



PetraDiamonds

Finsch Site Visit

2 February 2019



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Finsch Site Visit Itinerary

- 09:30 Visitors Induction (including Res-Q-Pack Training) and Overview of Visit
- 10:00 To Change House for Personal Protective Equipment (PPE)
- 11:00 Underground Visit
- 12:30 Light Lunch/Corporate Social Responsibility Overview
- 13:00 Control Room Overview
- 13:30 Plant drive through, Open Pit and Sorthouse
- 15:00 To Change House
- 15:30 Mine Overview & Discussion with management
- 16:30 Transported to Accommodation
- 18:30 Bonza Game Drive
- 19:30 Braai/Function at Bonza Game Farm (Overnight at accommodation)

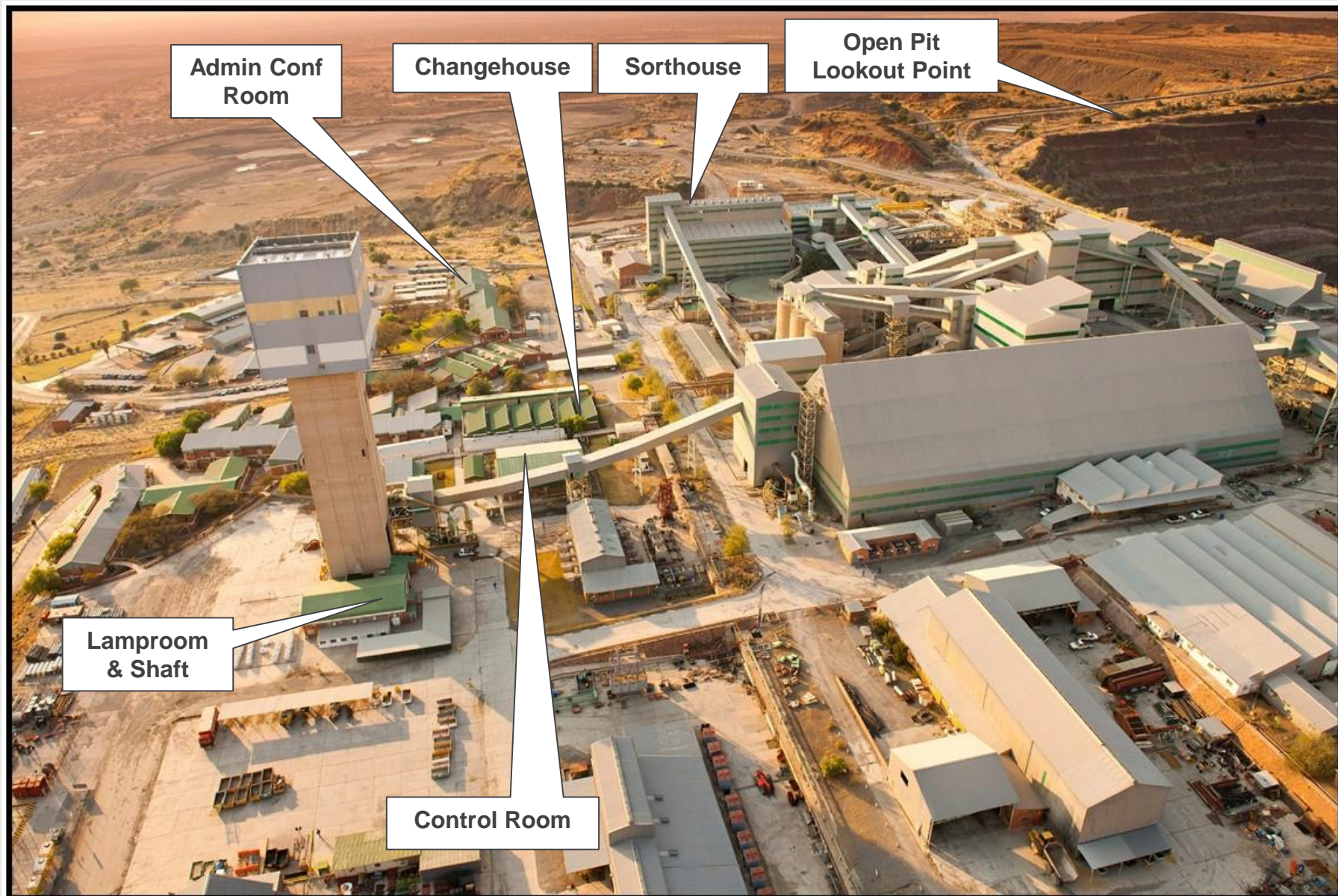
Sunday 3rd February:

- 08:00 Breakfast at Blue Stone Lodge and depart form airstrip

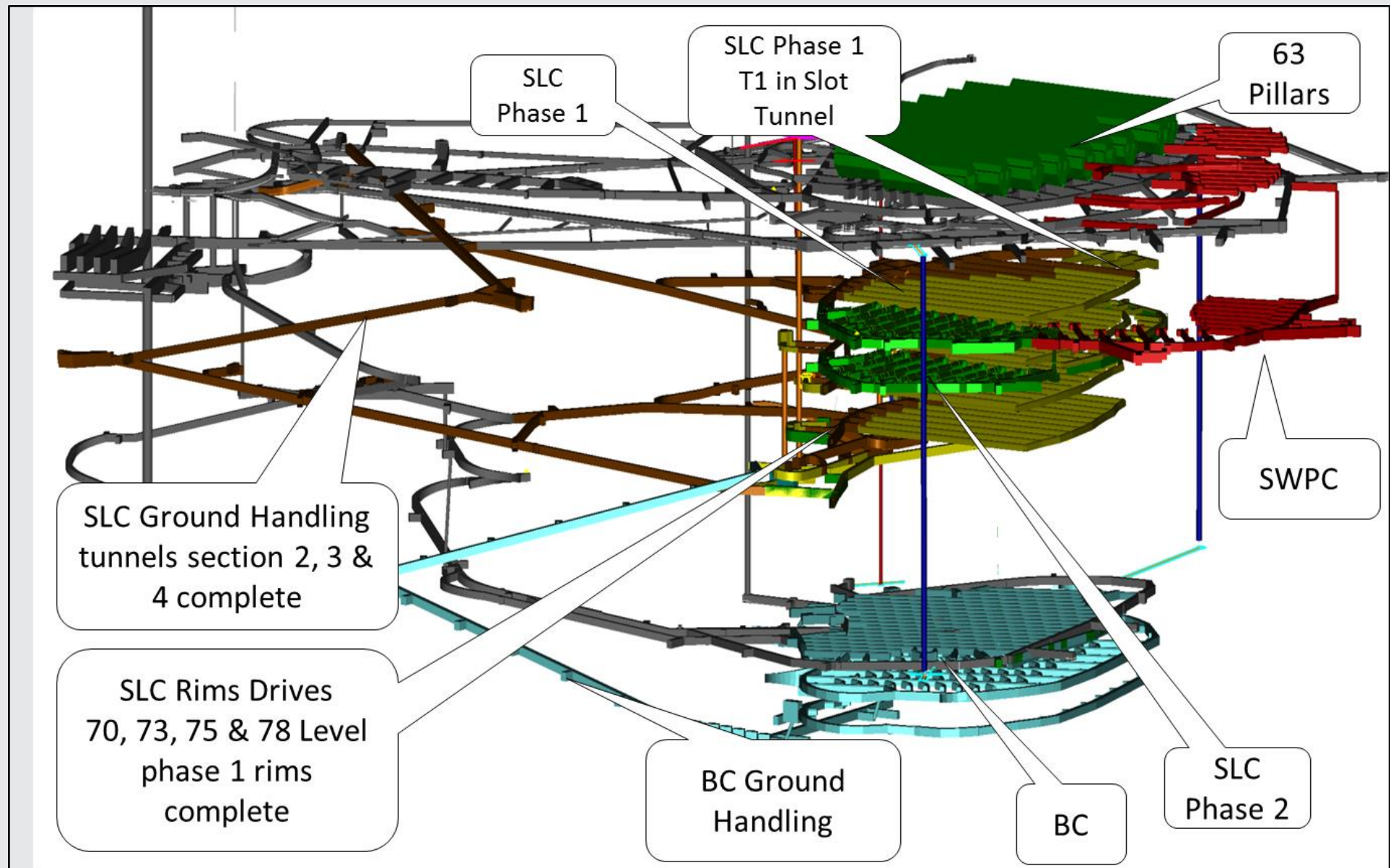
Finsch Diamond Mine Orientation

- Visitors Induction (including Res-Q-Pack Training)
- Visit Orientation

Visit Orientation – Surface



Visit Orientation – Underground





H1 FY 2019

Trading Update



Current Trading in H1 FY 2019

LTIFR improved to 0.16 in H1 FY 2019 (from 0.24)

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

- 2,019,147 carats produced in H1 FY 2019 (up 10% vs. H1 FY 2018)
- H1 revenue up 8% to US\$207.1 million
- Diamonds sold increased 15% to 1,736,357 carats
- Capex of US\$40.6 million in line with Petra's declining capex profile

Mixed rough diamond prices

- Rough diamond prices on a like-for-like basis reduced by ca. 4% compared to H2 FY 2018 due to usual seasonal weakness
- Product mix during H1, especially at Cullinan, yielded prices at the lower end of historical ranges

Diamond market expected to be stable in H2 FY 2019

- Start of H1 FY 2019 was in line with expectations, as seasonally the slowest time of the year in the rough diamond sales calendar
- During November and December demand for lower value small stones saw some recovery due to renewed seasonal demand and restocking in the cutting sector

Succession Planning

- Varda Shine and Bernard Pryor appointed as Independent Non-Executive Directors effective from January 2019. In addition, the Nomination Committee expects to make further changes to the composition of the Board during the calendar year
- The process to find a successor for the CEO position is progressing and the company expects to make an announcement during H2 FY 2019



H1 FY 2019 (six months to 31 December 2018)

		H1 FY 2019	H1 FY 2018	Variance	FY 2018 ¹
<u>Sales</u>					
Diamonds sold	Carats	1,736,357	1,510,361	+8%	3,793,799
Revenue	US\$m	207.1	191.7	+15%	495.3
<u>Production</u>					
ROM tonnes	Mt	6.4	6.0	+7%	12.1
Tailings & other ² tonnes	Mt	1.0	0.7	+43%	1.6
Total tonnes treated	Mt	7.4	6.8	+9%	13.7
ROM diamonds	Carats	1,946,717	1,728,626	+13%	3,649,337
Tailings & other ² diamonds	Carats	72,430	115,330	-37%	186,132
Total diamonds	Carats	2,019,147	1,843,956	+10%	3,835,467
<u>Capex</u>					
Expansion	US\$m	28.5	60.2	-53%	110.7
Sustaining	US\$m	12.1	9.2	+32%	19.6
Subtotal	US\$m	40.6	69.4	-41%	130.3
Borrowing costs capitalized	US\$m	3.7	16.2	-77%	15.2
Total	US\$m	44.3	85.6	-48%	145.5

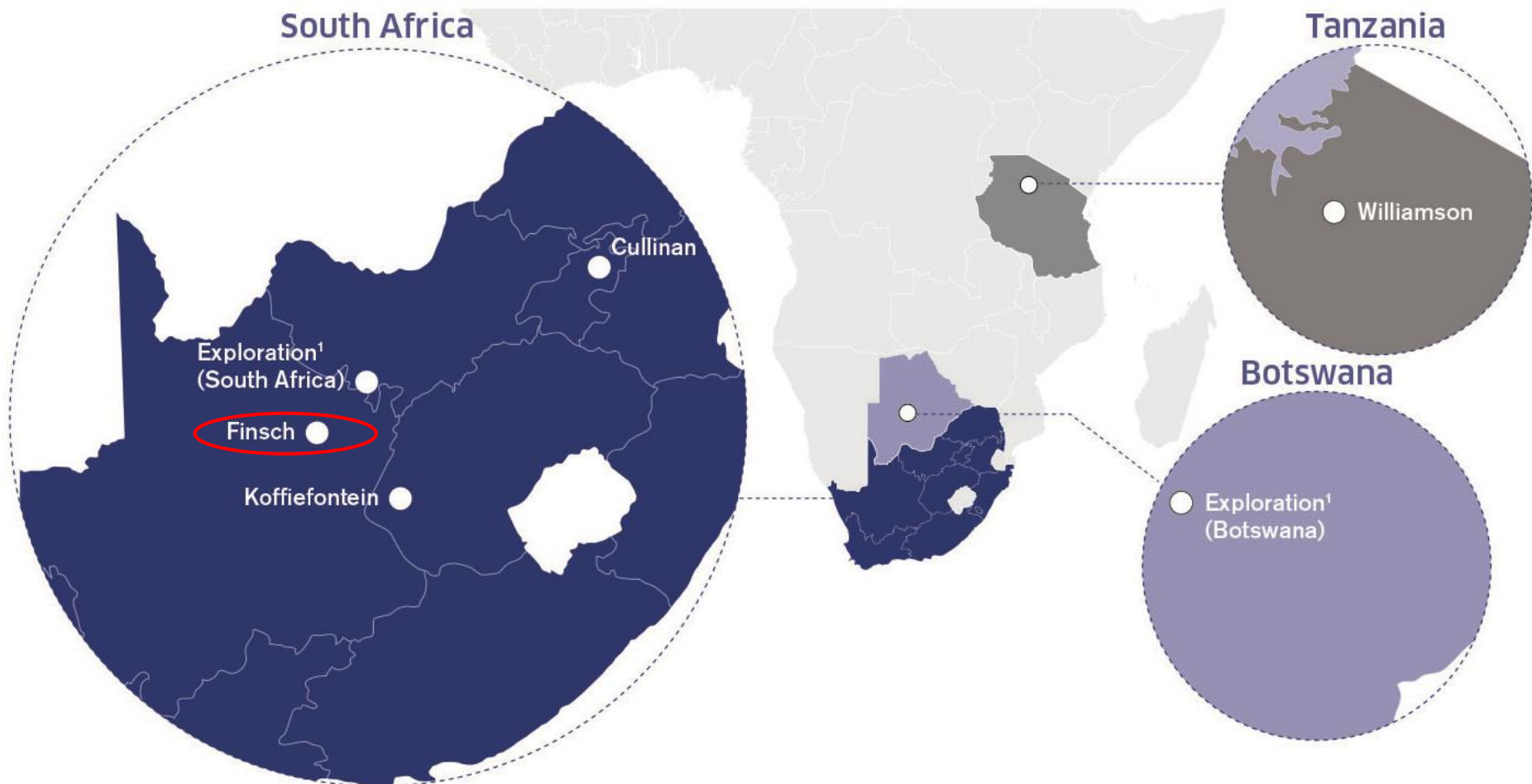
1. 'Other' includes alluvial diamond mining at Williamson



About Finsch




Location within Petra Portfolio



1. Currently under review.

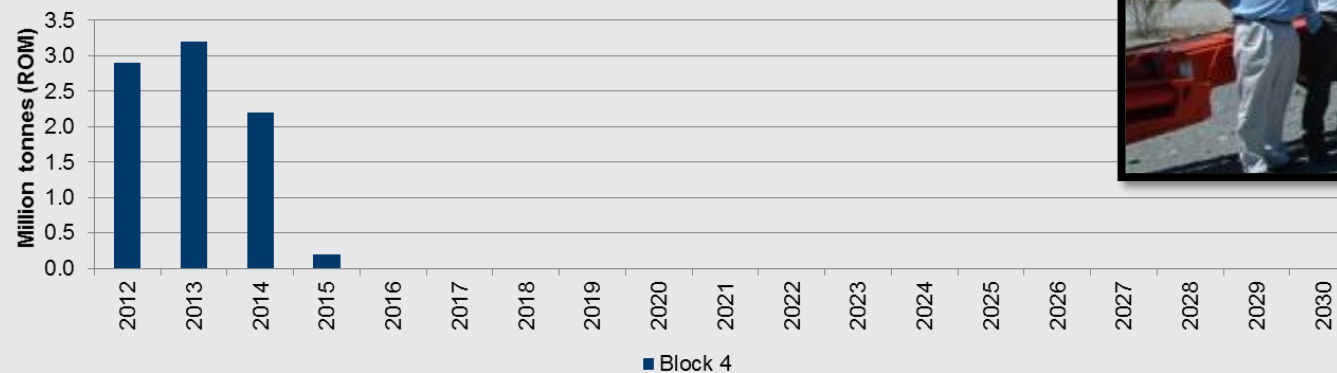
Finsch Overview

1961	1963	1978	1980	1990	2002	2008	2011
							<p>14 Sep 2011</p> 
Established Finsch Diamonds	Full mining rights	First stage underground mining	Upgrade of treatment plant	Open pit operation ceased	Development of Block 4 started	Second upgrade of treatment plant	Change of ownership & start of Block 5 development

- South Africa's second largest diamond mine by production (after De Beers' Venetia)
- World class operation with state-of-the-art infrastructure, modern plant and quality management
- Excellent safety and environmental record; strong social programmes and relationships
- Block cave and sub level cave mining (high volume, low cost)
- H1 FY 2019 production of 947 424 cts (927 934 cts ROM and 19 491 cts tailings) and sales revenue of US\$ 87 million
- On track to deliver ca. 1.8 to 1.9 Mcts for FY 2019

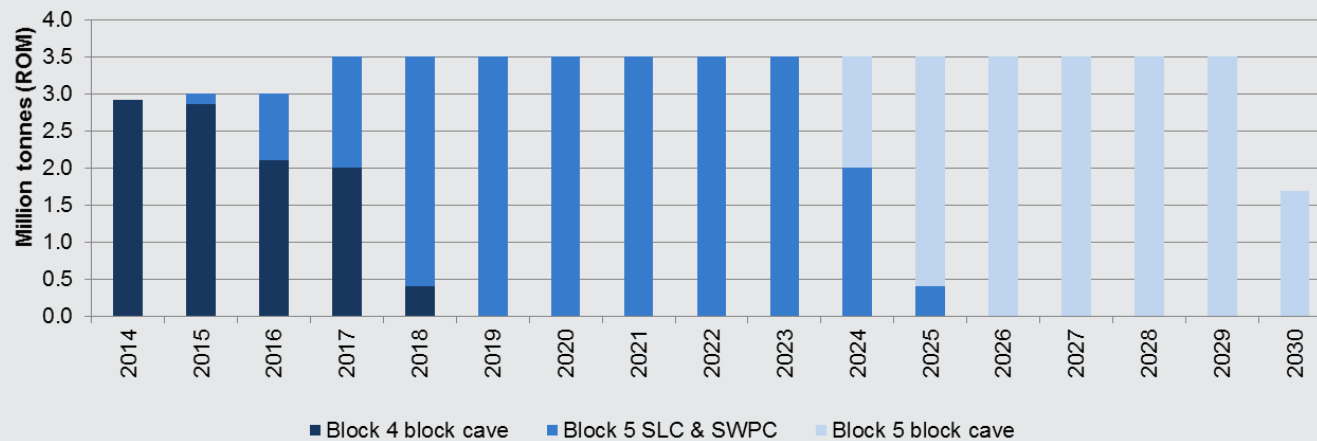
The Petra Story Commences for Finsch – Oct 2011

Before – facing closure:

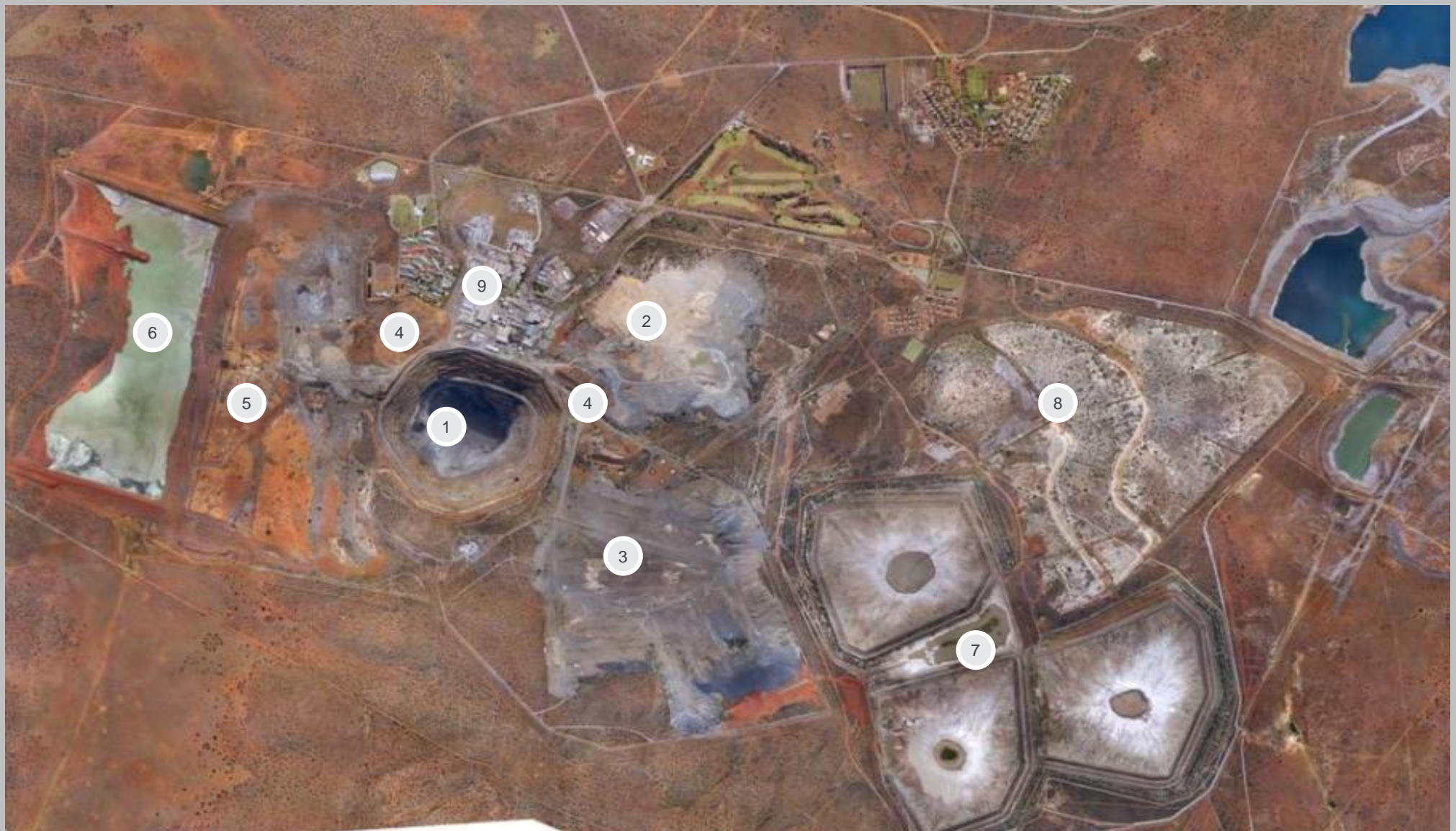


The first single boom Sandvik drill rig arrives at Finsch Mine

After – Petra mine plan of +16 years:



Mine Site Layout



- | | | | | | | | |
|---|-------------|---|--------------------|---|-----------------|---|--------------------------------|
| 1 | Underground | 3 | Post-79 TD | 5 | Waste rock dump | 7 | FRD's 1,2 and 3 and Infill Dam |
| 2 | Pre-79 TMR | 4 | Overburden Deposit | 6 | Britz FRD | 8 | Old Paddocks |

Diamond Profile

- Rich in gem quality smaller diamonds
- Highly commercial goods of +5 carats
- Produces a number of +50 carat stones pa – both white and yellow diamonds



Selection from tender



36cts & 43cts



53cts



43cts

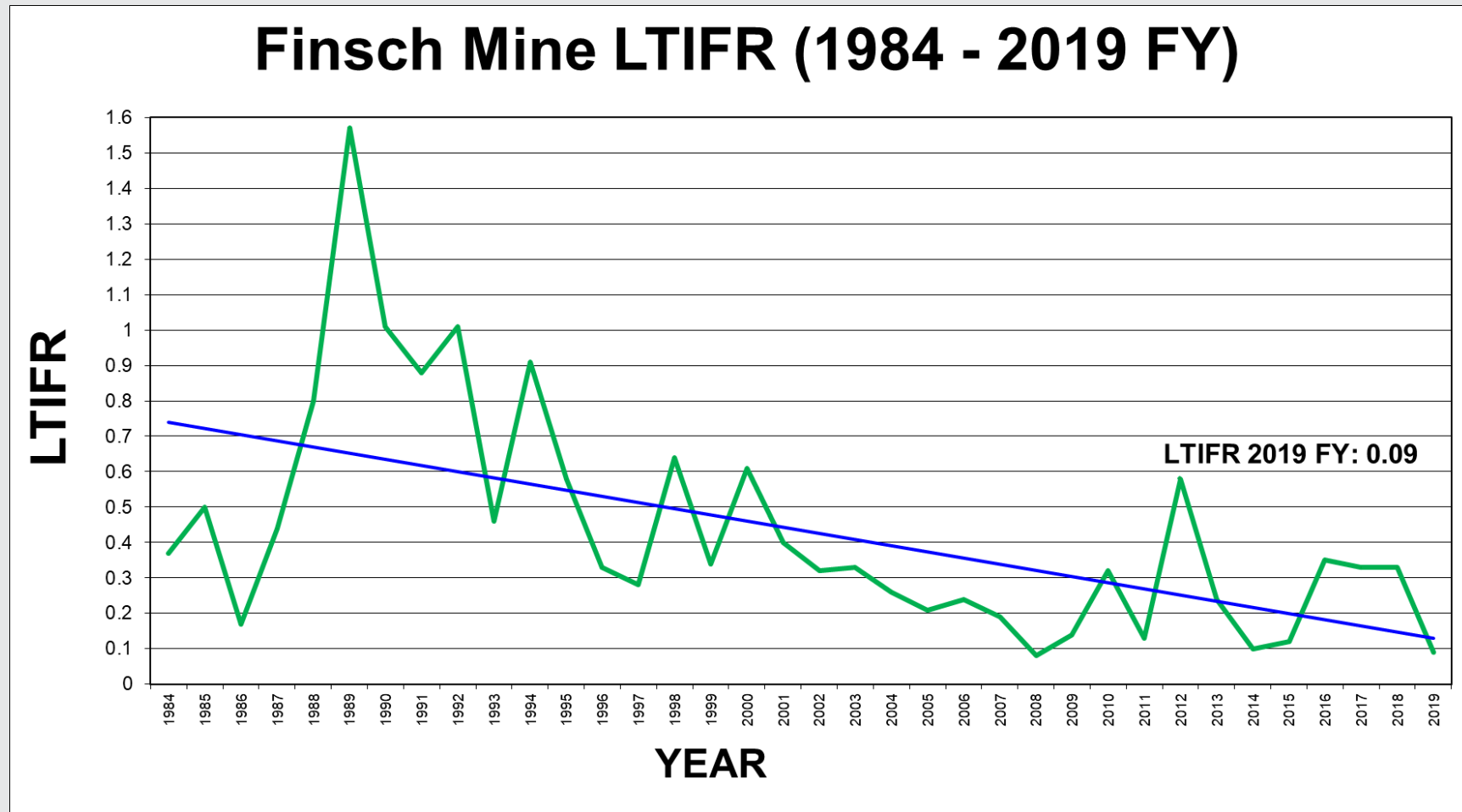


2.9cts



2 classic models of 6-7.5cts

Safety Performance



Highest LTIFR (Petra) = 2012FY: 0.58

Lowest LTIFR (Petra) = 2019FY YTD: 0.09

2008 = Lowest LTIFR in Finsch Mine history = 0.08 (De Beers)

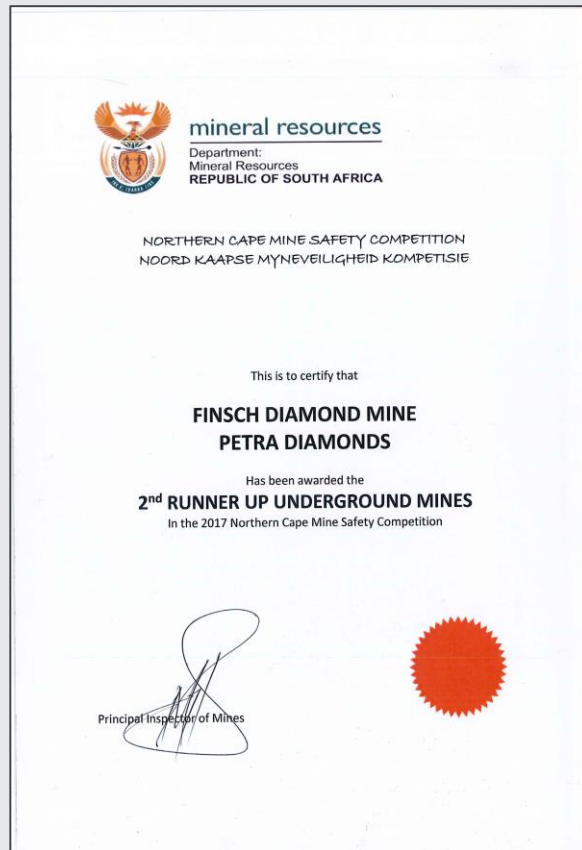
2019FY YTD = Second lowest LTIFR in Finsch Mine history = 0.09 (Petra)

2014 = Third lowest LTIFR in Finsch Mine history = 0.10 (Petra)

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

SHE Achievements

Finsch was third place in the Northern Cape Mine Managers' Association (NCMMA) Awards, for the underground mines safety category – November 2018



**Achieved 1,000,000 Fatality Free
Shifts - 21 July 2018**



**ISO14001:2015
certification
February 2018**



**OHSAS18001:2007
re-certification
February 2018**

Finsch – H1 FY 2019 Trading Results

	Unit	H1 FY 2019	H1 FY 2018	Variance	FY 2018
<u>Sales</u>					
Revenue	US\$m	87.0	100.8	-14%	231.9
Diamonds sold	Carats	829 530	970 446	-15%	2 152 786
Average price per carat	US\$	105	104	1%	108
<u>ROM Production</u>					
Tonnes treated	Tonnes	1 503 335	1 559 280	-4%	3 084 395
Diamonds produced	Carats	927 934	931 859	0%	1 926 467
Grade	Cpht	61.7	59.5	4%	62.5
<u>Tailings Production</u>					
Tonnes treated	Tonnes	134 395	515 224	-74%	794 973
Diamonds produced	Carats	19 491	104 737	-81%	147 010
Grade	Cpht	14.5	20.3	-29%	18.5
<u>Total Production</u>					
Tonnes treated	Tonnes	1 637 730	2 074 503	-21%	3 879 368
Diamonds produced	Carats	947 424	1 036 596	-9%	2 073 477
<u>Capex</u>					
Expansion Capex	US\$m	8.3	24	-65%	42.3
Sustaining Capex	US\$m	4.1	3.4	21%	7.7
Borrowing Costs Capitalised	US\$m	1.4	7.1	-80%	4.0

- ROM diamond production flat at 927,934 carats, in line with Company guidance
- Pre-79 tailings exceeding full year guidance; planned depletion of resource during H2 FY 2019
- ROM grade +4% to 61.7 cpht due to increased contribution from SLC, assisted by high grade ROM surface stockpiles



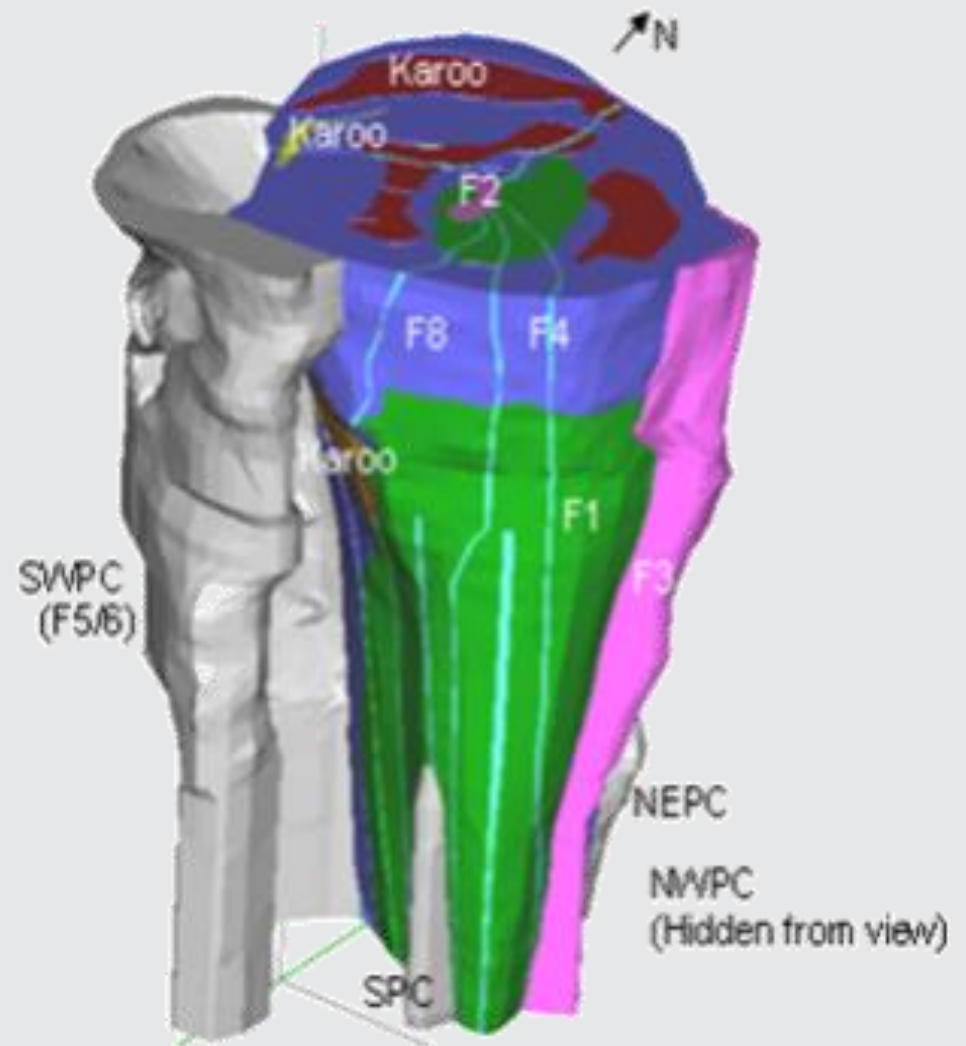
Block 5 SLC

—
Mining and Development
Programme



Geology

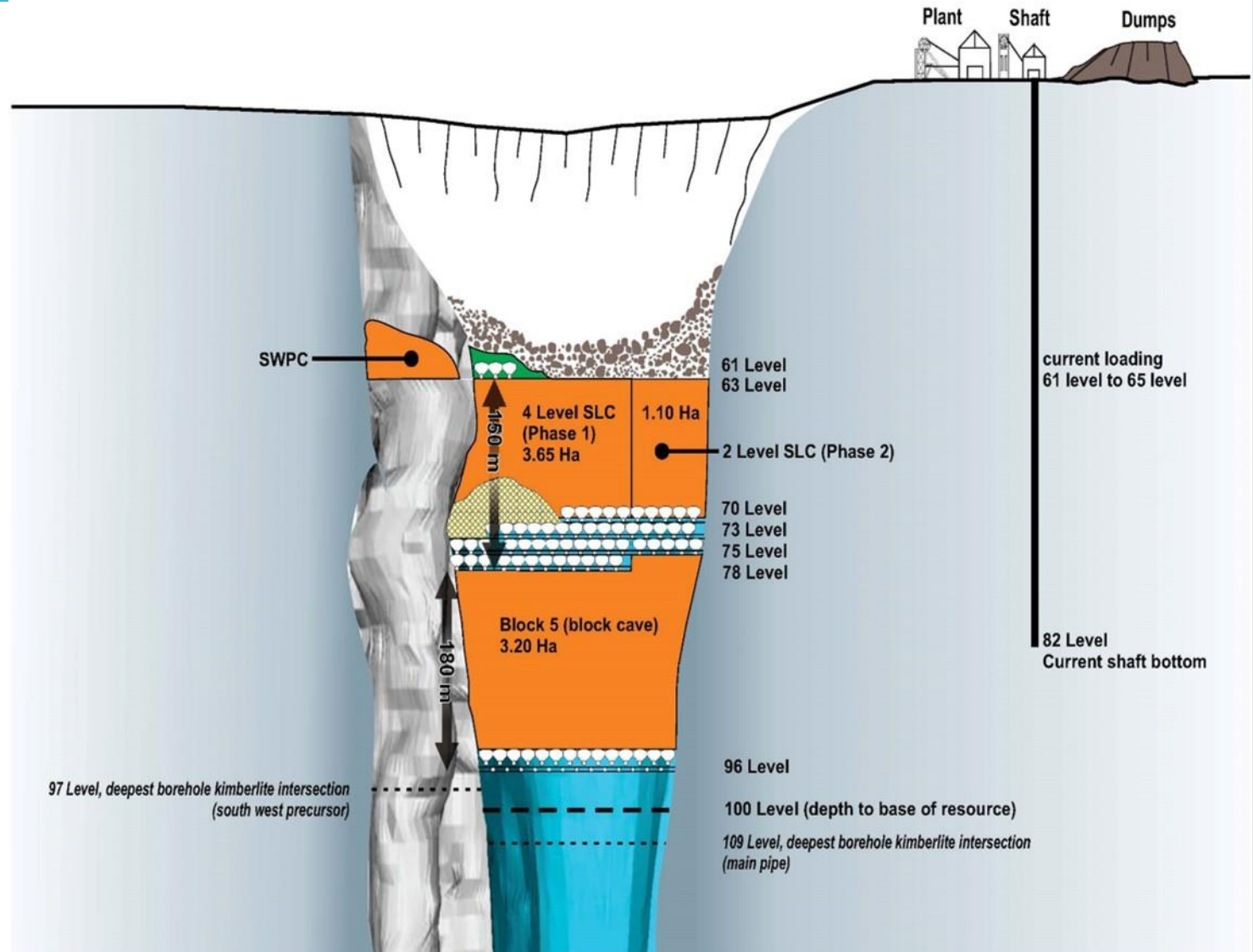
- Finsch pipe is hosted by banded ironstones at surface and thereafter dolomites of the Griqualand West Sequence of the Transvaal Supergroup
 - A Group II kimberlite pipe with an age of 118Ma
 - 17.9ha on surface
 - Main pipe tapers to 3.7ha and Precursor to 1.5ha at 880m
 - Truncates earlier Precursors
- Total of 8 different kimberlite facies each with unique characteristics and different grades
- 2 facies (F1 and F8) make up majority of the main pipe
- Grade increases with depth (decrease in waste dilution)



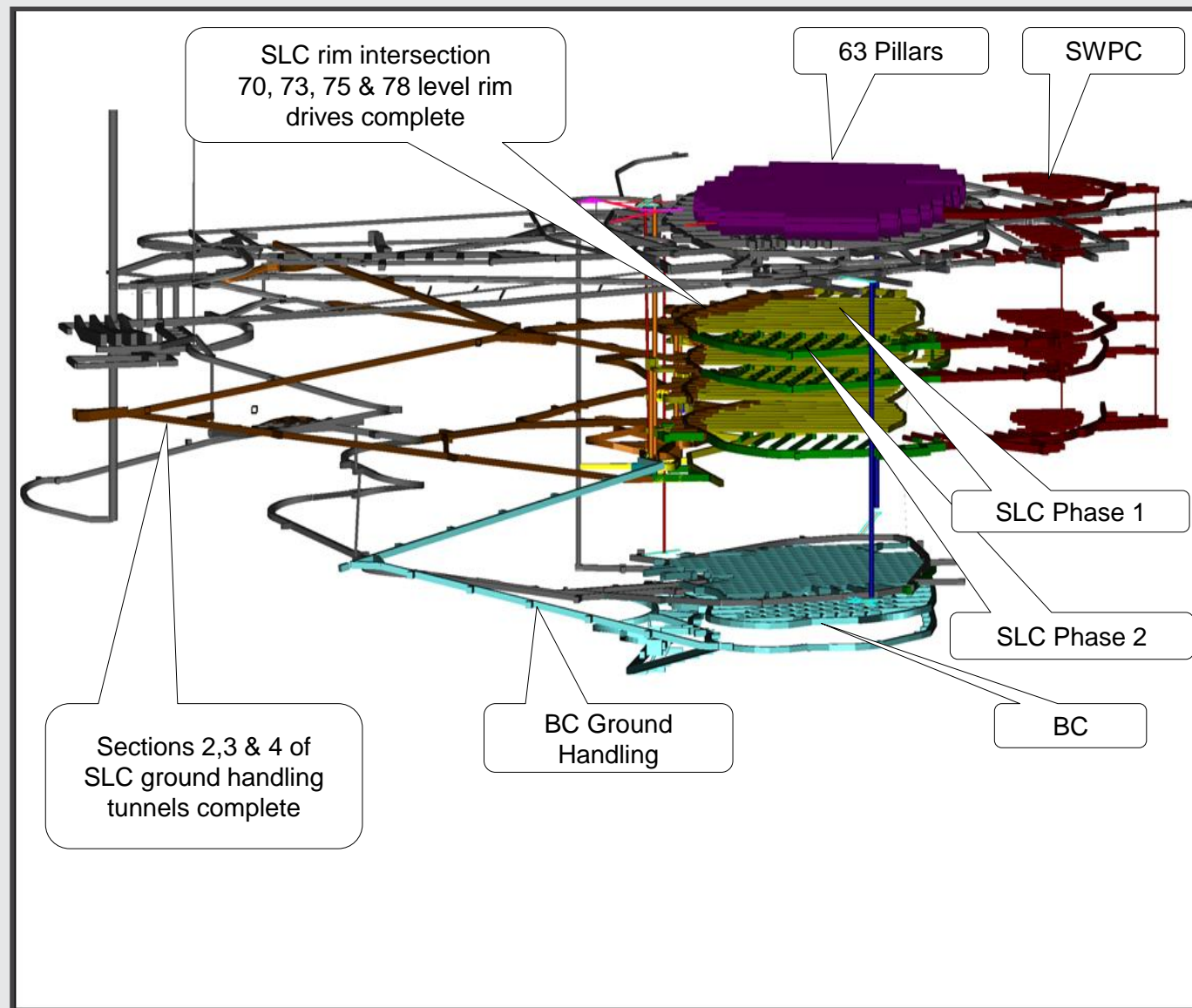
Finsch – Development Programme

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**

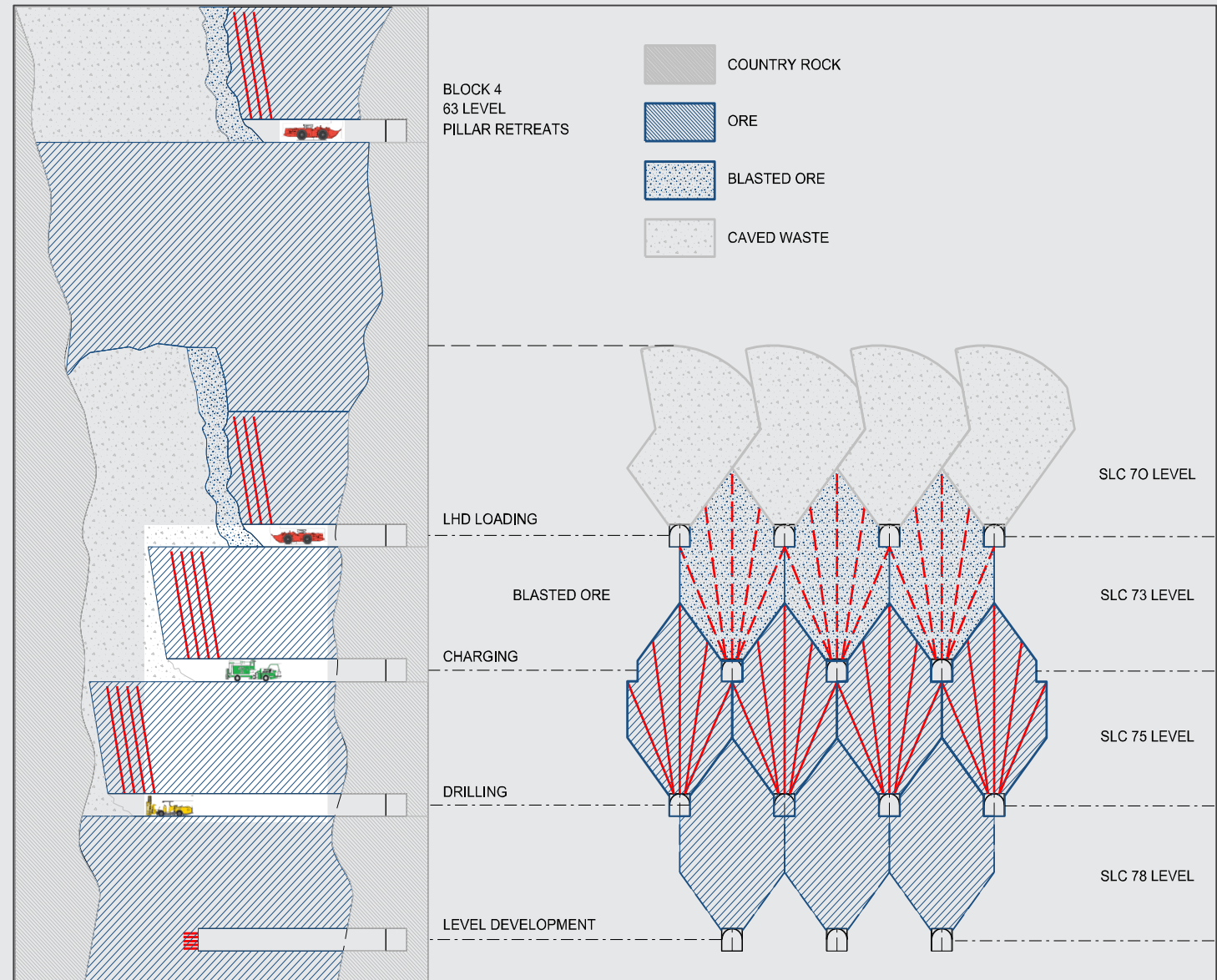


Underground Development

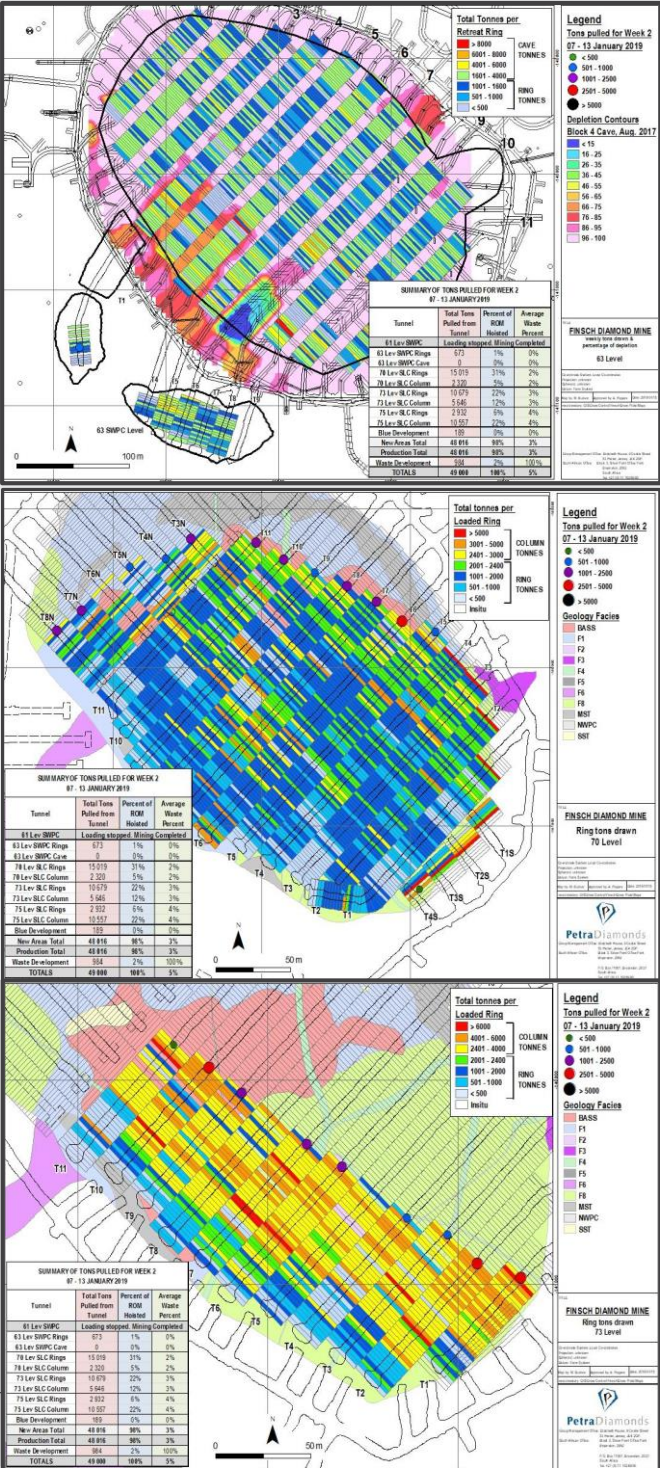
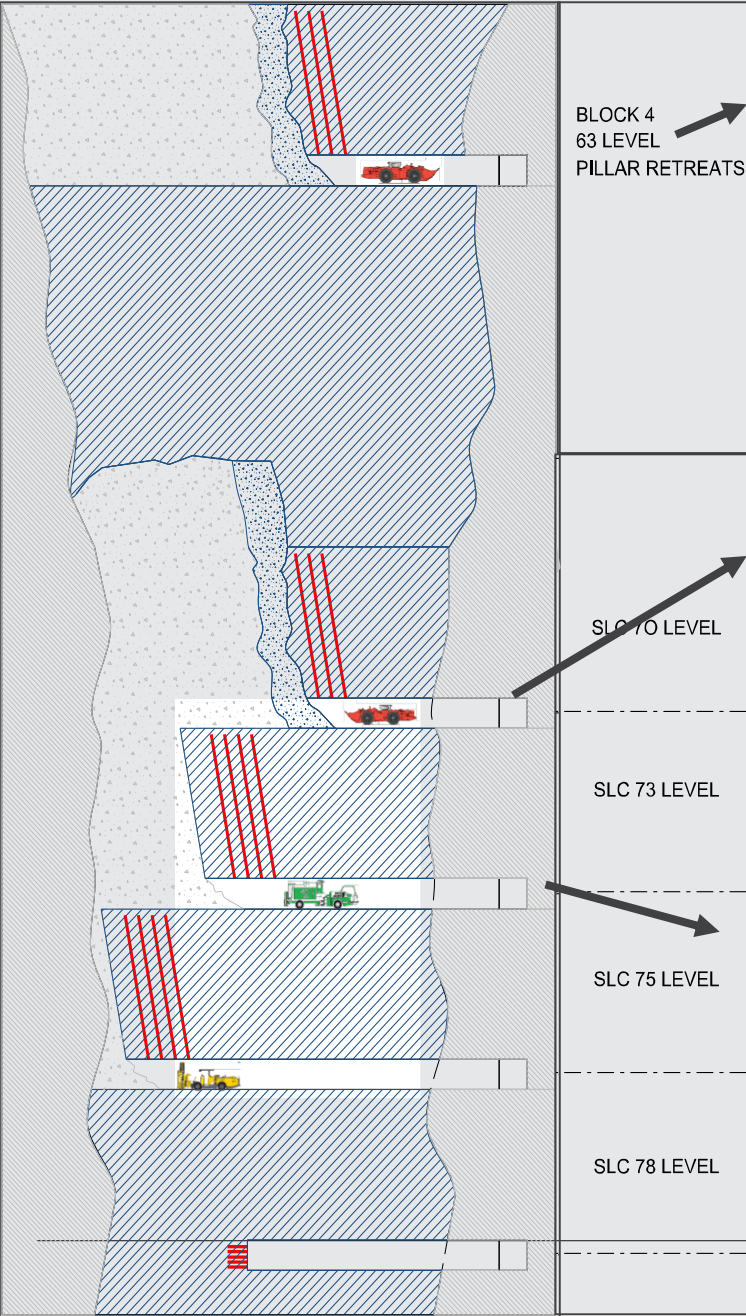


Sub-level Caving

- A cave where most of the recovered rock is drilled, charged and blasted
- The face must continuously advance:
 - To disturb the column above
 - To manage the damaged brows
- Performance is highly dependent on:
 - Extraction sequencing and disciplined following of it
 - Drill and blast
 - Draw control
- Expected ore recovery
 - 66% to 80% on top level
 - 90% to 130% on second level
 - 150% + on subsequent levels



Block 5 Sub-level Cave



Cycles of Mining the SLC



Long hole drilling

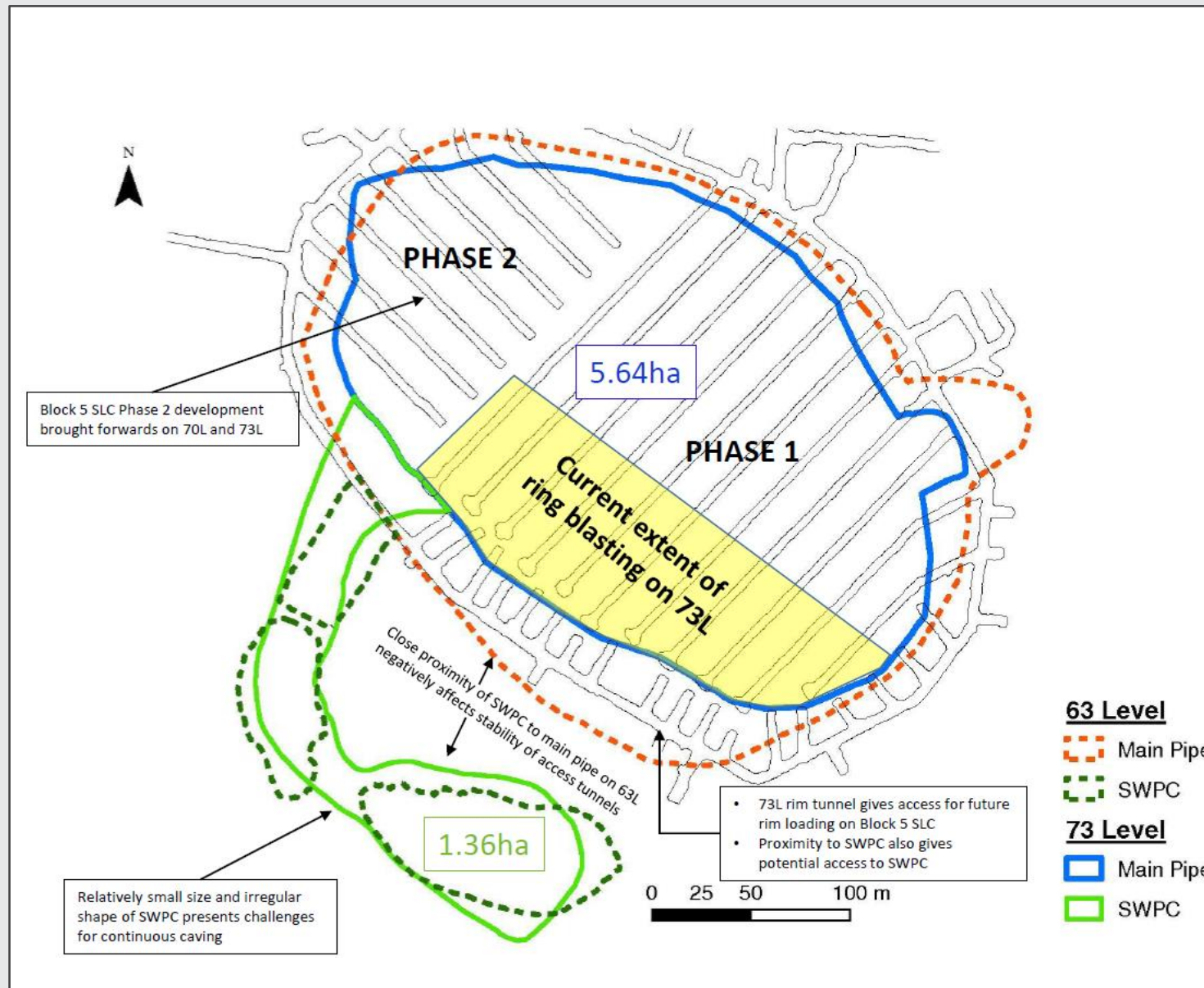


Charging & Blasting

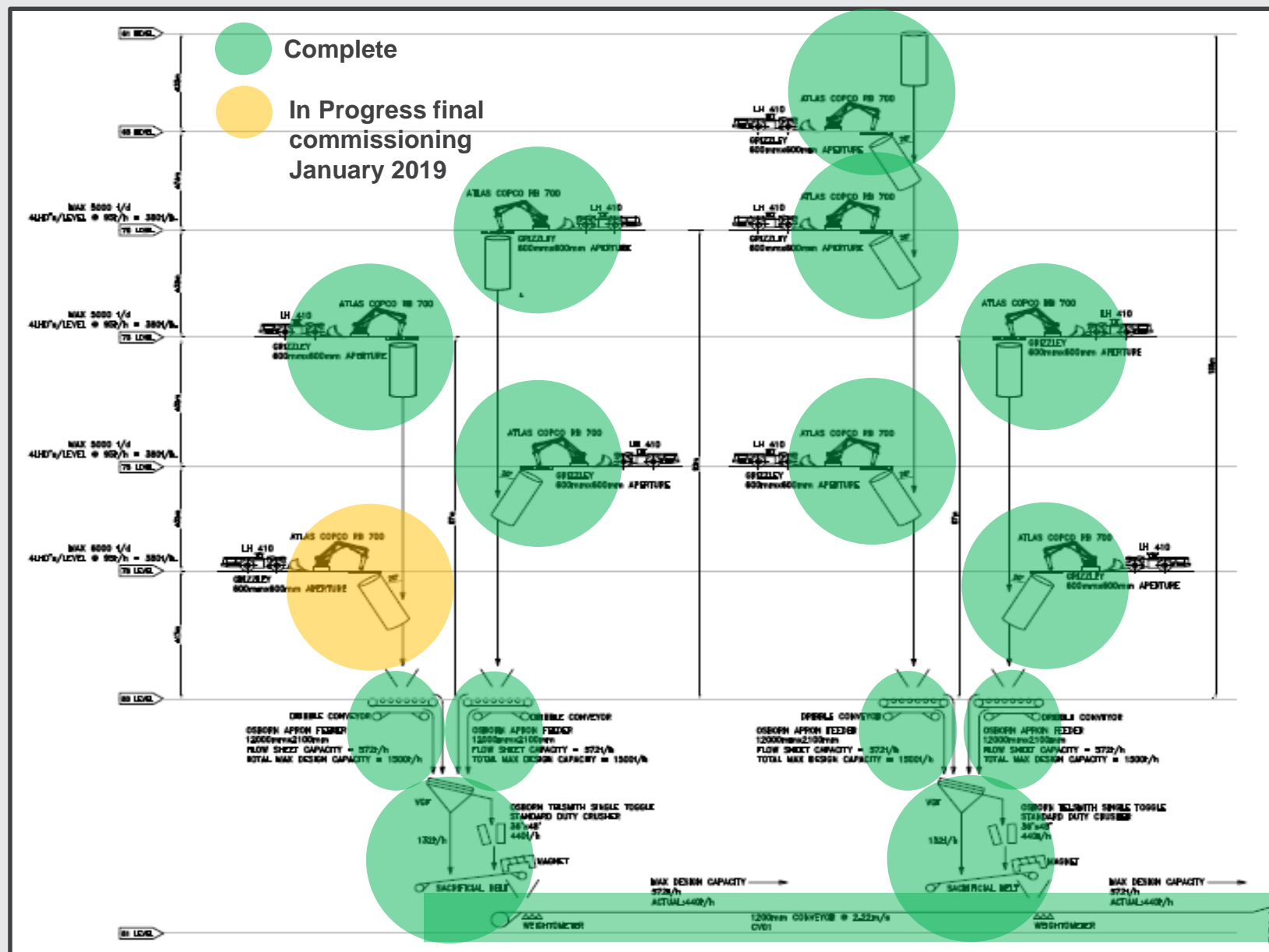


Loading & Tipping

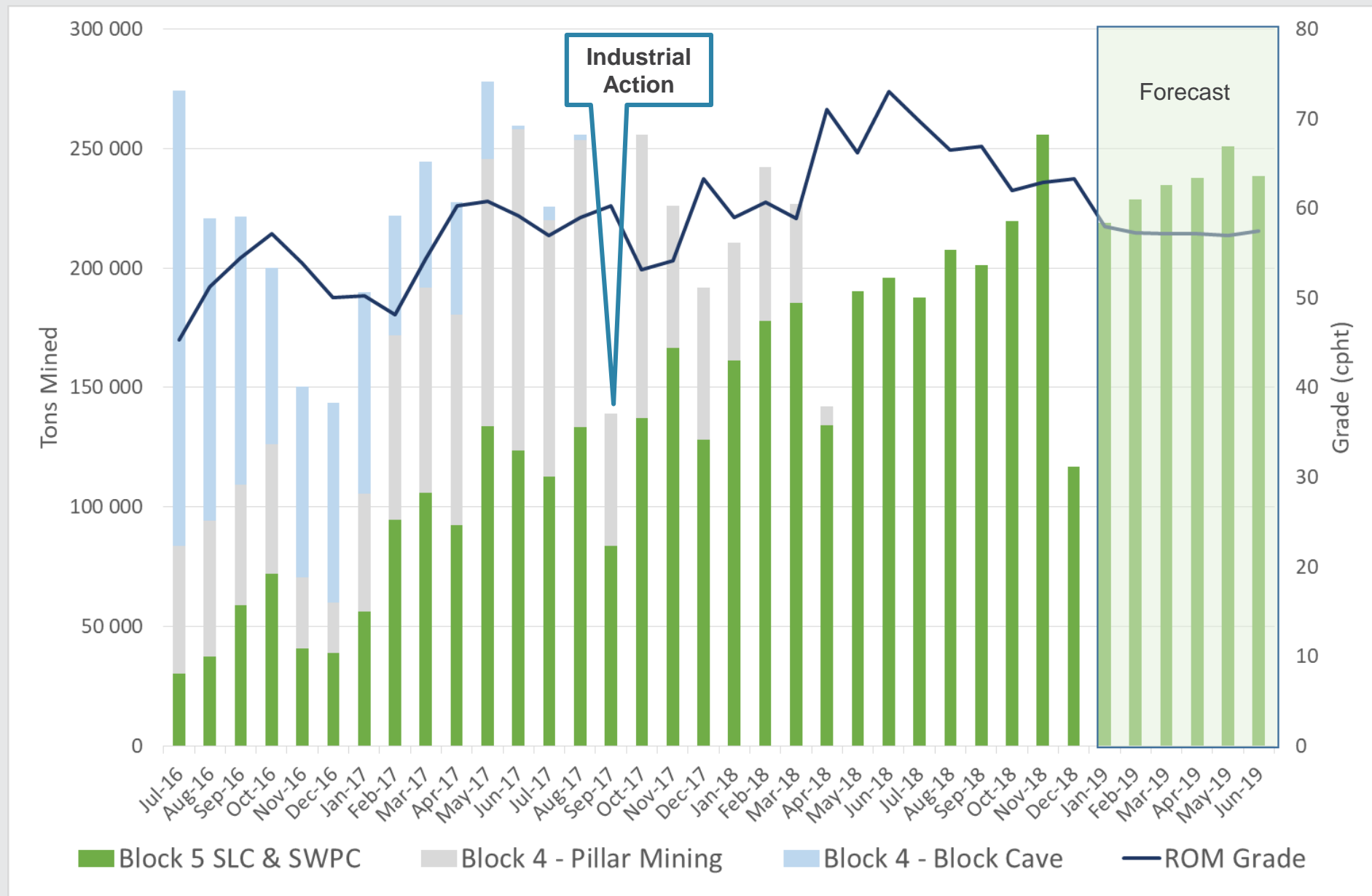
Finsch South-West Pre-Cursor



Crushing & Conveyance



Production Ramp-up





Plant Overview



Plant Infrastructure

- Original plant built – 1964
- First upgrade completed – 1980
- Underground operation commence – 1990
- Introduced Pre-79 dump retreatment – 2003
- Full contops since 2005 – capacity of 5.7 Mtpa
- Treatment plant upgrade – predominantly the DMS, recovery and recrush sections – 2003 to 2008
- Total project cost: ca. US\$100 million
- Bulk sample plant acquired in late 2014 – capacity of ca. 0.6 Mtpa

Pre upgrade:



Post upgrade:



Plant Overview



Ore Reception

Ore Preparation

Concentration

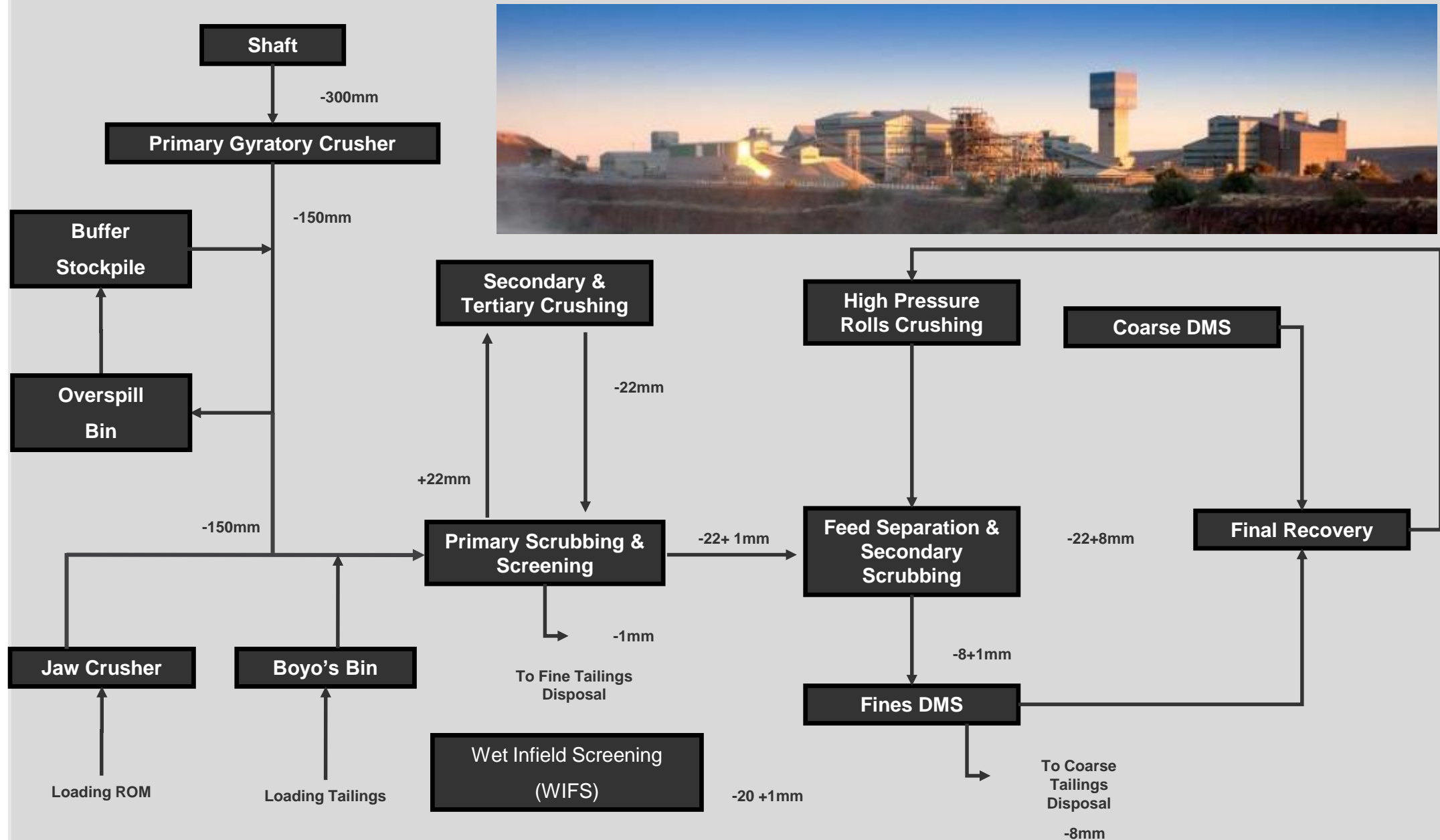
Mine Residue Disposal

Recovery

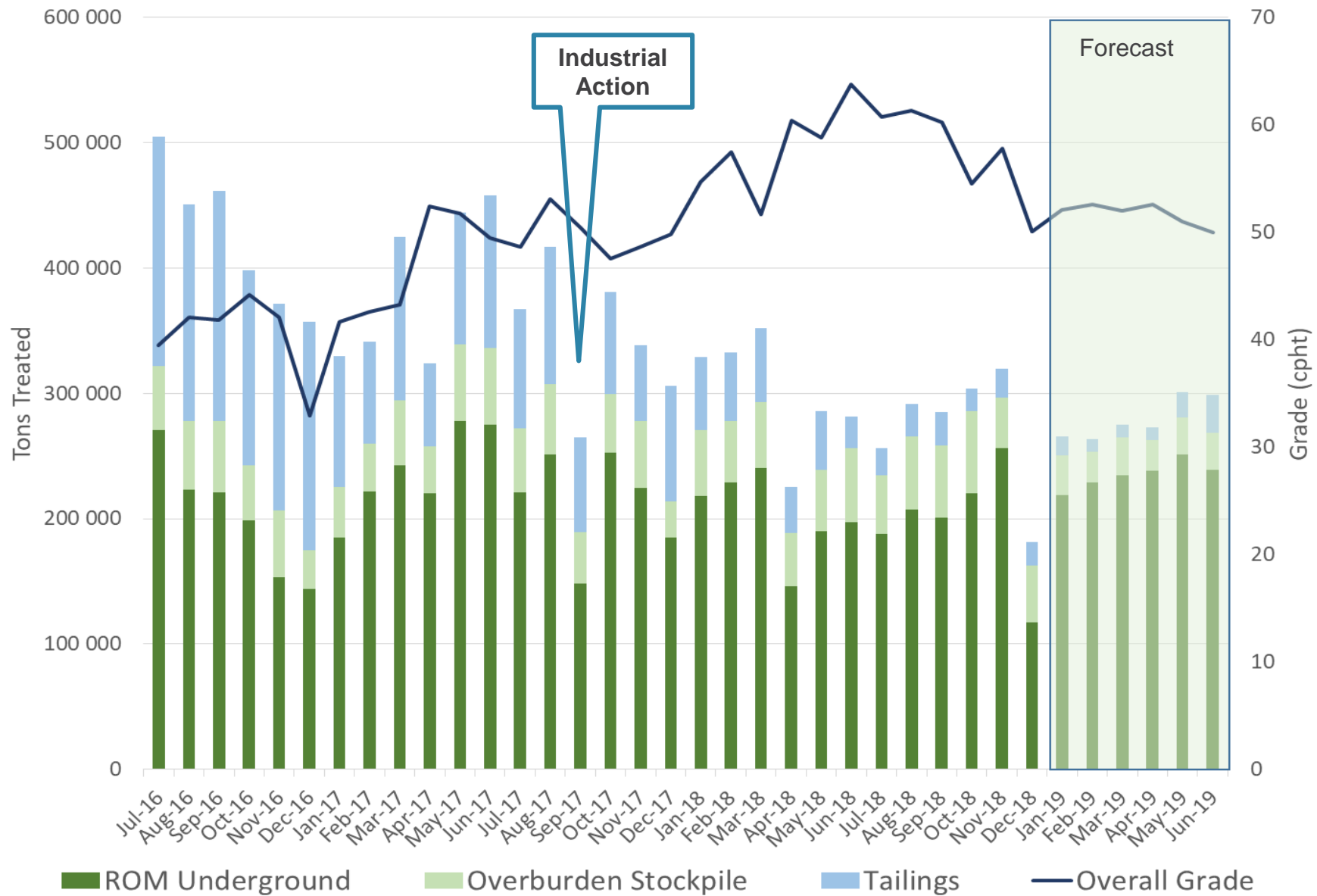
WIFS



Simplified Process Flow



Treatment Profile



Typical Production Layout

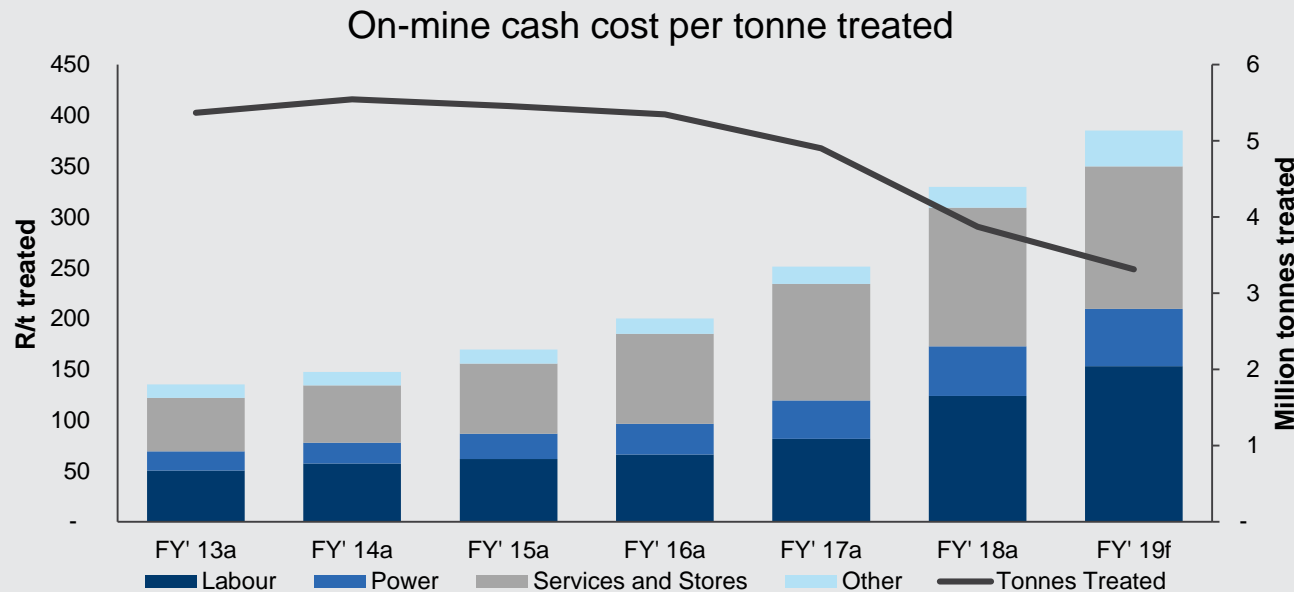




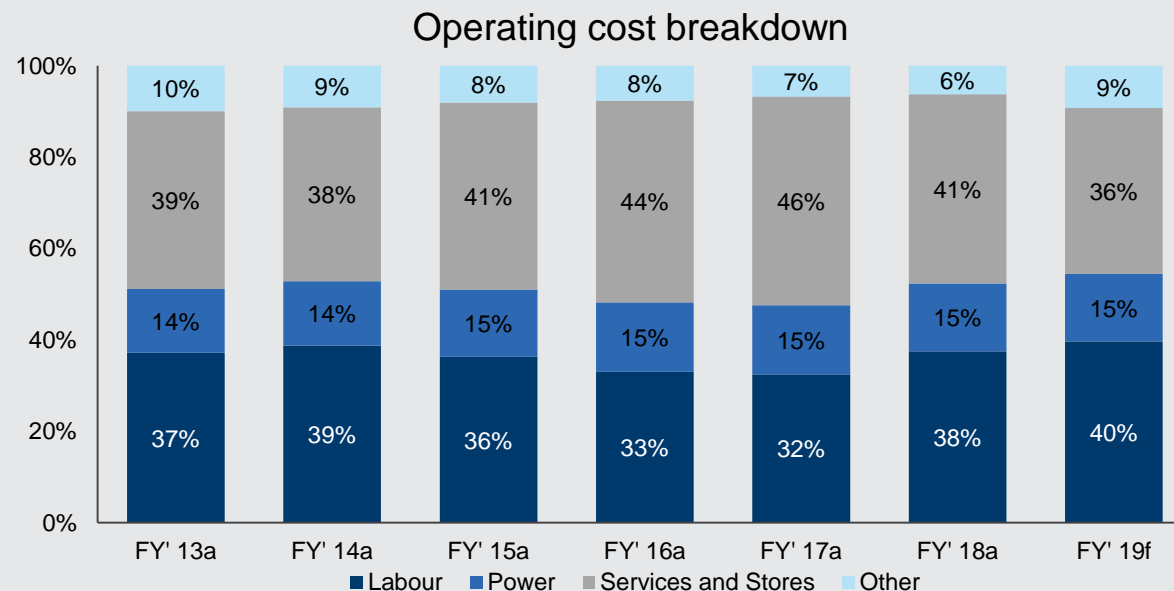
Operating Costs



Operating Cost History and Make-up



- Risk of rising electricity/potable water costs managed through efficient design of new infrastructure
- Maintenance and management of infrastructure
- New designs cater for high degree of automation
- Advancement of a Group procurement strategy to yield benefits related to economies of scale
- Opportunities to optimize plant configuration given lower planned plant throughput once tailings depleted

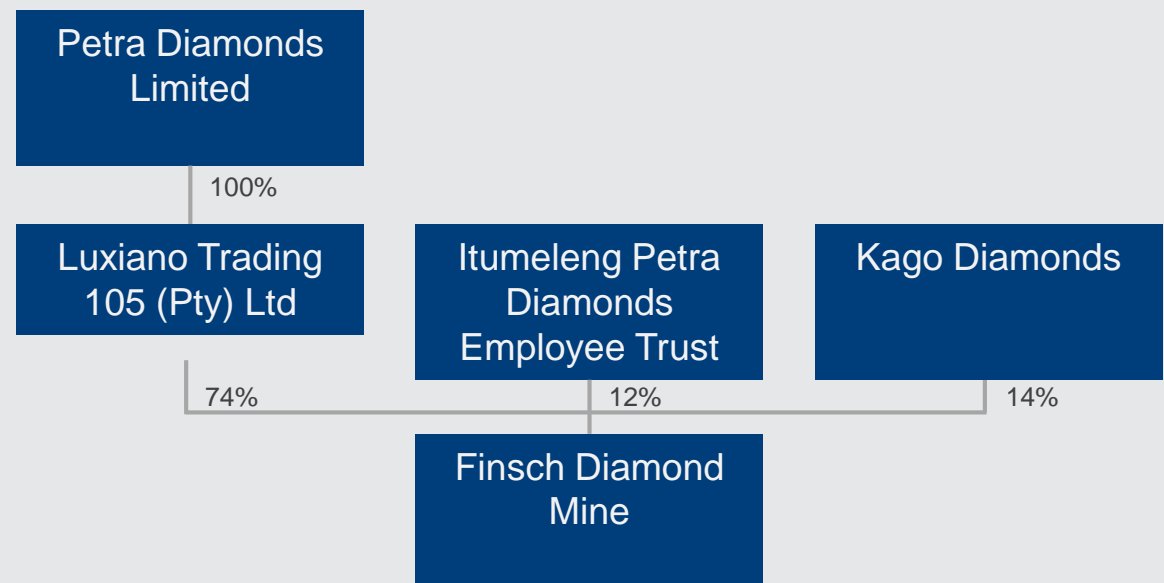


Labour Relations – Risk Mitigation

- Labour relations at Petra's South African operations were stable for the three year period up to the negotiation of a new three year deal in 2017
- September 2017: Finsch, Koffiefontein and KEM JV experienced labour disruption (contained to less than two weeks), but none experienced at Cullinan
- Three year wage agreement with NUM by end September 2017 (+9 - 10% for year one and +8.5% for years two and three) (effective to 30 June 2020)
- No migrant labour – 70% of employees come from local/provincial area to Finsch
- Strong focus on internal communications and engagement with employee representatives

Finsch Ownership Structure

- Itumeleng Petra Diamonds Employee Trust owns 12% of mine
 - Annual IPDET distributions commenced in December 2014



Finsch Outlook

- Transformation in production profile

- Depletion of lower value Pre-79 tailings resource planned during H2 FY 2019 , with final cleanup in H1 FY 2020
- Ramp up of undiluted ore from new mining areas to contribute ca. 2.7 Mt in FY 2019
- Expected to lead to improving average product mix

- Improving mining costs

- The truck loop was decommissioned during H1 FY 2019
- Increasing extraction per ring blasted resulting in reduced drilling and blasting cost per ton
- Opportunities to optimize plant configuration given lower planned plant throughput once tailings depleted

- Robust economics

- FY 2018 EBITDA margin of 48%

- Longevity

- Potential to further extend life-of-mine plan beyond Block 5
- Finsch aims to generate value for all stakeholders and plays a vital role in its local communities

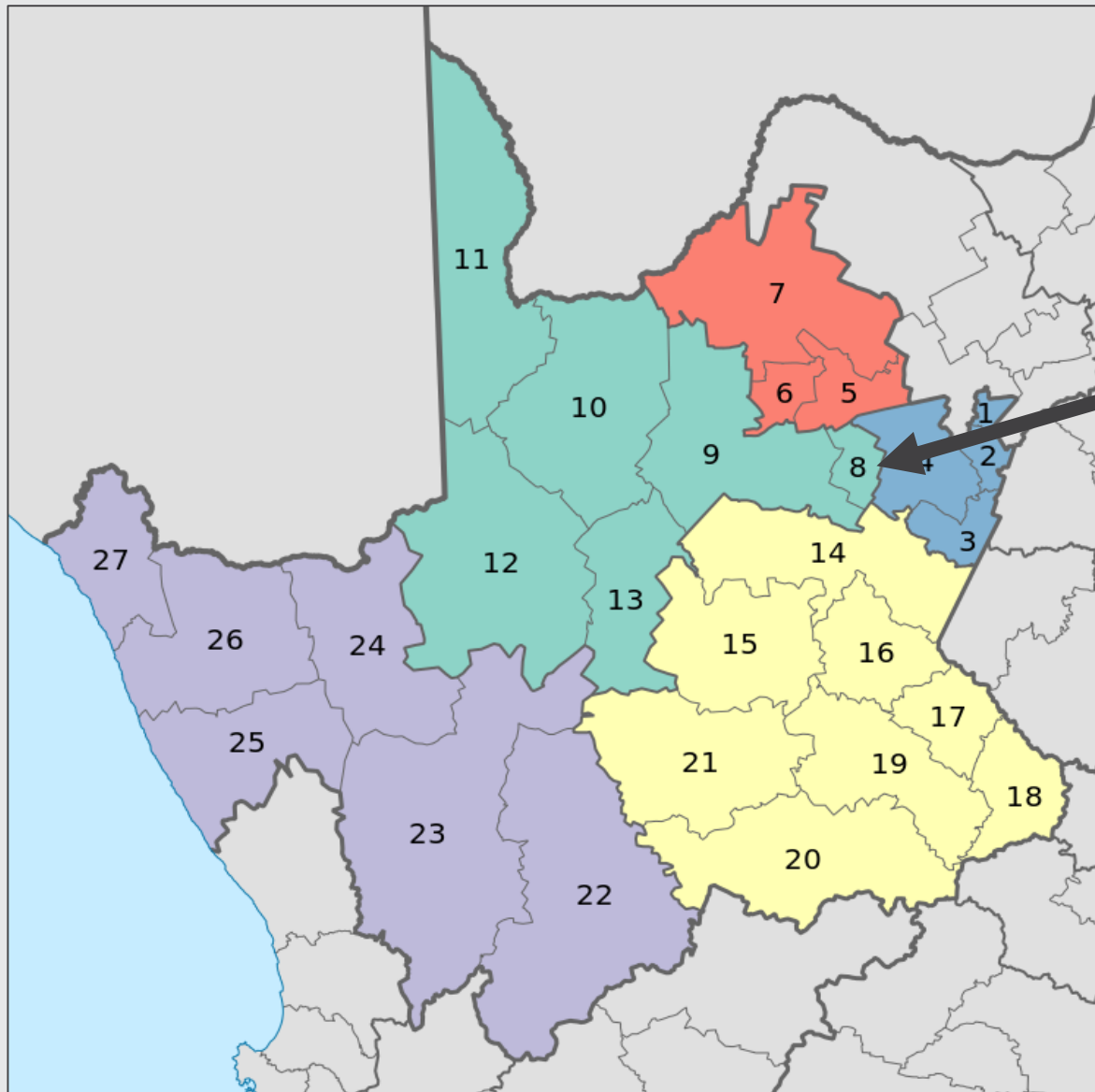
Putting in place a sustainable future for Finsch and its local communities



CSR



Northern Cape District Municipalities



Finsch Diamond Mine falls within the Kgatelopele local Municipality (8) which includes the towns of Danielskuil and Lime Acres

Corporate Social Responsibility Objectives

- Our objectives are:
 - Comply with legislation
 - 2018 Mining Charter of South Africa
 - S100 (2) (a) MPRDA as prescribed by the Department of Mineral Resources
 - To continue building effective relationships with employees, stakeholders and the community at large
- Our principles:
 - Transparency
 - Employee participation (committee members)
 - Utilisation of local suppliers and service providers
- In FY2018 all of our mines in South Africa transitioned their Environmental Management System to ISO 14001: 2015
- In FY 2019 the employee headcount at Finsch totaled 1,120 employees and 1,150 contractors



Sustainability Focus Areas

- Infrastructure
- Health Care Services
- Community Development and Support
- Education and Training:
 - Early Childhood Development (ECD)
 - Maths & Science
 - Outreach programmes
- Sports, Arts and Culture



Sustainability Focus Areas – Safety

Finsch wins safety awards

In 2018, for the third consecutive year, Finsch won the 'National Winner of the Diamond Mining Category' at the annual MineSafe Conference in South Africa.



Finsch employees take initiative to improve safety

Employees from the Concentration section of the Finsch plant took the initiative to implement several improvements in their section.

Stairs were fabricated and installed to improve conveyor access to a head pulley discharge chute and in a conveyor take up area to improve access next to the conveyor for inspection and pull wire testing.

In addition, cover lids for the plant's Cyclone overflow hoppers were fabricated to prevent the spillage of Ferrosilicon.



Sustainability Focus Areas – Health Care

Partnership with the Department of Health (“DOH”)

One of the issues identified with regards to health management within our workforce was access to practical healthcare for employees at Finsch. With the mine being located ca. 30km from the nearest town, many employees were either not starting or not continuing treatment following their annual medical checks.

In order to address this issue, Finsch obtained a Memorandum of Understanding (“MOU”) from the DOH in March 2018 and several audits were carried out by the DOH to ensure all legal requirements were met.

As a result of this partnership, employees and contractors can now receive treatment at the Finsch Mine Occupational Health Centre (“FMOHC”), making it more convenient for them and also lessening the time spent away from work.

In the past, employees who were newly diagnosed with hypertension for example, had to spend three days away from work to go to the clinic, start treatment and receive follow up. Now they are able to do this at the FMOHC, where over 70 people now receive treatment for the condition.

Petra’s HIV programme also greatly benefits from the MOU in that employees can be tested, diagnosed, and treated at the FMOHC.

Another benefit of the MOU involves the training of FMOHC staff; when the DOH carries out training sessions, our staff are invited to attend at no cost which assists us in improving our service to the workforce.



Sustainability Focus Areas – Education

Finsch Mine's Techno Girls

Finsch, in partnership with the local government, hosts the 'Techno Girls' initiative twice a year. The objective of the initiative is to reverse the growing skills shortage in science, technology, engineering and mathematics in South Africa by encouraging girls to pursue careers in these fields.

The programme is implemented at Danielskuil and Kuilsville High School and aims to support our Women in Mining initiative by introducing girls (with Mathematics and Science subjects) to the mining industry from a young age, e.g. Grade 8.

Finsch hosted two Grade 11 learners, Edwina Burger and Keneilwe Mokang. They completed a project on ore processing steps at the plant, which they then presented to plant Management with great success. Their mentor during this period was one of the Metallurgists in training at Finsch, Jaco Wessels.

Finsch Adult Education Training Certification Ceremony

The AET centre at the Finsch mine hosted a Certification Ceremony for a number of our learners who had successfully completed their Numeracy and Literacy Levels.



Community Development and Support

Finsch provides support to community members seeking employment in order to contribute to alleviating poverty and unemployment in the community

Services Provided

- Computer and internet access
- Business advice
- Entrepreneurial training and business mentoring
- Assistance with business plan/profile compilation

Training Conducted

- Success planning
- Entrepreneurial training
- Pricing and costing
- Business plan/profile compilation
- National Home Builders Registration Council (NHBRC) information session





Thank You

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