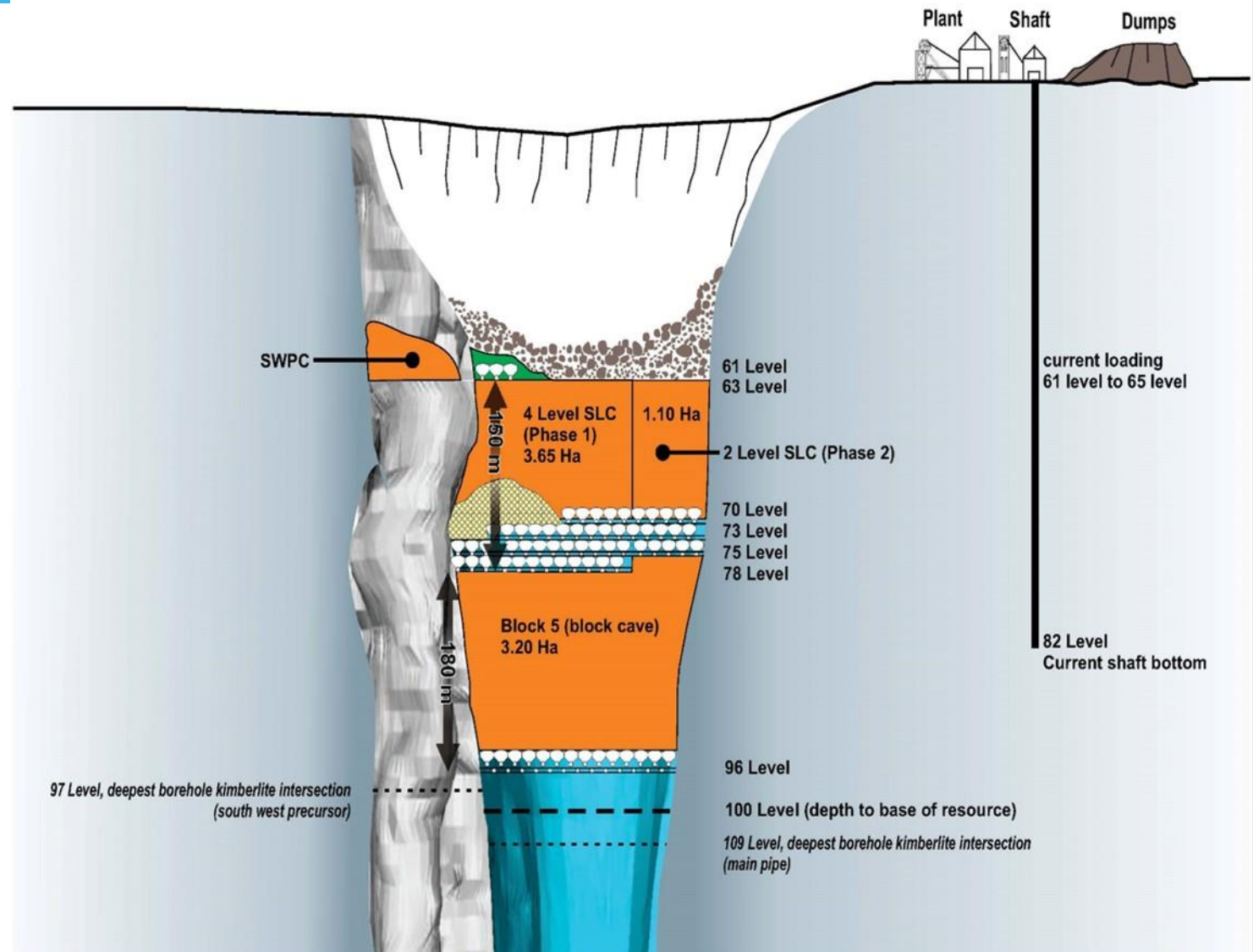


60 - 80% of Capex is ZAR denominated

# Finsch – Development Programme

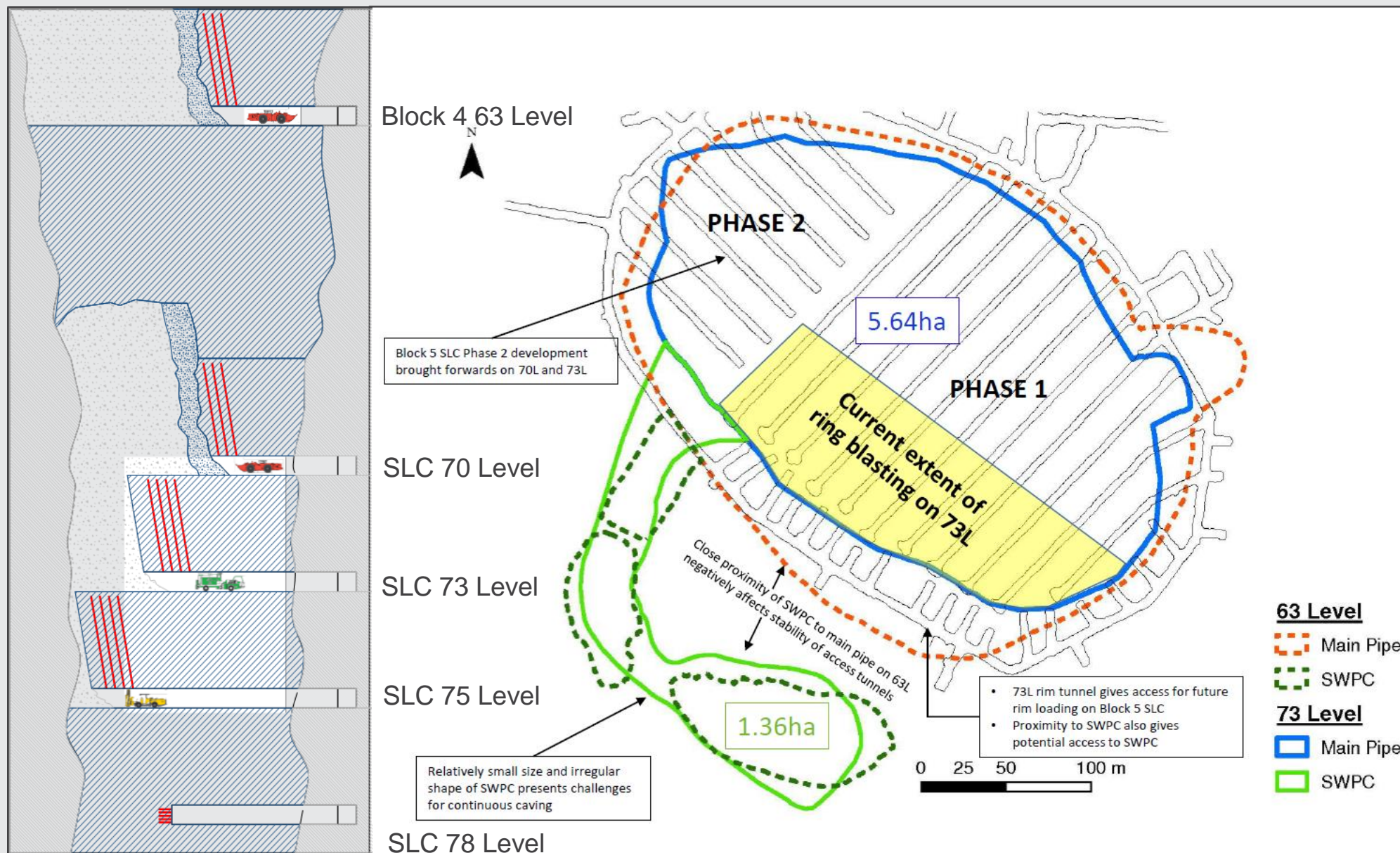
## Highlights

- SLC ramp up:
  - **FY 2017** – 0.75 Mt
  - **FY 2018** – 1.65 Mt
  - **FY 2019** – 2.7 Mt
- Total ROM throughput (from SLC and overburden) of 3.2 Mt – **FY 2019**
- Pre 79 Tailings treated – **end FY 2019**



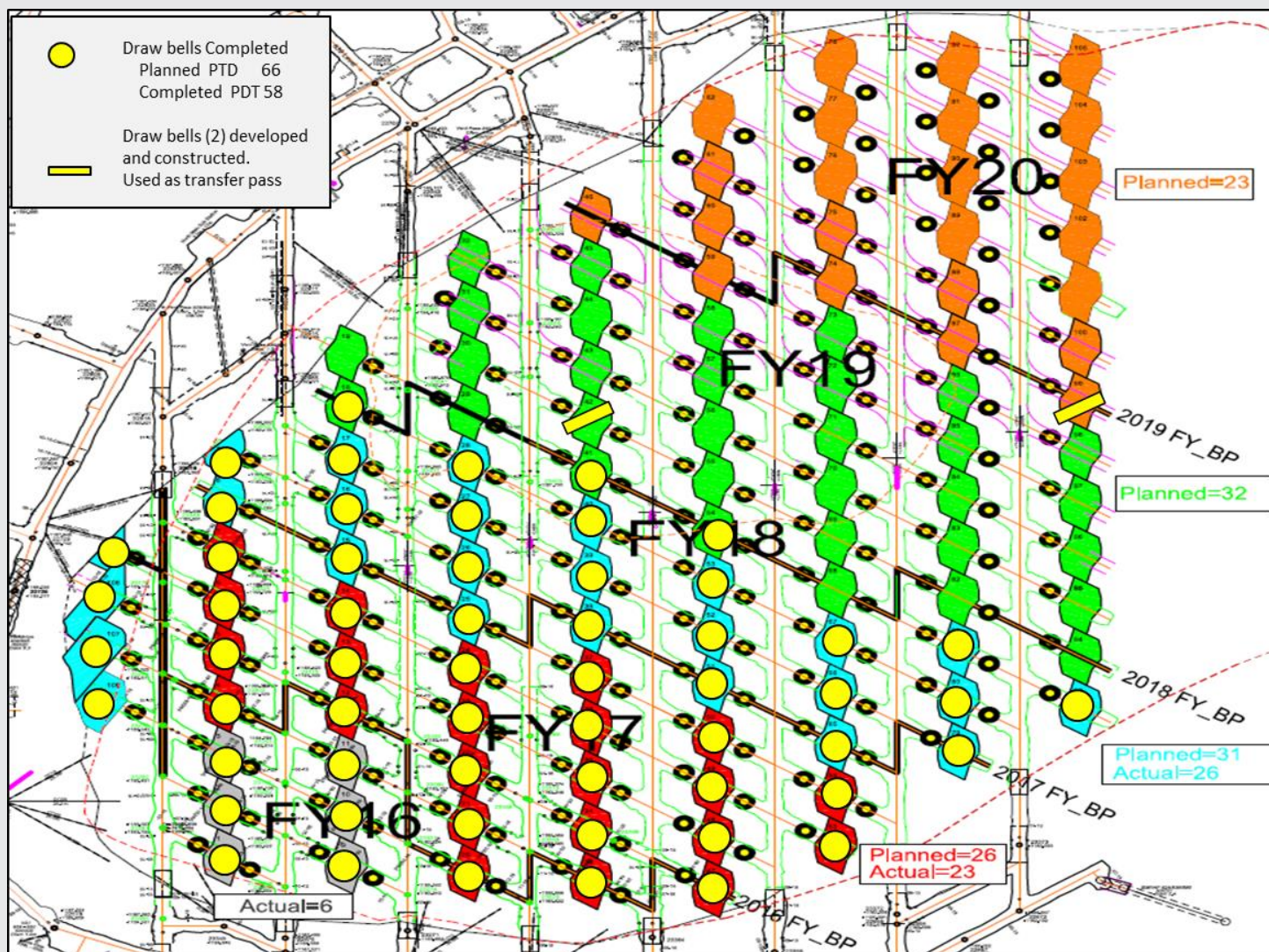


# Finsch SLC Schematic and Plan View

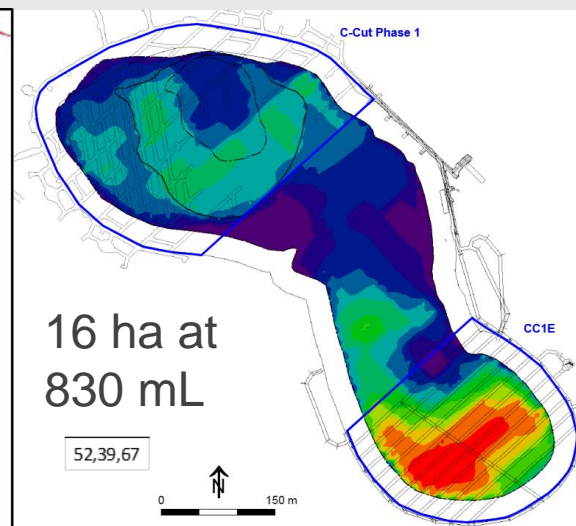




# Cullinan C-Cut Block Cave Plan View



Draw bells completed by end of FY 2018

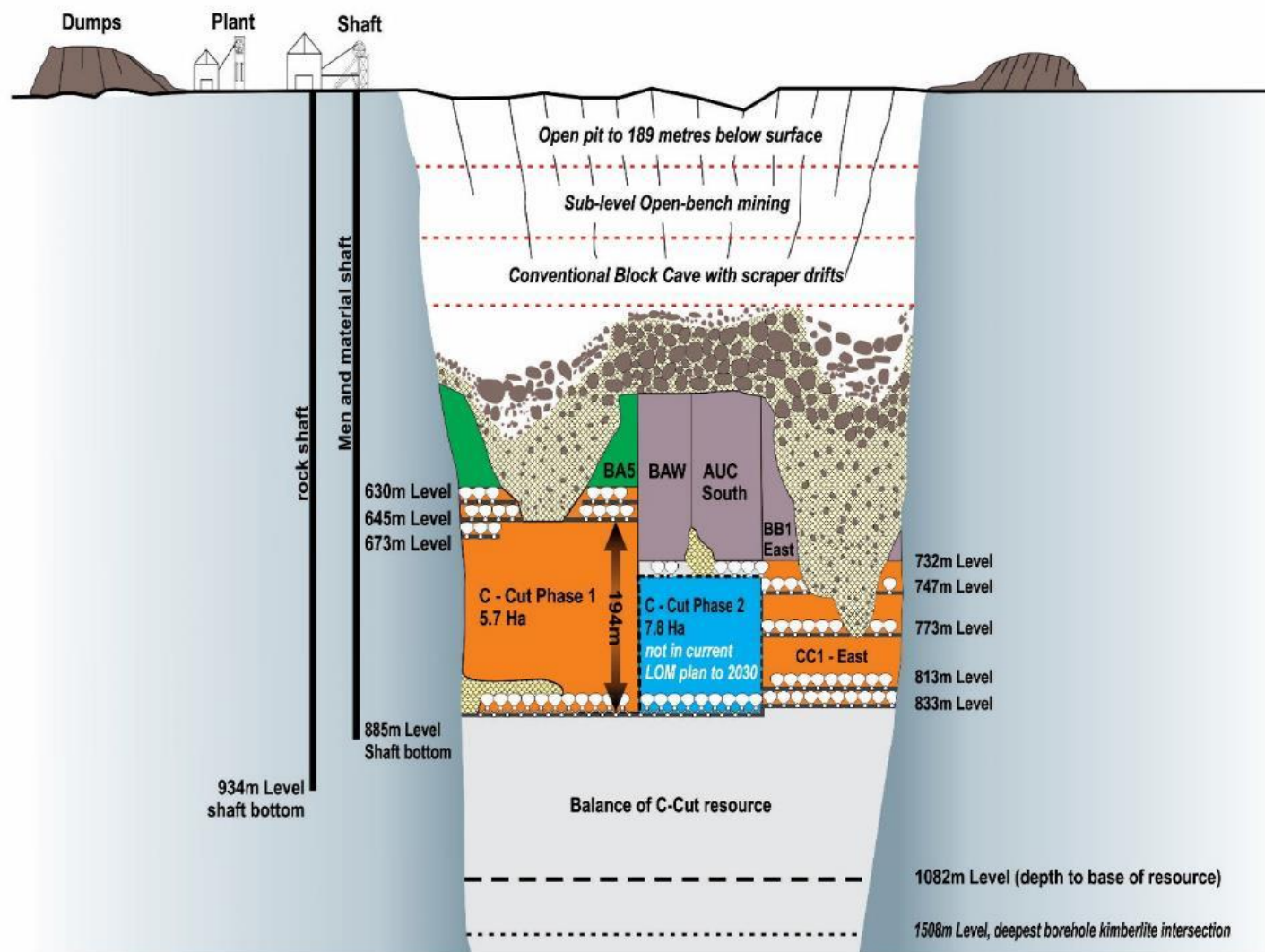


- Access to larger footprint over time
- More productive draw points
- Extent of ore body provides further potential opportunities

# Cullinan – Development Programme

## Highlights

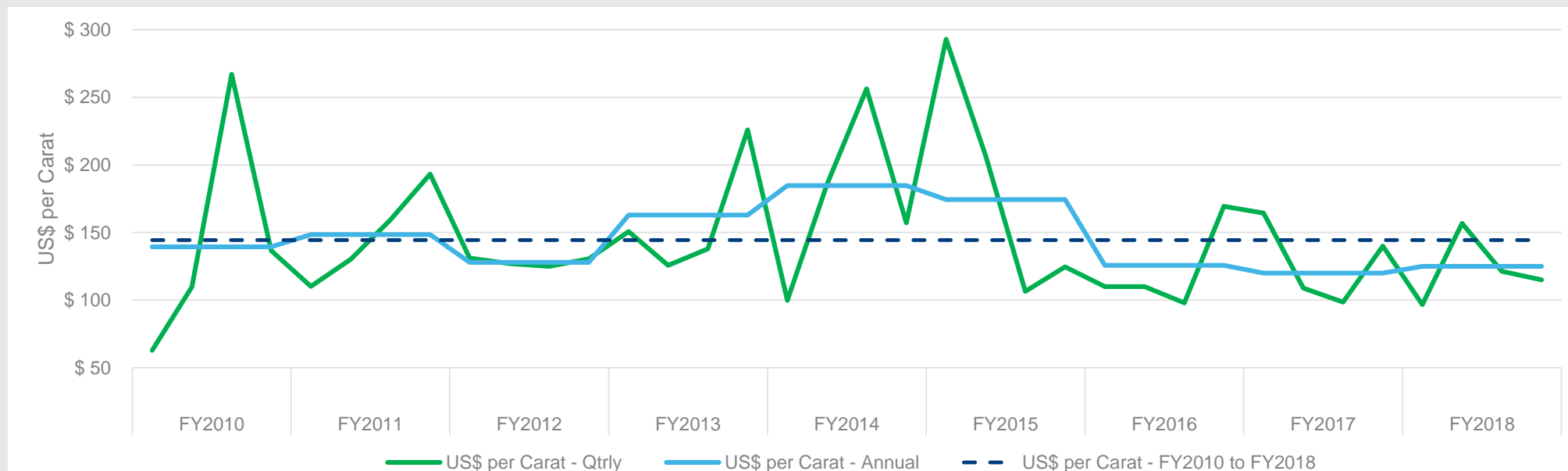
- C-Cut phase 1 & CC1E ramp up:
  - **FY 2017** – 1.2 Mt
  - **FY 2018** – 2.46 Mt
  - **FY 2019** – 3.7 - 4 Mt  
(including 0.7 – 1 Mt sourced from CC1E & B Block)
- Completion of shaft / plant interface – **FY 2019**
- Steady state production of 4 Mtpa from C-Cut Phase 1 and CC1E – **FY 2020**





# Price Variability at Cullinan

- Cullinan exhibits pricing variability - average of US\$144/ct from FY 2010 to 2018; 7,883,301 carats sold:
  - on an annual basis: high of US\$185/ct and low of US\$120/ct (FY 2018: US\$125 per carat);
  - on a half yearly basis: high of US\$247/ct and low of US\$87/ct (FY 2018: high of US\$140/ct and low of US\$118/ct)
  - on a quarterly basis: high of US\$293/ct and low of US\$63/ct (FY 2018: high of US\$157/ct and low of US\$97/ct).
- Similar ore bodies also display high level of pricing variability



Price variability at Cullinan – FY 2010 to FY 2018

# Cullinan's Diamond Profile

- Source of the Cullinan, the largest gem diamond ever recovered (3,106 carats)
- Record of producing Type II diamonds, including high value blue stones
- All -55mm material only exposed to autogenous milling (comminution via attrition, not crushing) and all further liberation through High Pressure Grinding Rolls; inter-particle crushing, thereby moving away from high impact cone crushing
- FY 2018 notable diamond recoveries included 8 +100 carat stones (including 3 +200 carat diamonds)

## Iconic diamonds



The Cullinan, 3,106 carats,  
1905



Cullinan Heritage, 507 carats,  
2009



The Blue Moon of Josephine,  
29.6 carats, 2015

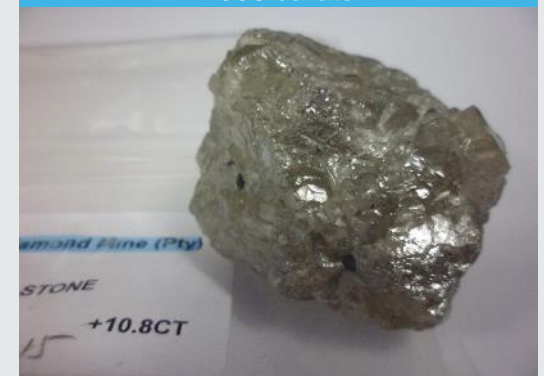
FY 2018



281 carats



356 carats



574 carats

# Diamond Market Fundamentals

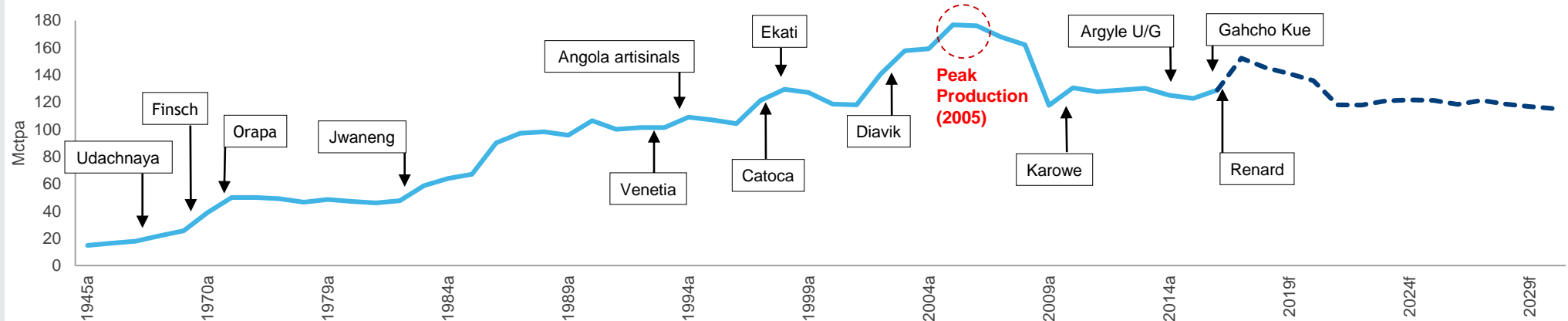
## Supply

- **Supply constraints:** Global rough diamond production increased 19% to 150.9 Mcts in 2017
- **Continuing overall declining trend:** Rise in production driven by new mines that have recently entered the market, however still substantially below the 'peak' in 2005 of 177 Mcts
- **No new finds:** The world's largest diamond mines are maturing and past peak production levels
- **Supply is forecast to decrease** to ca. 145 Mcts in 2018, before decreasing to ca. 115 Mcts by 2030

## Demand

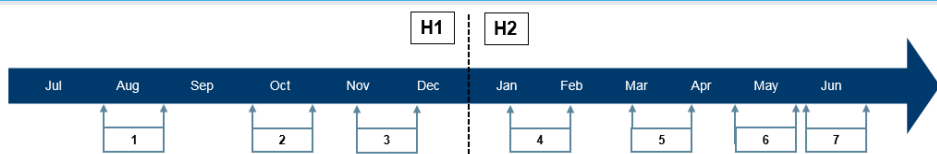
- **Global market:** rose 2% to record high of \$82bn in 2017
- **Demand growth expected to be driven by:**
  - Growth in major US market +4% to \$43bn
  - Strong desire for diamonds in China; consumer confidence reached 20 year high
  - Increasing wealth globally / escalation in HNWLs
  - Rise in generic marketing to consumers (DPA)
  - Female self purchasing continues to increase
  - Rise in omnichannel / online retail markets
  - Millennials represent over 2/3 all diamond jewellery demand in 4 largest markets; to be highest (overall) spending generation from 2020

## Global Diamond Supply: Historical & Forecast Rough Production



# Stable Diamond Market and Prices

## Petra Sales Timing



- Rough diamond market is seasonally strongest in the first quarter of the calendar year due to the fact that retailers are ready to restock after the festive selling season, incl. Thanksgiving in the US, Christmas, Chinese New Year and Valentine's Day
- Petra sales weighted to H2 of the financial year

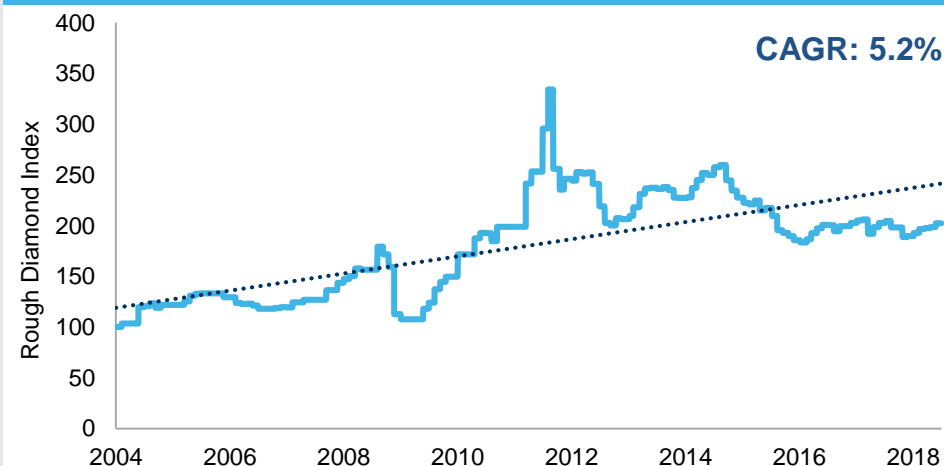
Petra – Rough Diamond Prices	Actual <sup>1</sup> Weighted Average US\$/ct FY 2018	Actual <sup>1</sup> Weighted Average US\$/ct FY 2017
<b>Finsch</b>	108 <sup>1</sup>	101
<b>Cullinan</b>	125 <sup>2</sup>	120
<b>Koffiefontein</b>	525 <sup>1</sup>	506
<b>KEM JV</b>	108 <sup>1</sup>	100
<b>Williamson</b>	270 <sup>3</sup>	258

- In line with expectations.
- Below historical averages due to lower incidence of higher value stones.
- Higher average value achieved due to higher incidence of high value stones.

## FY 2018 Market Performance

- Pricing saw usual seasonal weakness in July to October (down ca. 5%) and recovered ca. 1.5% in December 2017
- Positive momentum around the festive selling season led to pricing ca. +5% in Q3 FY 2018
- Overall rough diamond prices on a like for like basis were ca. +2% for the Year, compared to FY 2017
- Future price guidance removed – Petra now reports actual prices achieved
- Typical seasonal weakness noted at 1st FY 2019 tender – diamond market expected to be broadly stable in FY 2019

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



Source: Bloomberg



# Sustaining Consumer Demand – Today and Tomorrow

Diamond Producers Association comprises De Beers, ALROSA, Rio Tinto, Dominion, Petra, Lucara, Murowa – together ca. 72% 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 increased 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 marked first full year of marketing in India and the launch of marketing in China
- Industry advocacy and trade programmes to support the pipeline, plus challenging misleading synthetics industry narrative and language



DPA launched Real is Rare campaign in India in November 2017

# Strategic Priorities

1	<b>Health and Safety</b> <ul style="list-style-type: none"><li>• Targeting zero harm</li></ul>
2	<b>Driving operational efficiency with emphasis on value-over-volume</b> <ul style="list-style-type: none"><li>• Close focus on operational costs, productivity and ongoing plant optimisation (particularly at Cullinan)</li><li>• Beneficial impact on production as new caves ramp up to full capacity</li></ul>
3	<b>Reduction in net debt / gearing levels</b> <ul style="list-style-type: none"><li>• Aim to achieve stepped reduction in debt with aim to reach 2.0x or less (Consol. net debt / Consol. EBITDA) by end FY 2020</li></ul>
4	<b>Realising the potential of the Group's portfolio of assets</b> <ul style="list-style-type: none"><li>• Board reviews the asset portfolio on an ongoing basis with a view to maximising return on capital</li><li>• Binding Head of Agreement reached re. disposal of KEM JV in July 2018</li><li>• Organic growth opportunities (particularly at Cullinan and Williamson) over medium to long term</li></ul>
5	<b>Appropriate Board and Management Structures</b> <ul style="list-style-type: none"><li>• Nomination Committee continues to review Board, committee and management structures</li><li>• Three year Succession Plan in action</li></ul>
6	<b>Upholding the value of diamonds</b> <ul style="list-style-type: none"><li>• Continue to develop leading ESG practices with aim to actively contribute to socio-economic development</li><li>• Seek to actively influence consumer demand via role within the Diamond Producers Association</li></ul>

# Sustainability



## Training and Development

- Leadership Development Programme to encourage career progression
- Ca. \$9.5m spent on training & development programmes in FY 2018

## Labour Relations

- Labour relations are currently stable and three year agreement bodes well for a more stable environment during this period
- Under two weeks of labour disruption experienced in September 2017 at the SA operations (except Cullinan) prior to finalisation of three year wage agreement

## Communities

- Enterprise Development Centres established at all South African operations to develop local businesses
- Education identified as the best way for Petra to contribute to the upliftment of its local communities and to South Africa as a whole
  - Early learning initiatives
  - School, scholarship and bursary programmes
  - Focus on development of technical skills – maths and science

## Environment – continued focus on efficiencies

- All expansion programmes designed for improvements in energy, water and carbon emitted per tonne
- Ongoing initiatives to reduce energy usage, including continual investigation of renewable energy sources



The handover of the multi-purpose sports facility to Onverwacht Primary School, near Petra's Cullinan mine



Petra facilitated exposure for 5 local enterprises at the Enterprise and Supplier Development Expo in Johannesburg



# Generating Value for all Stakeholders



## Development of our People

Petra took part in the 9<sup>th</sup> Annual ITC Annual Leadership for Women in Mining Conference



## Contributing to our communities

The Petra Foundation launched a new science laboratory at the Tabane High School in Cullinan



## Local Economic Development

Kimberley handover of artisanal mining permits



## Community Health

Petra sponsors and supports the Hunger & Thirst initiative in Kimberley



## Education

Sponsoring transport for 1,200 students to the 2018 NOCCI Business Expo



## Environmental Awareness

Petra supports a conservation project to support breeding of endangered white-backed vultures





## Appendix

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# Capital Structure

## Share Price (1 year to 13 September 2018)



## As at 13 September 2018

## % voting rights

BlackRock, Inc.	13.6%
Standard Life Aberdeen plc	10.8%
Prudential plc	7.7%
T. Rowe Price	5.0%
Cobas Asset Management	5.0%
Van Eck Associates	4.1%
Directors	3.8%

## Listing

## LSE: PDL

Average daily trading volume (shares) – (LTM)	4.6m
Shares in issue	865.3m
Free float	94.7%
Market cap @ 35.80p (13 September 2018)	£312 / \$410m



# Petra Board of Directors



**Adonis Pouroulis**  
Non-Executive Chairman

Mining entrepreneur whose expertise lies in the discovery and exploration of natural resources across Africa

Founded Petra in 1997 and floated first diamond company on AIM

Has since chaired the Company as it has developed into a mid-tier diamond producer of global significance



**Johan Dippenaar**  
CEO

Over 25 years' experience in the leadership and management of diamond mining companies

Previously CEO of ASX quoted Crown Diamonds which operated a portfolio of three underground diamond fissure mines

Merger with Petra in 2005 and has led company through period of significant growth



**Jacques Breytenbach**  
Finance Director

Assumed role in February 2018. Mr Breytenbach first joined Petra in 2006 as Finance Manager – Operations before becoming CFO in 2016. Prior to this he was Finance Manager – Capital Projects at Anglo Platinum

Leads financial management of Petra and is responsible for financing, treasury, financial controls, reporting, legal, investor relations, compliance and corporate governance



**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 and several quoted Asian closed end funds



**Dr Patrick Bartlett**  
Independent Non-Executive Director

Acknowledged expert on kimberlite geology and design and block caving

Formerly Chief Geologist for De Beers until retirement in 2003

In-depth knowledge of several Petra mines, having worked at Finsch, Koffiefontein, Kimberley Underground and Cullinan

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

Formerly a partner for +30 years at Deloitte & Touche LLP; primarily responsible for multinational and FTSE 350 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

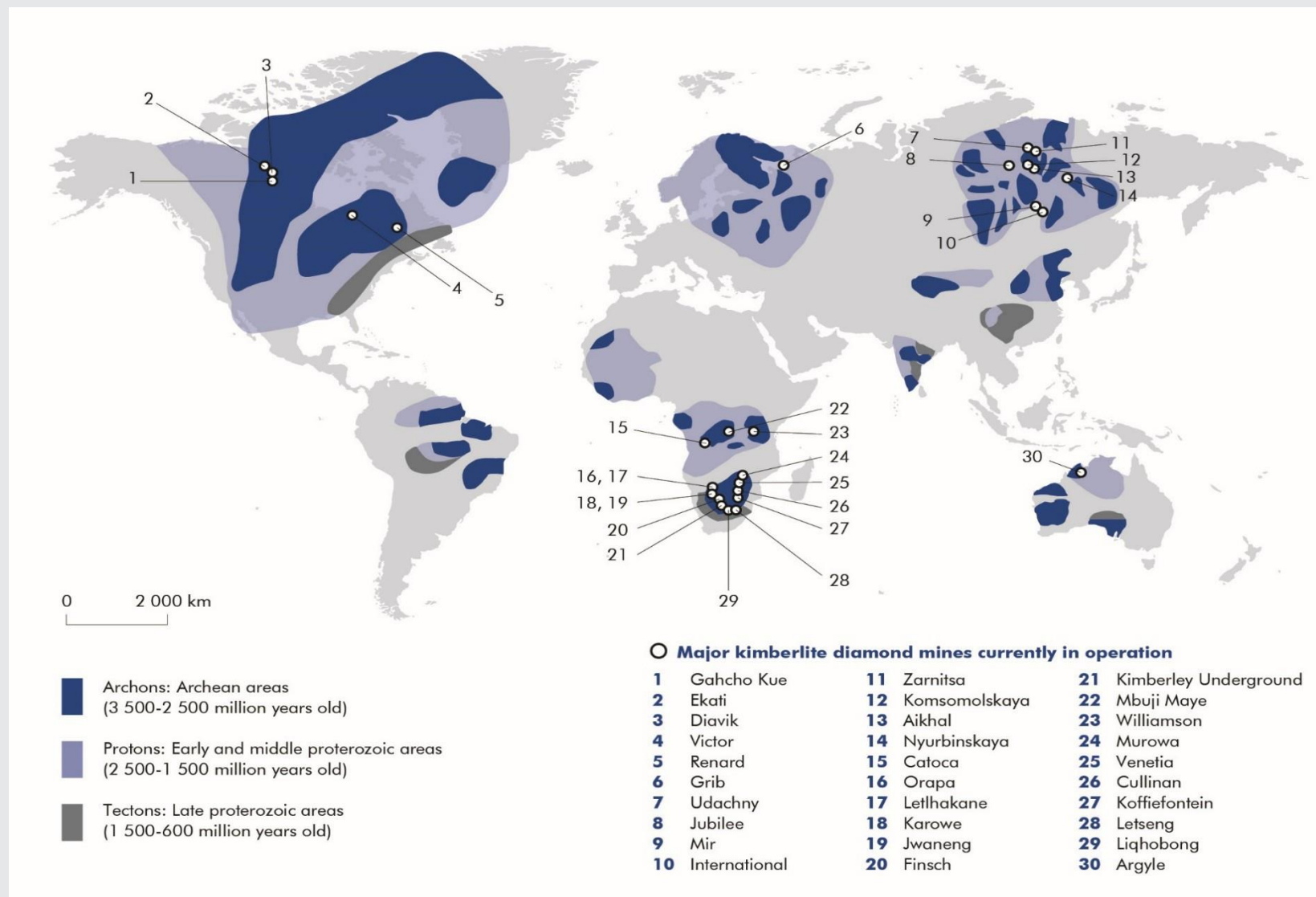
A chartered accountant with broad business, financial and auditing experience. Member of the Audit Committee

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

# Diamonds are rare...and getting rarer

Only 30 significant kimberlite mines in production today

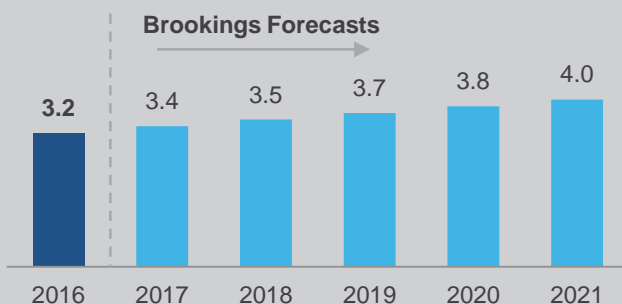


# Producing the Full Spectrum of Diamonds

## Mass market goods

### Growth in middle classes

The global middle class comprised ca. 3.2bn people at the end of 2016



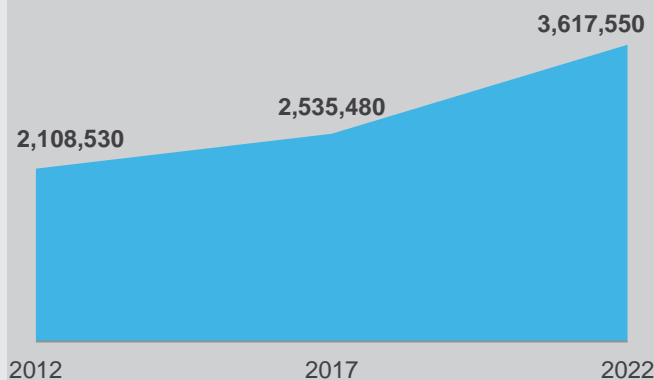
160 million people projected to join the global middle class over the next 5 years

*Brookings – February 2017*



## High end goods

### Growth in HNWI (+\$5m)



HNWI population projected to increase 43% by 2022

*Knight Frank The Wealth Report 2018*



## Ultra collectables

### Exceptional diamonds



The 3,106ct Cullinan Diamond

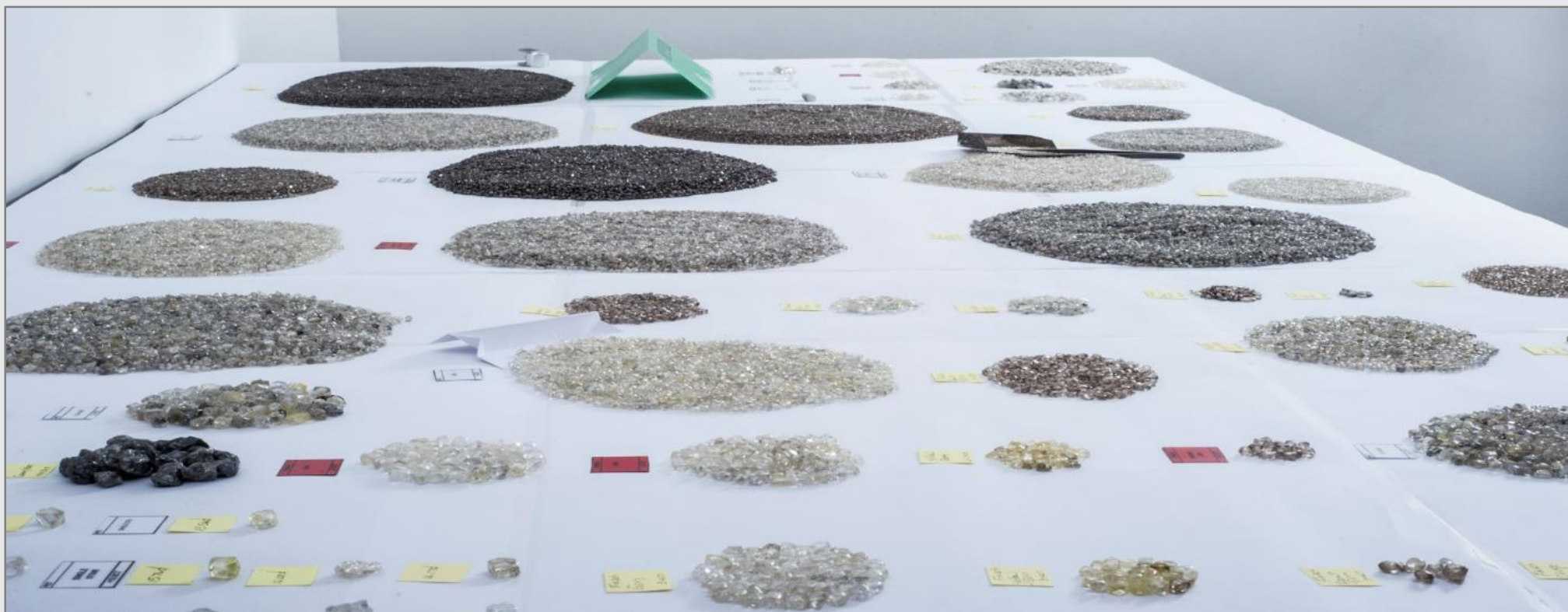
The 29ct Blue Moon of Josephine





# Petra Production Profile

- Production profile of a kimberlite is highly consistent when the mine is in steady state production



# 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**

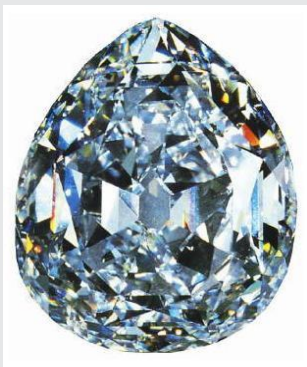
Sold for \$25.4m  
\$1.1m per carat,  
9 June 2016



**The 59.60ct  
Pink Star  
diamond**

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

# Iconic Diamonds From Iconic Mines

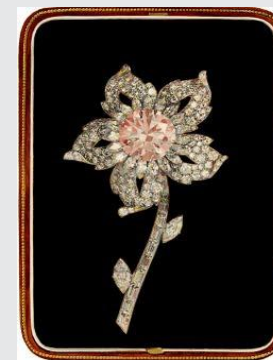


The Greater Star of  
Africa  
Largest polished yield  
from the Cullinan at  
530ct; sits in the Royal  
Sceptre  
*Cullinan, 1905*



The Cullinan  
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*

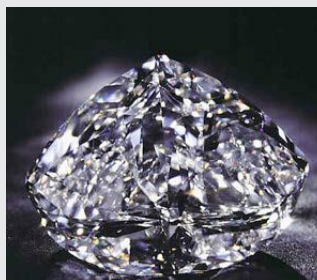


The Golden Jubilee  
755.5ct rough  
545.6ct polished  
*Cullinan, 1986*

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*

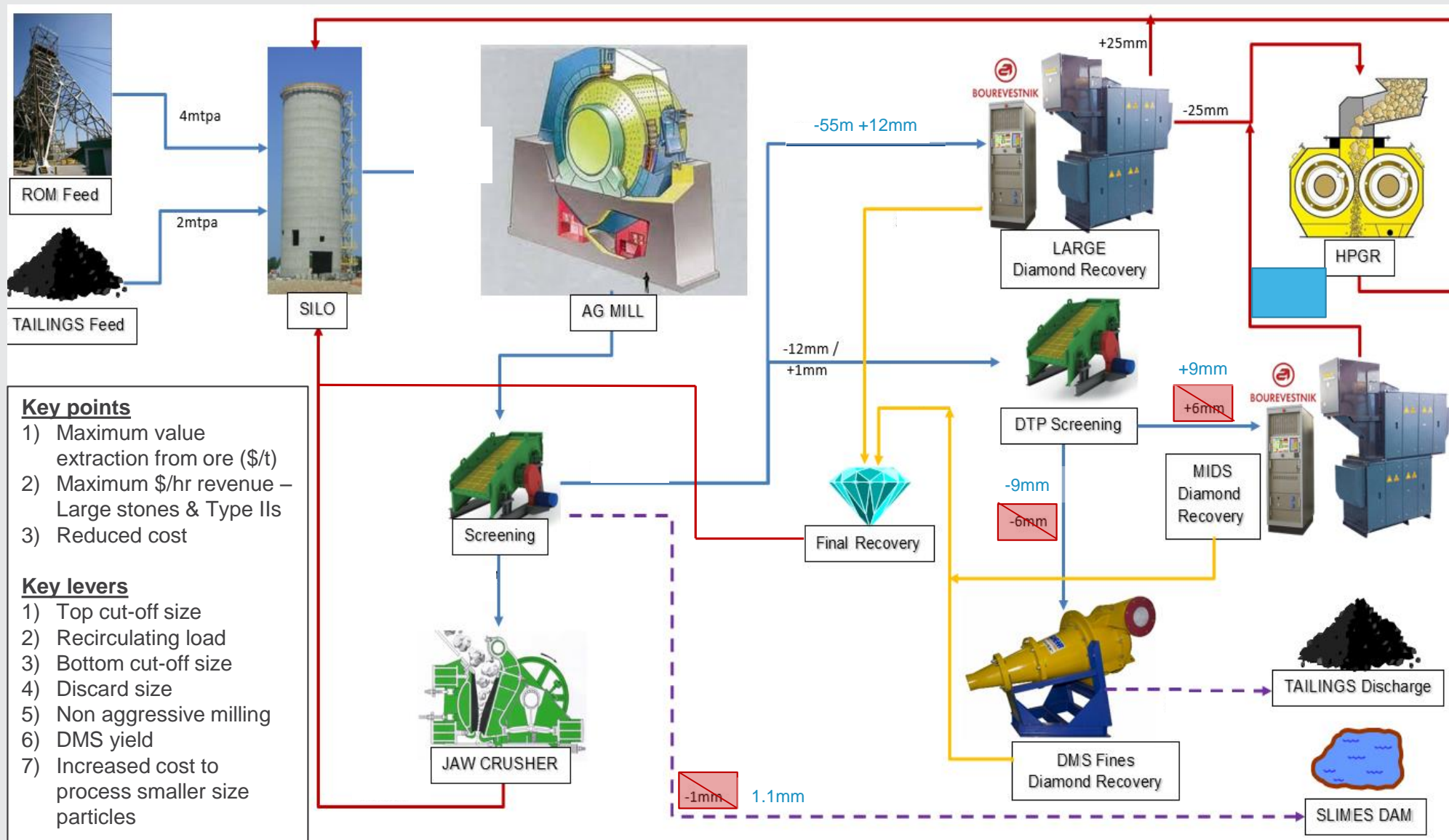


# FY 2018 vs FY 2017 Operational Results

	Finsch		Cullinan		Koffiefontein		Williamson		KEM JV	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
<b>ROM PRODUCTION</b>										
Tonnes Treated (t)	<b>3,084,395</b>	3,212,169	<b>3,741,086</b>	1,882,911	<b>649,259</b>	667,821	<b>4,659,563</b>	3,667,781	<b>768,776</b>	597,025
Grade (cpht)	<b>62.5</b>	56.6	<b>35.9</b>	36.1	<b>8.1</b>	7.7	<b>7.0</b>	5.8	<b>10.7</b>	14.7
Diamonds recovered (carats)	<b>1,926,467</b>	1,818,454	<b>1,342,020</b>	679,622	<b>52,537</b>	51,173	<b>328,681</b>	212,215	<b>82,246</b>	87,783
<b>TOTAL PRODUCTION</b>										
Tonnes treated (t)	<b>3,879,368</b>	4,863,258	<b>4,153,835</b>	2,389,087	<b>649,259</b>	667,821	<b>5,045,284</b>	4,071,592	<b>6,819,767</b>	6,750,682
Diamonds recovered (carats)	<b>2,073,477</b>	2,149,896	<b>1,368,720</b>	786,509	<b>52,537</b>	51,173	<b>341,102</b>	225,202	<b>755,645</b>	800,434
<b>SALES</b>										
Diamonds sold (carats)	<b>2,152,786</b>	2,141,885	<b>1,335,669</b>	760,957	<b>51,936</b>	56,068	<b>253,524</b>	226,110	<b>756,493</b>	821,963
Average price per carat (US\$)	<b>108</b>	101	<b>125</b>	120	<b>525</b>	506	<b>270</b>	258	<b>108</b>	100
Revenue (US\$m)	<b>231.9</b>	216.7	<b>167.0</b>	91.3	<b>27.2</b>	28.4	<b>68.5</b>	58.4	<b>81.6</b>	82.3
On-mine cash cost per tonne treated	<b>R329</b>	R253	<b>R239</b>	R316	<b>R596</b>	R532	<b>US\$10.7</b>	US\$11.6	<b>R153</b>	R133
<b>CAPEX (US\$m)<sup>1</sup></b>	<b>50.0</b>	67.5	<b>62.7</b>	125.2	<b>12.3</b>	18.8	<b>4.6</b>	15.0	<b>13.8</b>	28.4

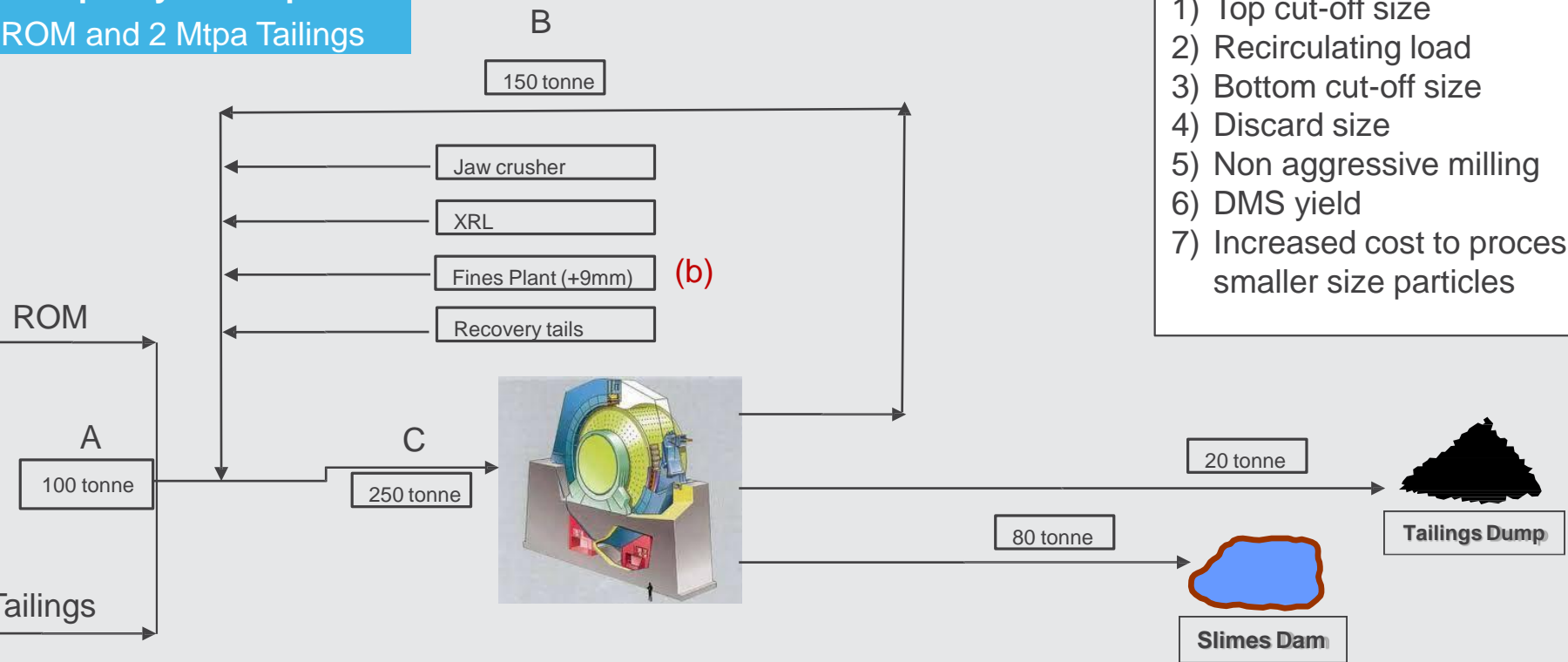
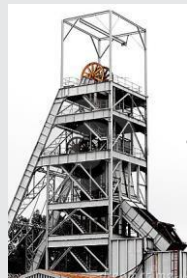


# New Cullinan Plant – Process Flow Diagram



# New Cullinan Plant – Simplified Process Flow Diagram

**Annual capacity of 6 Mtpa:**  
4 Mtpa ROM and 2 Mtpa Tailings



## Key levers

- 1) Top cut-off size
- 2) Recirculating load
- 3) Bottom cut-off size
- 4) Discard size
- 5) Non aggressive milling
- 6) DMS yield
- 7) Increased cost to process smaller size particles

A = New feed (ROM revenue per tonne ca. US\$58; Tailings revenue per tonne ca. US\$4 - 5)

B = Recirculating load (estimated contained value of ca. US\$2 per tonne) (b)

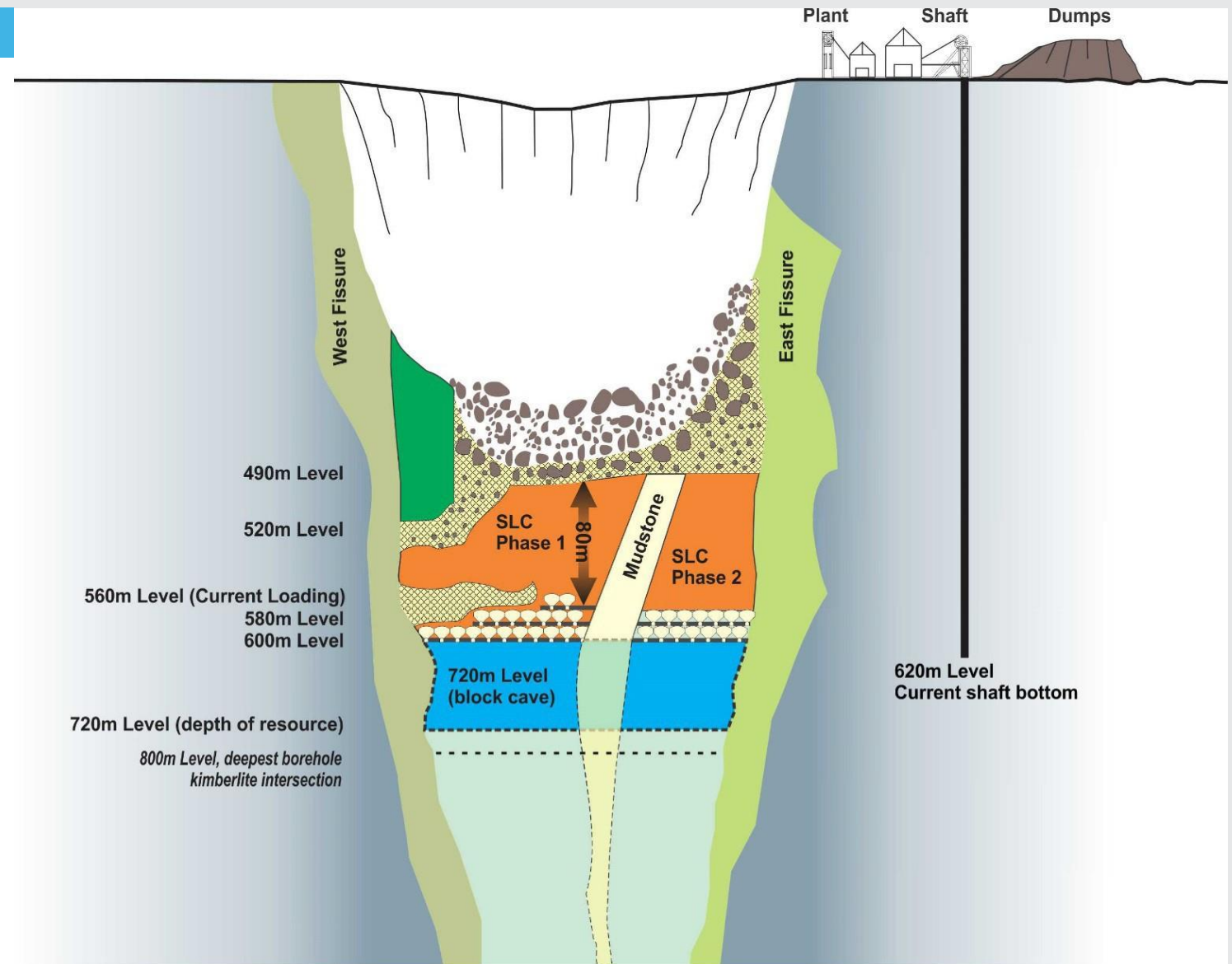
C = Total mill feed design capacity (A+B = 250 tonne)

Increasing recirculating load (B) to recover additional finer diamonds, will displace new feed capacity (A)

# Koffiefontein – Development Programme

## Highlights

- Production commenced from first tunnels of SLC on 560 mL – **FY 2015**
- New ground handling system commissioned – **Q3 FY 2018**





# Williamson – Development Programme

## Highlights

- New mill plant commissioned H2 FY 2017
- FY 2018 production – 341 kct (best production since 1977)
- FY 2019 ROM throughput of ca. 4.7 Mt supplemented by alluvial production of ca. 0.4 Mt

Open pit 



Mill plant 





# Debt Facilities

- Bank facilities (excl. FX lines) as at 30 June 2018: ca. \$109.0 million
- Bank debt facilities undrawn and available to the Group as at 30 June 2018: \$2.3 million, in addition to cash at bank of \$236.0 million
- South African bank debt was settled shortly after Year end; remaining available

Lender	Type	Size ZARM	Size US\$M <sup>1</sup>	Utilised at 30 Jun 2018 ZARM/US\$M	Interest Rate	Repayment
Absa & Nedbank	ZAR Revolving credit facility	1,000	73	73	1M JIBAR + 5.0% <sup>2&amp;3</sup>	October 2021
Absa & RMB (FNB)	ZAR Working capital facility	500	36	34	SA Prime – 1.0% <sup>2&amp;3</sup>	Subject to annual renewal

1. Converted to USD using exchange rate of ZAR13.73/USD1

2. An increase of 1% will apply in the event that the Company's Consolidated Net Debt is greater than 2.5x but less than 3x Consolidated EBITDA

3. An increase of 2% will apply in the event that the Company's Consolidated Net Debt exceeds or is equal to 3x Consolidated EBITDA

# Bank Debt Facilities – Covenants

Covenant	Maintenance Covenants			Distribution Covenants
	12 months to 30 June 2018	12 months to 31 Dec 2018	12 months to 30 June 2019	All periods
	Required ratio	Required ratio	Required ratio	Required ratio
Consolidated Net Debt <sup>2</sup> to Consolidated EBITDA	≤3.5x	≤3.5x	≤2.5x	≤2.0x
Consolidated EBITDA to Consolidated Net Finance Charges	≥3.0x	≥3.0x	≥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 2018 measurement period
2. Consolidated net debt is loans and borrowings, less cash, less diamond debtors and includes the BEE guarantees of ca. ZAR1.179 billion (\$85.9 million) as at 30 June 2018, 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 Net Debt (excluding any second lien and other subordinated debt)
4. Book Equity is Equity excluding accounting reserves

# Leverage Ratios

		30 June 2018	30 June 2017
IFRS net debt <sup>1</sup>	USDM	520.7	555.3
Consolidated net debt (for bank debt covenant measurement)	USDM	531.6	618.5
Gearing <sup>2</sup>	%	92	86
Adjusted EBITDA <sup>3</sup>	USDM	195.4	142.6
EBITDA margin <sup>4</sup>	%	39	36
Consolidated net debt: EBITDA <sup>5</sup>	x	2.7	3.9
EBITDA net interest cover <sup>6</sup>	x	2.7	2.8

1. Net debt is the US\$ loan notes and bank loans and borrowings net of cash at bank
2. Gearing is calculated as 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, (excluding exchange gains or losses and unwinding of present value adjustment for rehabilitation costs) plus capitalised interest.

# Capex Profile – FY 2019 & FY 2020

Financial Year		2019	2020
Operation			
Finsch	ROM tonnes treated (Mt)	3.2	3.2
	Tailings tonnes treated (Mt)	0.2	0.0
	Expansion Capex (ZARm)	200	200
	Sustaining Capex (ZARm)	125	120
Cullinan	ROM tonnes treated (Mt)	3.7 – 4.0	4.0
	Tailings tonnes treated (Mt)	1.5 – 1.7	2.0
	Expansion Capex (ZARm)	570	350
	Sustaining Capex (ZARm)	130	120
Koffiefontein	ROM tonnes treated (Mt)	1.0	1.0
	Expansion Capex (ZARm)	65	20
	Sustaining Capex (ZARm)	30	40
KEM JV	ROM tonnes treated (Mt)	0.6	N/A
	Tailings tonnes treated (Mt)	5.7	N/A
	Expansion Capex (ZARm)	55	N/A
	Sustaining Capex (ZARm)	40	N/A
PETRA (SA Operations)	Expansion Capex (ZARm)	890	570
	Sustaining Capex (ZARm)	325	280
Williamson	ROM tonnes treated (Mt)	4.7	4.7 – 5.0
	Alluvial tonnes treated (Mt)	0.4	0.0 – 0.4
	Sustaining Capex (USDm)	5	5
PETRA (All Operations)	ROM tonnes treated (Mt)	13.2 – 13.5	12.9 – 13.2
	Tailings / other tonnes treated (Mt)	7.8 – 8.0	2.0 – 2.4
	Expansion Capex (USDm)	70	45
	Sustaining Capex (USDm)	30	27

1. All Capex numbers stated in FY 2019 money terms (ZAR12.75/US\$1 where applicable)
2. Depreciation on mining assets for FY 2019 guided at ca. US\$90 million.





PetraDiamonds

Thank You

**Further enquiries:**

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