



PetraDiamonds

Cullinan Site Visit

2 February 2018



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Cullinan Site Visit Itinerary

09:30	Arrival at Cullinan Diamond Mine (“CDM”)
09:45	Overview briefing on Petra, Cullinan and Safety
11:15	Underground visit
13:15	Plant visit
14:30	Change house
15:00	Lunch
15:30	Expected time of departure
17:00	Arrive OR Tambo airport
17:00	Arrive Sandton (Radisson Blu, Rivonia Road & Daisy Street), Johannesburg



Petra Overview



Discover Petra...

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

Petra expansion plans expected to:

- Improve grades
- Improve product mix
- Improve operating costs

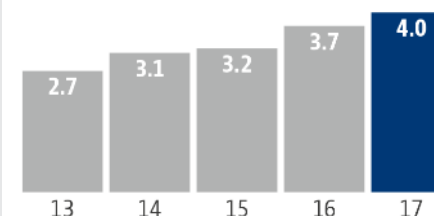
Driving VALUE

- Production growth to come mainly from higher value ROM carats
- Adj. EBITDA margin expected to increase from 33% in FY 2017 to 40 – 45% by FY 2019 at prevailing Rand / US\$ exchange rates
- Future focus of the Company will be on maximising free cashflow rather than volume targets

ROUGH DIAMOND PRODUCTION

Mcts

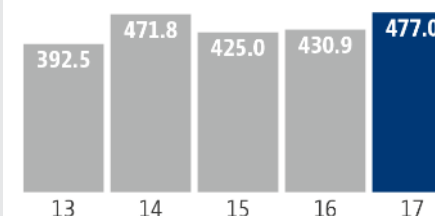
4.0 +8%



REVENUE

US\$ million

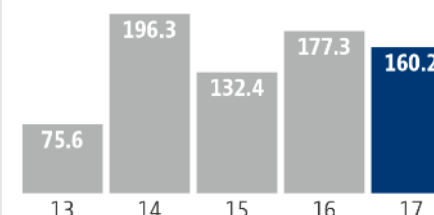
477.0 +11%



OPERATING CASHFLOW

US\$ million

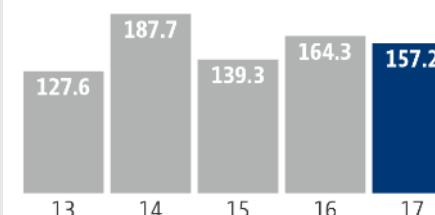
160.2 -10%



ADJUSTED EBITDA¹

US\$ million

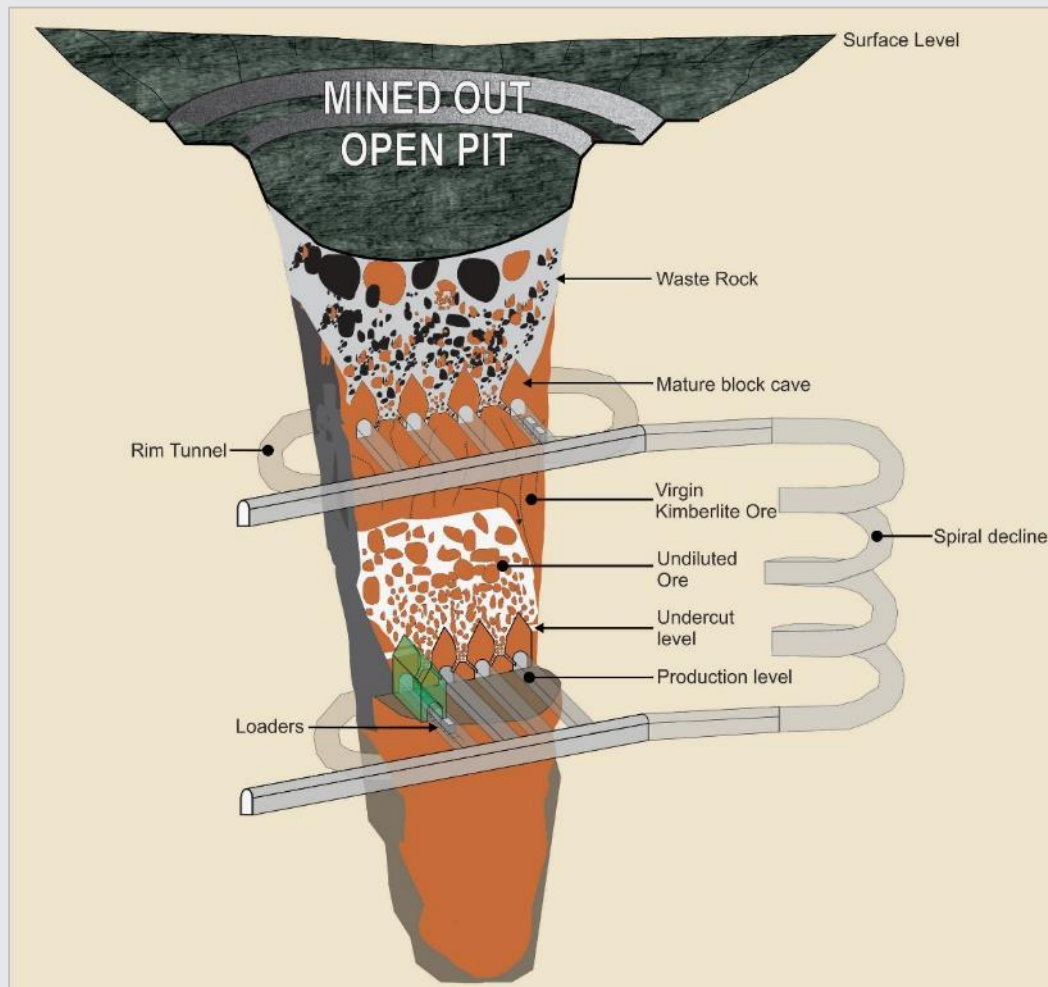
157.2 -4%



1. Adj. EBITDA is net profit after tax stated before KEM JV fair value adjustment, bond redemption premium and acceleration of unamortised costs, depreciation, share-based expense, impairment charges, net finance expense, tax expense, net unrealised foreign exchange gains and losses and loss on discontinued operations, as applicable to previous years

LSE: PDL; market capitalisation of ca. £342 million / \$480 million (as at 30 January 2018)

Moving to Undiluted Ore



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



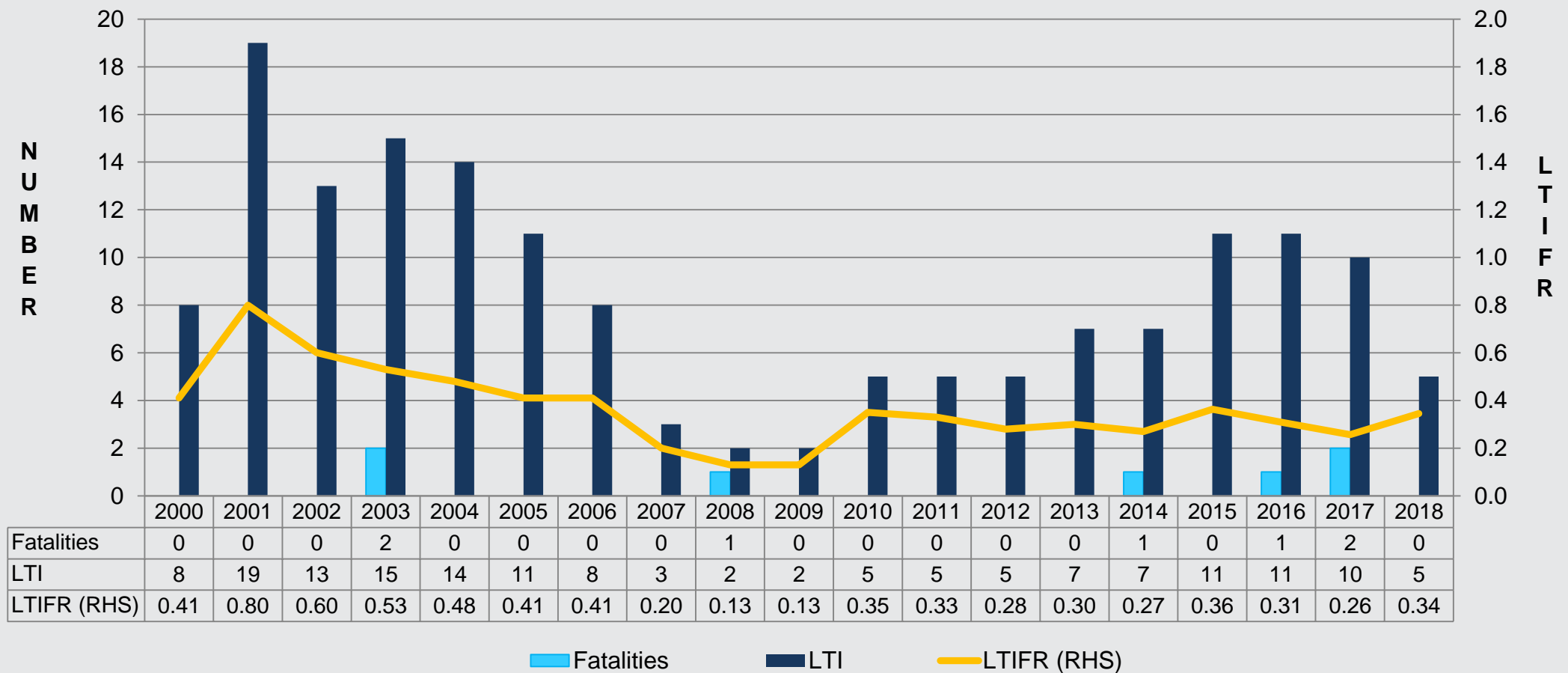
Cullinan Overview



Location



Safety Performance



2001 = Previous time of underground development
 2010 = Petra development projects commence
 2018 = Projects start winding down; lower employee and contractor number

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

Cullinan Overview



1902	1903	1905	1930	1932	1945	1997	2008	2009
Cullinan kimberlite pipe originally discovered by Sir Thomas Cullinan	Open pit mining commenced at 'Premier Mine' in 1903 - at time of WW1 14,000 employed at mine	Recovery of the 3,106 carat Cullinan diamond – the world's largest gem diamond	De Beers acquired controlling interest in Premier	Mine closed due to depression and lack of market for luxury goods	Mine reopened and pit dewatered for development of underground mine	Premier (Transvaal) Diamond Company amalgamated into DBCM	Mine acquired by Petra Consortium acquisition cost of R1bn – Petra had initial 37% interest	Petra increased its interest to 74% by buying out Al Rajhi's interest

- Source of the Cullinan, the largest gem diamond ever recovered (3,106 carats)
- Produced more than 800 stones of +100 ct, of which more than 140 stones are +200ct
- World's most important source of truly rare and highly prized blue diamonds
- One of the world's largest diamond resources – 192.74 Mcts as at 30 June 2017
- FY 2017 production +16% to 0.8 Mcts and revenue +10% to US\$91.3 million
- C-Cut Phase 1 expansion plan to increase production to 1.7 Mctpa by FY 2019 (ca. 1.6 Mcts ROM, ca. 0.1 Mcts tailings) based on January 2018 grade guidance
- Cullinan plays a very important role in its local community and is dedicated to maintaining high ESG standards

Iconic Diamonds of Cullinan

- Cullinan has consistently produced world class white and coloured diamonds over its history

Historic Recoveries pre-Petra



The Cullinan
3,106 ct rough
Largest gem diamond
ever discovered
Source of the diamonds in
the British Crown Jewels
1905



The Golden Jubilee
755.5 ct rough
545.6 ct polished
The largest cut diamond in the
world
1986



The Centenary
599.1 ct rough
273.8 ct polished
Cut into a modified heart-
shaped design, "fit for the
turban of a Sultan or Maharaja"
1986



The Taylor Burton
240.8 ct rough
69.4 ct polished
Gifted to Elizabeth Taylor by
Richard Burton
1966

Recoveries by Petra



The Cullinan Heritage
507.55 ct rough
104 ct polished, plus 23
auxiliary stones
Sold for **\$35.3m**, word record
for rough stone
2009



The Cullinan Dream
122.5 ct rough
sold **\$23.5m**
Petra retains 15% share in
polished
2014



The Blue Moon of Josephine
29.6 ct rough
12.0ct polished
Rough sold for **\$25.5m**, and
polished for a record **\$48.5m**
2015



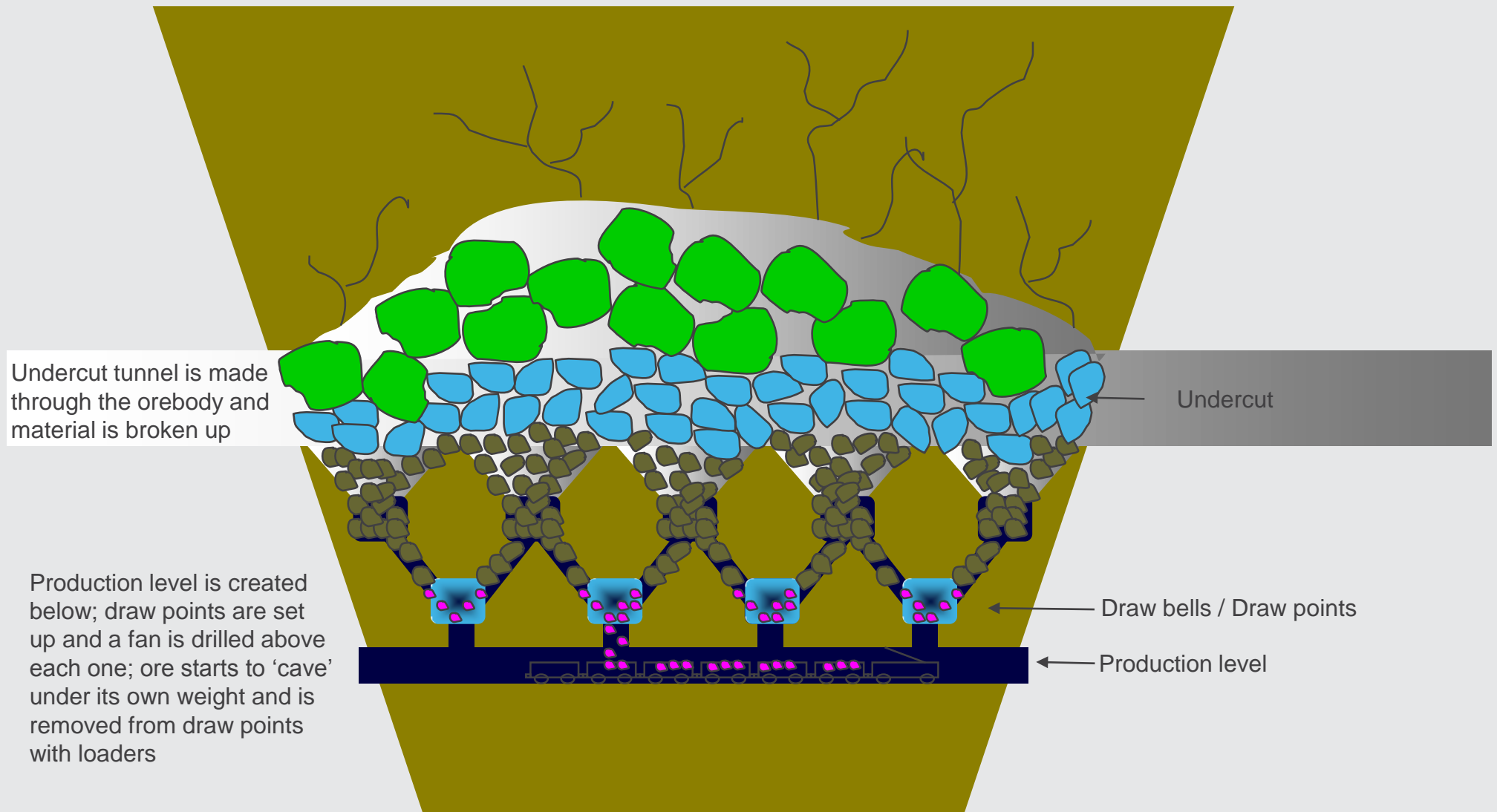
The Star of Josephine
26.6 ct rough,
7.0ct polished
sold for **\$9.5m**
2009



Mining Overview



Block Caving Schematic



Cullinan – Development Programme

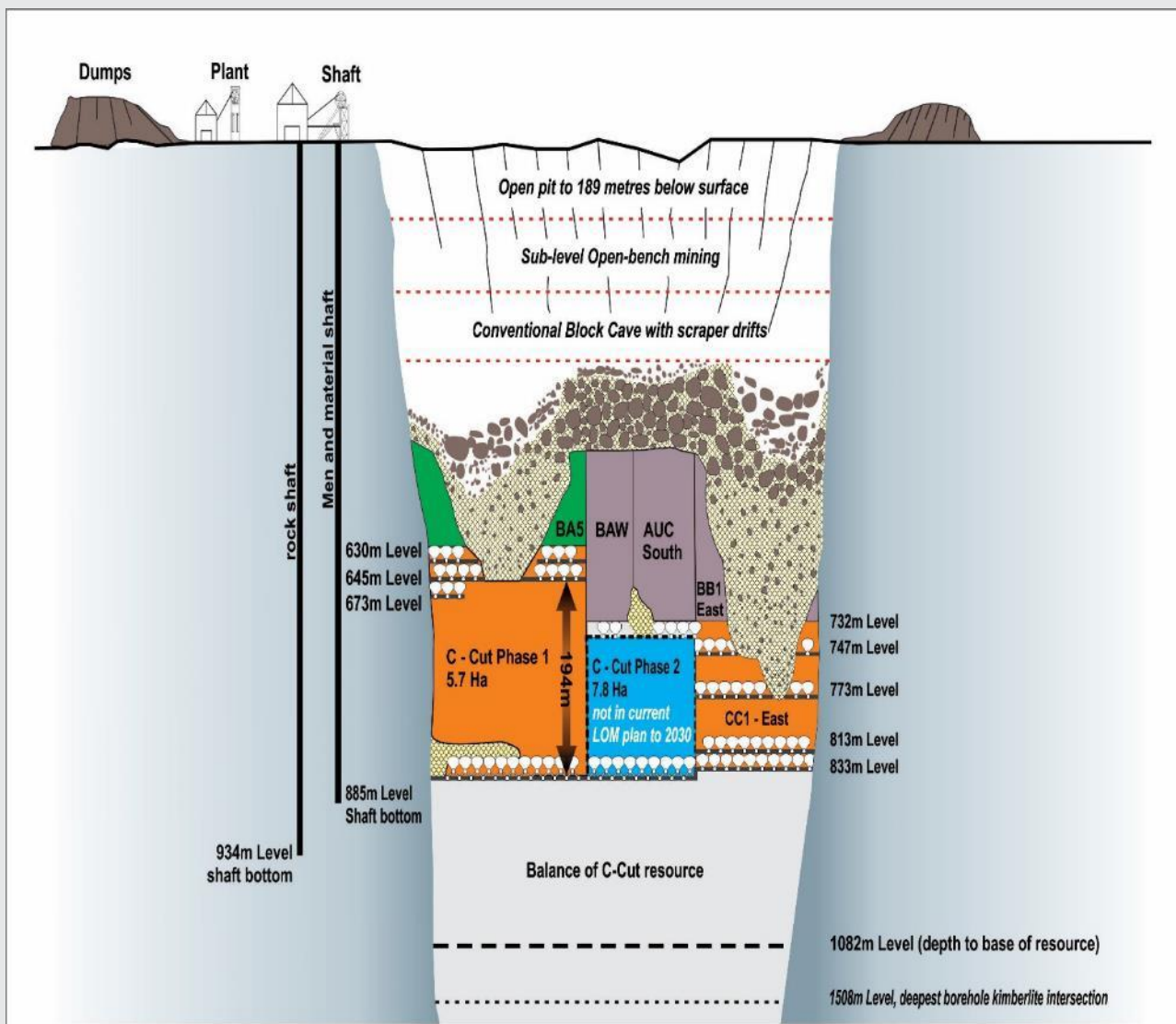
Expansion Plan

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

Key Milestones

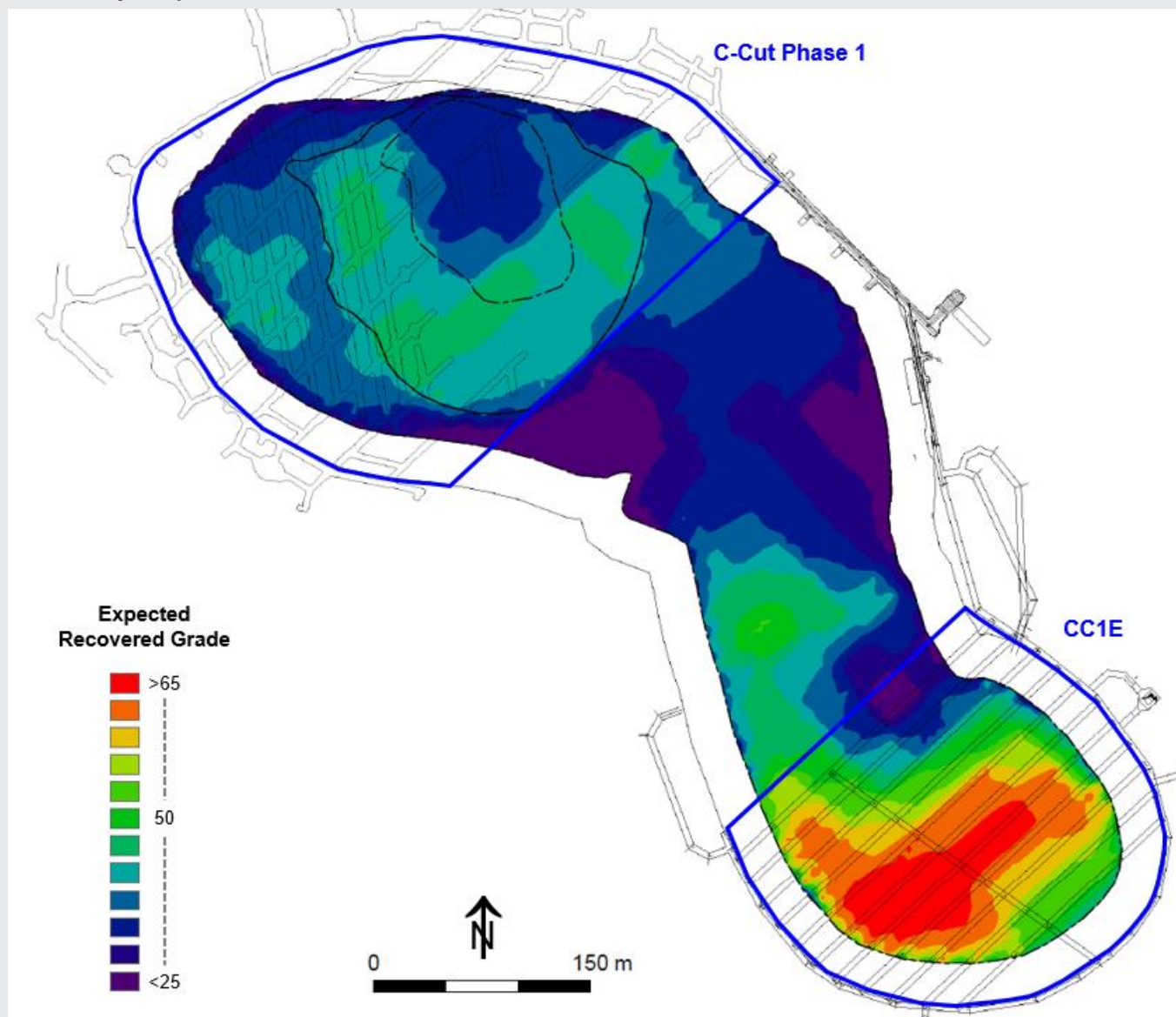
- First blue development commenced – **April 2014**
- First rings in the undercut blasted – **June 2015**
- New production levels established at 839m and shaft to 930m commissioned – **FY 2016**
- 1425m ore-handling system, allowing for future ramp-ups to utilise full C-Cut footprint – **FY 2017**
-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

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

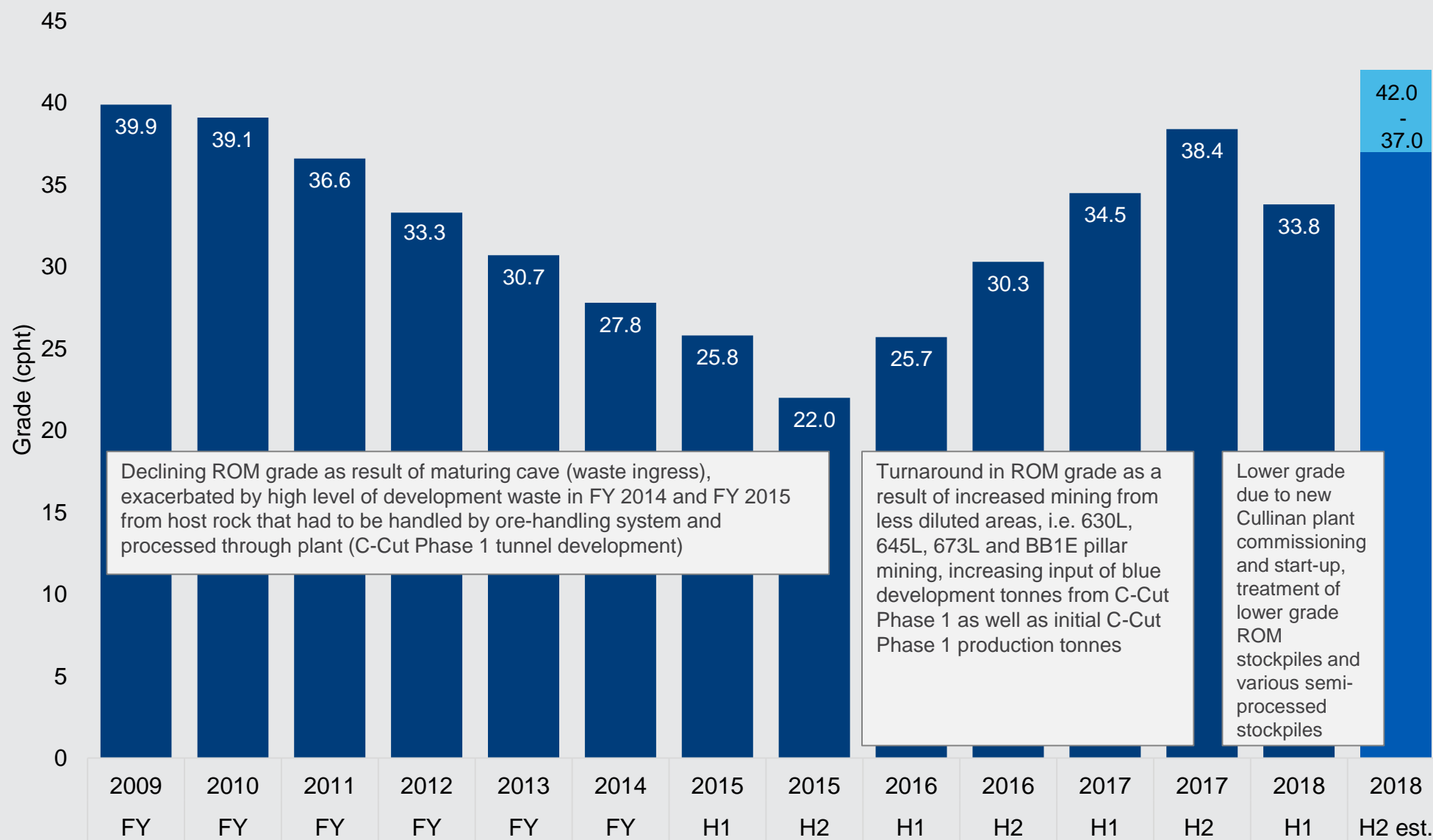


Grade Variability across Orebody

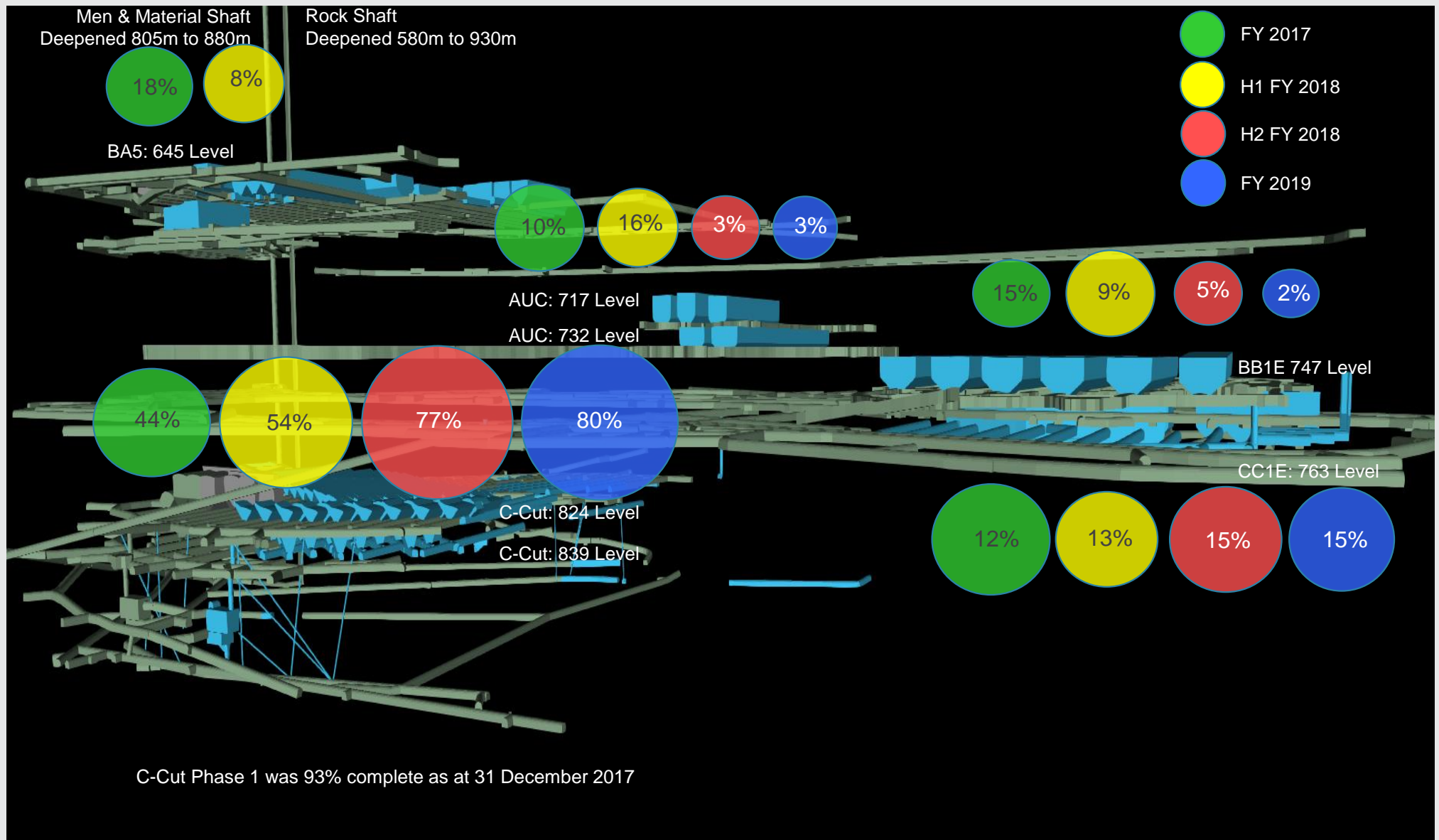
Orebody in plan view



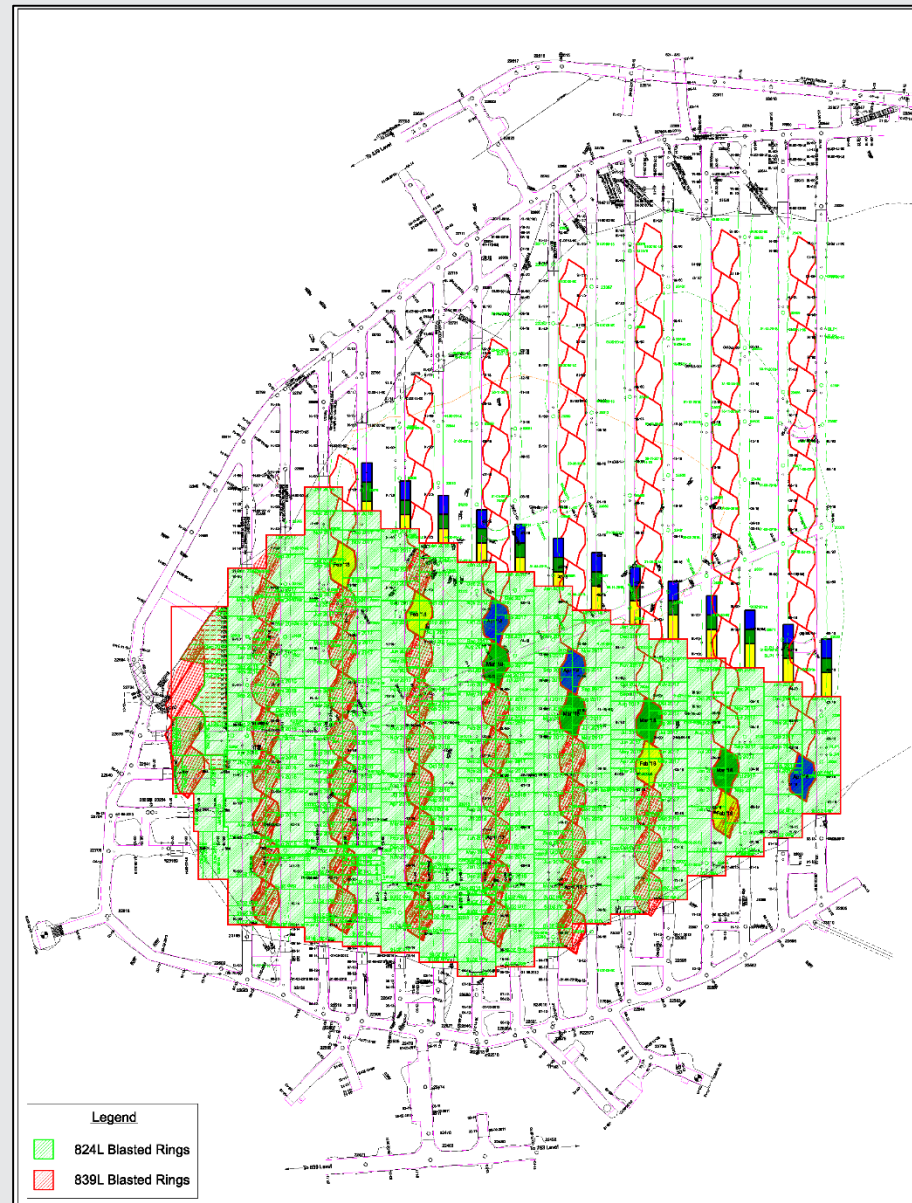
ROM Grade Progression



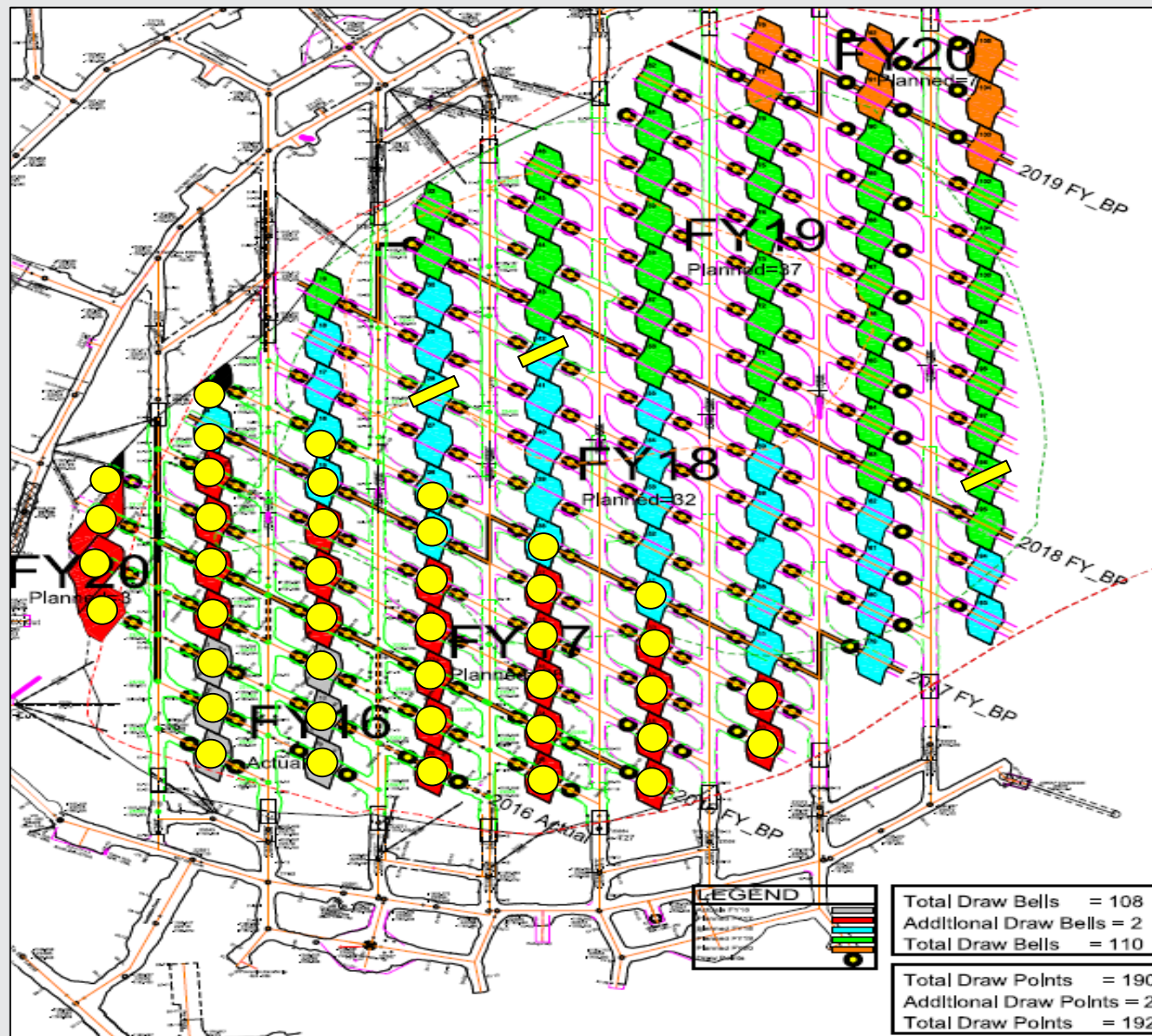
Transition Phase – ROM Tonnes per Area



C-Cut Under Cut Level



Footprint of C-Cut Phase 1 continuously expanding





Engineering Infrastructure – Ground Handling 895L



Conveyors



Conveyors



Intersection



Intersection

Engineering Infrastructure – Ground Handling Crusher and Tip



Production Tip 1



Crusher Chamber



Crusher Civil Construction

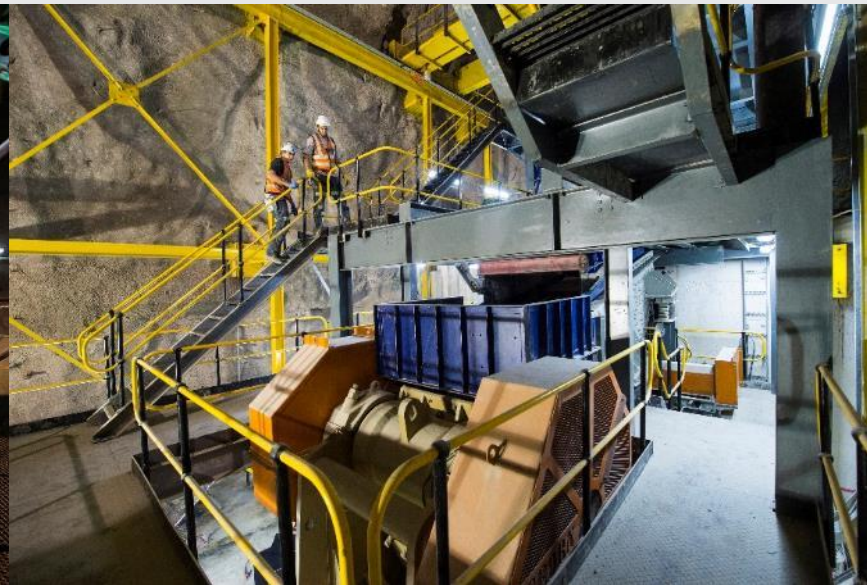


Crusher South 1

Engineering Infrastructure – Ground Handling Crusher and Tip



Production Tip 1



Crusher

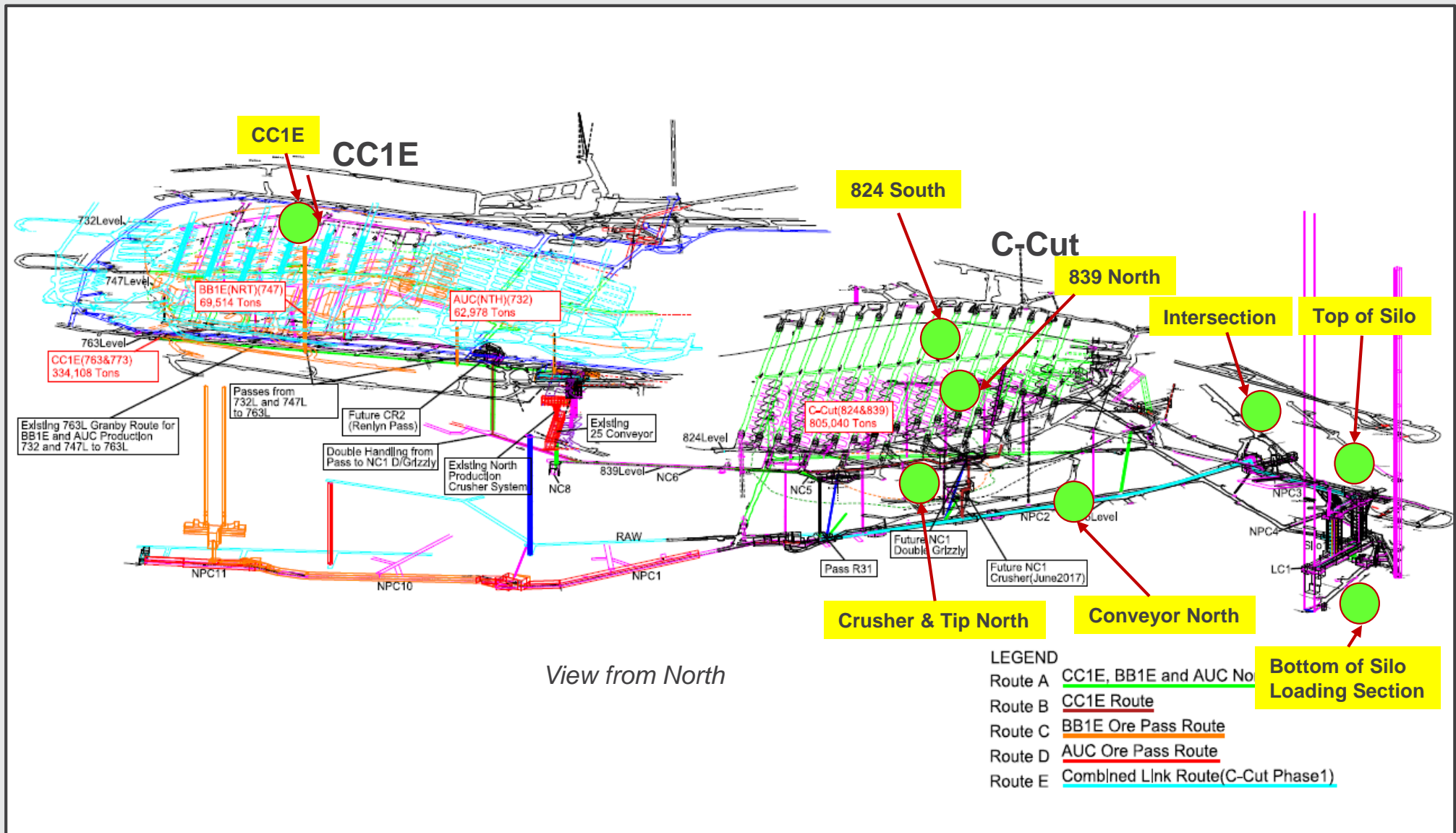


Conveyor planning



MCC (Motor Control Centre)

Plan View of Cullinan Mining Areas: Areas to Visit





New Plant



New Plant – Significantly Reduced Footprint

COMPARISON – OLD vs NEW MILLING PLANT

	Old Plants (Main, DTP & OSP)	New Milling Plant
Throughput p.a.	2.8 Mt ROM 2.5 Mt Tailings	6.0Mt ROM capacity Initial feed: 4.0 Mt ROM 2.3 – 2.5 Mt Tailings
Total footprint	ca. 27 ha	ca. 4 ha

MAJOR EQUIPMENT INSTALLATIONS

Conveyors	151 belts (15 km)	22 belts (3 km)
Conveyor transfer points	179	32
Screens	88	22
Pumps	121	7
Crushers	18	4 (excl 2 mills)
Feeders	21	14
Substations	17	3
Electrical motors	589	84

IMPROVED ELECTRICITY EFFICIENCY

Power consumption	22.5 MW	25.0 MW
Power consumption per tonne	4.7	4.2 (12% improvement)

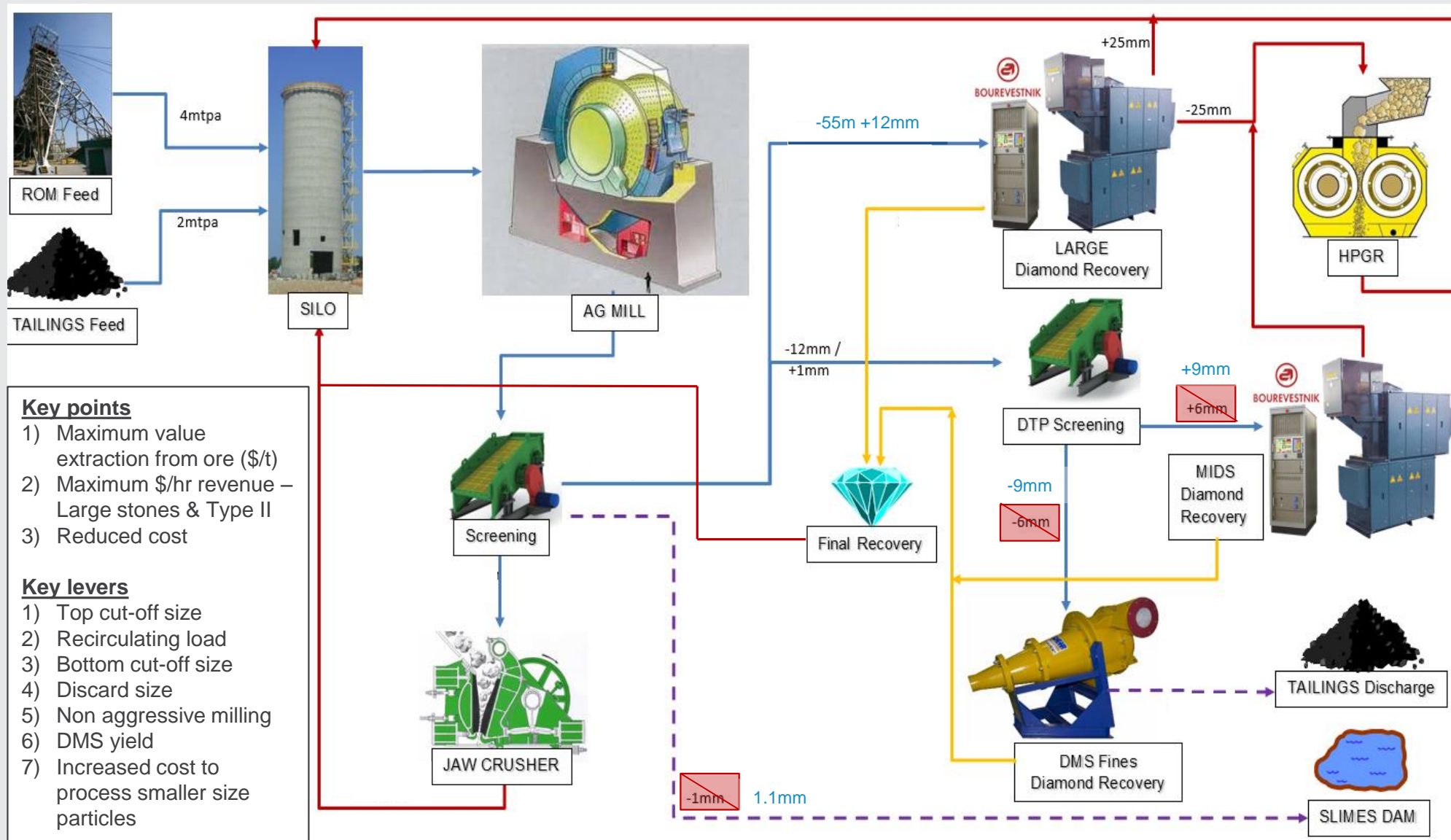


Google Earth image of old plant, commissioned in 1947

IMPROVED WATER CONSUMPTION

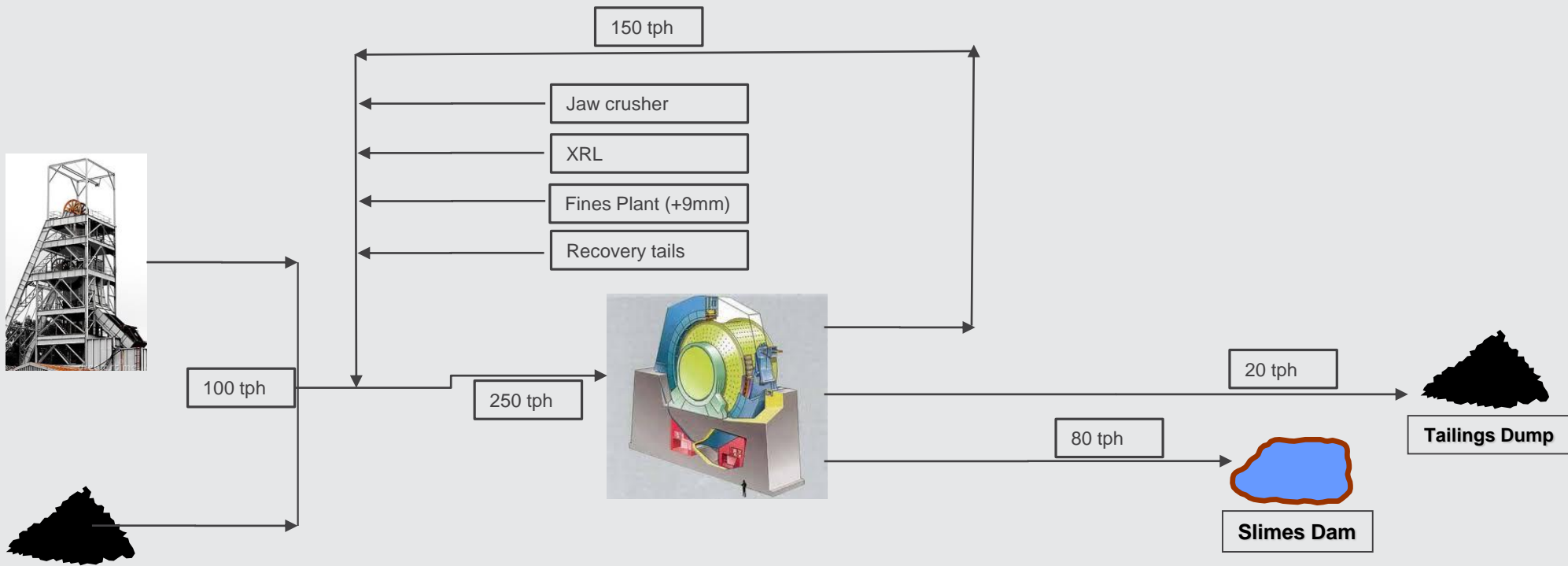
Consumption	Current Plants	New AG Milling Plant
m³ per tonne	3.5	1.2 (66% improvement)

New Plant – Simplified Process Flow Diagram



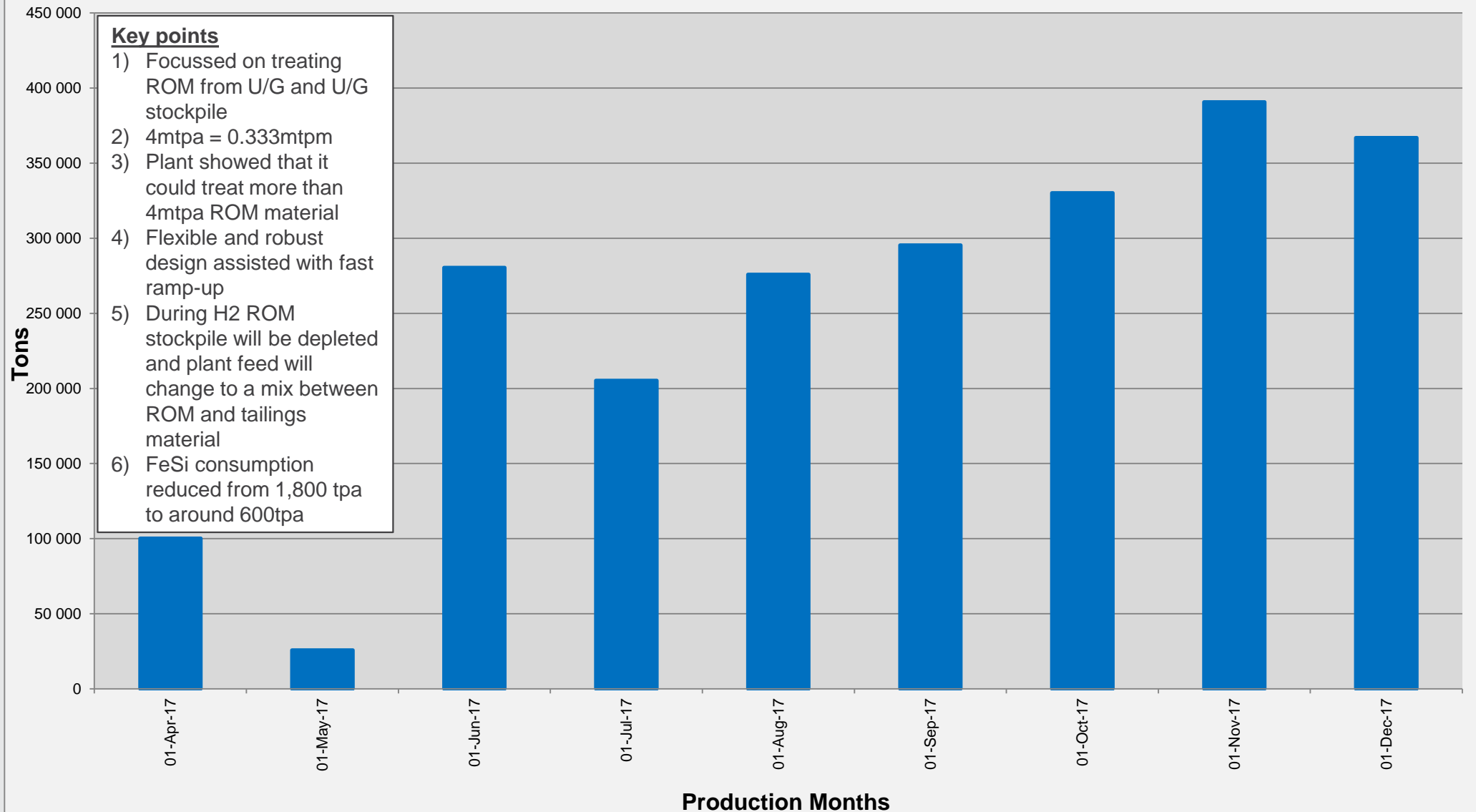
New Plant – Simplified Process Flow Diagram

Petra



Cullinan Diamond Mine - Mill Plant

Cullinan Mill Plant Monthly Tons treated build up



New Plant Designed to Match Cullinan's Unique Characteristics

- Each kimberlite orebody has its own unique fingerprint
- Characteristics specific to the Cullinan ore:
 - Prevalence of large diamonds
 - Historically C-Cut area produced low-luominescent Type II diamonds, including high value blue diamonds
- +25mm material only exposed to autogenous milling (comminution via attrition, not crushing)
- -25mm material liberated through High Pressure Grinding Rolls (HPGR); inter-particle crushing, thereby moving away from high impact cone crushing



574 carats



356 carats



281 carats

Cullinan – Grade versus Value Analysis

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

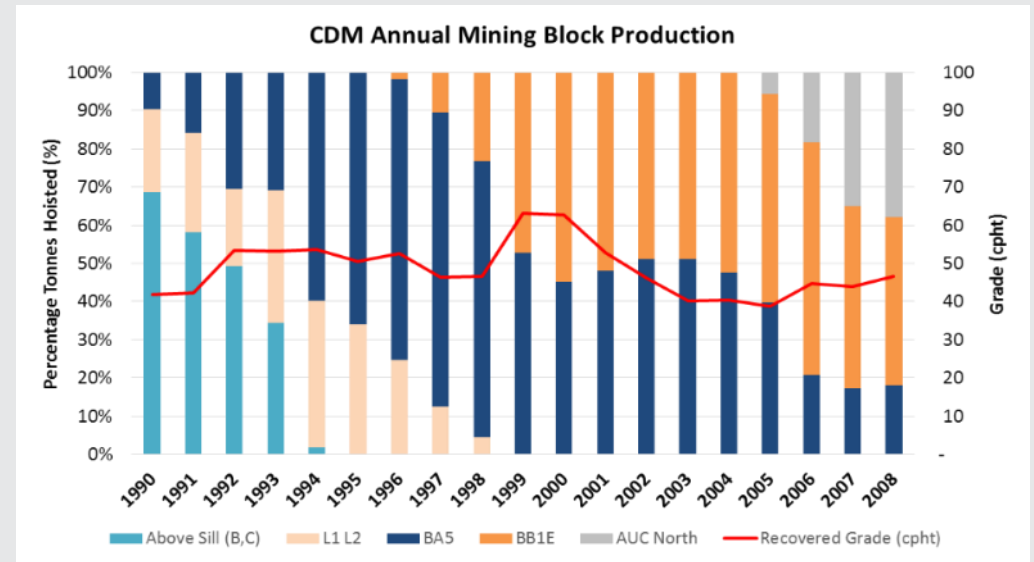


Figure 1 – Historical Grade and Production Profile

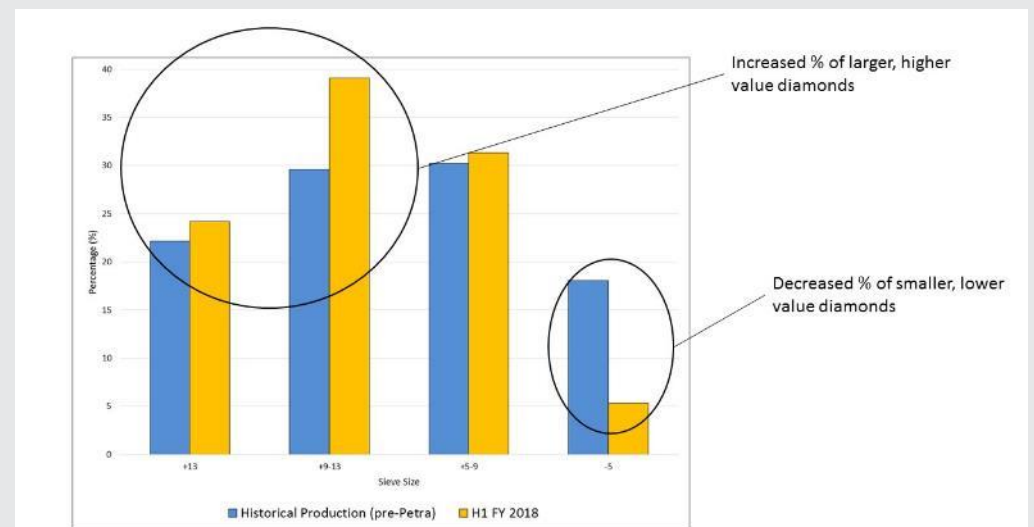


Figure 2 – Recoveries per diamond size fraction for old plant versus new plant

Impact of New Cullinan Value and Grade Guidance

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

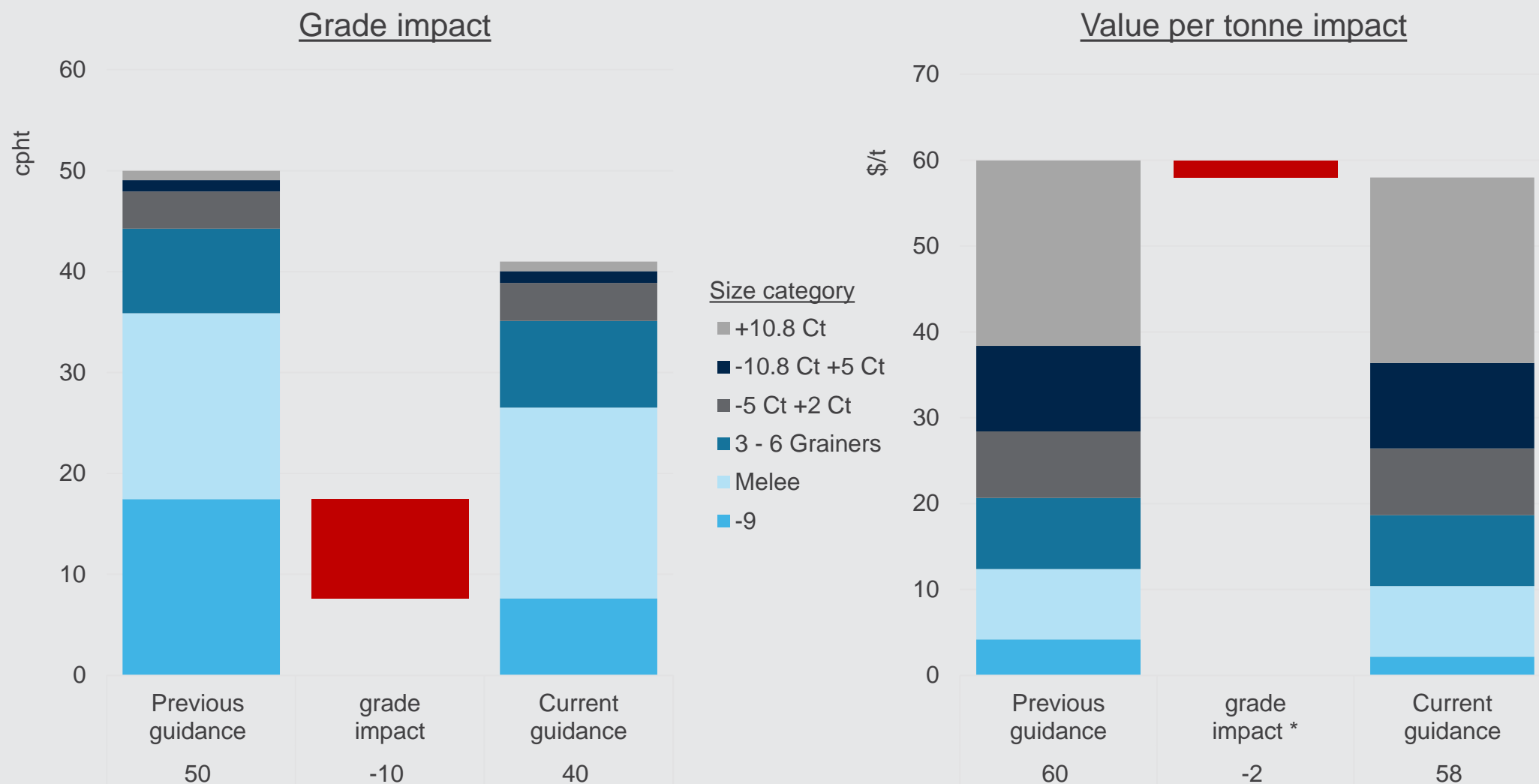
Size Class	Cumulative US\$/ct FY 2017	Cumulative US\$/ct H1 FY 2018	% Increase
+10.8ct	120	140	16.6%
-10ct +5ct	77	86	11.5%
-5ct +2ct	57	64	12.8%
3 - 6 Grainers	41	47	13.7%
Melee	25	28	11.2%
-9	8	9	3.2%

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

Weight	Description
574.15	Clivage
356.35	Brown Gem
281.75	Boart
147.15	Poor Clivage
100.4	Poor Clivage

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

Impact of New Cullinan Value and Grade Guidance (ROM)



Current Trading – H1 FY 2018 Results

	Unit	H1 FY 2018	H1 FY 2017	Variance	FY 2017
<u>Sales</u>					
Revenue	US\$m	61.4	25.0	+34%	91.3
Diamonds sold	Carats	439,012	227,759	+21%	760,957
Average price per carat	US\$	140	127	+10%	120
<u>ROM Production</u>					
Tonnes treated	Tonnes	1,783,229	1,039,417	+72%	1,882,911
Diamonds produced	Carats	602,594	358,821	+68%	679,622
Grade	Cpht	33.8	34.5	-2%	36.1
<u>Tailings Production</u>					
Tonnes treated	Tonnes	37,023	259,831	+86%	506,176
Diamonds produced	Carats	4,640	60,932	-92%	106,887
Grade	Cpht	12.5	23.5	-47%	21.1
<u>Total Production</u>					
Tonnes treated	Tonnes	1,820,252	1,299,248	+40%	2,389,087
Diamonds produced	Carats	607,235	419,754	+45%	786,509
<u>Capex</u>					
Expansion Capex	US\$m	30.0	64.8	-54%	120.9
Sustaining Capex	US\$m	1.4	2.6	-46%	4.3

- ROM production increased 68% to 602,594 carats due to the ramp up of both the new C-Cut Phase 1 block cave and the new Cullinan Plant
- 1 million ROM tonnes treated in Q2 (first quarter of production); achieving annualised 4 Mtpa steady state throughput target
- ROM grade of 33.8 cpht -2% on H1 FY 2017, mainly due to lower recovery of fine diamonds; but offset by higher average diamond price
- Declining capex trend following heavy capital investment period (mainly C-Cut Phase 1 and new plant projects)

New Plant – Aerial Overview



1. ROM Feed
2. ROM Silo and Return Silo
3. Mill Section
4. XRL Recovery
5. HPGR Crusher
6. DMS Plant
7. Final Recovery
8. Tailings Disposal
9. Slimes Disposal
10. New Eskom Substation
11. MV Substation
12. Re-mined Material
13. Pump Station
14. Jaw Crusher



Outlook



- Transformation in production profile
 - Expanding mining footprint from new mining areas
 - Improving product mix – due to production from undiluted areas and higher proportion of ROM vs tailings
 - Higher incidence of large and special diamonds associated with the Western side of the orebody
- Optimising recoveries
 - New plant designed to minimize risk of damage to large diamonds present in Cullinan orebody
 - Improved recovery of low luminescent Type II white and blue stones by the new XRL section expected
- Improving mining costs
 - Focus on increasing efficiencies and major simplification of ore-handling system and processing plant
- Very robust economics
 - FY 2017 EBITDA of ca. 36% expected to significantly improve due to high fixed cost base
- Longevity
 - Current 12 year C-Cut mine plan will only exploit ca. 15% of the total indicated resource by volume

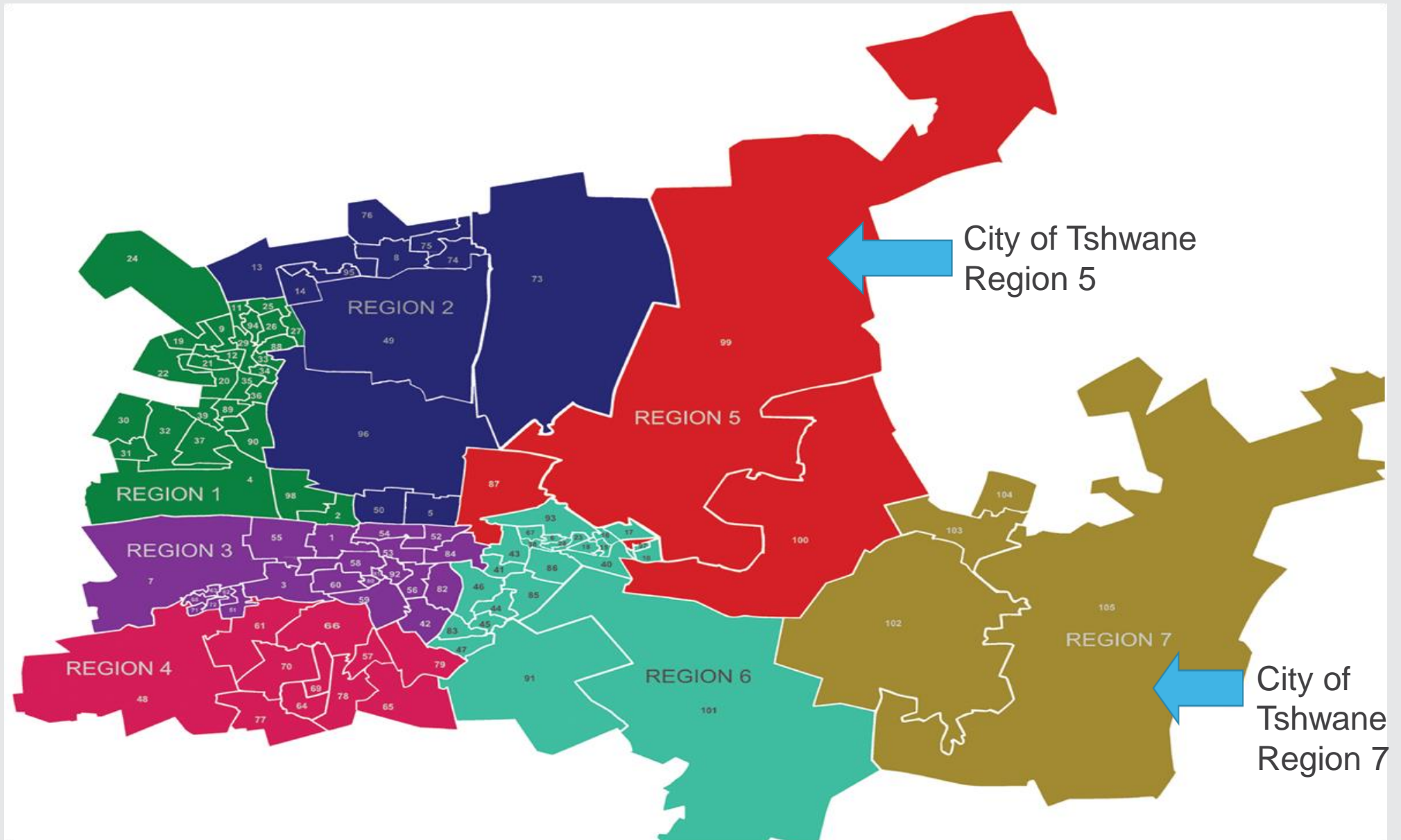
Putting in place a sustainable future for Cullinan and its local communities



CSR



CDM: Mine Community Investment Areas – City of Tshwane



Social and Labour Plan (“SLP”)



An SLP is a five year plan submitted to the Regulator which is informed by the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), its Regulations and the Broad Based Socio Economic Empowerment Charter for the Mining Industry (2010)

SLP Objectives

- **Promote economic growth** and mineral and petroleum resources development in the Republic - **Section 2 (e)**
- **Promote employment** and **advance social and economic welfare** of all South Africans - **Section 2 (f)**
- Ensure that holders of mining and production rights **contribute towards the socio economic development** of areas in which they are operating as well as the areas from which the majority of the workforce is sourced - **Section 2 (i)**
- To utilize and **expand the existing skills base** for the empowerment of Historically Disadvantaged South Africans (HDSA) and to serve the community - **Section 2 (i)**

Mine Community Development Projects



- **Background** – Refilwe and Onverwacht areas are underprivileged and underdeveloped, with widespread drug abuse and unemployment. Therefore the local schools needed assistance to improve their facilities as they have the power to play a very important role in the lives of their students
- Previously, a total of 3,597 children had no access to sports facilities. Petra considers sports and extra-curricular activities to be vital to childhood development as they provide much needed motivation and positive stimulation – both mentally and physically
- **Multi Sports Facilities** – constructed at 3 local primary schools, using labourers from the local community; project launched on 3 February 2017
- **Expansion of Onverwacht Primary School** – expected to be completed by end March 2018; local SMMEs and labourers have been appointed for project execution, creating 30 temporal jobs and 3 local SMMEs
- The project entails 4 classrooms, a nutrition facility and extension of the Grade R Block



Expansion of Onverwacht Primary School



Multi Sports Facility

Corporate Social Investment



- **CSI Objective**
 - The main objective of CSI and Sponsorship is to build effective and enduring relationships with internal and external stakeholders through a process and outcomes approach that generates an everlasting positive reputation
- **Science Laboratory**
 - The Science Lab bridges the gap between theoretical and practical application; it immediately transforms any room into a fully interactive classroom and further increases educator efficiency and productivity
- **Mandela Day Initiatives**
 - Each year, CDM participates in charitable activities to commemorate Mandela Day. One such initiative provided new education resources for 24 Early Childhood Development Centres in Region 5 – City of Tshwane, in partnership with the Department of Mineral Resources and the City of Tshwane



Science Laboratory: Chipa Tabane Comprehensive School



Mandela Day Initiatives

Enterprise Development

Assisting the development, sustainability and financial independence of Small Medium and Micro Enterprises and contributing to Broad Based Black Economic Empowerment

Services Rendered with FY 2017 Achievements

Business and technical skills assessment

- 666 consultations
- 190 entities assessed

Business skills training

- 59 clients trained

Linkage with procurement opportunities

- 32 enterprises linked to 226 business transactions with CDM

Access to financial assistance (business loans)

- 12 business loans approved

Mentorship and on going business support

- 3 entities being mentored



Enterprise Development Framework



2017 ESD Expo (Enterprise & Supplier Development)

Education Initiatives



- **Technical skills** – long-term strategy to address scarcity of skills in the industry
- **Supporting early learning** – Cullinan transformed the Refilwe Early Learning Centre to ensure a conducive learning environment
- **Careers Day** – Cullinan hosted a careers days for 13 schools in May
 - 2,300 students attended the function, held over 3 days
 - 13 stalls present, including higher learning institutions
 - Cullinan explained varying career paths at the mine
- **Bursary programme** – bursaries awarded to 12 beneficiaries
- **Scholarships** – awarded to 11 learners from local schools



Encouraging grassroots learning in our communities



Cullinan hosts a careers day for local students

SAFETY BRIEFING

General Risks



Track Bound & Trackless Machinery
Ask,



Uneven surfaces Stairs & Elevated Heights



Moving Components - Point and

Do Not Touch



Noise & Dust – PPE Will Be Issued



Explosives – No Smoking, Open Flames, No Mobile Phones

If you should feel uncomfortable or claustrophobic at any time during the visit please don't hesitate to speak up . Do not wonder off from the group.

RESCUE PACK INDUCTION



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Thank You

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