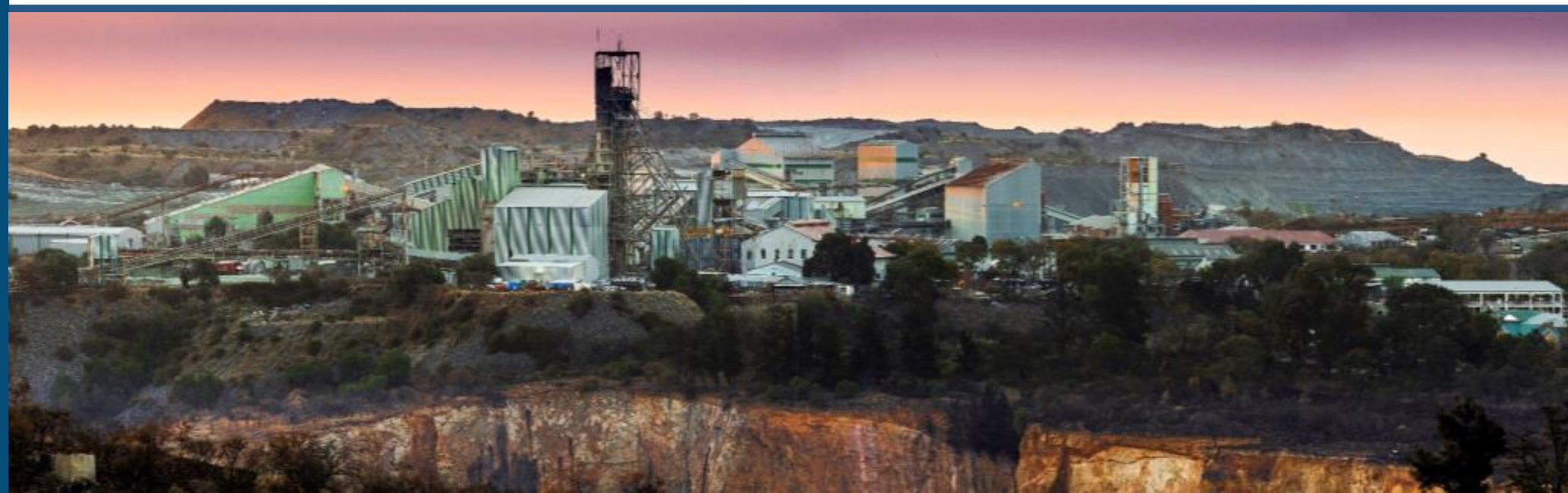




**Petra**Diamonds



## **Cullinan – The World's Most Celebrated Diamond Mine**

6 February 2015



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# Cullinan Site Visit Itinerary

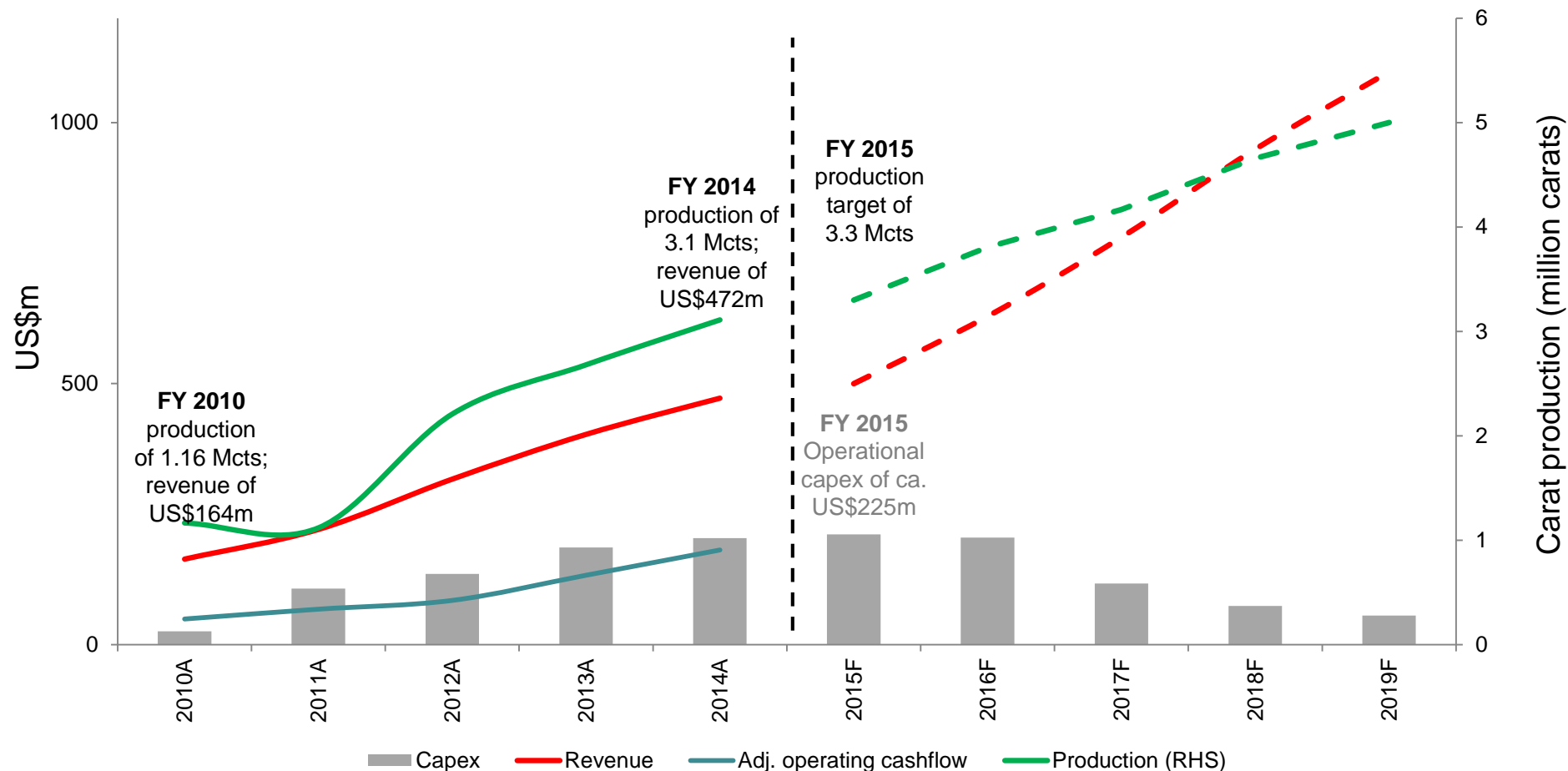
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- 09:30 Arrive at Cullinan mine
- 09:45 Overview of Cullinan & induction
- 10:30 Project overview discussion at project offices
- 11:00 Underground visit
- 13:30 Surface visit – plant and open pit
- 14:00 Changehouse
- 14:30 Lunch with management, presentation, Q&A, diamond viewing
- 16:00 Mine visit ends



# Path To 5 Million Carats Per Annum

- Brownfields expansion programmes expected to lift production ca. 60% by FY 2019 – all programmes on time and on budget



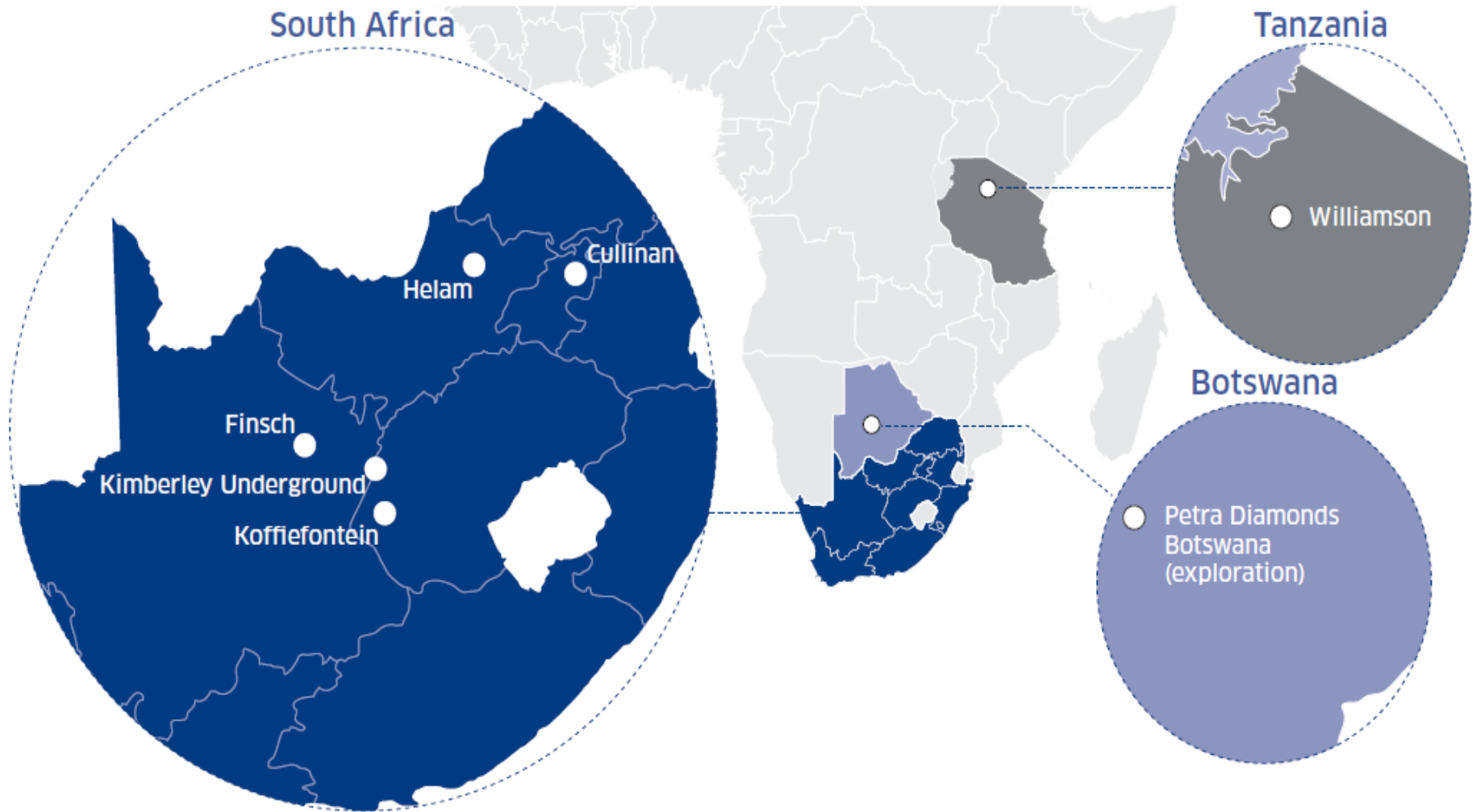
**Note:** All forecasts for Capex and production are management estimates. Capex is in nominal terms and excludes capitalised borrowing costs.



# CULLINAN OVERVIEW



# Location





# A Unique Heritage

- Source of “the Cullinan”, the world’s largest gem diamond (3,106 carats)
- Has produced a quarter of all the world’s diamonds of +400 carats; 138 stones of +200 carats; 802 stones of +100 carats
- World’s most important source of truly rare and highly prized blue diamonds
- One of the world’s largest diamond resources by in-situ value – 199.6 Mcts (incl. 17.2 Mcts tailings)
- Block cave mining (high volume, low cost)
- FY 2014 production of 0.8 Mcts and revenue of US\$162.8 million
- C-Cut Phase 1 expansion plan to increase production to ca. 2.2 Mctpa by FY 2019 (2 Mctpa ROM & 0.2 Mctpa tailings)



The Cullinan Heritage: 507cts rough, recovered in 2009 and sold for US\$35.3m in February '10



The Blue Moon: 29.6cts rough, recovered in 2014 and sold for US\$27.6m in February '14



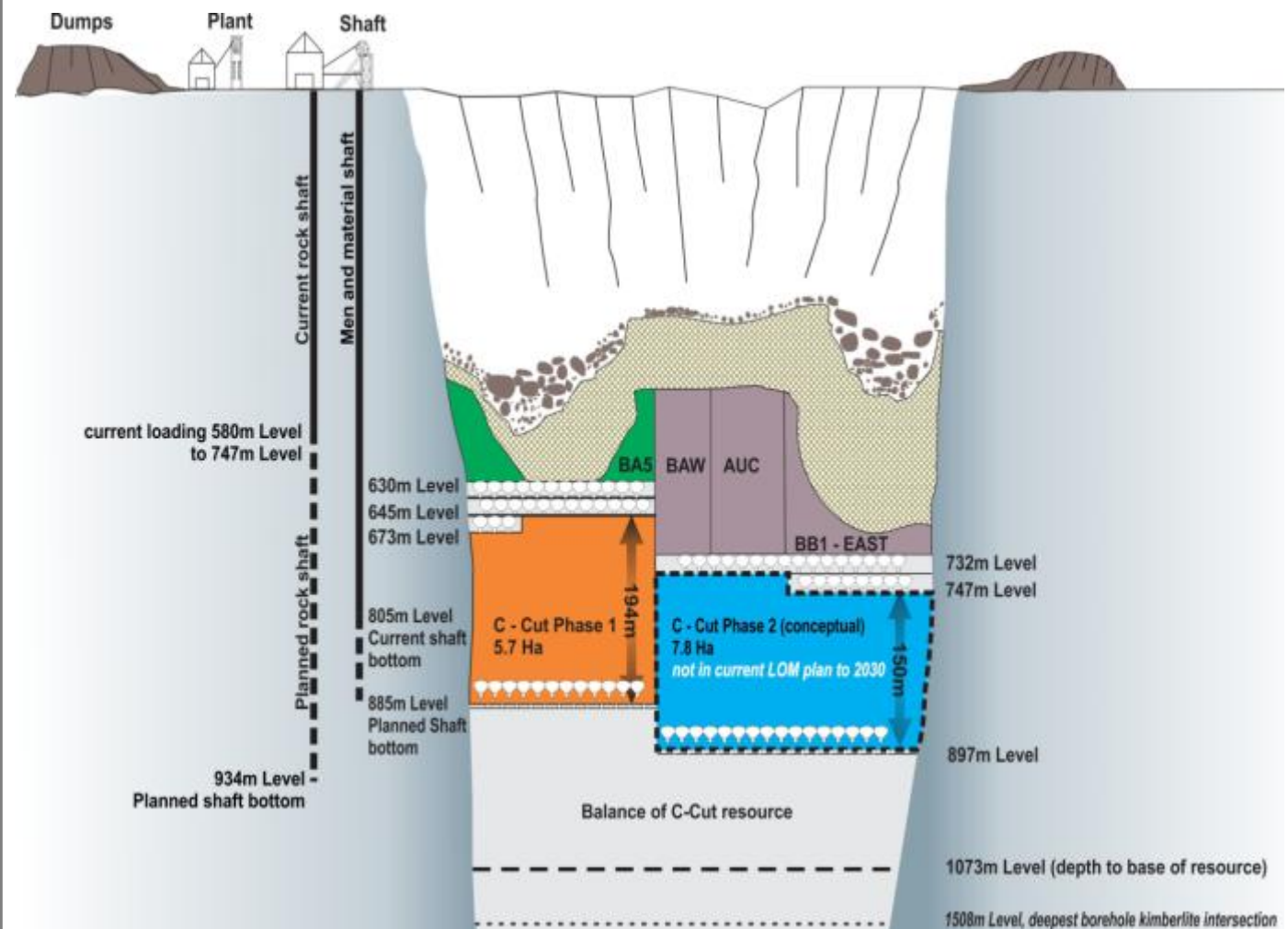
# Cullinan Mine Plan – High Level

Current mining taking place in B-Cut at 732m and rehabilitation mining commencing on 645m

C-Cut Phase 1 – new block cave being established on western side of orebody; production build up from FY 2016 – 16 yr mine plan

Dramatic simplification of ore-handling system

C-Cut Phase 2 – not in current mine plan





# **HSE & LABOUR RELATIONS OVERVIEW**



- 
- Primary Health Care is well managed
  - Hypertension, diabetes and hypertension are well monitored and risks immediately addressed as diagnosed/detected
  - Supervisors are informed of those employees with chronic illnesses and the bulk SMS system is used to remind employees and supervisors of the follow up visits
  - 1,533 medicals have been performed at the clinic for FY 2015 (entry, periodical & exit)
  - Medical surveillance for private companies improved and the income increased with 169% compared to the same period last year (July – September FY 2014 - R125,639 vs July – September FY 2015 – R338,887)



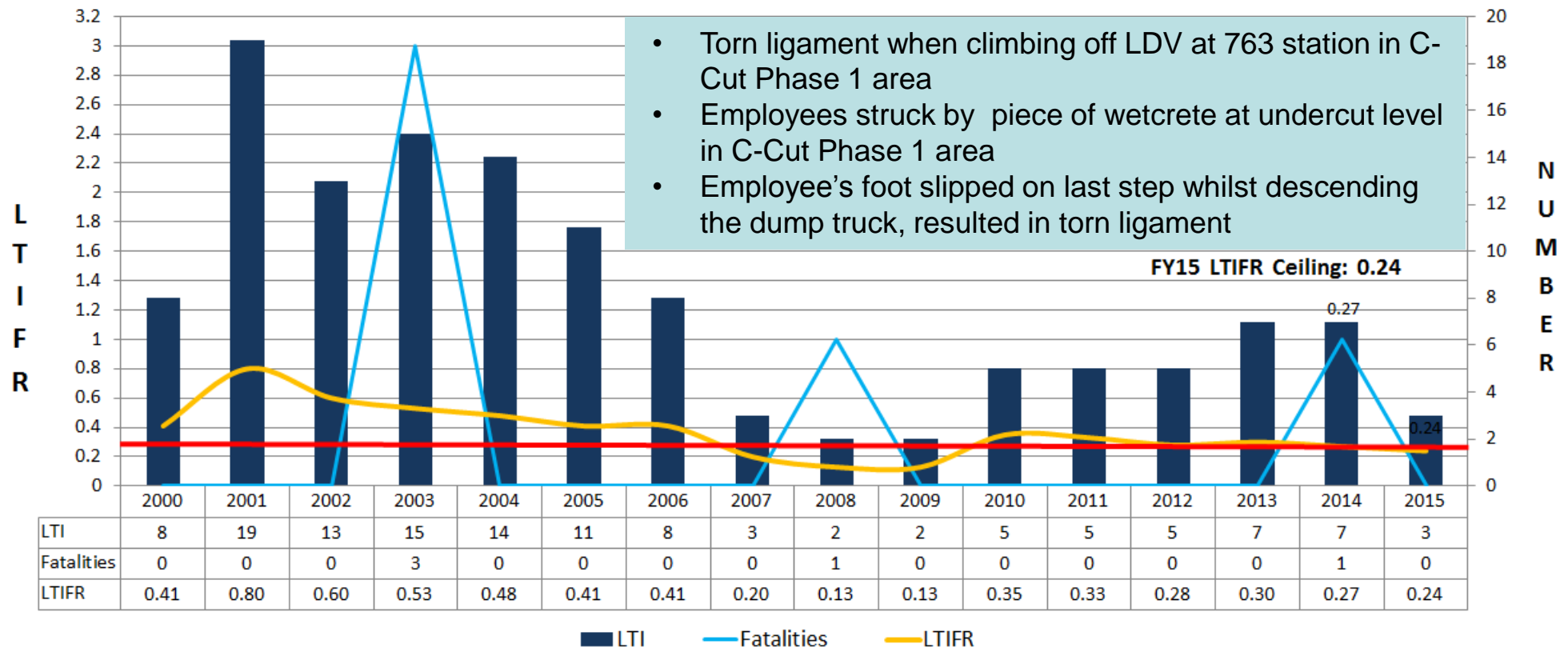
- Better chronic disease awareness: every month a health topic followed with an intervention
  - October – Heart disease month (included one day in October when all employees dressed in red for GO WILD, GO RED campaign)
  - November – Diabetes month (wellness day promoted testing for diabetes together with HP, BMI & cholesterol)
  - December – HIV/AIDs months – 1,017 employees tested





# Safety Update

## LTI & LTIFR COMPARISON



Highest LTIFR/nr = 2001: 0.80 / (19)

Lowest LTIFR/nr = 2008&9: 0.13 (2)

2001 – 2006 = Increase in activities and projects  
 2010 – current = Increase in activities, employees and projects with a lower number of LTI and LTIFR

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



# Environmental Update

- Incident reporting
  - More proactive as reporting of minor incidents increased significantly and is more than double that of the reporting of low impact incidents
- Phytoremediation project
  - Upscale modelling results finalised
  - Next phase of project can commence (additional release of no.7 dam water (treat & release))
- Alien invasive eradication
  - Lantana on the perimeter of the mine removed





# Labour Relations

- Labour relations at Cullinan have been stable in FY 2015
- Strong focus on internal communications and engagement with employee representatives
- Petra concluded 3 year wage agreement with NUM in September 2014
- Itumeleng Petra Diamonds Employee Trust owns 12% of mine
  - First IPDET distributions in December 2014

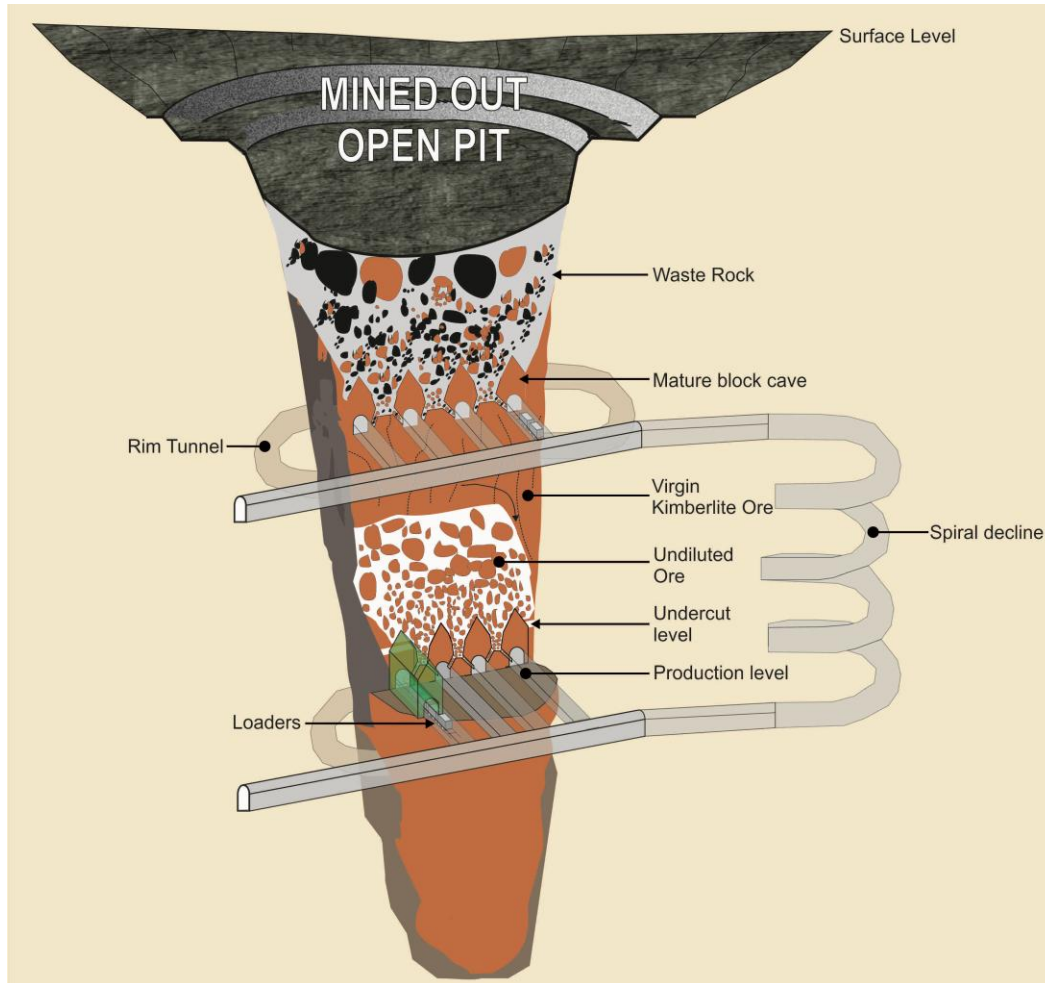




# MINING OVERVIEW



# 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/sub level caves in undiluted kimberlite
- Grades expected to rise significantly, increasing margin per tonne mined:
  - *Cullinan* c. 26 cpht to c. 50 cpht<sup>1</sup>
- Will reduce wear and tear on processing systems (waste rock is harder and more abrasive than kimberlite)

1. Management expectations



# H1 FY 2015 Results

|                                   | Unit   | H1 FY 2015       | H1 FY 2014 | Variance | FY 2014          |
|-----------------------------------|--------|------------------|------------|----------|------------------|
| <b><u>Sales</u></b>               |        |                  |            |          |                  |
| Revenue                           | US\$m  | 77.7             | 61.3       | +27%     | 162.8            |
| Diamonds sold                     | Carats | 314,957          | 409,117    | -23%     | 881,343          |
| Average price per carat           | US\$   | 247 <sup>1</sup> | 150        | +65%     | 185 <sup>2</sup> |
| <b><u>ROM Production</u></b>      |        |                  |            |          |                  |
| Tonnes treated                    | Tonnes | 1,292,895        | 1,291,208  | 0%       | 2,546,383        |
| Diamonds produced                 | Carats | 333,770          | 399,819    | -17%     | 706,728          |
| Grade                             | Cpht   | 25.8             | 31.0       | -17%     | 27.8             |
| <b><u>Tailings Production</u></b> |        |                  |            |          |                  |
| Tonnes treated                    | Tonnes | 1,212,368        | 1,020,252  | +19%     | 2,149,571        |
| Diamonds produced                 | Carats | 57,628           | 61,519     | -6%      | 116,891          |
| Grade                             | Cpht   | 4.8              | 6.0        | -20%     | 5.4              |
| <b><u>Total Production</u></b>    |        |                  |            |          |                  |
| Tonnes treated                    | Tonnes | 2,505,263        | 2,311,460  | +8%      | 4,695,954        |
| Diamonds produced                 | Carats | 391,398          | 461,338    | -15%     | 823,619          |
| <b><u>Capex</u></b>               |        |                  |            |          |                  |
| Expansion Capex                   | US\$m  | 47.0             | 30.1       | +56%     | 73.5             |
| Sustaining Capex                  | US\$m  | 3.4              | 4.7        | -28%     | 14.7             |
| Borrowing costs capitalised       | US\$m  | 3.6              | 2.4        | +50%     | 4.9              |
| Total Capex                       | US\$m  | 54.0             | 37.2       | +45%     | 93.1             |

1. Excluding exceptional diamonds, the average value for H1 FY 2015 was US\$124 per carat.

2. Excluding exceptional diamonds, the average value for FY 2014 was US\$146 per carat.

- Handling waste material from the high volume of development metres is impacting ROM grade
- This will be addressed by a stabilisation in the volume of waste development metres, a gradual increase of the initial undiluted tonnes, and the initiatives to open up access to higher grade mining areas
- H2 FY 2015 ROM grade guidance adjusted from 29.4 cpht to 27.2 cpht
- FY 2015 average value per carat adjusted from US\$152 to US\$130 due to softer market



# ROM Grade Volatility Mitigation

To date:

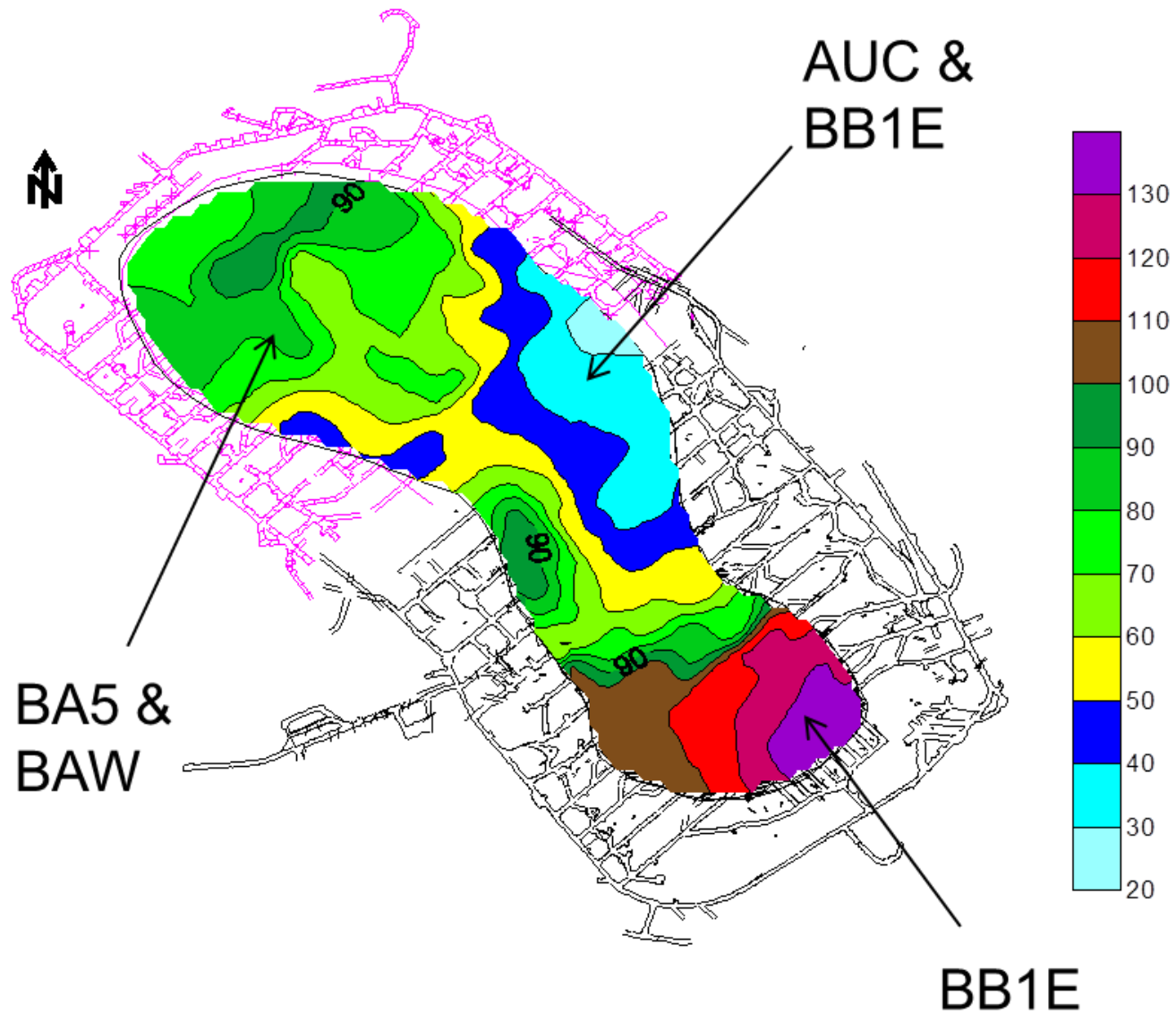
- Increase in underground and surface tonnes treated helps offset lower grade
- Recovery of 'special / exceptional' diamonds assists mine revenue
- Strict Opex and Capex control
- Rehabilitation of 645mL in BA5, providing access to undiluted tonnes in Western side of orebody
- BBIE tunnel ripping, providing access to undiluted tonnes

In FY 2015:

- Continued rehabilitation mining at 645mL in BA5
- Continued BBIE tunnel ripping
- Blue development tonnes from C-Cut Phase 1 block to increase from 2,500 tonnes in FY 2014 to ca. 78,000 tonnes budget in FY 2015
- Maintain ROM plant throughput
- Increase tailings throughput to 2.5 Mt
- Focus on recovery of high value diamonds

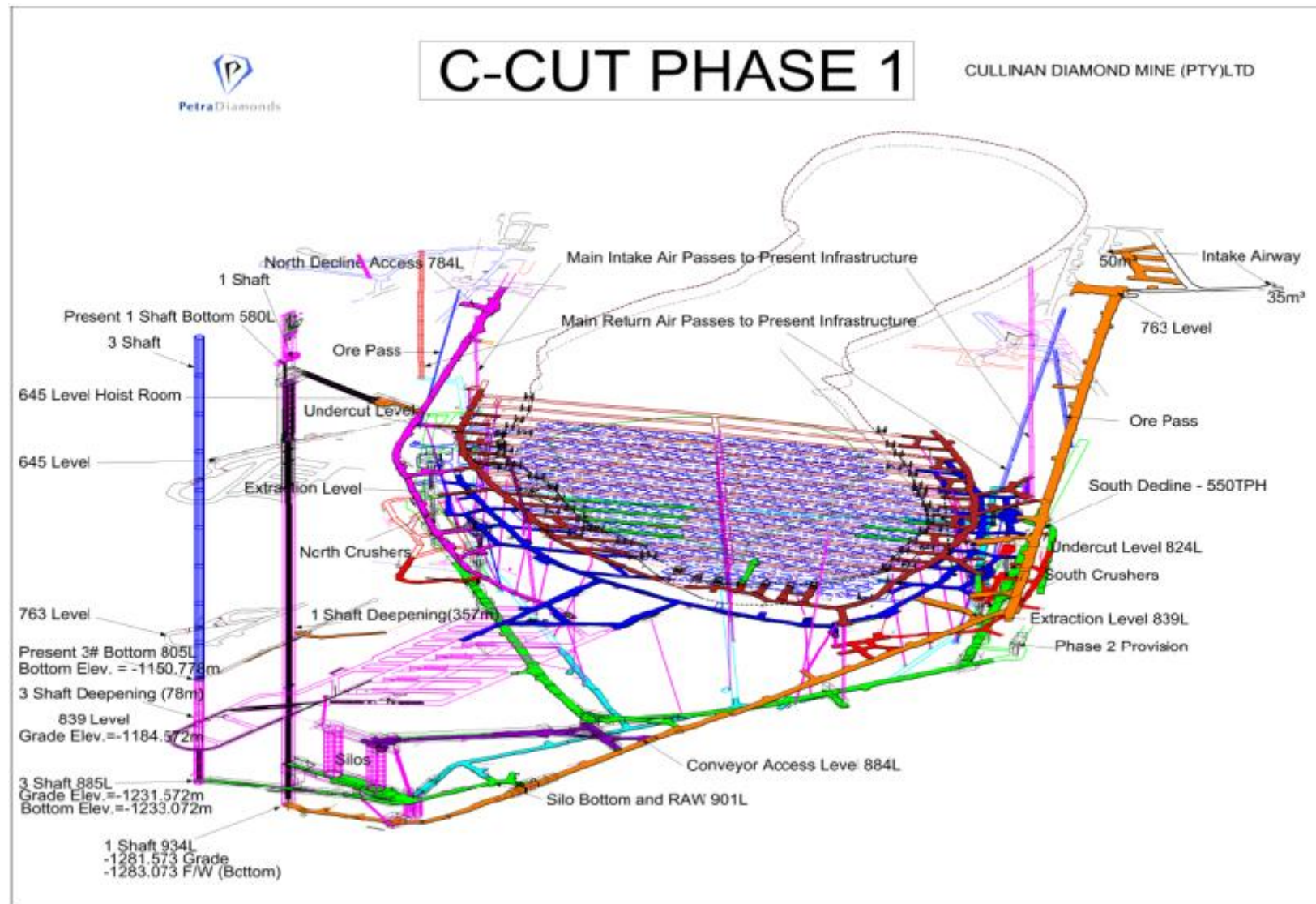


# Grade Variation of the Orebody





# Cullinan – C-Cut Phase 1 Battery Limits



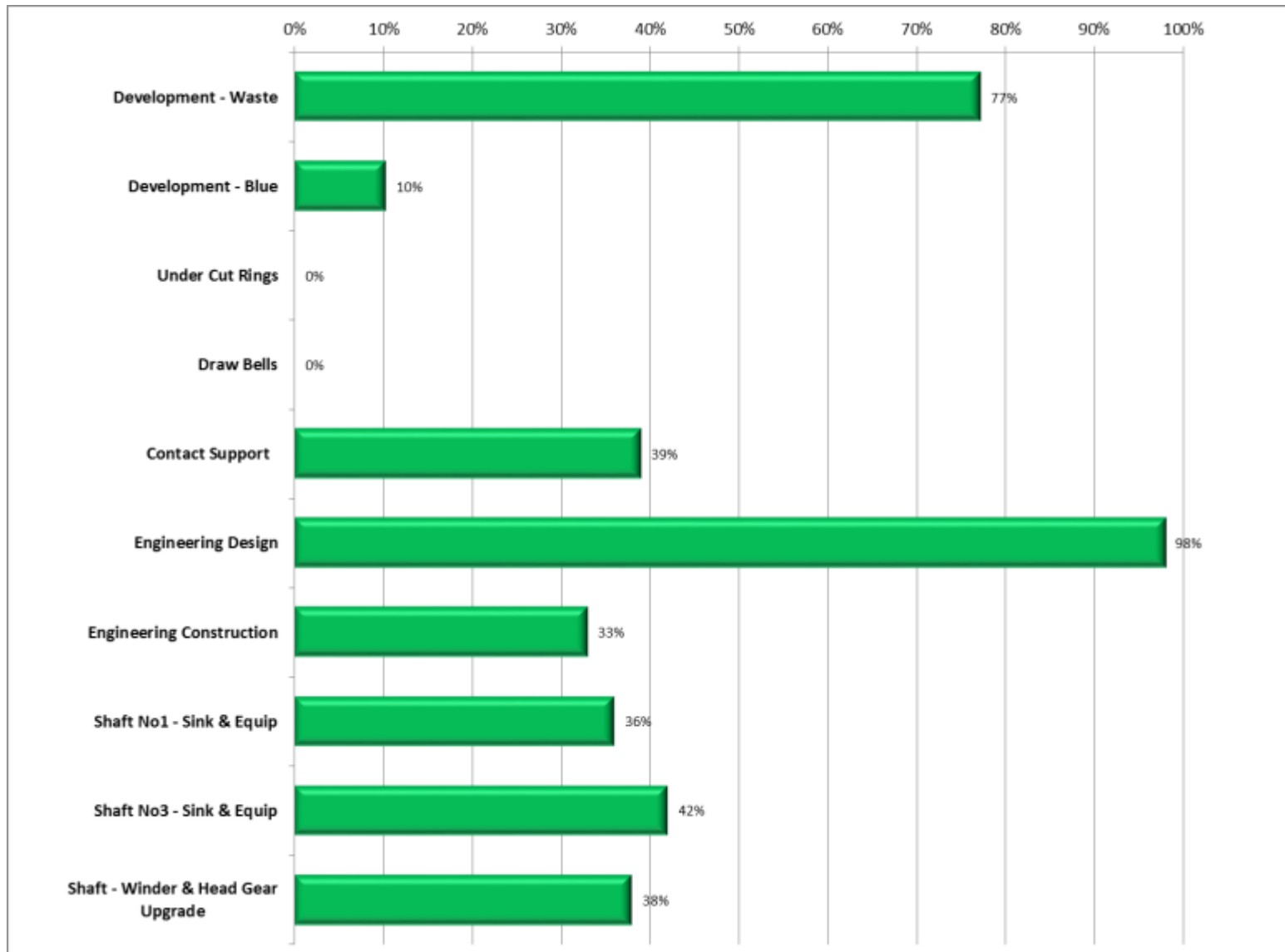


# Cullinan – Development Programme

| Development Programme  | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|------|------|
| Commenced rehabilitation of BA5 areas at 645m to create access to undiluted ore  |      |      |      |      |      |      |      |
| Development of declines, access tunnels and shaft deepening on track   |      |      |      |      |      |      |      |
| Tailings ramp up to steady state 2.7 Mtpa  |      |      |      |      |      |      |      |
| New production levels are being established at 839m and shaft to 934m to be commissioned                                   |      |      |      |      |      |      |      |
| Dramatic simplification of ore-handling; new system at 880m will allow for future ramp-ups to utilise full C-Cut footprint |      |      |      |      |      |      |      |
| Initial production from new C-Cut cave   |      |      |      |      |      |      |      |
| Upgrading and streamlining of plant facilities in order to handle increased tonnes   |      |      |      |      |      |      |      |

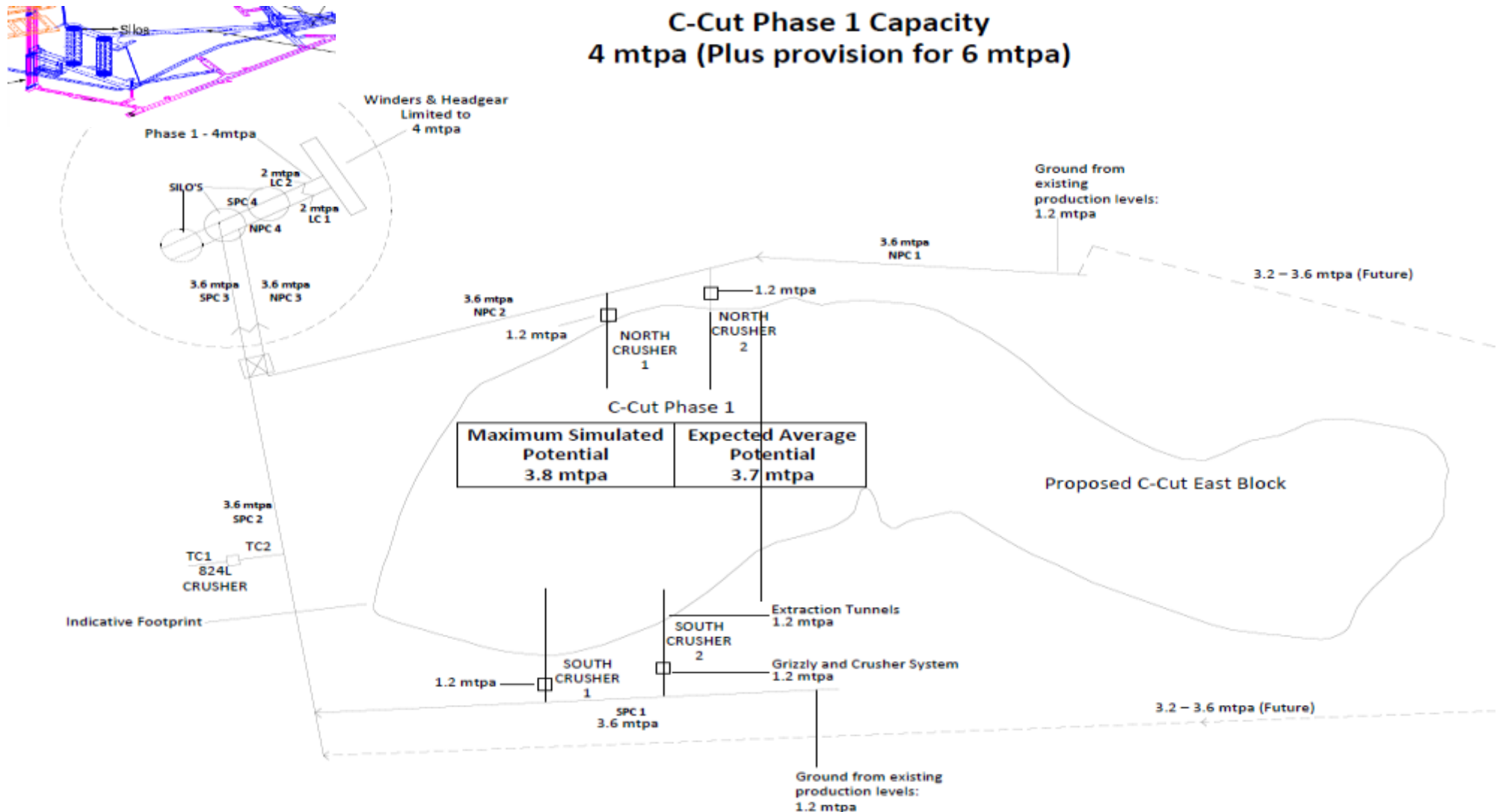


# C-Cut Phase 1 – Project Summary





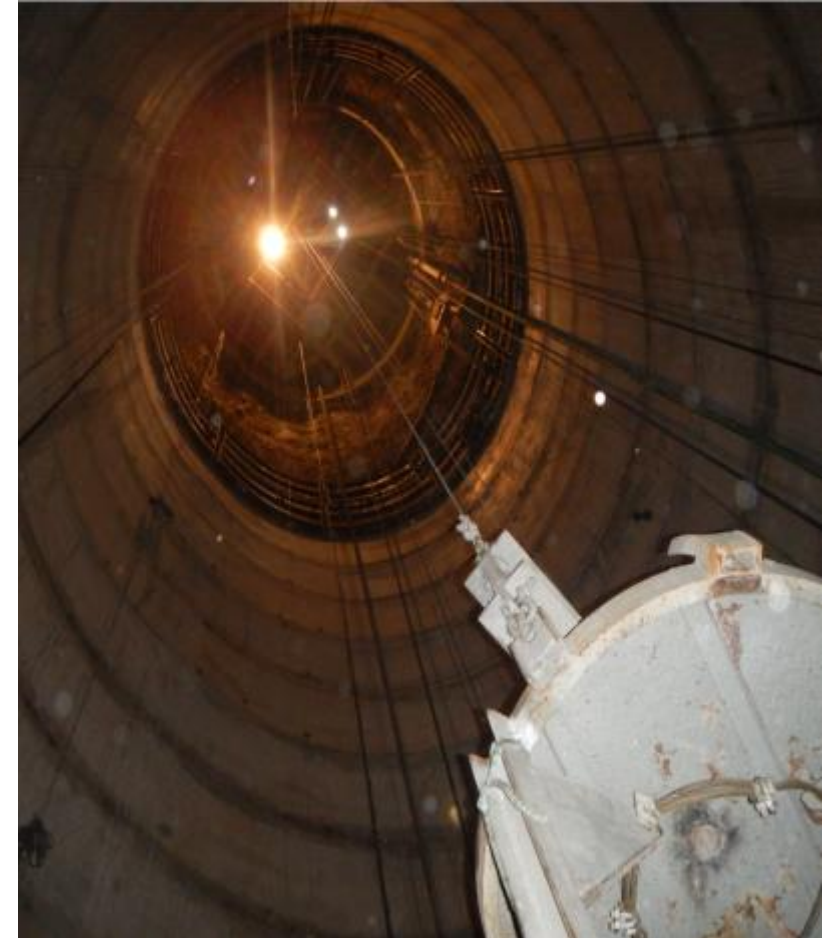
# C-Cut Phase 1 Ore-handling Schematic





# Expansion Plan – Current Status

- Shaft deepening (and related infrastructure) to 934m in progress
- Sinking progressed with Shaft N°1 at a depth of 128m out of 357m and Shaft N°3 at a depth of 35m out of 83m
- Development of blue (kimberlite) and waste tunnels in progress: >13,559 metres developed to date
- Refinements to allow for increased flexibility and to increase capacity of mine infrastructure
  - Specifications upgraded to cater for anticipated extension of life of the block cave into BBIE
  - Batching plant to deliver >1,000m<sup>3</sup> concrete to shaft and production infrastructure, freeing up shaft time and reducing potential disruptions
  - Optimisation of 880mL ore-handling systems allowing for potential future ramp up
- Contact openings and blue development in progress: 1<sup>st</sup> undercut rings planned for June 2015



Shaft deepening



# Expansion Plan – Current Status



Under Cut Holing Tunnel 21



Support Installation



Ventilation



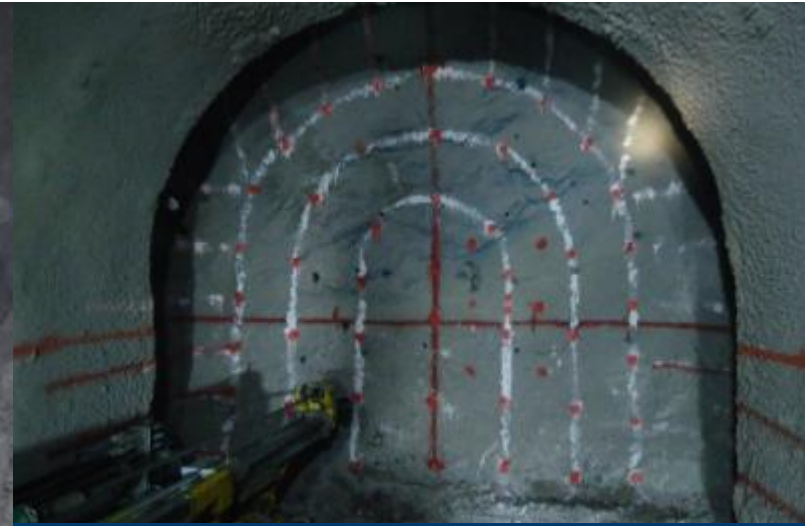
Under Cut Secondary Support



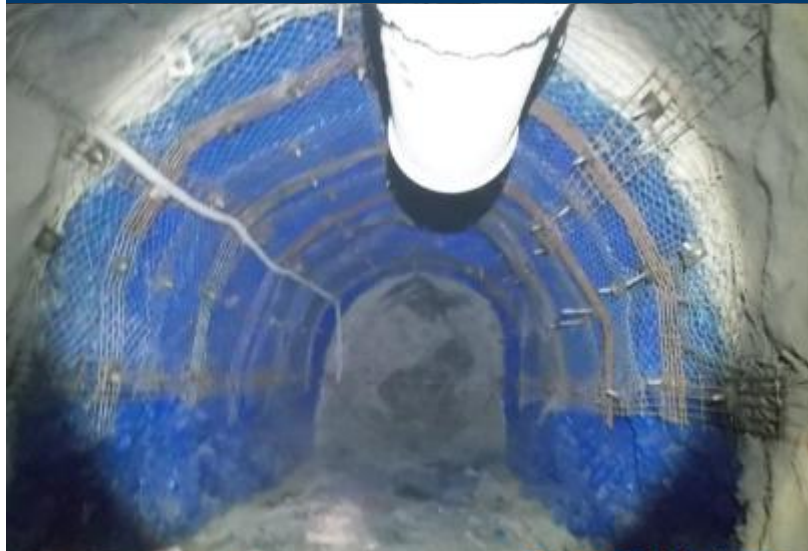
# Expansion Plan – Current Status



Blue Development



Blue Development : Drilling



Blue Development – Rock Seal



Blue Development : Secondary Support



# PLANT OVERVIEW



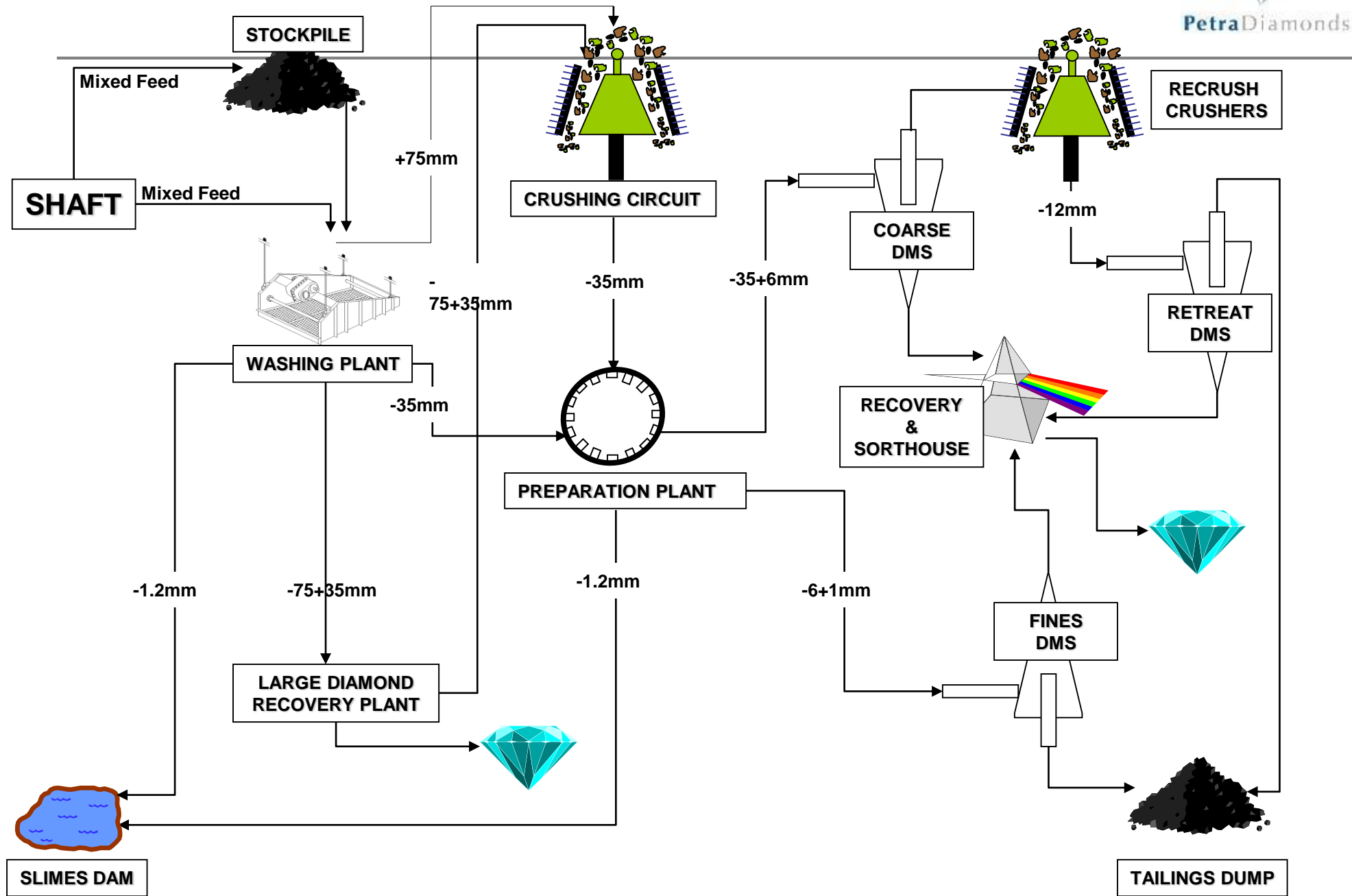
# An Aerial Perspective

- Existing plant footprint ca. 27ha, including 13.5km of conveyor belts
- Ongoing objective to simplify and streamline processing route



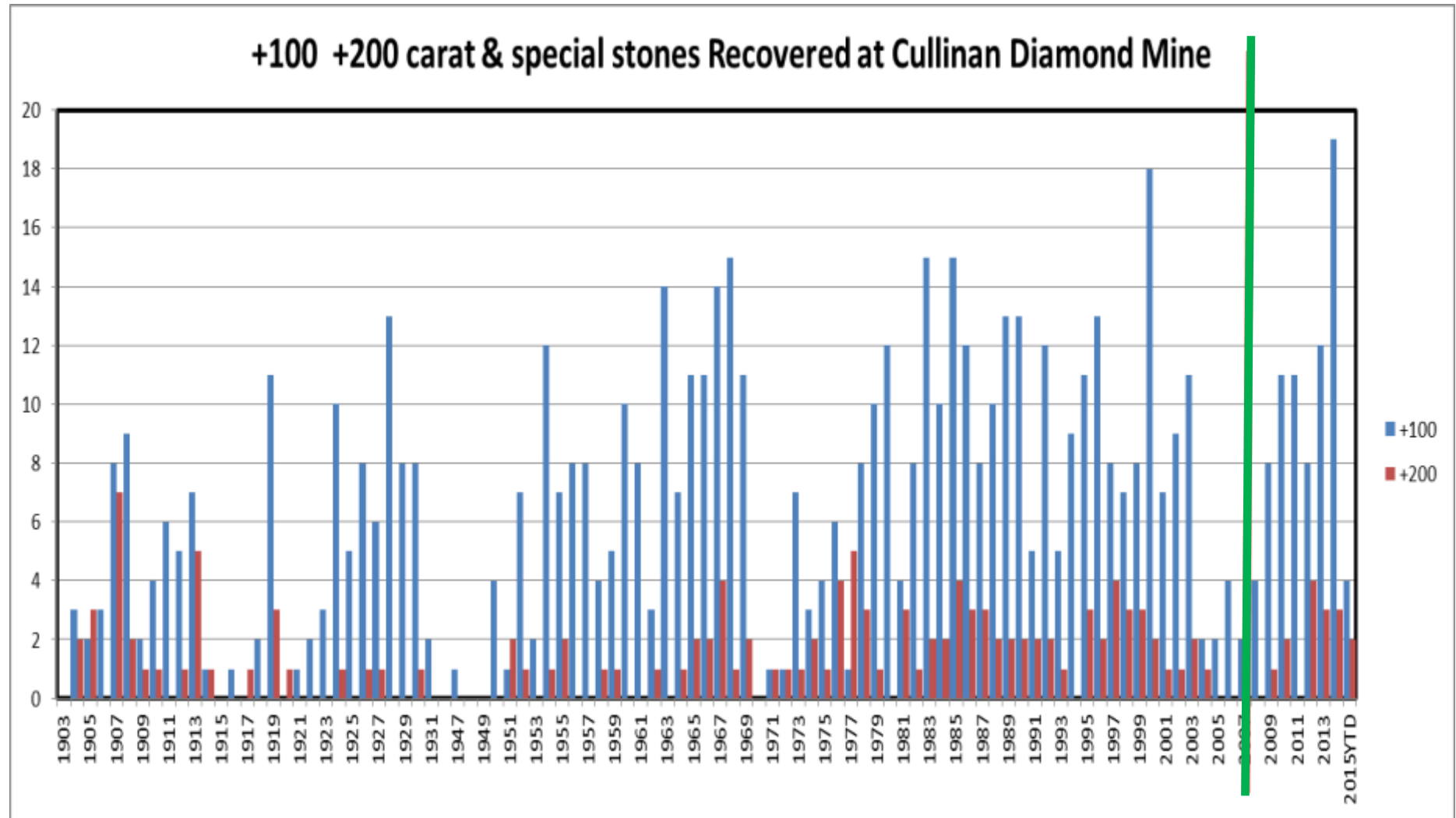


# Treatment Plant Flow Diagram





# Consistent Production of Large Diamonds





# Exceptional Diamonds (+US\$5 million stones)

- Exceptional diamonds contributed on average US\$18 million pa from FY 2008 to FY 2014
- Higher average in last two years: US\$26 million pa from FY 2013 to FY 2014
- Company business model not reliant on exceptional diamond recoveries
- Cullinan is known as a source of very large, high quality Type II diamonds and rare blue diamonds

## FY 2014

- 126 carat white diamond sold for US\$8.5 million
- 29 carat blue diamond sold for US\$25.6 million



*The exceptional 126 carat white diamond recovered in November 2013, Cullinan*



*The exceptional 29.6 carat blue diamond recovered in January 2014, Cullinan*

## H1 FY 2015

- 122 carat blue diamond valued at US\$27.6 million in a beneficiation agreement; Petra received US\$23.5 million and retains a 15% share in polished proceeds
- 232 carat white diamond sold for US\$15.2 million



*The 122.52 carat blue diamond recovered in June 2014, Cullinan*



*The 232 carat white diamond recovered in September 2014, Cullinan*



# Major Tailings Project

*Resource of 165 Mt (17.1 million carats)*

- New tailings treatment facility completed
- Throughput to increase from 2.1 Mtpa (FY 2014) to steady state 2.5 Mtpa in FY 2015 at a grade of ca. 5.0 cpht
- Throughput to increase to 2.7 Mtpa at a grade of ca. 7.5 cpht by FY 2016, following commissioning of re-crush circuit
- Tailings resources sufficient to serve as feed material for > 50 years





# FINANCIAL



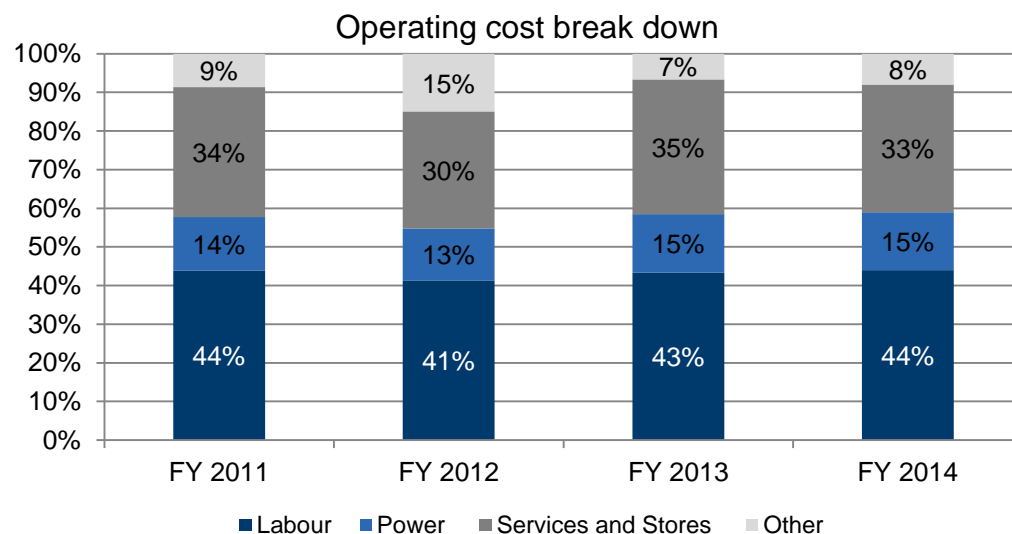
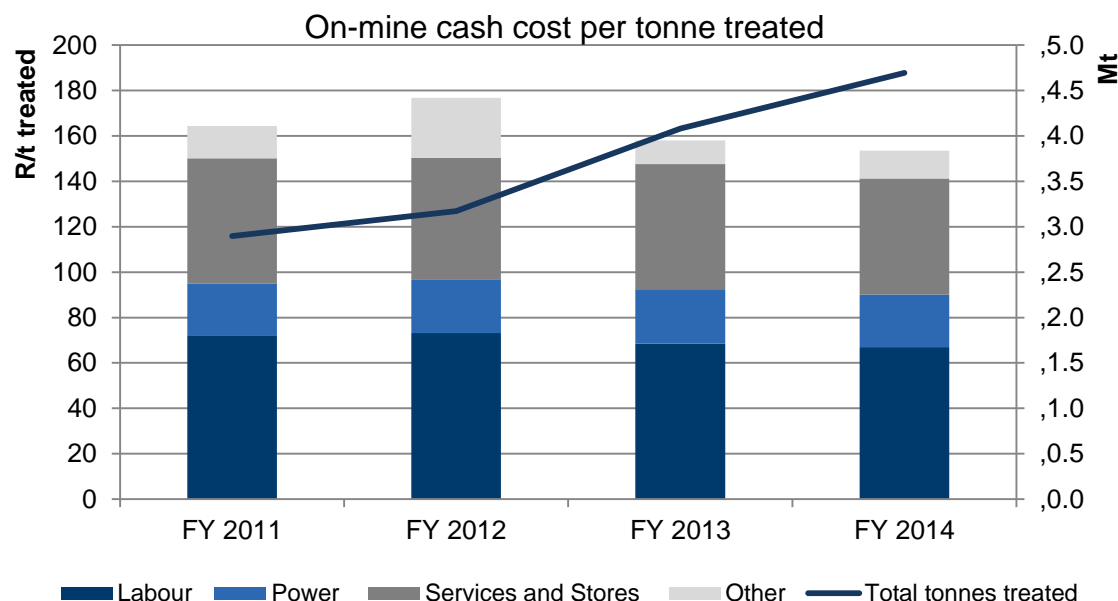
# Capex Overview

- Total Expansion Capex of ca. R4.3 billion (ca. US\$390 million)
- R2.2 billion capital spent to date (H1 FY 2015); Remaining Capex of R2.1 billion (ca. US\$190 million) to FY 2019
- Capex fully funded from current debt facilities, treasury and mine cashflows
- Split of Capex guidance at Cullinan:

| Financial Year               | 2014A | 2015F | 2016F | 2017F | 2018F | 2019F |
|------------------------------|-------|-------|-------|-------|-------|-------|
| ROM tonnes treated           | 2.5   | 2.7   | 2.9   | 3.1   | 3.6   | 4.0   |
| Tailings tonnes treated (Mt) | 2.1   | 2.5   | 2.7   | 2.7   | 2.7   | 2.7   |
| Expansion Capex (ZARm)       | 740   | 959   | 996   | 333   | 118   | 99    |
| Sustaining Capex (ZARm)      | 152   | 70    | 76    | 75    | 79    | 78    |



# Operating Cost History and Make-up



- Risk of rising electricity costs managed through efficient design of new infrastructure
- Maintenance and management of new and old infrastructure
- New designs cater for high degree of automation
- Advancement of a Group procurement strategy to yield benefits related to economies of scale

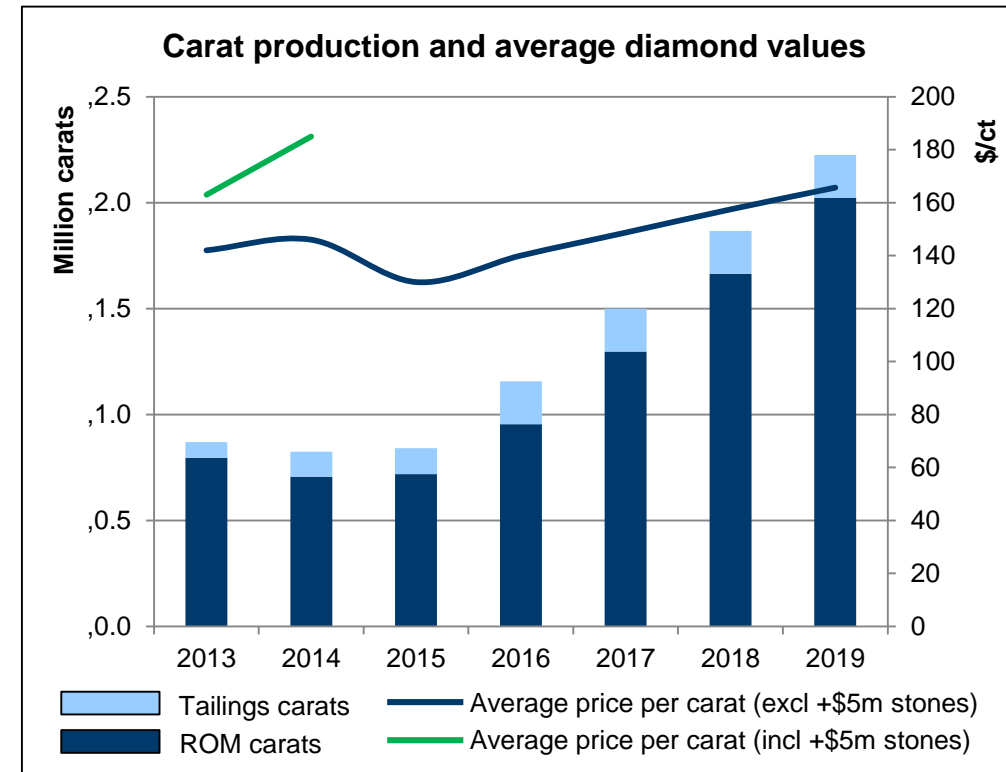
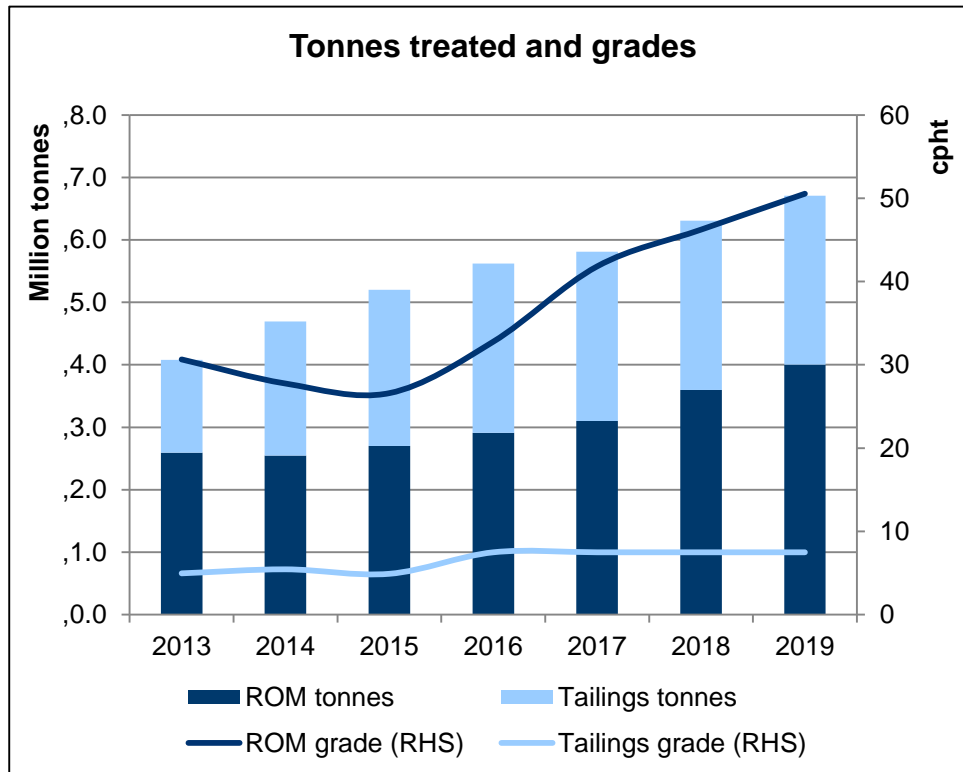


# OUTLOOK



# Production Plan

- ROM tonnages to rise 48%, but ROM carat production expected to rise 180%







## Rising Production

- ROM production ramping up from 0.8 Mctpa to ca. 2.2 Mctpa by FY 2019
- Initial mine plan of 16 years, but potential mine life of +50 years



## Rising Margins

- Grade to almost double to ca. 50 cphd by FY 2019
- Ongoing plant modifications to improve recoveries
- Cost efficiencies due to simplified orehandling system
- Cullinan margins expected to go from ca. 45% (FY 2014) to +50% (FY 2019)



## Rising Prices

- Positive long term outlook based on fundamentals
- 'Mass luxury' to drive market; affordable diamond jewellery for all budget ranges

A major producer with a sustainable mine plan





**Petra**Diamonds

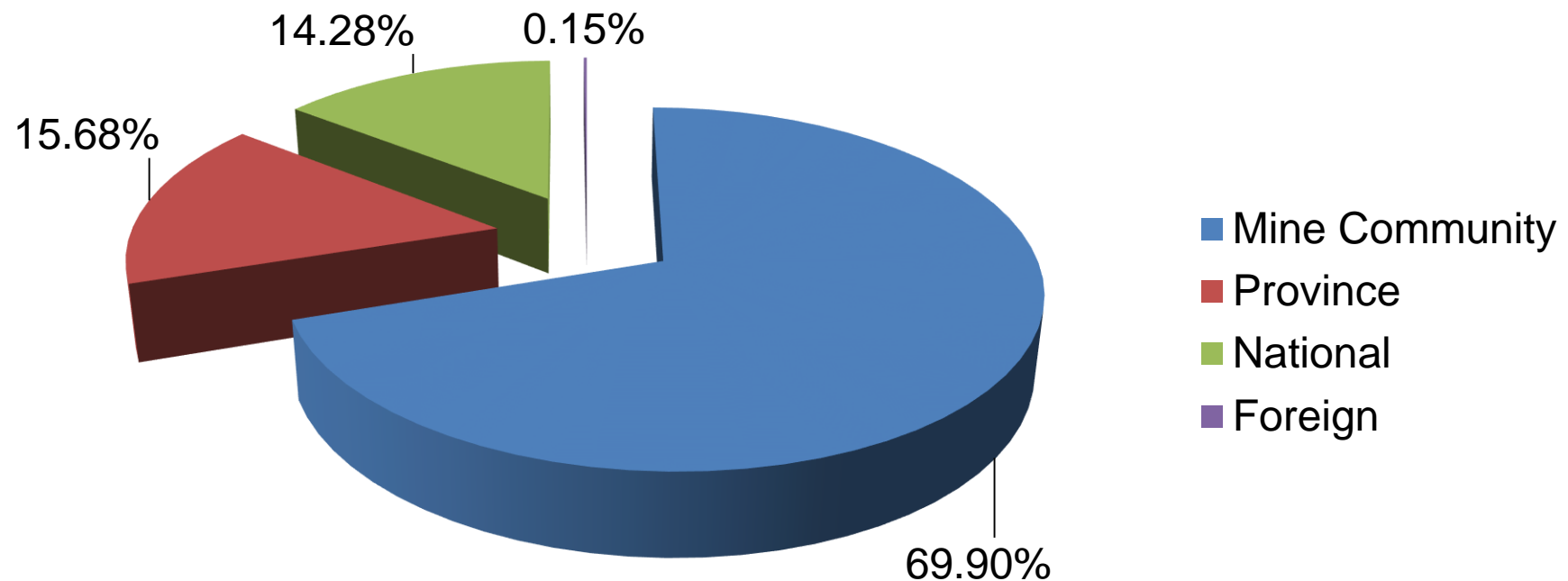


**Corporate Social Responsibility**



## Local Recruitment

Recruitment applicants for both the mine and the contractors of the mine are being sourced mostly from local communities (see below)





## Mine Community Development Projects

The identified and approved projects are as follows:

- ✓ Expansion of a Technical Centre at Chipa Tabane High School in Refilwe (Region 5) was launched in May 2014 - R2 million
- ✓ Construction of 4 classrooms, administration block and a library at the primary school in Onverwacht (Region 5) is underway
- ✓ The mine is investigating a possible partnership with the Department of Health for the expansion of the Refilwe Clinic to a 24-hour Health Facility (Region 5)





# Corporate Social Responsibility

## Community support

- Supporting the Lethabo Day Care centre, within the premises of the Onverwacht primary school, by donating R50,000 from Golf day proceeds.
- Another R50,000 was donated to the Refilwe Day Care Centre



## More....

- The sports grounds at Sedibeng Primary School in Refilwe were levelled and further development is investigated (planting grass etc) – R1m was spent
- Donations at Chokoe Primary School – Guard house, 2 x touch screen computers, 4-in-1 printer, sick bay and class-room renovations
- The mine is in the process of constructing the Refilwe Sports Grounds. The fencing was done and the levelling of the area is planned for the first week in December 2014. Project will be implemented in phases.



# Corporate Social Responsibility



Mandela  
Day





# Education Initiatives

Long-term strategy to address the scarcity of technical skills in the industry

- Implementation of a Maths and Science Centre at three local schools to assist with improving Maths & Science results - this will later increase the pool of applicants for Mining related careers
- Bursary programme – bursaries awarded to three beneficiaries
  - Two learners studying towards a Mining and an Electrical Engineering Degree (one learner was a recipient of Petra's Scholarship programme; both were beneficiaries of the Maths & Science project)
  - A former CDM experiential learner will also be sponsored for a second year Mining Engineering studies.
- Vocational work provided to Petra Diamonds bursars and local community learners who meet the requirements for this initiative in order to complete their workplace projects
- Scholarships: 16 learners from local schools (Grades 10 - 12) excelling in Maths and Science





## Career Day

- The event focused on Grade 12 learners from schools in the City of Tshwane Metropolitan Municipal Regions 5 and 7 which are CDM's mine communities
- The aim of the event was to raise awareness and provide information to learners with regards to careers in mining
- Twelve different stalls covering Mining, Engineering, Geology, Health and Safety, Metallurgy, Training and Financial Education were exhibited
- Maths & Science Centre, University of Pretoria and WITS as well as the Department of Education were partners of this successful day
- This initiative will enable the mine in later years to recruit technical skills and professionals from the local communities. This will help reduce unemployment and uplift standard of living of the surrounding community

## AET

Eighteen AET learners are currently writing their first AET examination



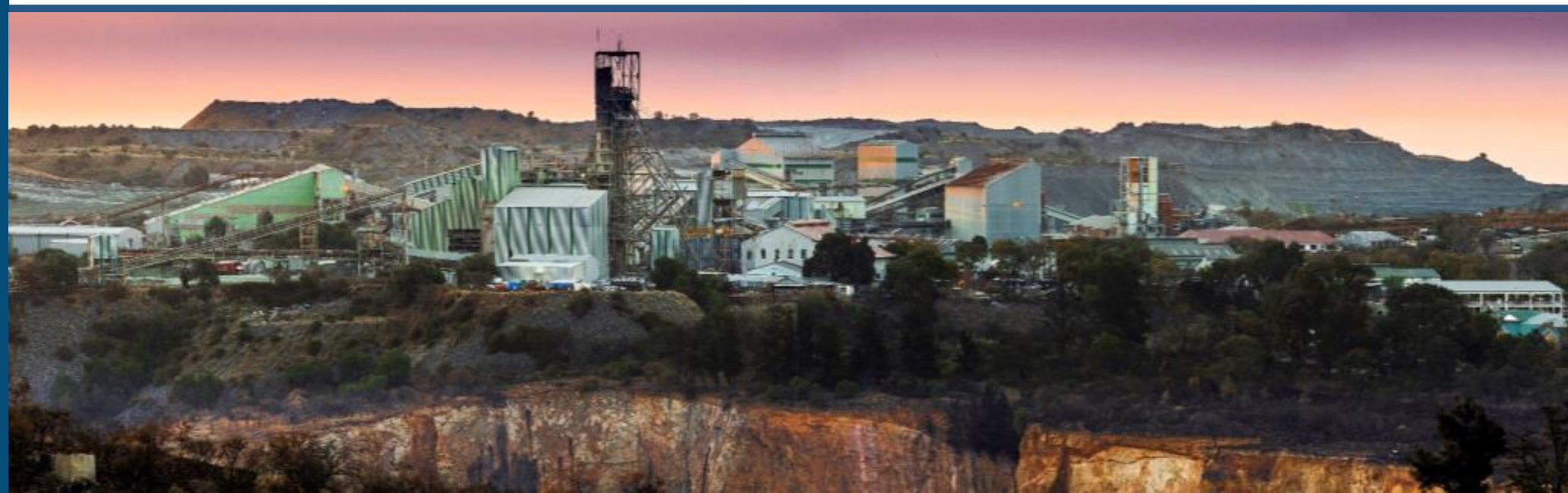
## Training Centre

- Centre re-certified for ISO 9001:2008 in November 2014
- MQA accreditation was issued for another 3 years for Rockbreaking learnerships, Metallurgy level 2, Engineering and AET
- An average of 2,500 employees and contractor employees are serviced through this centre per annum





**Petra**Diamonds



**Appendix**



# Appendix – Analyst Guidance

| Cullinan - Overview   | Description                        | Guidance notes (FY 2015)  |
|---|------------------------------------|---|
| <ul style="list-style-type: none"> <li>• LOM: Current plan up to 2030</li> <li>• Residual C-Cut resource to possibly extend LOM +30 years</li> <li>• Direct Ownership: 74%, Effective ownership: 77.0%</li> </ul> | ROM Tonnes (Mt)                    | FY 2015: 2.7 Mt; 2.9 Mt in FY 2016, 3.1 Mt by FY 2017, 3.6 Mt by FY 2018 and reaching steady state production of 4 Mtpa by FY 2019  |
|   | ROM Grade (cpht)                   | FY 2015: 26.6 cpht, ca. 33cpht in FY 2016 (pillar mining, 645L and C-Cut development tonnes), ca. 41 cpht in FY 2017, 46 cpht in FY 2018 and to +50 cpht by FY 2019   |
|   | Tailings Tonnes (Mt)               | FY 2015: 2.5 Mt and ca. 2.71 Mtpa from FY 2016 onwards  |
|   | Tailings Grade (cpht)              | FY 2015: ca. 5 cpht, increasing to ca. 7.5 cpht by FY 2016, following commissioning of re-crush circuit   |
|   | Cash on mine cost                  | ca. R750m (FY 2015)   |
|   | Fixed / variable split             | 80% / 20%   |
|   | Cash on-mine cost / ROM tonne      | To remain at ca. R237 (real terms) until C-Cut Phase 1 block cave is fully operational, yielding cost benefits associated with more efficient orehandling systems. Unit cost of ca. R180 / tonne by FY 2019 |
|   | Cash on-mine cost / Tailings tonne | FY 2015: ca. R40 / tonne, remaining flat in real terms  |



# Ownership Structure



**Note:**

Petra has an interest in Sedibeng Mining (Pty) Ltd – refer document 'Effective Interest in Mines: [www.petradiamonds.com/investors/analysts/analyst-guidance](http://www.petradiamonds.com/investors/analysts/analyst-guidance)



# The History Of Cullinan

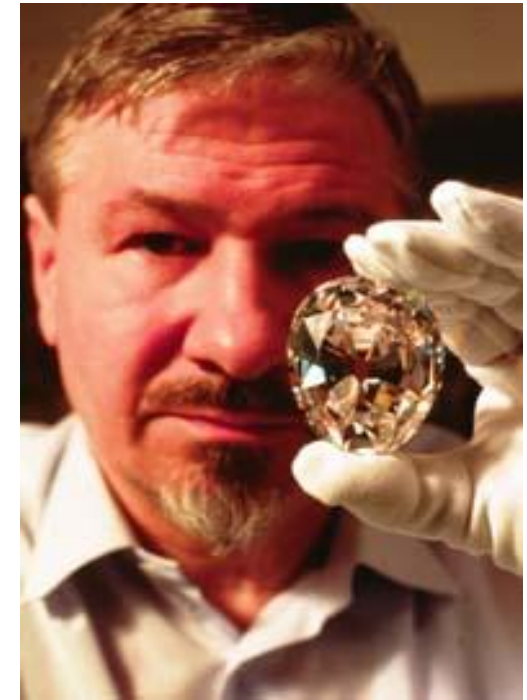


- 1902 Cullinan kimberlite pipe originally discovered by Sir Thomas Cullinan - at 32ha surface area, largest diamondiferous kimberlite ever found in SA
- 1903 Open pit mining commenced at 'Premier Mine' - at time of outbreak of WW1 14,000 were employed at mine
- 1930 De Beers acquired controlling interest in Premier through scheme of arrangement with Anglo American
- 1932 Mine closed due to depression and lack of market for luxury goods
- 1945 Mine reopened and pit dewatered for development of underground mine
- 1997 Premier (Transvaal) Diamond Company amalgamated into De Beers Consolidated
- 2003 Mine renamed 'Cullinan' as part of centenary celebrations
- 2008 Mine acquired by Petra Diamonds Cullinan Consortium on 16 July as a going concern – acquisition cost of R1bn – Petra had an initial effective interest of 37%
- 2009 Petra increased its interest in the mine to 74% by buying out Al Rajhi's interest



# Writing the History of Diamonds

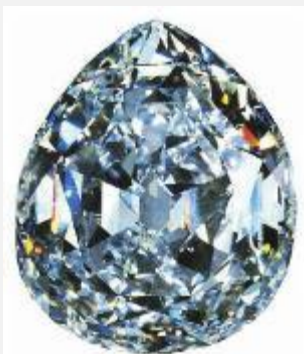
The Cullinan – 3,106 carats rough  
Largest gem diamond ever discovered



Also source of the largest polished diamonds in the world, incl. The Great Star of Africa (530 carats)

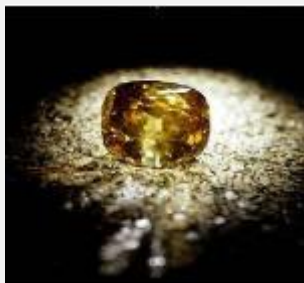


# Iconic Diamonds from Cullinan



**The Greater Star of Africa**

Largest polished yield  
from the Cullinan at  
530ct; sits in the Royal  
Sceptre  
**1905**



**The Golden Jubilee**

755.50ct rough,  
545.65ct polished  
**1986**



**The Star of Josephine**

26.6ct rough,  
7.0ct polished  
**2009**



**The Cullinan Heritage**

507.55 carats rough  
**2009**



**The Cullinan**

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



**The Blue Moon**

29.6ct rough, 12ct polished  
**2014**

**The Centenary**

599.10ct rough,  
273.85ct polished  
**1986**



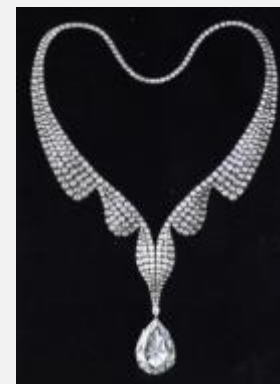
**The Safia**

338.46ct rough,  
90.97ct polished  
**1990's**



**The Taylor Burton**

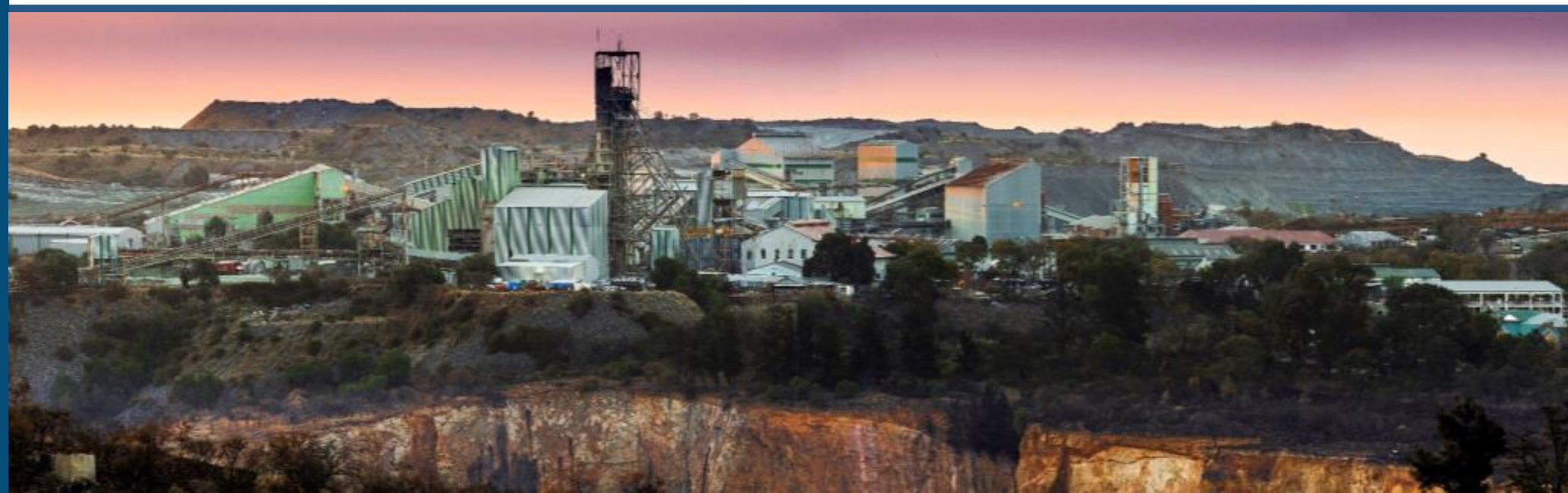
240.80ct rough,  
69.42ct polished  
**1966**







# PetraDiamonds



**Further enquiries:**

Petra Diamonds

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