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Delivering Growth in Diamonds

May 2013



PetraDiamonds



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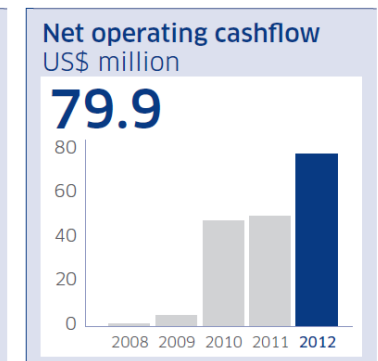
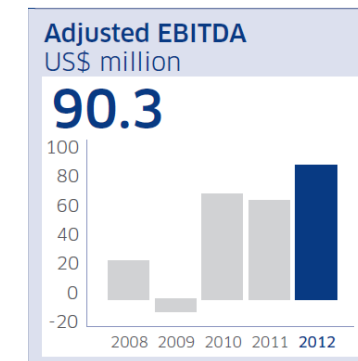
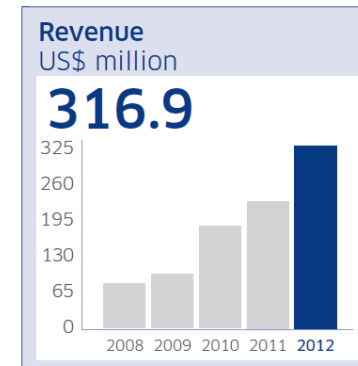
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- **Mid-tier diamond producer** (LSE:PDL; FTSE 250)
- **Quality management team** delivering strong growth
- **Major resource base** of +300m carats
- **Diversified portfolio** of producing mines & exploration
- **On track** for 5 Mctpa* / c.US\$1bn* revenue by FY 2019
- **Sustainability** at heart of Petra
- **Pure play** exposure to late cycle diamonds

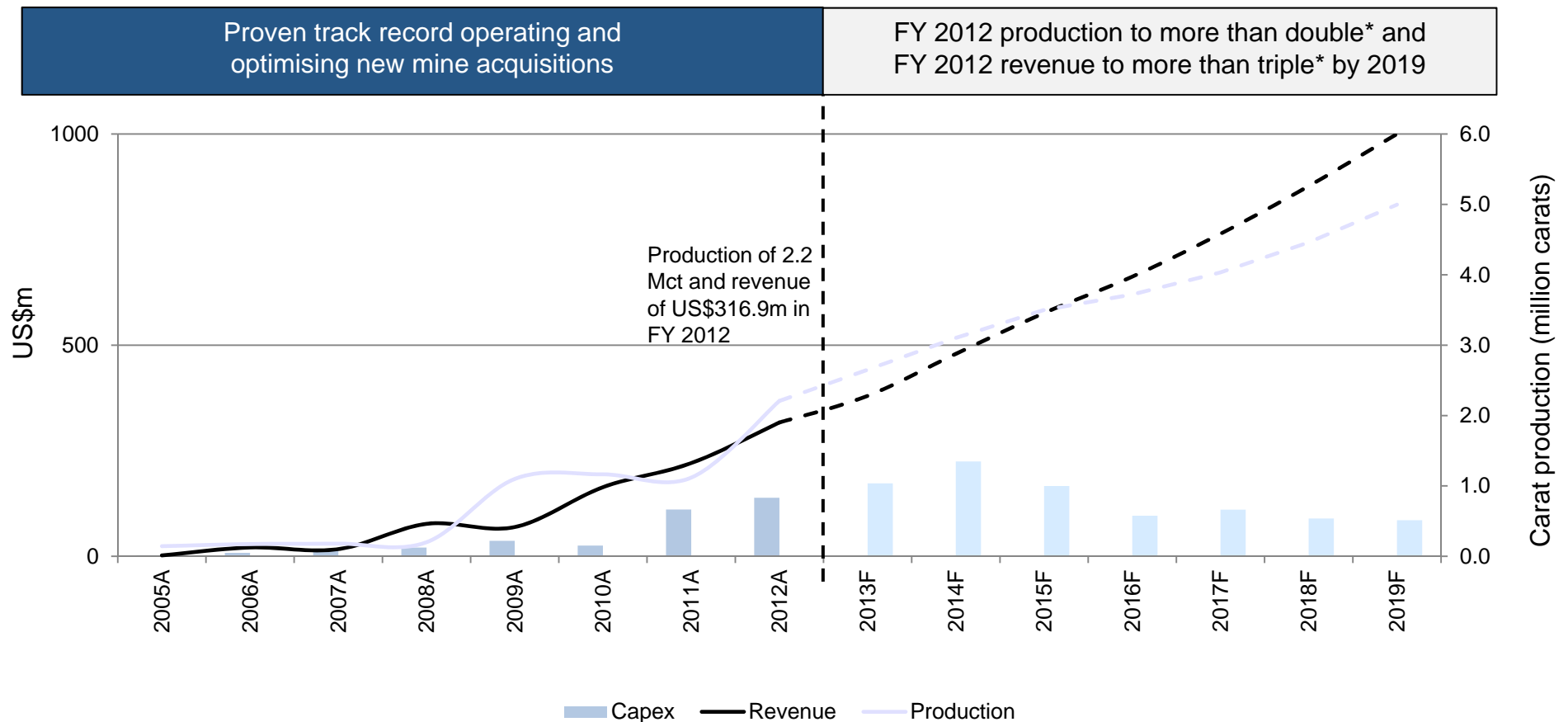


Building a world-class diamond group

* FY 2019 figures are management estimates calculated using a 4% real price increase

Roadmap to 5 million carats pa

- Growth profile is solely organic and brownfields – strategy to recapitalise existing mines
- Fully financed using debt, treasury and cashflows



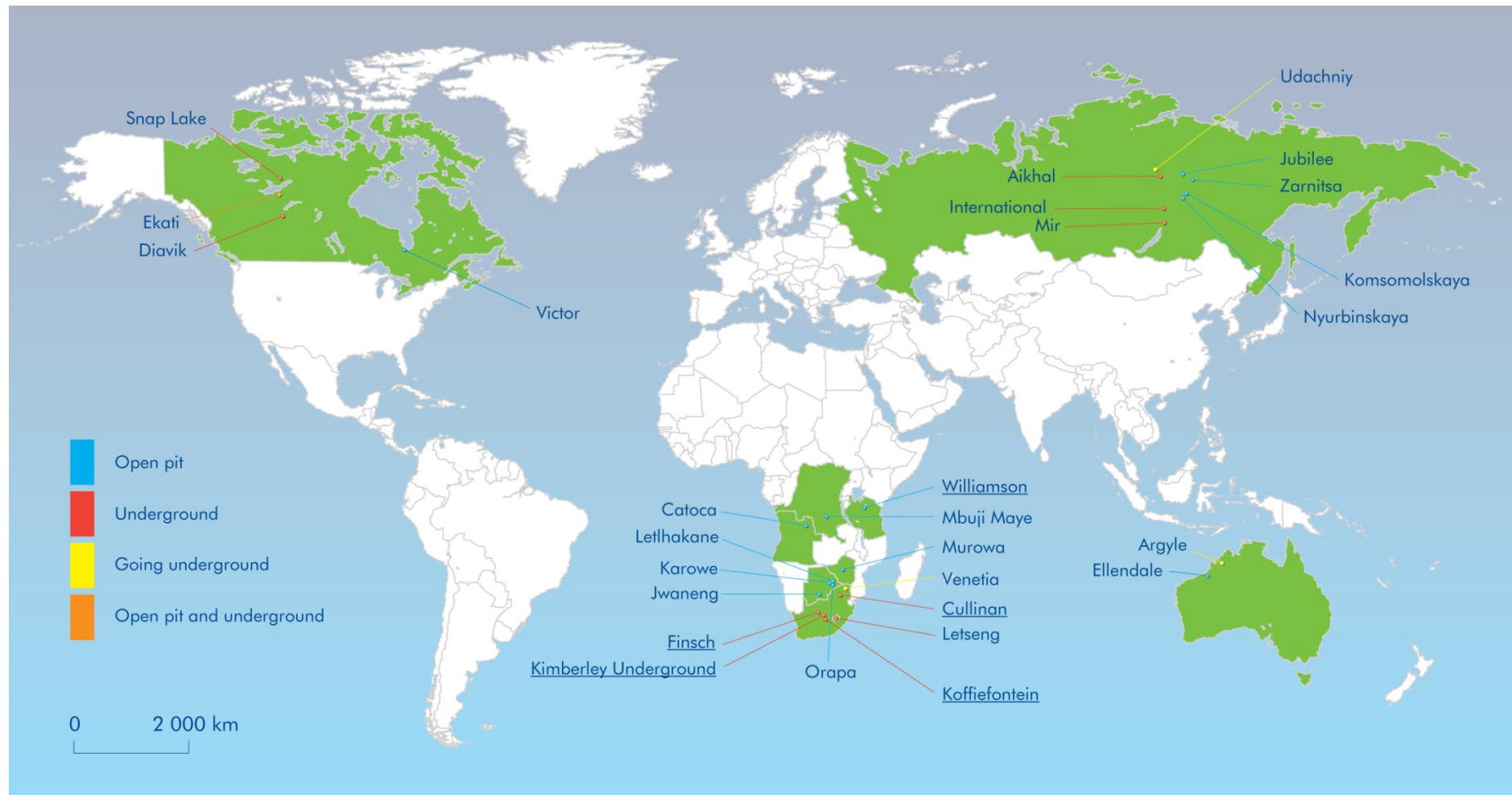
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Diamond mines are scarce



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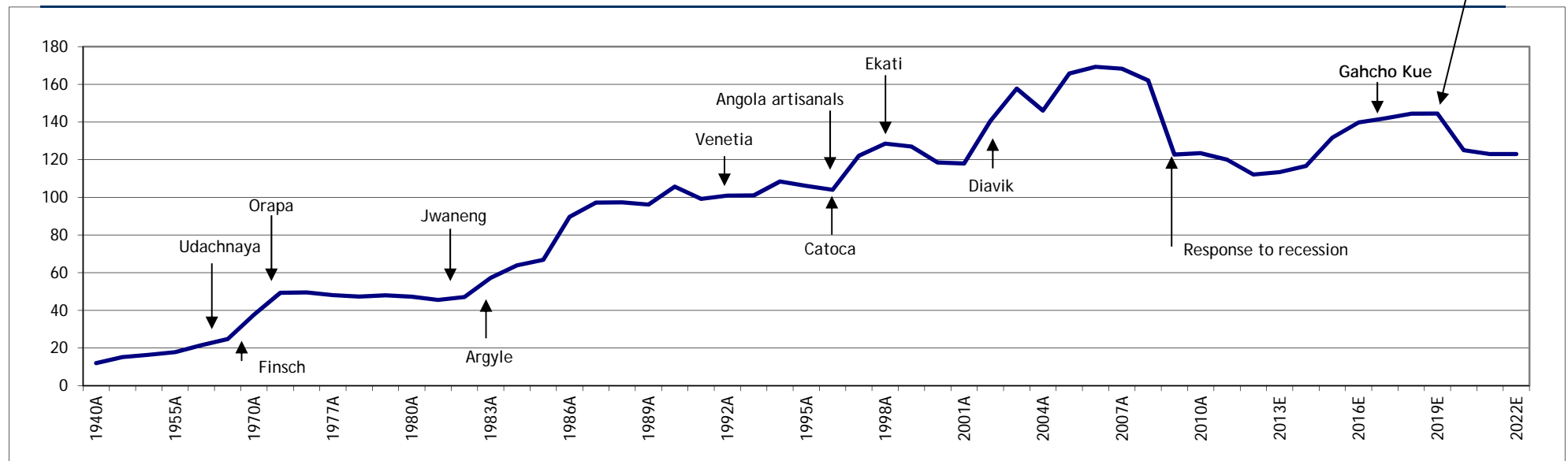
- Petra operates 5 of <30 significant kimberlite mines in production
- Eventually mines move underground: lower tonnages + higher operating costs



Diamond supply is declining

- Production fell 30% from 2005 (177 Mcts; Zim 0.2 Mcts) to 2011 (124 Mcts; Zim: 8.5 Mcts)
- Only a handful of new mines to come on stream in next decade
- No major discoveries for 20 years, despite US\$ billions spent on exploration in 1990s
- Long lead times from discovery to production (7 – 14 years)

Global diamond supply: historical and forecast production



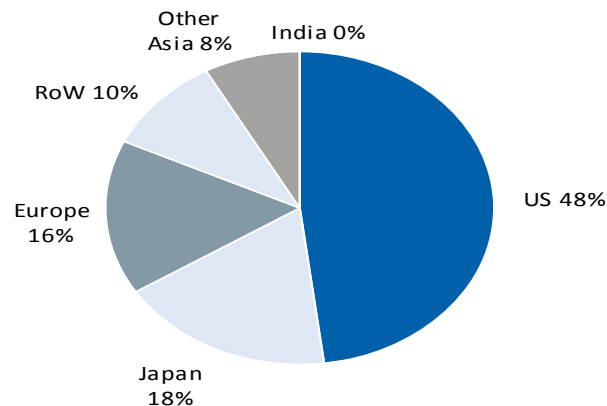
Declining
from
~140mctpa

Source: RBC Capital Markets

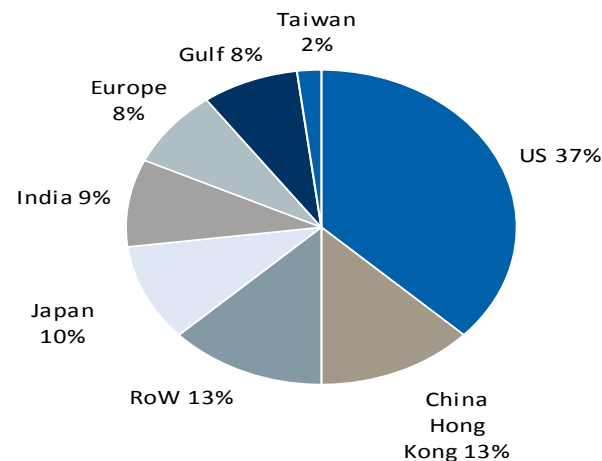
Diamond demand is growing

- Demand growth driven by urbanisation and growing middle classes in emerging markets
- Additional 1.3bn people to attain middle income status by 2030; 2.6bn by 2050 (HSBC 'Consumer in 2050' report)
- Diamond consumption per capita in emerging regions still way below that of mature markets
- China starting to follow US trend – mass market with emphasis on lower quality goods
- 'Mass luxury' – affordable diamond jewellery (\$200 to +\$2,000) to drive market

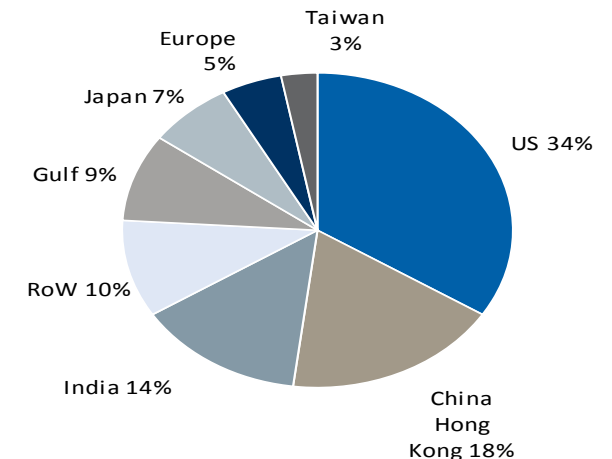
World diamond jewellery sales 2000



World diamond jewellery sales 2012



World diamond jewellery sales 2017E



Kimberlites – reliable production profile



PetraDiamonds

- Kimberlite production profile remains highly constant over time
- Standard diamond population (quality and size ranges) means consistent pricing
- Petra expects strong price performance in smaller/lower quality goods
- Exceptional diamonds are 'cream on top' – not used in mine planning/forecasts



A 25.5 carat blue diamond recovered in April 2013

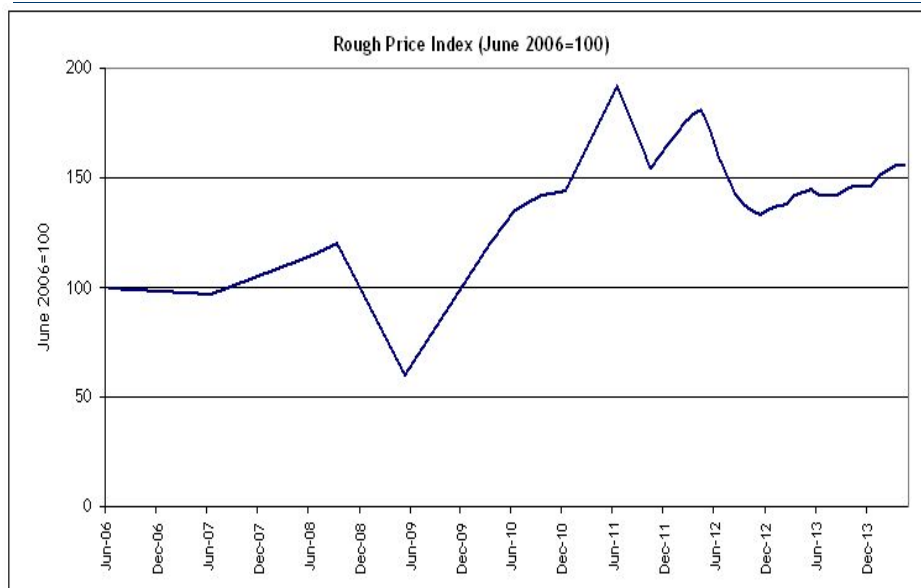
Cullinan – a typical production cycle layout



Current diamond market environment

- Rough market has continued firmer trend since November/December 2012
- Prices have generally risen 5-10% since beginning of 2013
- Constrained supply/steady demand support this firmer market trend
- Petra Q3 (Jan to March) prices mostly in line with guidance for FY 2013

Rough Diamond Index (June 2006 = 100)



Source: RBC Capital Markets






Petra – Rough Diamond Prices (US\$/ct)

Mine	Average Q3 FY 2013	Guidance FY 2013	Average H1 FY 2013	Average FY 2012
Finsch	131	129	122	138
Cullinan	138	129	134	128
Koffiefontein ¹	381	475	435	487
Kimberley Underground	315	300	260	320
Williamson	248	220	248	236

¹ Koffiefontein Q3 results affected by production mix

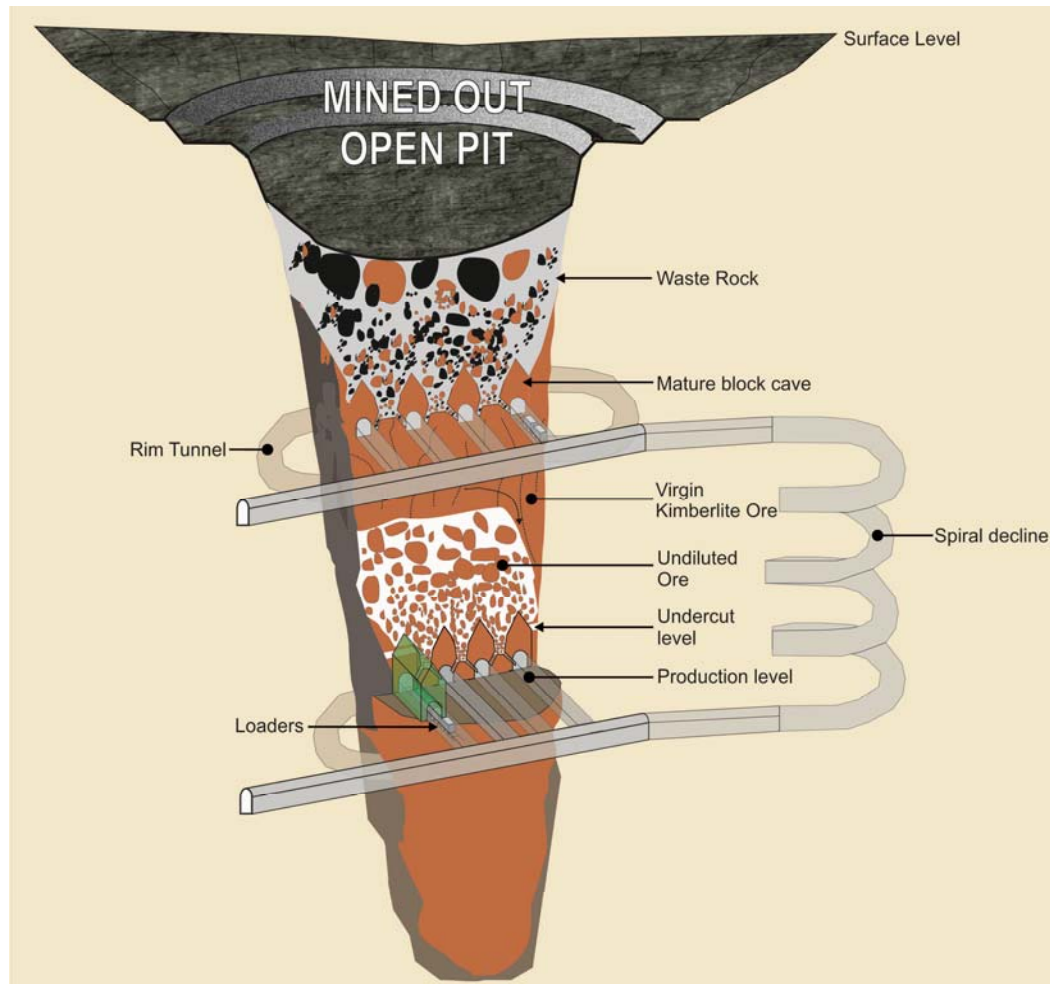
Diversified production portfolio

Petra has acquired five non-core diamond mines from De Beers:

July 2007	July 2008	February 2009	May 2010	September 2011
Koffiefontein	Cullinan	Williamson	Kimberley UG	Finsch
				
South Africa	South Africa	Tanzania	South Africa	South Africa
74% Petra; 26% BEE*	74% Petra; 26% BEE*	75% Petra; 25% Government of Tanzania	74% Petra; 26% BEE*	74% Petra; 26% BEE*
Front Cave	Block Cave	146ha Open Pit	Block Cave	Block Cave
13yr Mine Plan +20yr Potential Life	18yr Mine Plan +50yr Potential Life	18yr Mine Plan +50yr Potential Life	10yr Mine Plan +12yr Potential Life	18yr Mine Plan +25yr Potential Life
One of top kimberlite mines by value Regular source of white diamonds of 5 – 30 carats	Unique heritage Source of large diamonds, incl. the Cullinan (3,106cts) & very rare blues	Renowned for high value whites & 'bubblegum' pinks	Historic source of large diamonds and fancy yellows	Produces a number of +50ct diamonds pa & fancy yellows

* Other than the percentage interests above, Petra has an interest in Sedibeng Mining, one of its BEE partners – refer interims announcement dated 25 February 2013

Moving into undiluted ore



- Caving is a safe and proven mechanised mining method; provides access to higher volumes of ore than other methods
- Current underground mining taking place in diluted, mature caves nearing end of lives
- Expansion programmes to take next 'cut' by deepening and establishing new block caves in undiluted kimberlite
- Grades expected to rise significantly, increasing margin per tonne mined:
 - *Cullinan* ~30cpht to ~50cpht
 - *Finsch* ~30cpht to ~47cpht
 - *Koffiefontein* ~5cpht to ~8cpht
- Will reduce wear and tear on processing systems (waste rock is harder and more abrasive than kimberlite)

Underground development – a snapshot

Installing steel brows in the new production tunnels



Preparing a long hole drill rig



Optimising ore handling



How Petra adds value

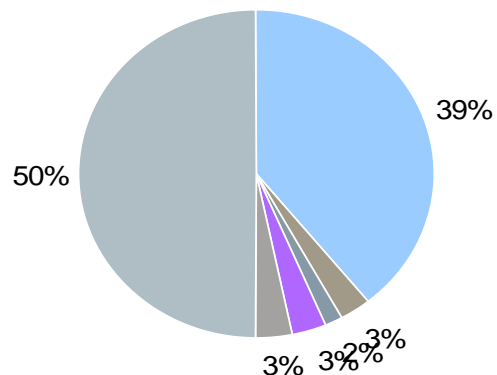
Mine Management	Project Development
<ul style="list-style-type: none">• Focus on efficiencies and simplification• Utilise in-house capabilities and share services across mines• Focus on 'value' as opposed to 'volume' production• Maximise rough diamond prices through competitive tender sales system	<ul style="list-style-type: none">• Utilise in-house expertise/knowledge of the operation + leverage off existing development plans• Phased approach to achieve low capital intensity• Flexible + responsive – ability to optimise mine planning as appropriate• Make decisions, get started

Proven track record in optimising assets

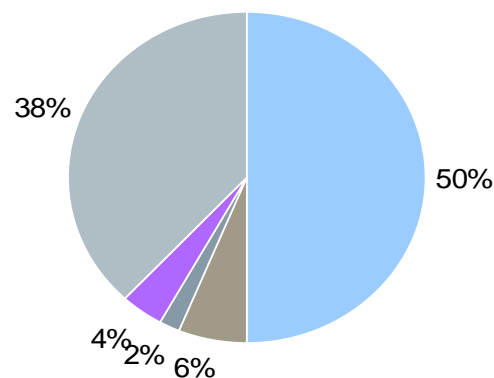
Production & Revenue – FY 2012 vs FY 2019

Gross Production

FY 2012: 2.2 million carats

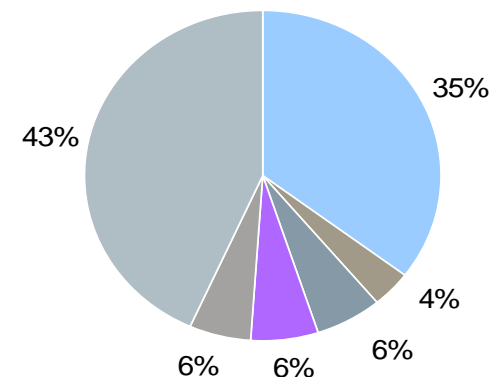


FY 2019: c.5 million carats*

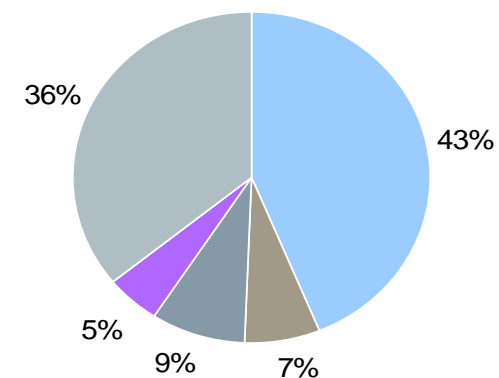


Gross Revenue

FY 2012: US\$316.9 million



FY 2019: c.US\$1 billion*



* FY 2019 figures are management estimates
calculated using a 4% real price increase

Conclusion



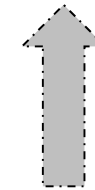
Rising Production

- Organic growth to c.5 million carats based on existing portfolio
- Brownfield expansions of existing mines – lower mining risk and capex intensity
- Capex profile fully financed



Rising Margins

- Grades expected to rise c.50% once expansion plans access undiluted ore
- Carat production planned to double by FY 2019 but tonnages to only rise c.25%
- Unit costs more manageable due to benefit of higher tonnages and increased efficiencies



Rising Prices?

- Supply/demand deficit forecast due to continued strong emerging markets growth
- 'Mass luxury' will drive market; affordable diamond jewellery for all budget ranges

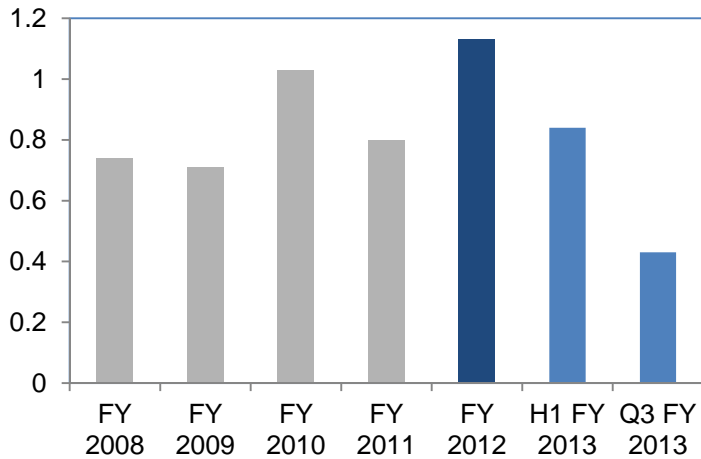
Building a world-class diamond group

Integrated approach to sustainability



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Safety



Safety of employees is top priority for management

Petra striving for zero harm across its operations

Left: Petra's LTIFR Rate

Community health

The Mwadui clinic at Williamson services 400-600 people per month



Commitment to local economic development

The Vukuzenzele agricultural project at Cullinan



Visit www.petradiamonds.com/sustainability to read Petra's latest **Sustainability Report**

Investing in communities

Refentse Primary School (supported by Finsch)



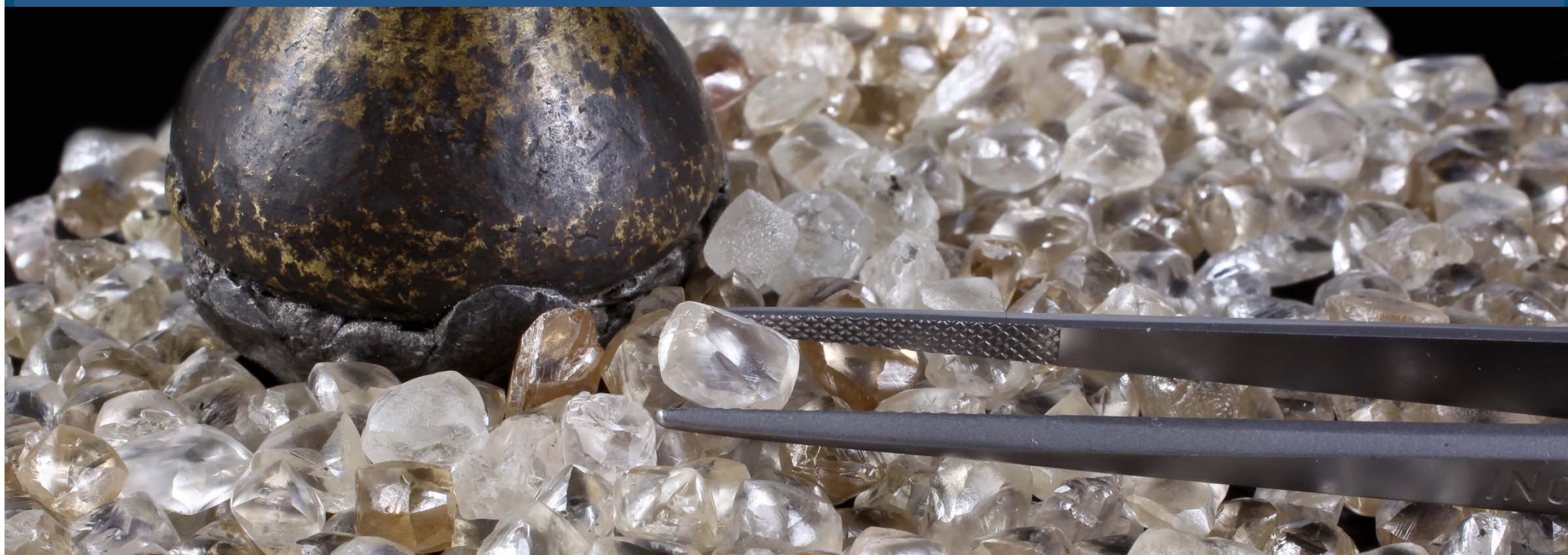
Promoting biodiversity

Petra is a BirdLife Species Champion for the Secretarybird





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Appendix

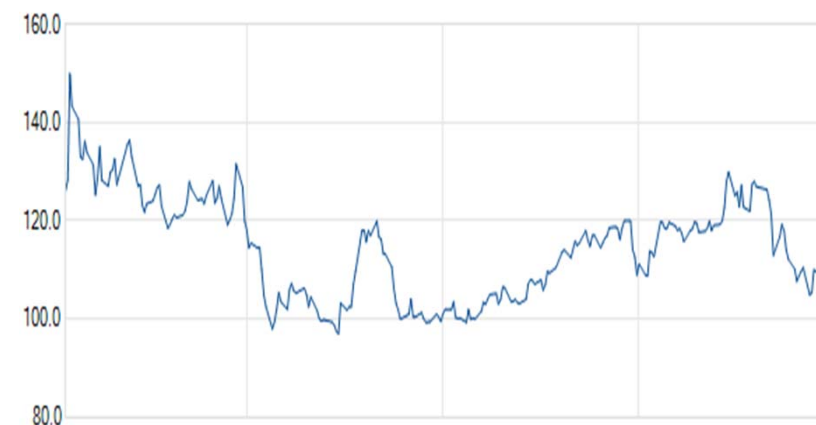
Capital structure



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High Quality Shareholder Base	7 May 2013
Al Rajhi Holdings W.W.L.	13.1%
Saad Investments Company Ltd/AWAL Bank	11.9%
T. Rowe Price	8.6%
JP Morgan Asset Management Holdings Inc.	7.8%
Prudential plc group of companies*	6.1%
The Capital Group Companies, Inc.	5.8%
BlackRock Investment (UK) Limited	4.1%
Scottish Widows Investment Partnership	3.4%
Kames Capital	3.2%
Directors	2.5%

Share Price (1 year)



Listing	LSE: PDL
Average daily trading volume (shares) – (last 12 mths)	0.7m
Shares in issue	509.6m
Free float	72%
Market cap @ 108p (7 May 2013)	£550m

*of this holding, 30,929,516 shares are held by M&G Investment Funds 3

The Petra Board



Adonis Pouroulis (43)
Non-Executive Chairman

Successful mining entrepreneur
Founded Petra Diamonds in 1997 and floated first diamond company on AIM
Along with fellow directors, built Petra into pan-African diamond group with over 4,700 employees
Instrumental in raising funds to help finance and structure early stage mining companies in Africa



Johan Dippenaar (55)
CEO

One of South Africa's most successful diamond entrepreneurs with +20 years' experience
Founded diamond group in 1990 and grew portfolio to three producing mines before listing as Crown Diamonds on ASX
Merger with Petra in 2005 – now at helm of London's largest diamond company



David Abery (50)
Finance Director

Extensive experience as Chief Financial Officer in South African and UK business environments
In-depth knowledge of London capital markets
Integral to structuring and deliverance of strategic group corporate development, including acquisitions and joint ventures



Jim Davidson (67)
Technical Director

Acknowledged world authority on kimberlite geology and exploration
+20 years' experience in diamond mine management
Formerly Head of Diamond Exploration for Rio Tinto across Southern Africa
As Technical Director of Crown Diamonds, managed specialist underground fissure mines over a decade



Tony Lowrie (71)
Senior Independent Non-Executive Director

Over 35 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, J. D. Wetherspoon plc and several quoted Asian closed end funds
Currently NED of Kenmare Resources plc and a Director of the Edinburgh Dragon Fund



Dr Patrick Bartlett (67)
Independent Non-Executive Director

Acknowledged expert on kimberlite geology and design and geotechnical aspects of block caving
Formerly Chief Geologist for De Beers; responsible for all kimberlite mines in South Africa
In-depth knowledge of several Petra mines, having worked at Finsch, Koffiefontein, Kimberley Underground, plus was geologist at Cullinan between 1983 to 2003
Since retiring has been involved in block caving projects for BHP, Anglo and Rio Tinto



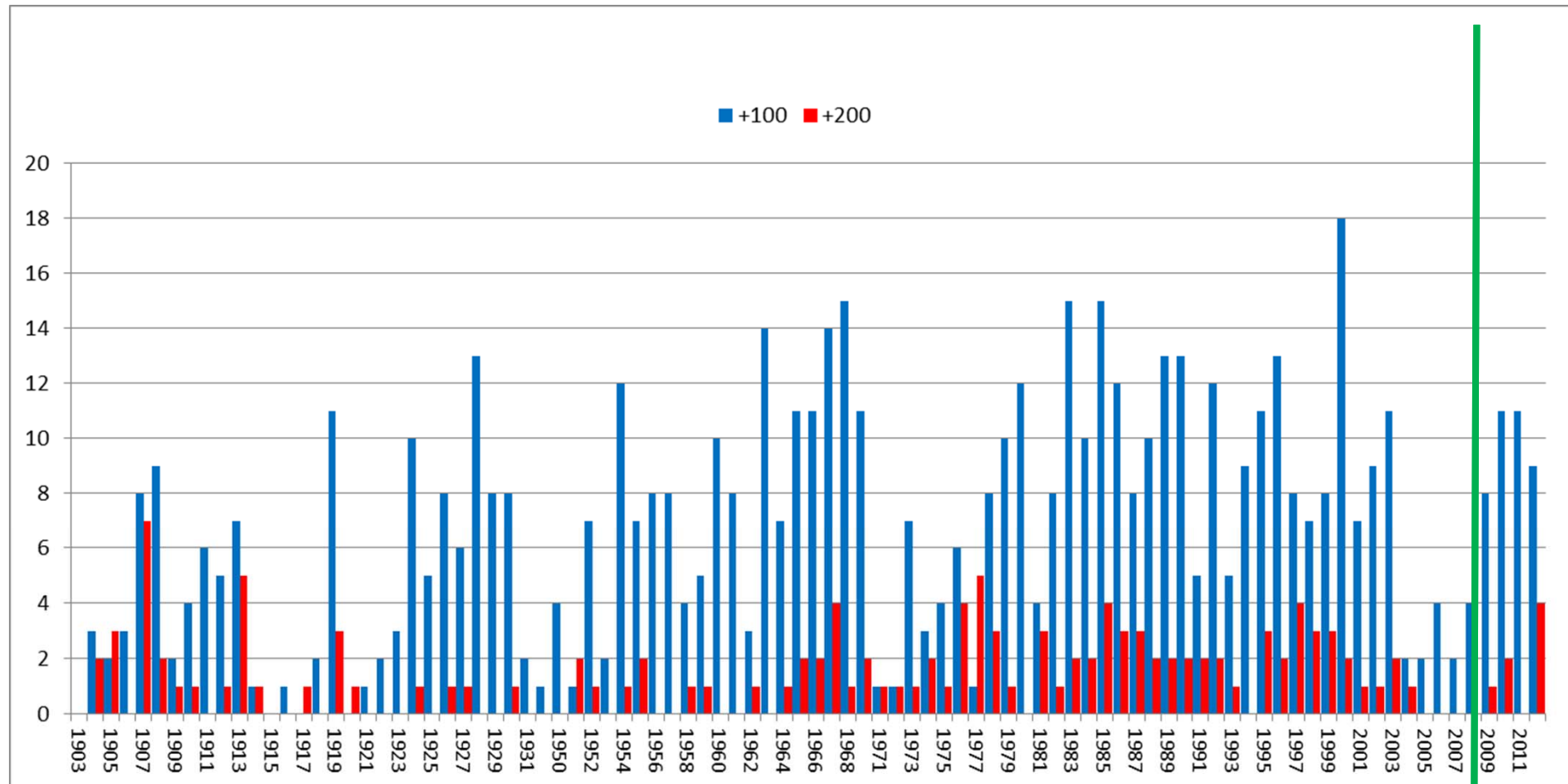
Gordon Hamilton (67)
Independent Non-Executive Director

Extensive experience as a NED across wide range of businesses, both JSE and LSE listed; chairs Audit Committee for all these companies
Formerly a partner for +30 years at Deloitte & Touche LLP; primarily responsible for multinational and FTSE 100 listed company audits, mainly in mining, oil & gas, and aerospace and defence; headed up Deloitte South Africa desk in London
Served for 9 years as member of the UK Financial Reporting Review Panel

Cullinan – Large stones

History of +100 & +200 carat stone recoveries

Petra takeover
in July 2008



Further growth in FY 2013

On track for 2.65 Mcts and revenue of ca. US\$385m in FY 2013

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012	Variance
<u>Production</u>							
ROM diamonds	Carats	485,916	522,934	-7%	1,466,769	1,340,094	+9%
Tailings and alluvial diamonds	Carats	161,332	99,574	+62%	427,998	235,967	+81%
Total diamonds	Carats	647,248	622,508	+4%	1,894,767	1,576,061	+20%
<u>Sales</u>							
Diamonds sold	Carats	668,193	626,958	+7%	1,734,855	1,305,730	+33%
Gross revenue	US\$M	105.7	98.0	+8%	262.0	199.3	+31%

Finsch – Development programme

Expansion Plan – to take production to 1.9 Mctpa (1.6 Mctpa ROM & 0.3 Mctpa tailings)

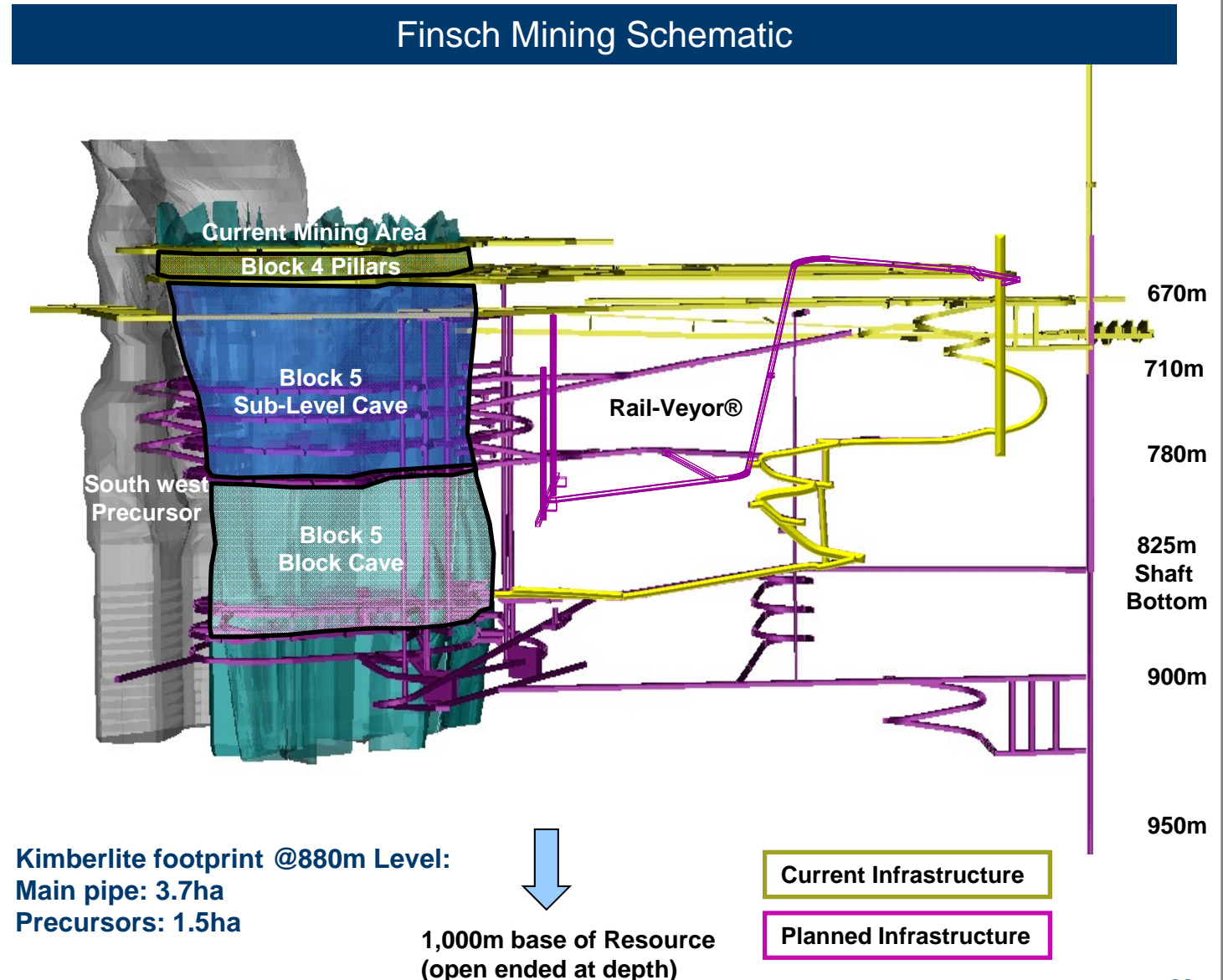
- Mining currently taking place in Block 4 at 630m – **FY 2013**

Change in scope for FY 2013 to FY 2016:

- SW Precursor removed from mine plan
- Footprint of SLCs enlarged
- Main Block 5 cave deferred by two years
- Earlier access to undiluted ore & defers major Capex

Expansion plan – key points:

- Development of SLC down to 780m – from **FY 2013**
- Rail-Veyor® ore handling infrastructure – from **FY 2015**
- First production from Block 5 SLC – **FY 2015**, ramping up to full production – **FY 2017**
- Steady state production from Block 5 block cave at 900m – **FY 2020**



Cullinan – Development programme

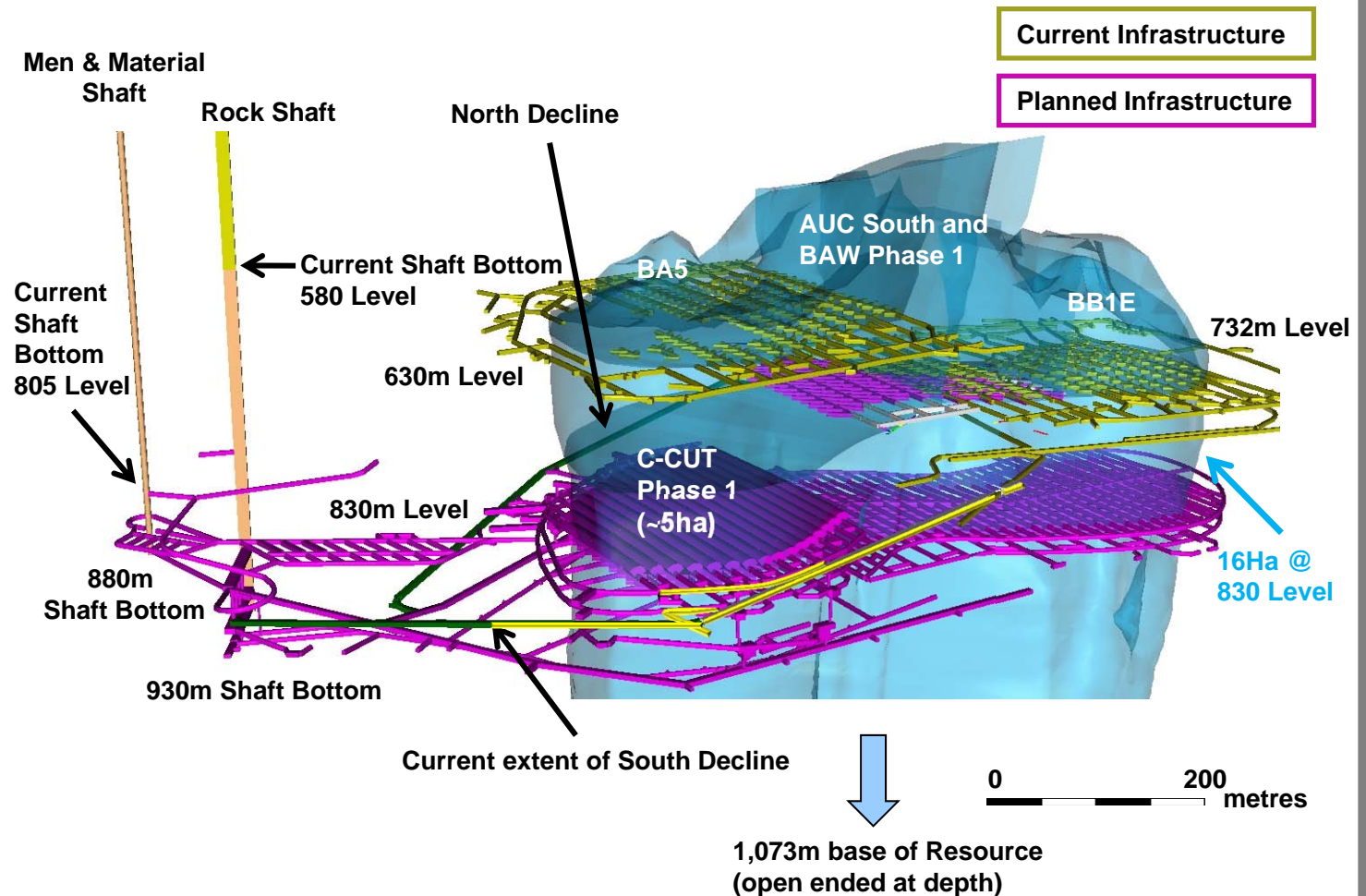


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Expansion Plan – to take production to ca. 2.4 Mctpa by FY 2019 (2.0 Mctpa ROM & 0.4 Mctpa tailings)

- Shaft deepening contractor commenced work on site – **FY 2012**
- South Decline to access new production levels at 830m and then on to bottom of new shaft at 930m – **end FY 2013**
- North Decline to create further access to 830m production level – **commenced**
- Tailings programme ramp up to treat 4 Mtpa from **FY 2015**
- Shaft deepening from 580m to 930m to replace the current conveyor belt ore-handling system – **mid FY 2015**
- Initial production from new C-Cut cave – **FY 2016**
- Upgrading and streamlining of plant facilities in order to treat 4 Mt ROM & 4 Mt tailings – **from FY 2015, 4 year programme**

Cullinan Mining Schematic

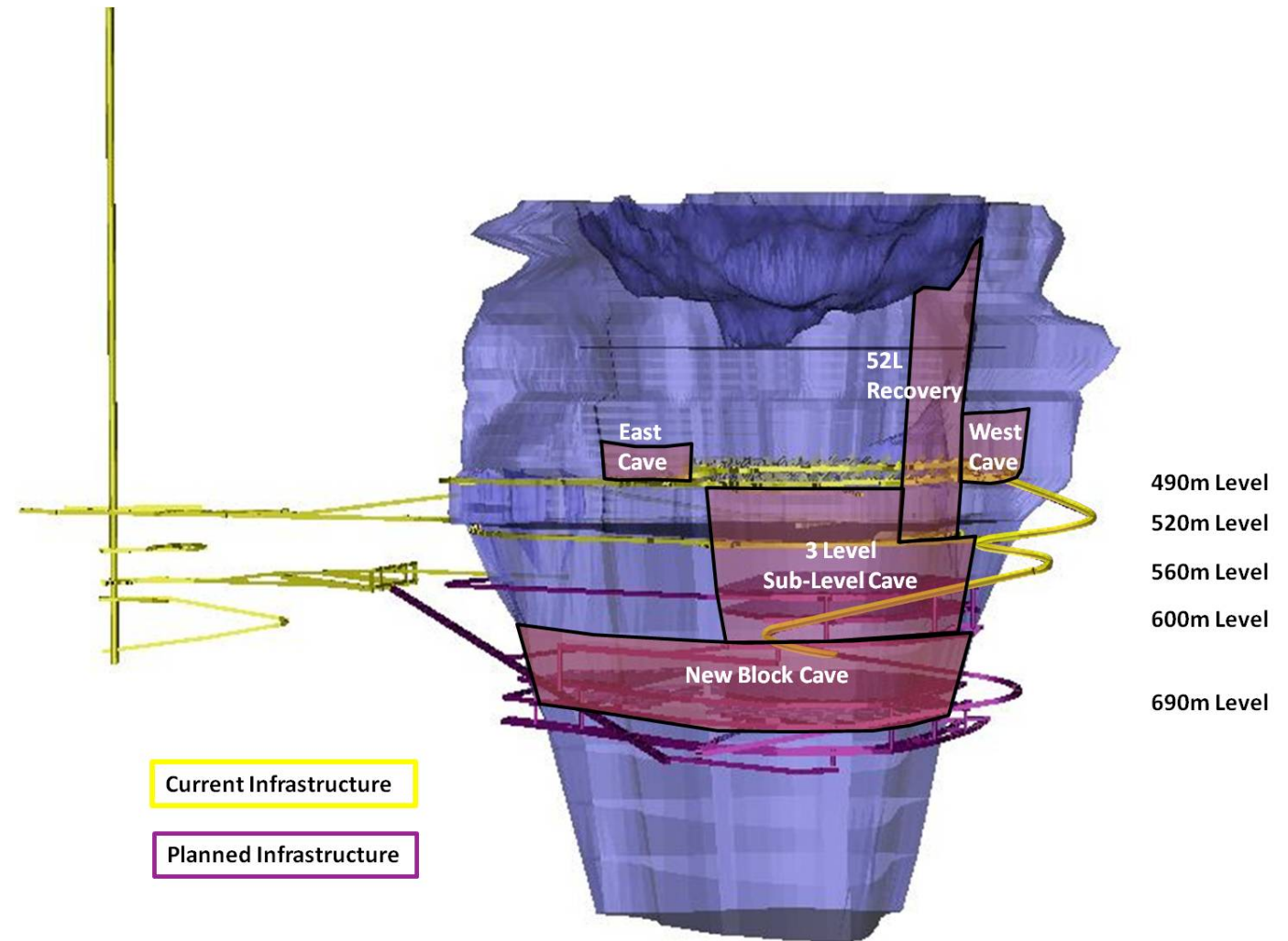


Koffiefontein – Development programme

Expansion Plan – to take production to ca. 100,000 ctpa by FY 2016 (90,000 ctpa ROM & 10,000 ctpa tailings)

- Planned reduction in ROM tonnes supplemented by ore from Ebenhaezer open pit (~5ha)
- Installing new sub-level cave between 560m to 600m Level – **FY 2013 to FY 2015**
- Planned new block cave at 690m Level – development to commence **FY 2016**
- Ramp up ROM production from ~0.2 Mt in FY 2013 to 1 Mt (**FY 2016**) and on to 1.2 Mtpa (**FY 2018**)

Koffiefontein Kimberlite Pipe Schematic



Kimberley Underground – Development programme

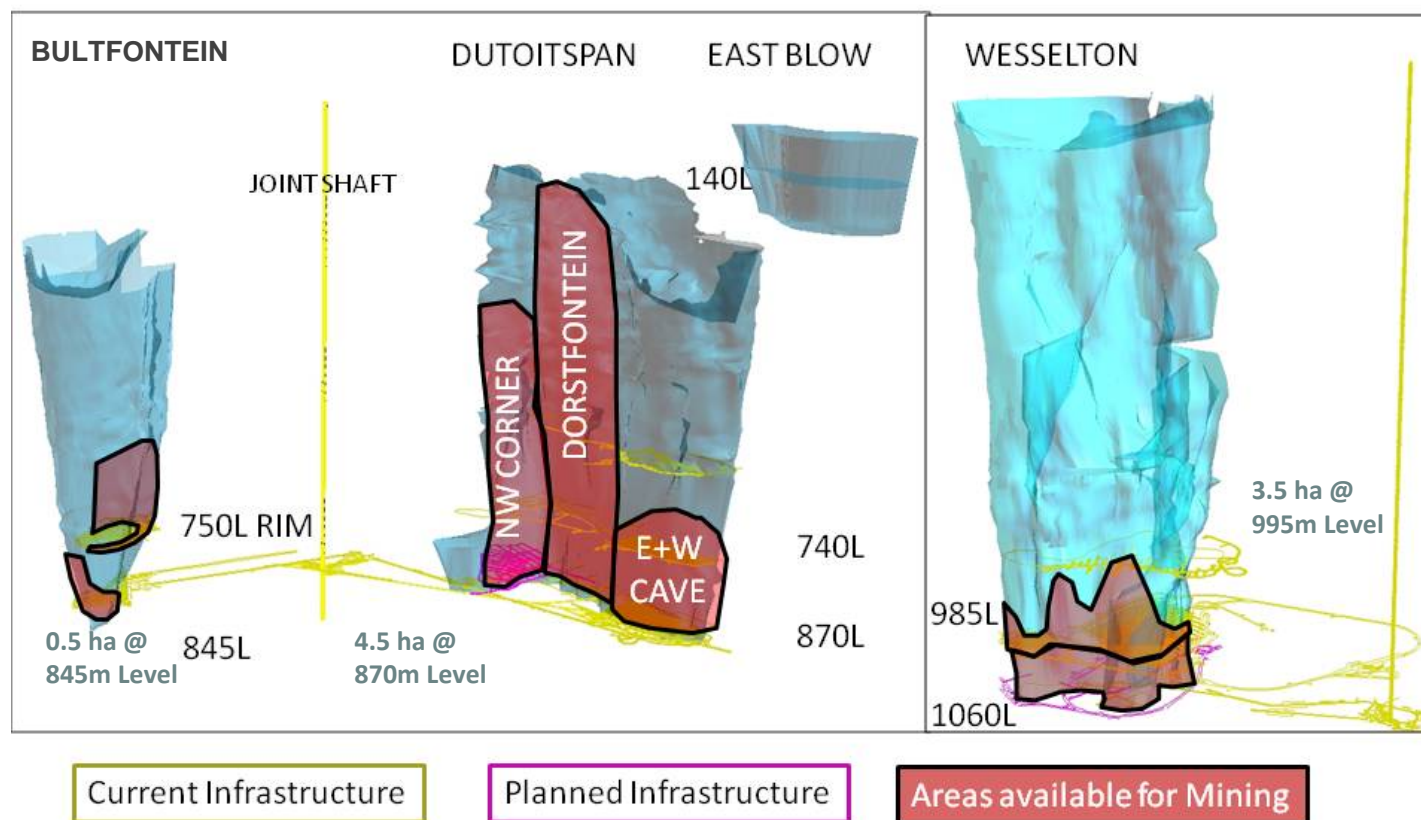


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Expansion Plan – to maintain annual production of ca. 135,000 ctpa

- Construction and commissioning of main plant (40,000 tpm) at Wesselton – **complete**
- Substantial stockpile of ore at each plant built up (~0.5Mt combined)
- Mining to continue at Wesselton and Joint Shaft at a combined rate of ~760,000 tpa in FY 2013, ramping up steadily to 1 Mtpa – **from FY 2016**
- Sampling programme to extend mine life – **underway**

Kimberley Underground Kimberlite Pipes Schematic

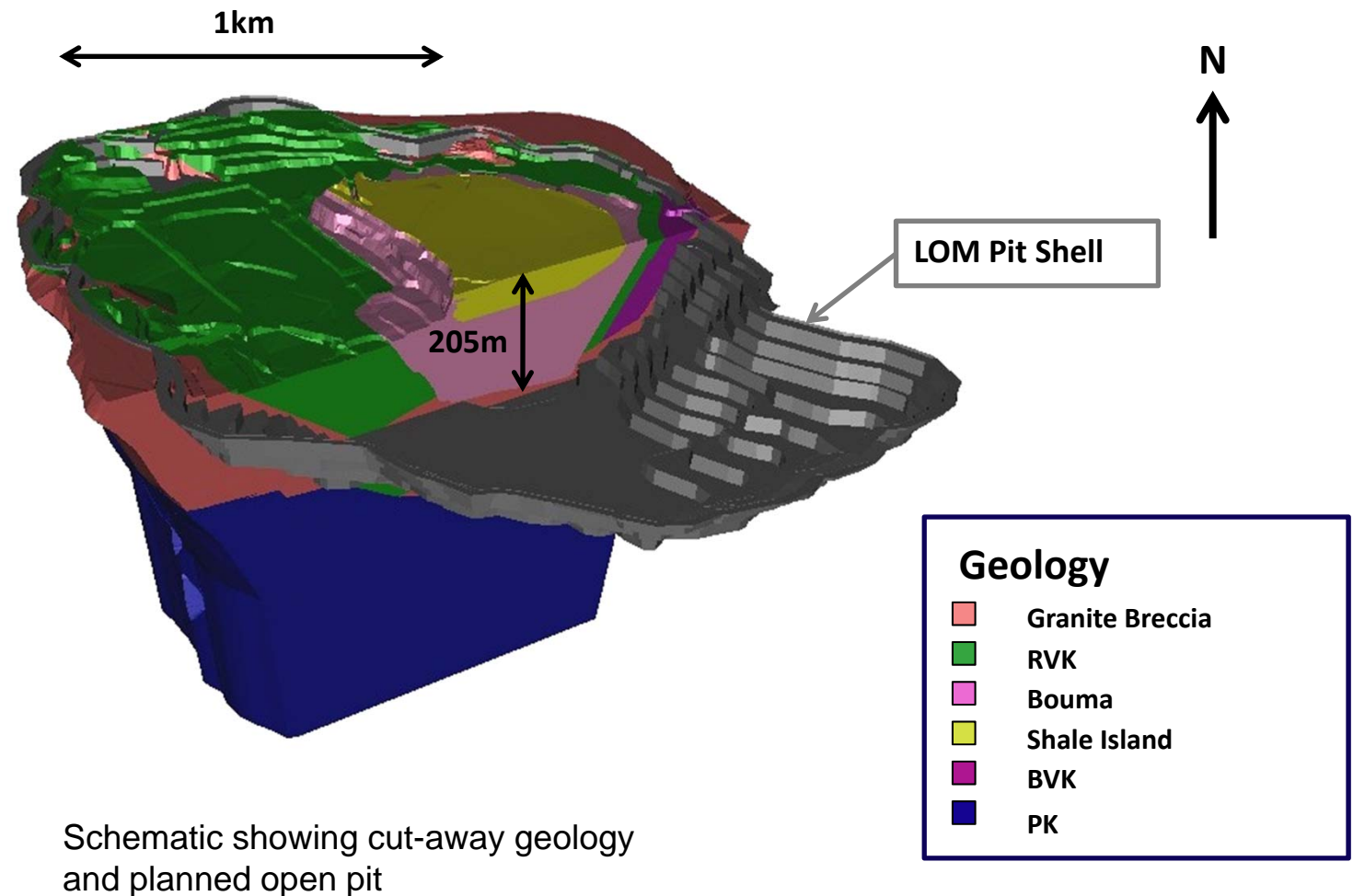


Williamson – Development programme

Expansion Plan – Key Components

- Company successfully recommenced production at Williamson further to the enhanced rebuild of plant – **Q4 FY 2012**
- Re-crush circuit in plant, which will lead to an improved grade, to commence commissioning – **FY 2013**
- ROM stockpile (~700,000t containing +40,000 carats), established due to the pit-shaping operations to be treated – **FY 2013 to FY 2016**
- Ramp up of production from ~2.5 Mt in **FY 2013** to ~3.6 Mt (216,000 ctpa) by **FY 2015**
- Phase 2 longer term expansion plan to raise production above 3.6 Mtpa – **currently under review**

Williamson Kimberlite Pipe Schematic



Balance sheet snapshot

	31 Mar 2013 (US\$m)	31 Dec 2012 (US\$m)	30 Jun 2012 (US\$m)
Cash and cash equivalents:			
Bank	35.3	38.2	47.3
Diamond debtors	7.8	1.6	22.1
Diamond inventories	40.0	45.4	24.5
Total	83.1	85.2	93.9
Loans and borrowings:			
Loans and borrowings	(122.9)*	(127.2)	(69.2)
BEE loans due to Petra	87.2	90.9	89.4
Net position	47.4	48.9	114.1

* Total debt facilities of ca. US\$234m; available to draw down: US\$110.8m

Debt: equity ratio as at 31 December 2012 of 20%

Operating cashflow

	H1 FY 2013 (US\$m)	H1 FY 2012 (US\$m)	FY 2012 (US\$m)
(Loss) / profit before tax	(14.9)	(31.8)	8.4
Adjusted for non cashflow items	39.1	53.5	76.3
Cash generated before working capital changes	24.2	21.7	84.7
Decrease / (increase) in net working capital	2.4	(23.0)	(2.8)
Cash generated from / (utilised in) operations	26.6	(1.3)	81.9
Finance expense	(1.3)	(2.3)	(2.0)
Net cash generated from / (utilised in) operating activities	25.3	(3.6)	79.9

Debt facilities

- Nov 2012: new debt facilities completed of ca. US\$249.5m with Absa, RMB (FNB) and IFC
- An increase by ca. US\$111m from ca. US\$138m and optimisation of Petra's prior debt structures

Lender	Type	Size	Interest Rate	Repayment
Absa & RMB (FNB)	Amortising term facility	US\$94.8	JIBAR + 4.0%	5 semi-annual payments from Mar 16
IFC	Amortising term facility	US\$35.0	LIBOR + 4.0%	5 semi-annual payments from Mar 16
Absa & RMB (FNB)	Revolving credit facility	US\$35.5	JIBAR + 5.5%	Repayable Sep 18
IFC	Revolving credit facility	US\$25.0	LIBOR + 5.5%	Repayable Sep 18
Absa & RMB (FNB)	Working capital facility	US\$59.2	SA Prime – 0.5%	Subject to annual renewal

"Important and independent validation by the lenders of the quality of Petra's asset base and our strong management team"

Capex profile (as per August 2012 guidance)



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Financial Year		2013	2014	2015	2016	2017	2018	2019
Operation								
Finsch	ROM tonnes treated	2.8	2.8	3.2	3.5	3.5	3.5	3.5
	Tailings tonnes treated	2.8	3.5	3.5	3.5	3.0	3.0	3.0
	Expansion Capex (ZARm)	449.8	665.7	377.8	221.9	321.1	168.2	93.0
	Sustaining Capex (ZARm)	93.6	78.7	71.7	71.0	68.7	67.5	83.0
Cullinan	ROM tonnes treated	2.7	2.8	2.9	2.9	2.9	3.1	4.0
	Tailings tonnes treated	2.7	3.0	4.0	4.0	4.0	4.0	4.0
	Expansion Capex (ZARm)	671.1	556.2	391.1	153.9	141.3	141.3	141.3
	Sustaining Capex (ZARm)	68.2	67.8	44.7	49.9	53.3	53.8	56.5
Koffiefontein	ROM tonnes treated	0.3	0.5	1.0	1.0	1.0	1.2	1.2
	Tailings tonnes treated	1.5	1.2	0.7	0.8	0.8	0.5	0.5
	Expansion Capex (ZARm)	107.3	82.6	49.9	40.2	-	-	-
	Sustaining Capex (ZARm)	32.0	37.6	21.1	22.0	21.8	12.2	12.1
Kimberley U/G	ROM tonnes treated	1.1	1.0	1.0	1.0	1.0	1.0	1.0
	Expansion Capex (ZARm)	48.7	19.9	26.9	-	-	-	-
	Sustaining Capex (ZARm)	33.7	22.0	21.4	21.3	11.1	11.0	10.8
PETRA (SA Operations)	Expansion Capex (ZARm)	1 276.9	1 324.4	845.7	416.0	462.3	309.5	234.3
	Sustaining Capex (ZARm)	227.6	206.2	158.9	164.2	154.9	144.6	162.4
Williamson (Tanzania)	ROM tonnes treated	2.5	3.3	3.6	3.6	4.0	4.0	4.0
	Alluvial tonnes treated	0.5	-	-	-	-	-	-
	Expansion Capex (USDm)	8.6	-	-	-	-	-	-
	Sustaining Capex (USDm)	2.8	3.5	3.7	3.9	4.1	4.2	4.4
PETRA (All operations)	Total ROM tonnes treated	9.4	10.3	11.6	12.0	12.5	12.8	13.7
	Total tailings/other tonnes treated	7.5	7.7	8.2	8.3	7.8	7.5	7.5
	Total tonnes treated	16.9	18.1	19.8	20.3	20.2	20.3	21.2

Notes

¹ All tonnes shown above are expressed in millions

² All capex numbers above are stated in FY 2013 money terms

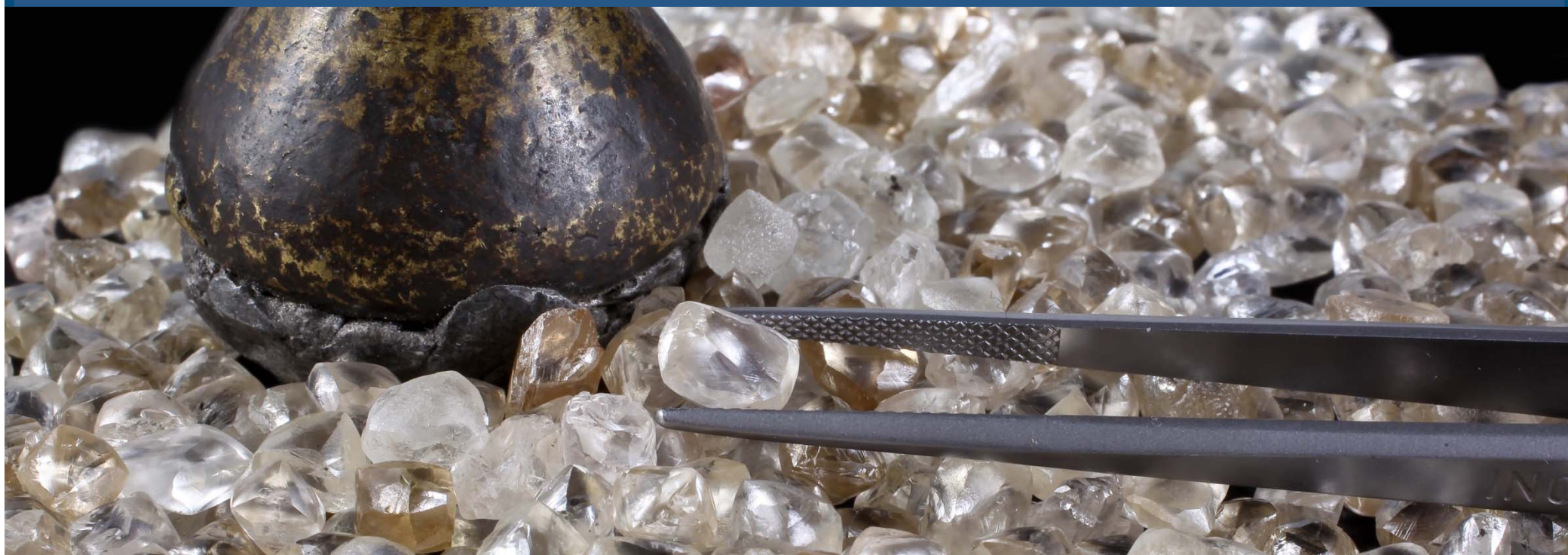
³ Capex above does not include any capitalised borrowing costs as per IAS 23

South Africa and Tanzania

	South Africa	Tanzania
Corporate tax	28%	30%
Diamond royalty	Formula based on profitability of mining operation; 0.5% up to 7% of turnover	5% of turnover
Rough diamond export levy	5%, certain exemptions apply; Petra sells all SA goods in Joburg	n/a
State Diamond Trader	Petra offers 10% of SA production to the SDT; Petra values the goods internally and then agrees market price with Government Diamond Valuator	n/a
Black economic empowerment	Petra's SA operations are all fully compliant with BEE legislation (26% ownership)	n/a
New Order Mining Rights	Petra holds new order mining rights for all its operations, excluding in relation to the Fissure Mines, where old order mining rights are held	n/a



PetraDiamonds



Thank You