

**Discover Petra – A Leading Independent Diamond Producer** 



**Petra**Diamonds

9 – 10 June 2015

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## A Mining Company Offering...

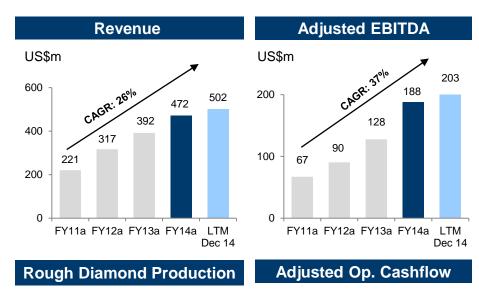


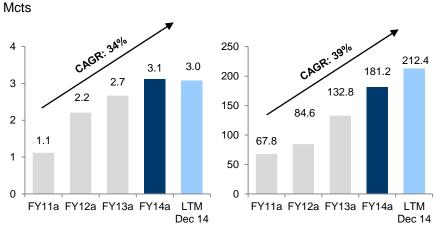
1. Quality assets & management

2. Attractive market fundamentals

3. Growth & margin expansion

4. Strong balance sheet & dividends

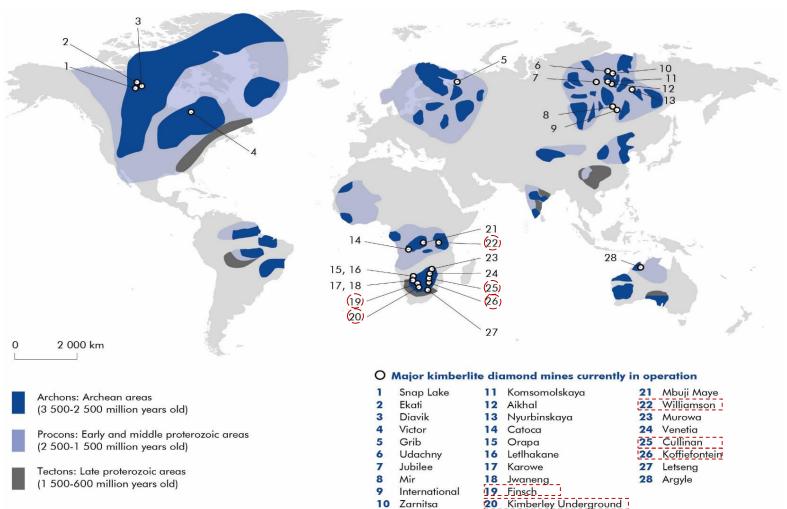




## 1. Quality Assets & Management



- Petra has majority stakes in 5 of less than 30 significant kimberlite mines in operation
- Major diamond resource of 301 Mcts valued at ca. US\$58 bn¹



Well diversified portfolio

Four producing mines in South Africa

One producing mine in Tanzania

Exploration in Botswana

Africa supplies c.60% of world's diamonds by value

#### 1. Quality Assets & Management



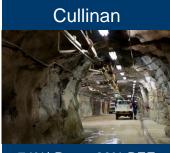
Petra acquired five diamond mines from De Beers (four in South Africa, one in Tanzania)



# Koffiefontein 70% Petra¹; 30% BEE Sub-level / Block Cave Mine Plan to 2025

+20yr Potential Life

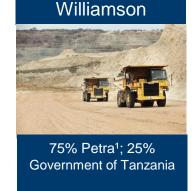
**July 2008** 



74%<sup>1</sup> Petra; 26% BEE

Block Cave
Mine Plan to 2030
+50yr Potential Life

February 2009



Open Pit
Mine Plan to 2033
+50yr Potential Life

May 2010



Block Cave Mine Plan to 2026 +13yr Potential Life

September 2011



Petra's approach to mine management and project development:

- Flat management structures
- Focus on efficiencies / cost control
- Focus on value as opposed to volume production

- Utilise in-house expertise / knowledge
- Phase approach to development (lower capital intensity)
- Make decisions, get going

#### 2. Attractive Market Fundamentals

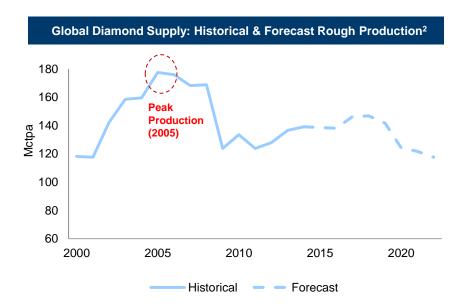


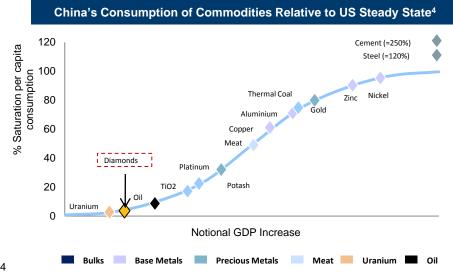
#### Supply<sup>1</sup>

- Diamond exploration success rate estimated at <1%</li>
- Global rough production fell 27% from 2005 to 2013
- Supply constraints (<30 significant kimberlite mines worldwide) expected to result in further declines after 2020

#### Demand<sup>3</sup>

- Demand forecast to grow 4-5% pa
- Diamond demand is underpinned by the bridal sector; desire for diamond bridal jewellery increasingly taking hold in emerging markets
- Continued growth in major US market (40% market share) in line with economic recovery
- "Late cycle" commodity growth to continue further to rising wealth and growing middle classes worldwide
- China / India starting to follow US model of affordable diamond jewellery (US\$200 to + US\$2,000)





2. Source: RBC Capital Markets

Source: Bank of America Merrill Lynch

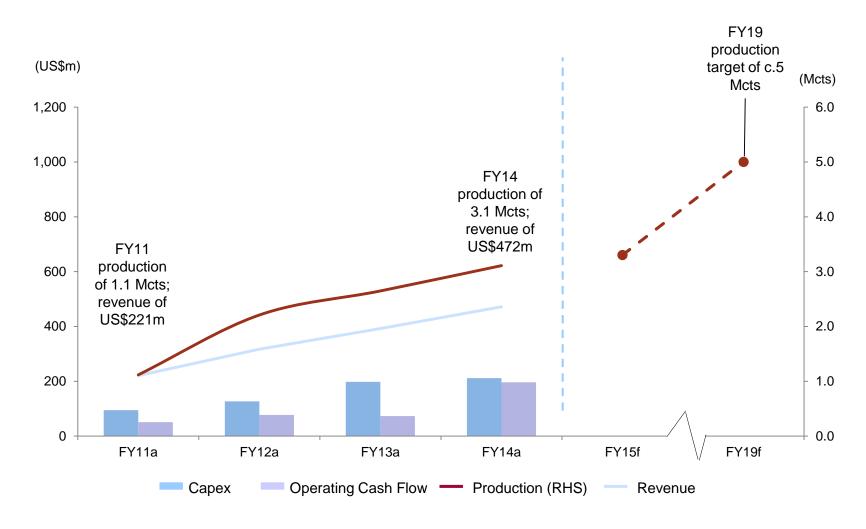
Source: De Beers Diamond Insight Report (2014)

Source: De Beers Investor Day presentation 2014

#### 3. Growth and Margin Expansion



Brownfield expansion programmes on track to lift production to c. 5 Mcts by FY19



#### **Outlook**



1. Quality assets & management

Operating 5 of <30 significant diamond mines worldwide

2. Attractive market fundamentals

Favourable medium- to long-term outlook; lower volatility than other commodities

3. Growth & margin expansion

Expansion programmes on track; margins to rise substantially by FY 2019

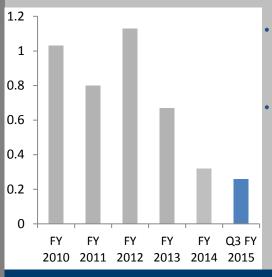
4. Strong balance sheet & dividends

Capex fully funded; maiden dividend for FY 2015 of 2p per share

#### **Integrated Approach to Sustainability**



#### **Safety Performance**



- Safety of employees is top priority
- Petra aiming for continuous improvement



Environmental Management

Petra's LTIFR Rate Striving for zero harm

Promoting Sustainable Energy
Williamson encourages use of solar cookers

**Environmental Management**Solar powered office at Kx36



#### **Education**

Petra Diamonds Botswana donates computers to Gothibamang Primary School in Letlhakeng Village

Petra Diamonds Botswana employee receiving a token of appreciation



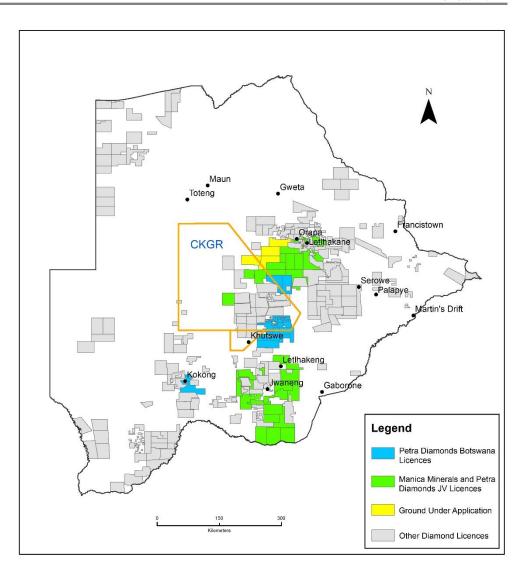
**Kx36 Evaluation and the Quest for our Next Discovery** 



#### **Focus On Botswana**

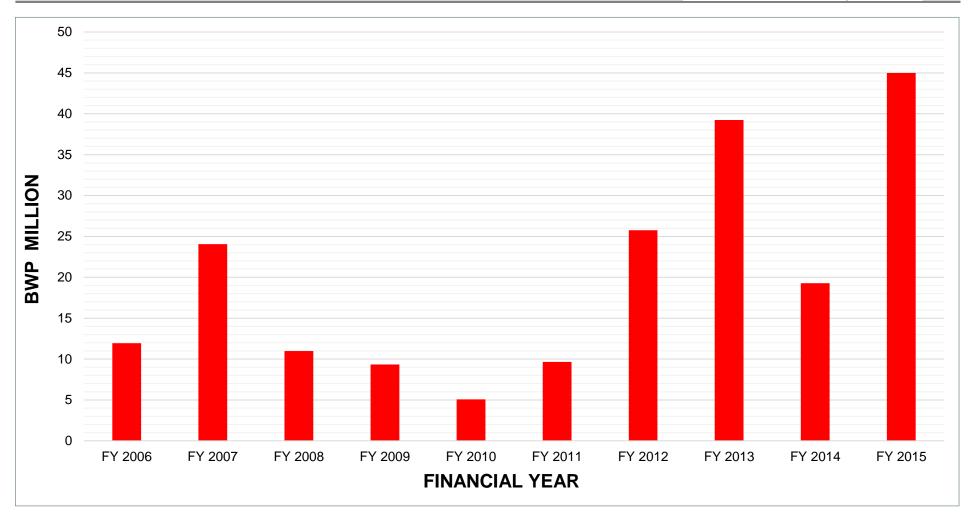


- Africa's premier mining jurisdiction 25<sup>th</sup> in the world according to latest Fraser Institute Annual Survey of Mining Companies
- World's largest diamond producer by value
- Superb diamond exploration potential
- Transparent land tenure system
- Politically stable and attractive fiscal regime
- Petra Diamonds Botswana holds exploration landholdings of 7,580 km<sup>2</sup> – all 'on craton'
- Access to an additional 18,200 km² through Petra/Manica Co-operation Agreement
- Team operates a highly focused and cost effective exploration programme
- Phase II Kx36 LDD drilling programme underway to further evaluate this potentially economic discovery



## **Total Expenditure in BWP**





#### Note:

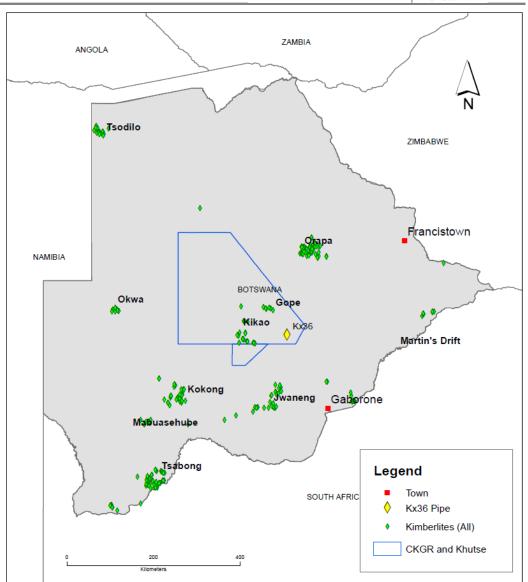
- Kalahari Diamonds purchase price: US\$22 million / ca. BWP 120 million
- Total expenditure to date: ca. BWP 320 million

## **Kx36 Project Location**



BOTSWANA

- Region covered by variable thickness (30 - 120m) of Kalahari Group sediments
- The Pre-Kalahari comprises of the Karoo basalts and the Karoo sedimentary sequence
- The basalt is heavily faulted, with variable thicknesses, thus making the area structurally complex
- The above lead to variability in the interpretation of results
- Kx36 pipe has a ~5 ha sub-circular subcrop overlain by ~60m of Kalahari sand, and a further 20m of calcrete and silcrete
- Deepest borehole intersection 516m below surface (open ended at depth)

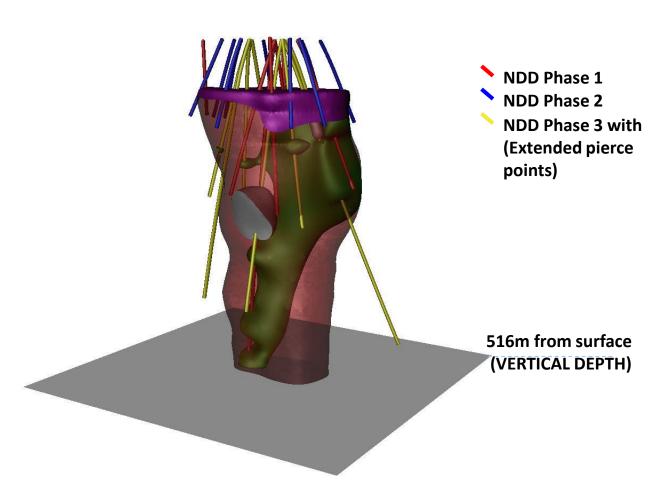




## **Delineation Drilling & 3-D Geological Modelling**



- Ca. 9,000m of drilling completed, with extended pierce points for country rock geotechnical assessment for open pit shell modelling
- Type 1 modified kimberlite (Skinner)
- Magmatic and transitional facies identified
- Facies identification supported by downhole geophysics
- 28 34 Mt to ca. 516m; deposit open at depth



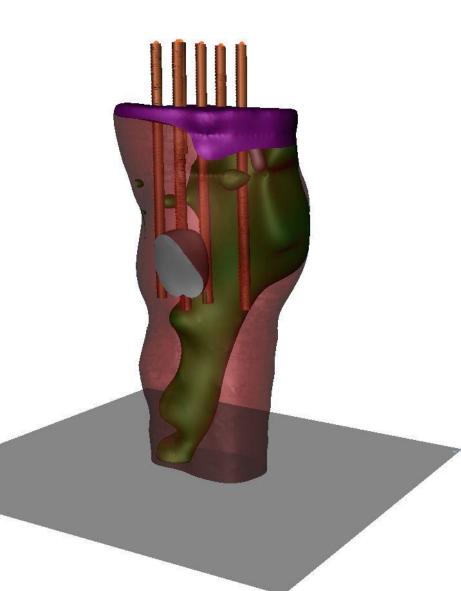
## **Phase I Large Diameter Drilling**



 LDD: 1,675m, ca. 800 tonnes treated

286 carats recovered

 Diamond breakage generally high at 23 - 29%



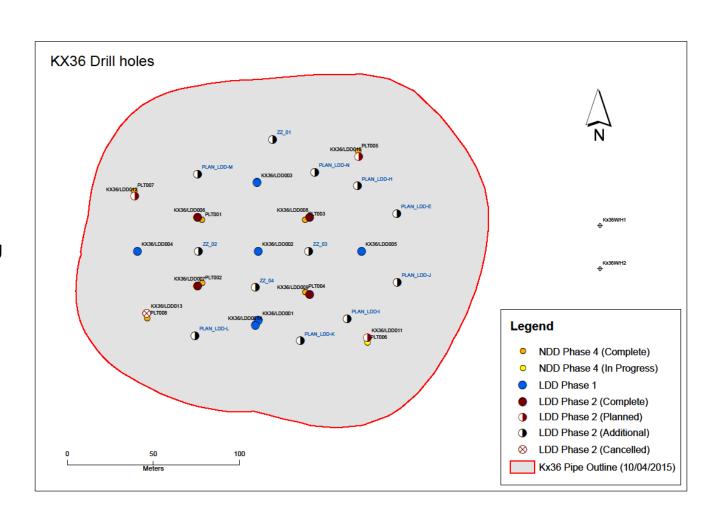
516m from surface (VERTICAL DEPTH)

LDD Phase 1

#### **Phase II LDD Programme**



- Planned drilling programme:
  - LDD cover/pilot holes
  - Nine LDD holes (4 x 450m, 5 x 310m)
  - Directional surveying and downhole geophysics, LDD calliper
- Aim to recover ca. 725 carats for a total diamond parcel of ca. 1,000 carats



#### **Bulk Sample Processing**



- 10 t/h Bulk Sampling Plant established on site, approved by Department of Mines mid February 2015
- Plant operated on contract by Gemcore
- Treatment according to facies identified from cover/pilot hole core – ca. 20 bags per sample
- Intention to use larger diamond parcel to increase confidence levels in modelled grade, SFD and diamond valuation









#### Salient Kx36 Results to Date



- Modelled Microdiamond grade of undiluted kimberlite: 75 -180 cpht (assuming 100% diamond recovery above 1 diamond sieve)
- Phase I LDD recovered grade: ca. 32 cpht (285 carats from ca. 900 tonnes, calculated from bulk density data and calliper volume measurements)
- Two ca. 5 carat gem diamonds recovered
- Grade remodelled based on Microdiamonds, complemented by Macrodiamonds results obtained from Phase I bulk sampling, yield an average diamond grade of 47 cpht for the deposit in accordance with bulk sample treatment parameters
- Phase II LDD (two holes) recovered grade to date: ca. 40 cpht (210 carats from ca. 525 tonnes, calculated from bulk density data and calliper volume measurements)
- Overall project expenditure of BWP 71.5m to date



5.11 ct



4.96 ct

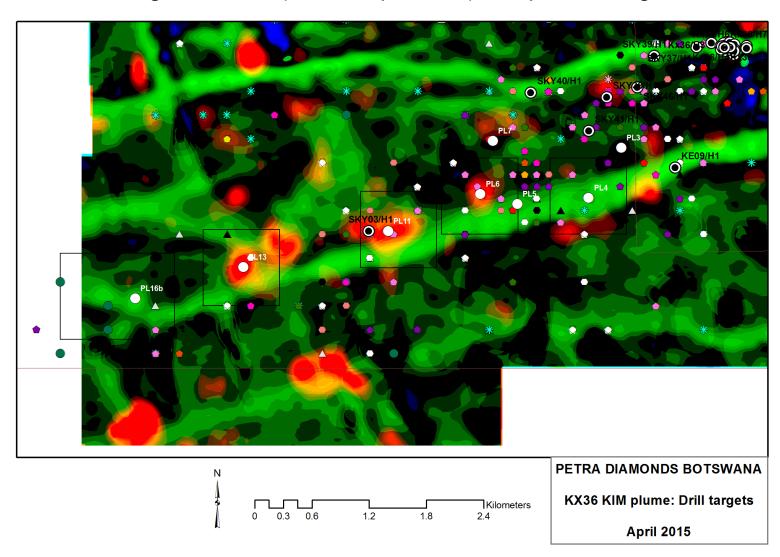


1.21 ct

## **Kx36 Region Exploration**



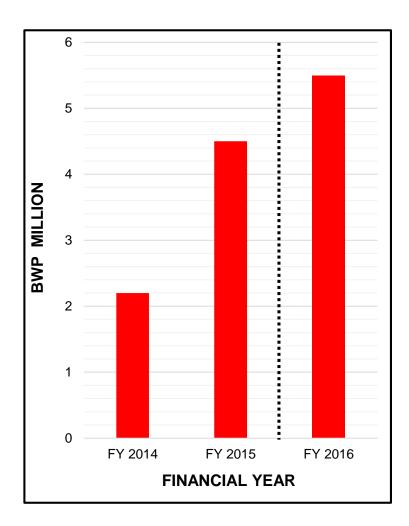
#### Mag 1vd & EM (120m depth slice) composite image



#### **Petra Joint Venture and Co-operation Agreements**

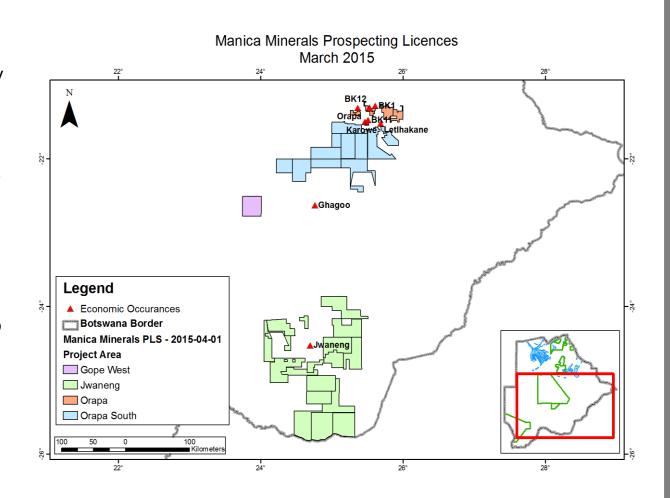


- Strong balance sheet, excellent technical expertise and entrepreneurial flair allow for rapid assessment and involvement in projects
- Petra amenable to getting involved in interesting projects at any stage of the Mining Cycle – from grassroots exploration to production
- Several exploration projects evaluated in the recent past with a view of co-operating with prospect licence holder to take project forward
- Most recent is Manica Minerals Diamond Exploration Co-operation Agreement
- Petra's Manica exploration funding to date ca. BWP 6.7m; year III budget is ~ BWP 5.5m



## Manica Diamond Exploration Co-operation Agreement

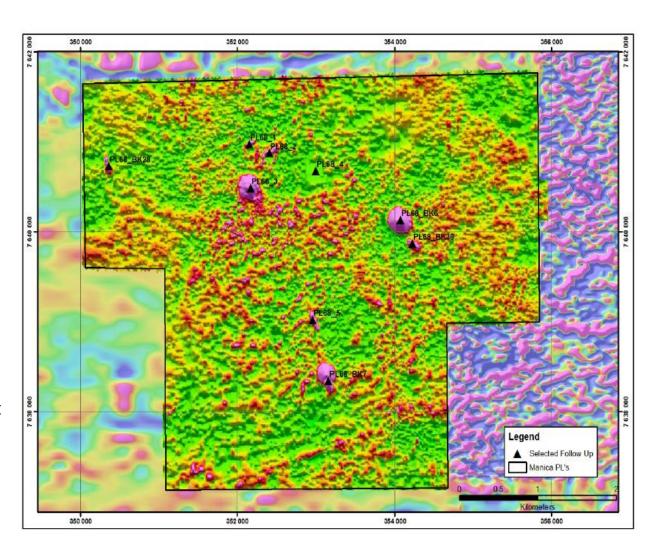
- Co-operation Agreement in Botswana reached in January 2014 with Manica Minerals, led by Dr J.J Gurney
- Exploration under the Agreement is fully funded by Petra Diamonds
- The Agreement combines the extensive exploration experience of both parties
- Manica landholdings grouped into four project areas
  - Orapa
  - Orapa South
  - Gope West
  - Jwaneng



## **Orapa North Exploration Programme – PL068/2013**

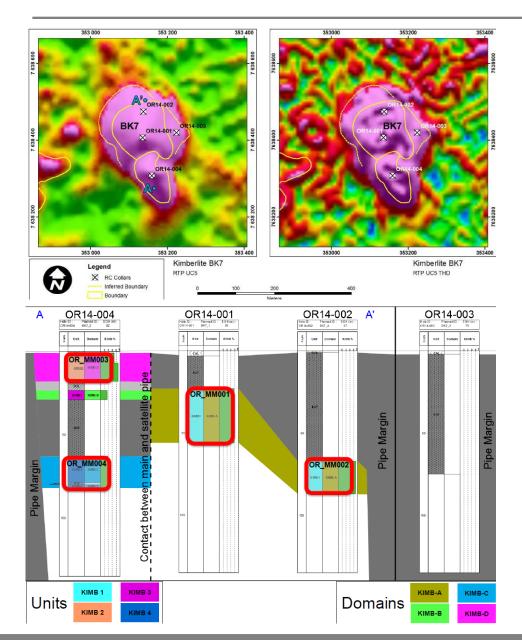


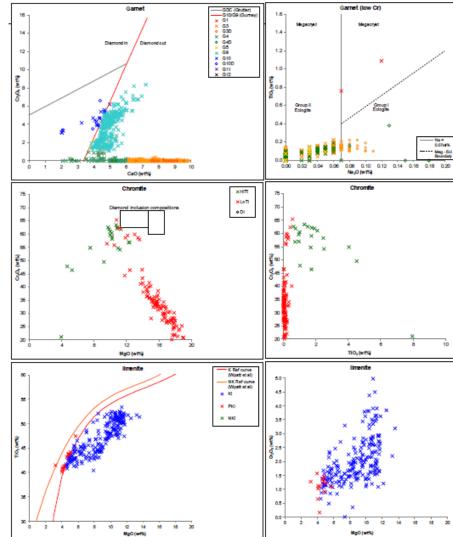
- Historical data compilation and review
- Xcalibur hi-res magnetic gradiometer data acquisition (1,250 line-km) over 10 known kimberlites in the Orapa area
- Initial evaluation (size, diamond bearing potential) of 5 known kimberlites completed through 17 strategically positioned RC holes (1,292m) and Mantle Mapper analyses
- BK7 (1.5 2 ha) indicates the best sampling of deeper seated and more prospective mantle, but low abundance of high interest grains



# PL068/2013 – BK7 RC Drilling, Mantle Mapper Results Petra Diamonds



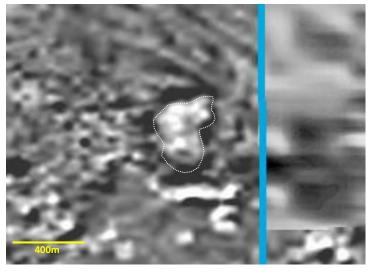




#### Orapa North Exploration Programme – PL374/2014



- Historical data compilation and review
- Xcalibur hi-res magnetic gradiometer data acquisition (1,336 line-km) completed over a further 12 known kimberlites in the Orapa area
- 6 Larger (5 15 ha potential) targets selected for percussion drilling down to a depth of ca.
   80m
- Of particular interest: Target 374-03 complex magnetic high anomaly associated with photo anomaly; approximately 420x300m (ca. 10 ha); magnetic body (possibly zoned) under ca. 30 - 40m of basalt cover
- Target 374-03 ca. 4.7 km SSE of Damtshaa mine



**Target 374-03: Mag 1VD** 

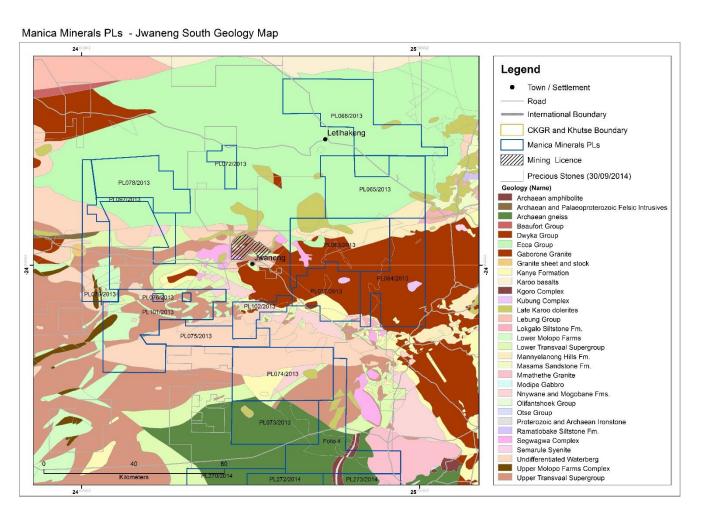


**Target 374-03: Surface Expression** 

#### **Jwaneng South Project**



- Older ca. 240 Ma kimberlites could potentially be hidden within Karoo rocks of younger age – KIM signatures might therefore be masked by these younger rocks
- The distribution of these rocks are therefore seen as potentially prospective
- Integrating drill holes, geological maps and geophysical survey results can help indicate where the younger rocks are





**Thank You** 



**BOTSWANA**