PetraDiamonds

Investor Presentation

Introduction & H1 FY 2019 Update

February 2019

MEMBER OF DIAMOND PRODUCERS ASSOCIATION

London Stock Exchange LISTED PREMIUM

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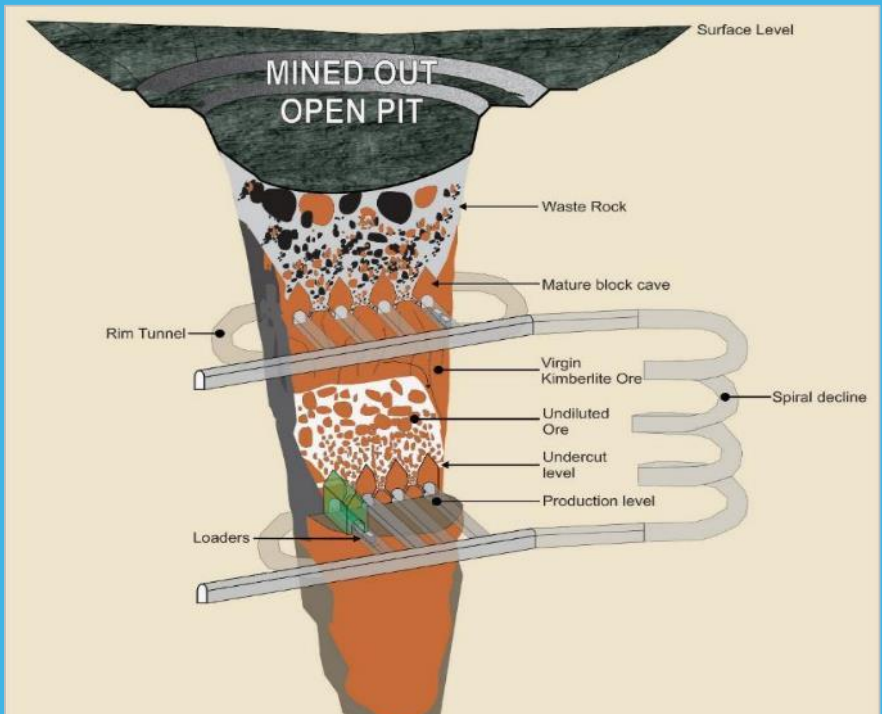
Entering a New Phase

Putting capital programmes to work

- Ever increasing footprint across orebody
- Multiple levels at SLCs
- Ratio of blasted tonnes to column tonnes
- Ongoing progress with fine tuning of infrastructure

Future focus on maximising free cashflow

- Apply learnings from past challenges
- Ensure consistent production output
- Efficient operating and capital expenditure
- Reduction in leverage to ≤ 2x Consol. Net Debt to Consol. EBITDA



Setting up for the future: Accessing undiluted ore

Optimisation across the portfolio

Nearing End of +10 Year Heavy Capital Investment Phase

PetraDiamonds

Date of acquisition by Petra and its partners

July 2007	July 2008	February 2009	May 2010[1]	September 2011	January 2016
Koffiefontein	Cullinan	Williamson	Kimberley UG	Finsch	Kimberley Mines






[1] *Disposal of KEM JV completed in December 2018*

FY 2006 to FY 2018

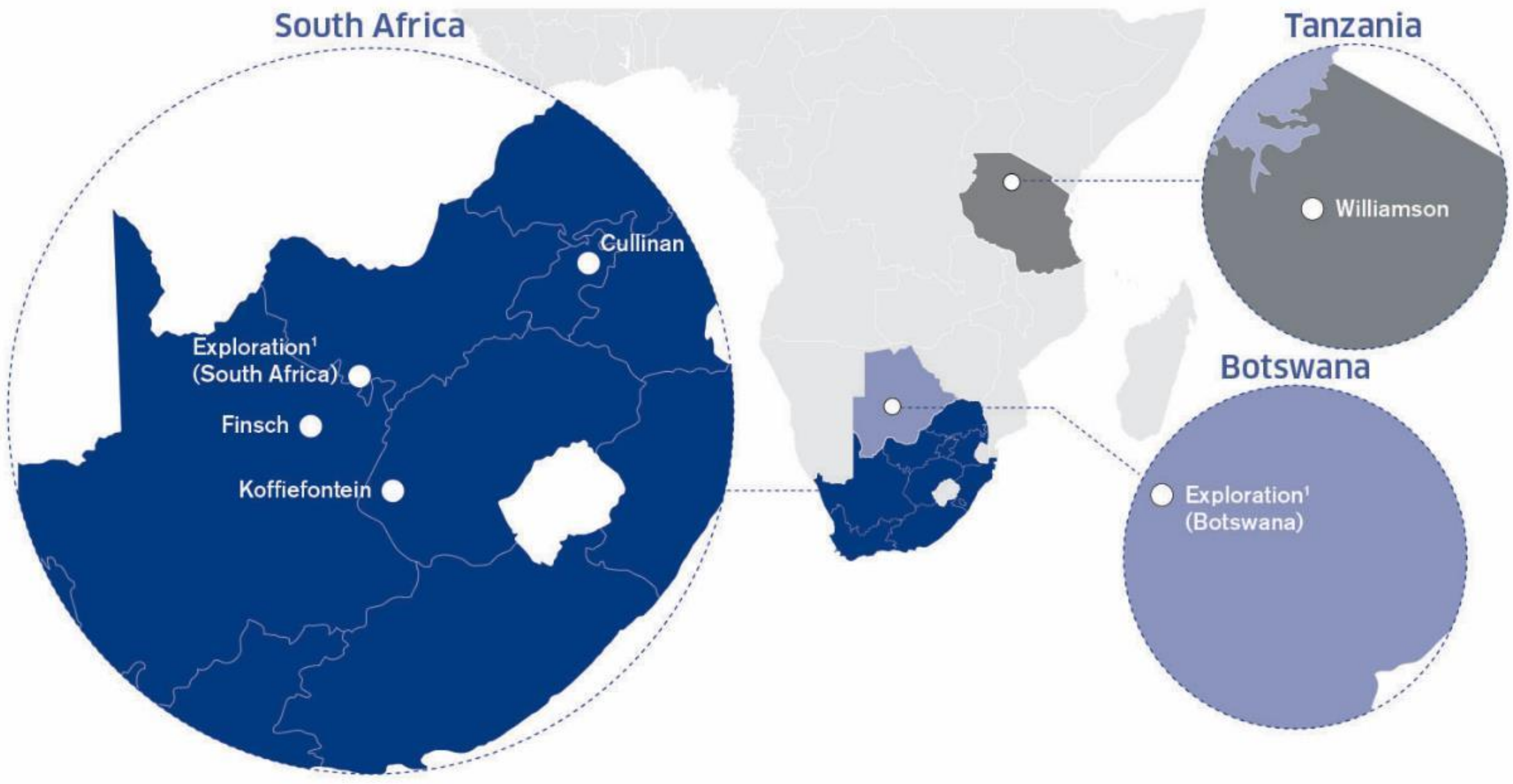
- Acquisition costs: **$330 million**
- Total production: **27.4 Mcts**
- Total revenue: **$3.6 billion**
- Operating cashflow: **$1.2 billion**
- Capital invested: **$1.7 billion**

Delivering growth in

FY 2006		FY 2018[1]
0.175 Mcts	Production	**4.6 Mcts**
$21 million	Revenue	**$576.4 million**
($4.5 million)	Adj. EBITDA[2]	**$198.5 million**
($8.8 million)	Adj. Op. Cashflow[3]	**$155.3 million**

1. Including KEM JV 2. Definition of Adjusted EBITDA is as disclosed in Petra's financial results 3. Cash generated from operations adjusted for the cash effect of the movement in diamond debtors

Focus on Africa



1. Currently under review.

- Four producing mines (three in South Africa and one in Tanzania)
- Diversified portfolio key to managing production risk across the Group

Safety is Our Number One Priority

PetraDiamonds

Zero harm remains our goal

- The health and safety of our workforce is our top priority
- Our mines are certified OHSAS 18001:2007, the international safety management framework
- Continuous risk assessment and management; all staff are trained in safety and undergo medical screenings every year
- LTIFR of 0.16 recorded for H1 2019 (H1 2018: 0.24), comparing favourably against industry peers

Safety is our most important personal and organisational value

Zero Harm Objective

Effective Leadership | **Effective Control**

Strategic Priorities

1	**Health and Safety** • Targeting zero harm
2	**Driving operational efficiency with emphasis on value-over-volume** • Close focus on operational costs, productivity and ongoing plant optimisation (particularly at Cullinan) • Beneficial impact on production as new caves ramp up to full capacity
3	**Reduction in net debt / gearing levels** • Aim to achieve stepped reduction in debt with aim to reach 2.0x or less (Consol. net debt / Consol. EBITDA) by end FY 2020
4	**Realising the potential of the Group's portfolio of assets** • Board reviews the asset portfolio on an ongoing basis with a view to maximising return on capital • Finalised disposal of KEM JV and Helam in December 2018 • Organic growth opportunities (particularly at Cullinan and Williamson) over medium to long term
5	**Appropriate Board and Management Structures** • Nomination Committee continues to review Board, committee and management structures • Three year Succession Plan in action
6	**Upholding the value of diamonds** • Continue to develop leading ESG practices with aim to actively contribute to socio-economic development • Seek to actively influence consumer demand via role within the Diamond Producers Association

Current Trading in H1 FY 2019

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)

PetraDiamonds

		H1 FY 2019	H1 FY 2018	Variance	FY 2018[1]
Sales					
Diamonds sold	Carats	1,736,357	1,510,361	+8%	3,793,799
Revenue	**US$m**	**207.1**	**191.7**	**+15%**	**495.3**
Production					
ROM tonnes	Mt	6.4	6.0	+7%	12.1
Tailings & other[2] tonnes	Mt	1.0	0.7	+43%	1.6
Total tonnes treated	**Mt**	**7.4**	**6.8**	**+9%**	**13.7**
ROM diamonds	Carats	1,946,717	1,728,626	+13%	3,649,337
Tailings & other[2] diamonds	Carats	72,430	115,330	-37%	186,132
Total diamonds	**Carats**	**2,019,147**	**1,843,956**	**+10%**	**3,835,467**
Capex					
Expansion	US$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

Financial Position

- SA bank debt settled after Year end as per one of the core objectives of the Rights Issue and remains available as at 31 Dec 2018

	Unit	31 December 2018	30 September 2018
Closing exchange rate used for conversion		*R14.35:US$1*	*R14.14:US$1*
Cash at bank	US$m	92.8	111.1
Diamond debtors	US$m	4.4	14.4
Diamond inventories (excl. KEM JV)	Carats US$M	811,718 76.3	970,620 91.6
US$650 million loan notes (issued April 2017)	US$m	650.0	650.0
Bank loans and borrowings	US$m	0.0	0.0
Net debt[1,2]	US$m	557.2	538.9
Bank facilities undrawn and available	US$m	104.5	106.1
Consol. net debt[1] for covenant measurement purposes	US$m	625.3	610.6

1. *Consolidated net debt is bank loans and borrowings plus loan notes, less cash, less diamond debtors and includes the BEE guarantees of ca. US$72.5 million (30 June 2018: US$85.9 million) issued by Petra to the lenders as part of the BEE financing concluded in December 2014.*
2. *Net debt at 31 Dec impacted by US$21.2 million of advances to BEE partners, US$8.6 million to KEM JV (recoverable), ca. US$25 million revenue shortfall, further impacted by ca. US$45 million Tanzanian issues.*

….Targeting Leverage Reduction of ≤ 2x ND:EBITDA[1] by FY 2020

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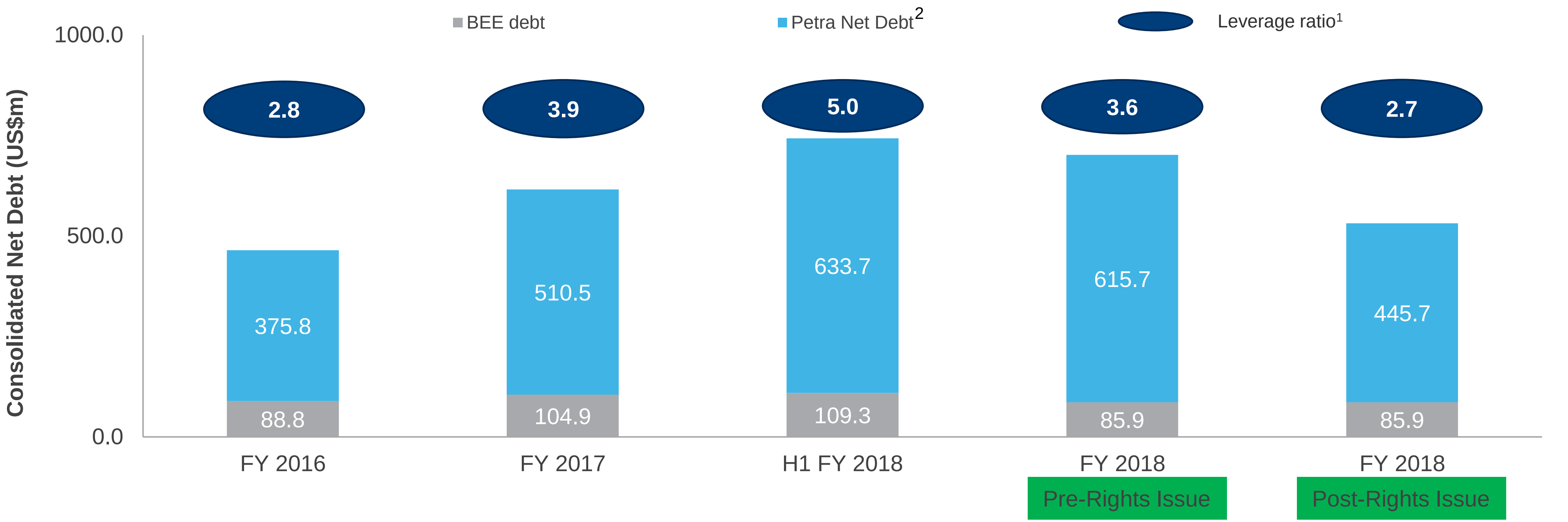


Rights Issue – the catalyst in accelerating Petra's deleveraging profile

- Future free cash flow
- Leverage reduction
  - Continued communication to resolve Tanzania issues
  - Engage with SA Lender Group to simplify financing agreements, including BEE loan structure

Long term, sustainable leverage target by end of FY 2020

≤ 2.0x[1]

- Efficient use of free cash flow to reduce interest bearing debt
- Shareholder returns

1. *Consolidated Net Debt to Consolidated last 12 months Adjusted EBITDA*
2. *Net of Diamond Debtors from FY 2017 onwards*

PetraDiamonds

Operations Overview

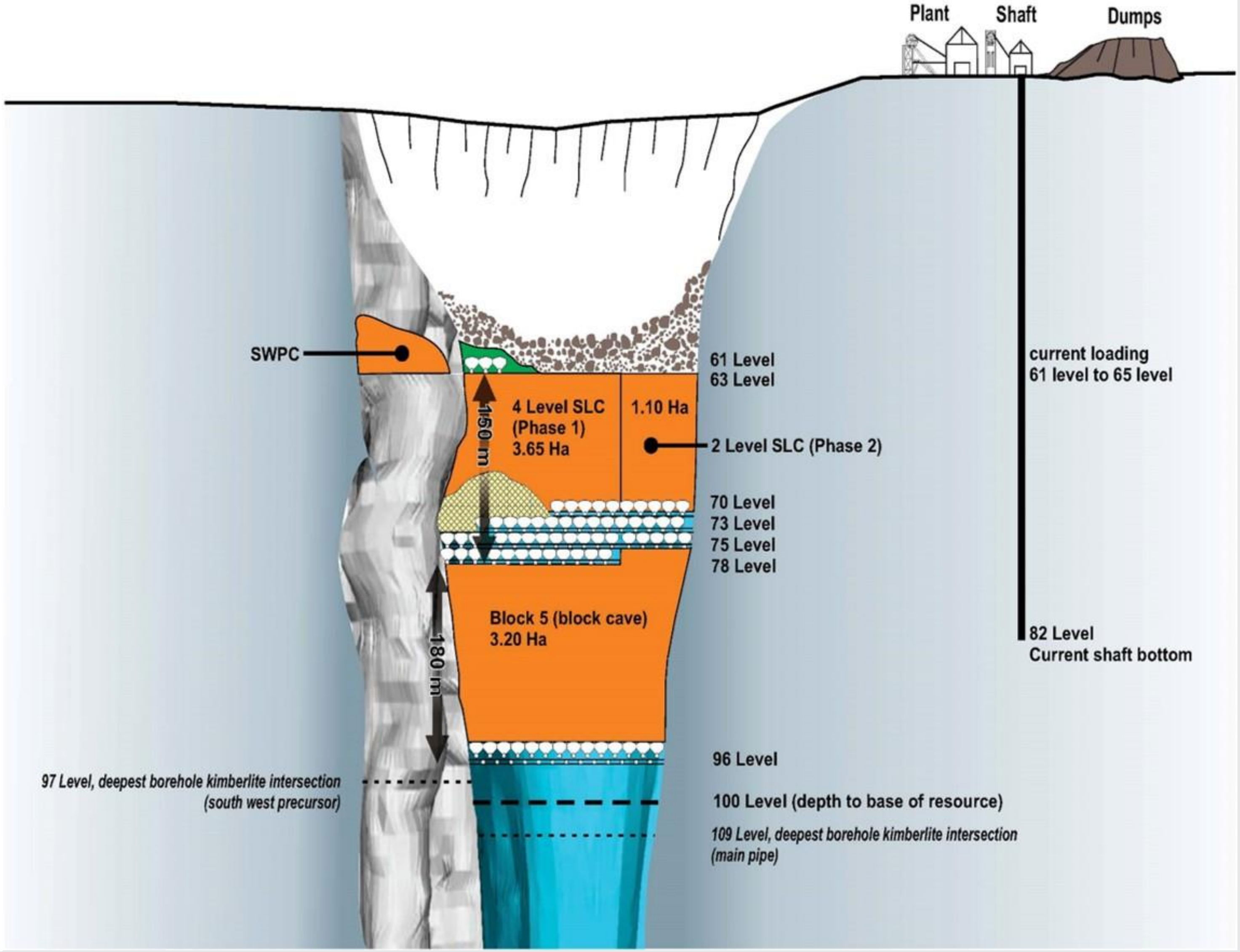
February 2019

Finsch – Development Programme

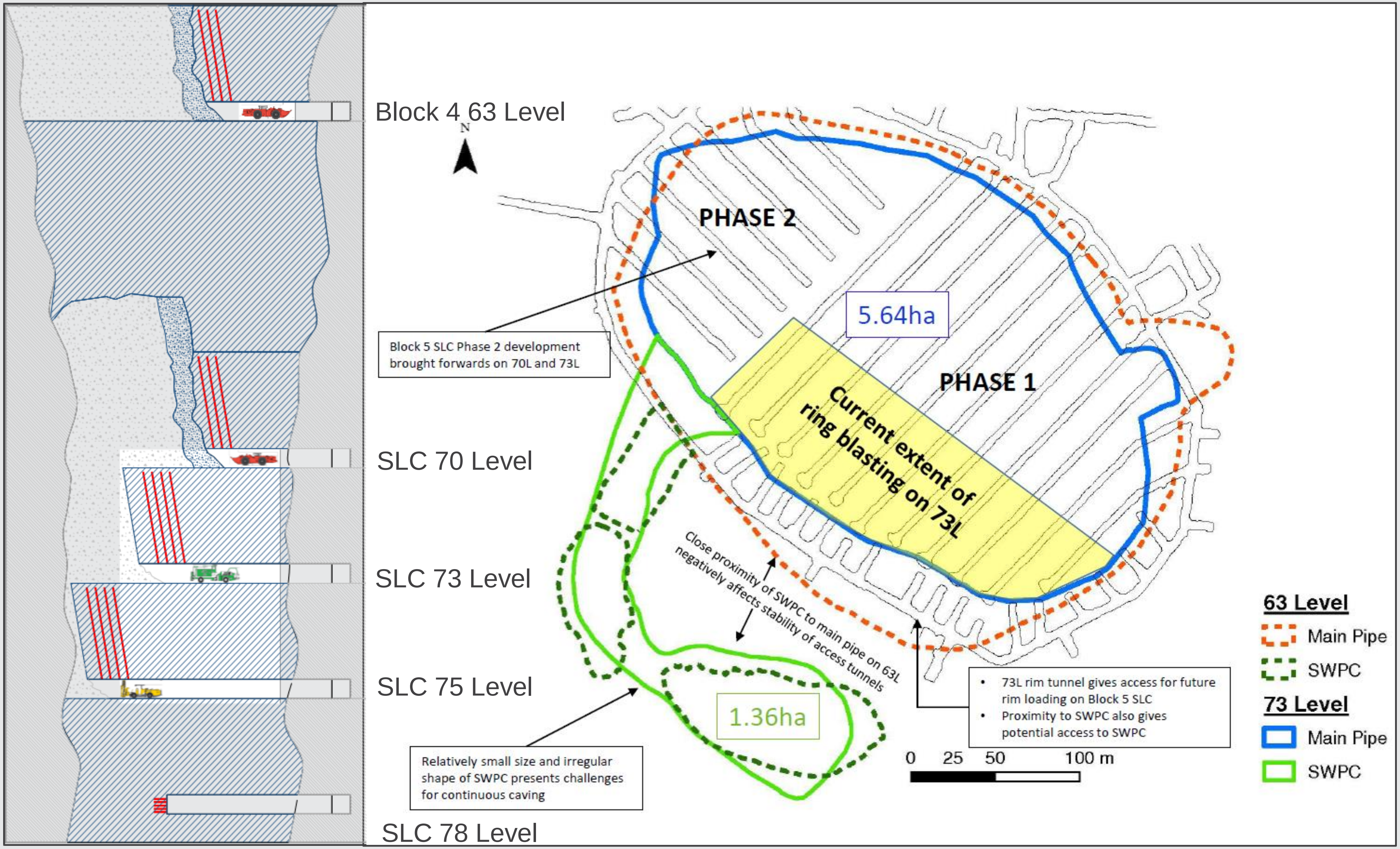
PetraDiamonds

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**



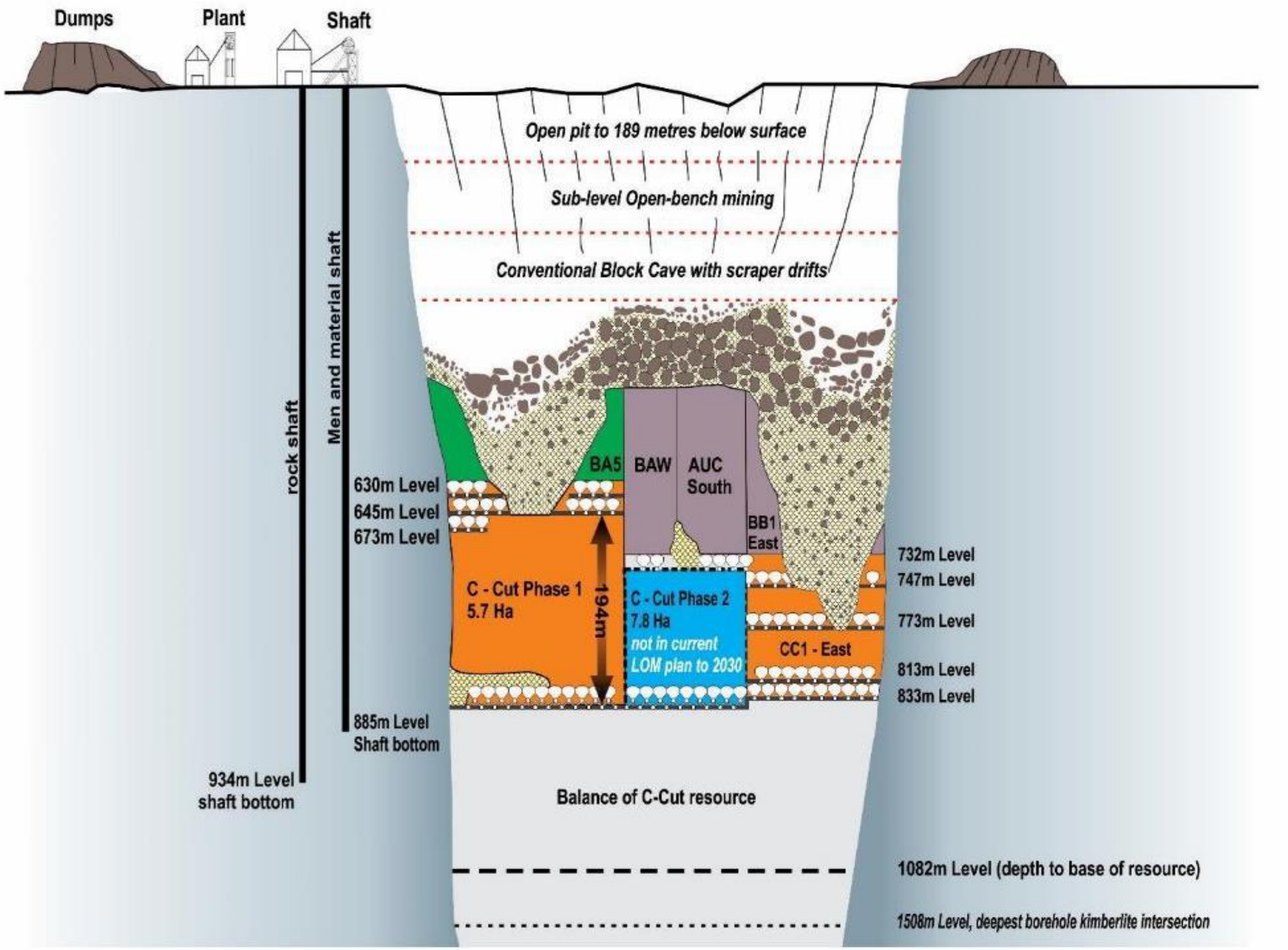
Finsch SLC Schematic and Plan View



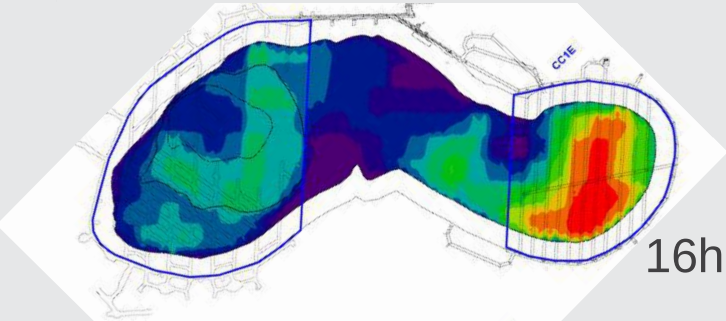
Cullinan – Development Programme

Key Milestones

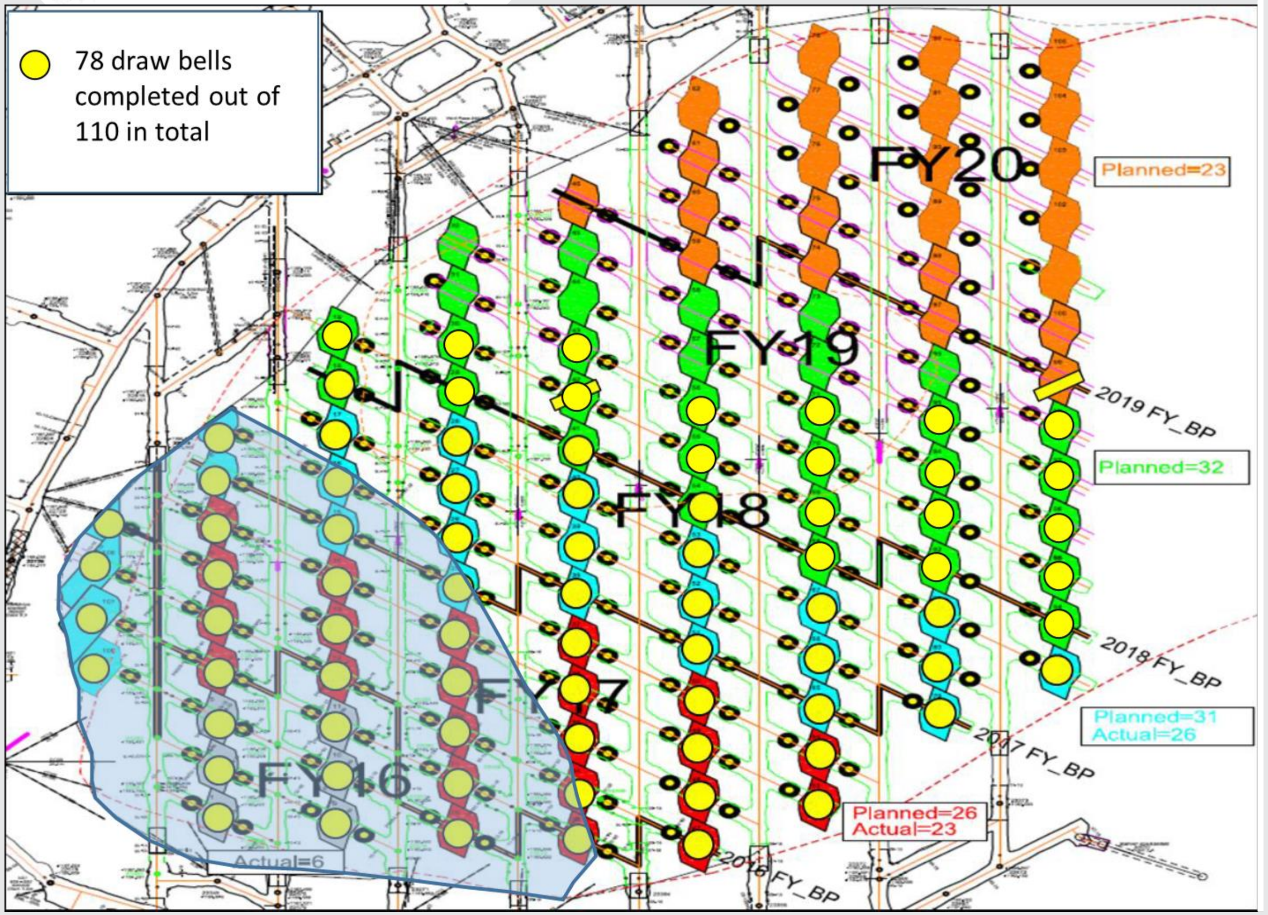
- First blue development commenced – **April 2014**
- First rings in the undercut blasted – **June 2015**
- New production levels established at 839m and shaft to 934m commissioned – **FY 2016**
- Production from C-Cut Phase 1 Block Cave supplemented by CC1 East Sub Level Cave on eastern side of orebody **- Steady state production of 4 Mtpa from C-Cut Phase 1 and CC1E – FY 2020**
- New plant with throughput capacity of 4.0 Mt ROM and 2.3 – 2.5 Mt tailings – **commissioned in Q1 FY 2018**
- Completion of shaft / plant interface – **H1 FY 2020**
- Steady state production of 4 Mtpa from C-Cut Phase 1 and CC1E – **FY 2020**



C-Cut Progression Over the Footprint



16ha at 830mL



- Historical records and focused sampling compiled over the mine's +100 year history indicate that high-value Type II white & blue stones occur in the western part of the orebody (C-Cut phase1)
- Draw-bell installations are planned to be completed by September 2019;
  6-9 months to maturity
- Cave was started in south-western area due to geotechnical considerations to ensure the integrity of the cave
- The south-western area, covering c. 25% of the C-Cut footprint, produced 75% of the ore to date
- Production across the full footprint should result in pricing being more reflective of historical averages, although volatility may still be observed

Cullinan Pricing and Cost Per Carat

Actual Sales Results:

US$ per Carat	Half-Yearly averages		Full Year Averages
	H1	H2	FY
FY 2010	87	193	139
FY 2011	120	177	148
FY 2012	128	128	128
FY 2013	134	151	163
FY 2014	150	215	185
FY 2015	247	115	174
FY 2016	110	134	126
FY 2017	127	114	120
FY 2018	140	118	125
FY 2019	96	?	?
9.5 Year average			**$140**

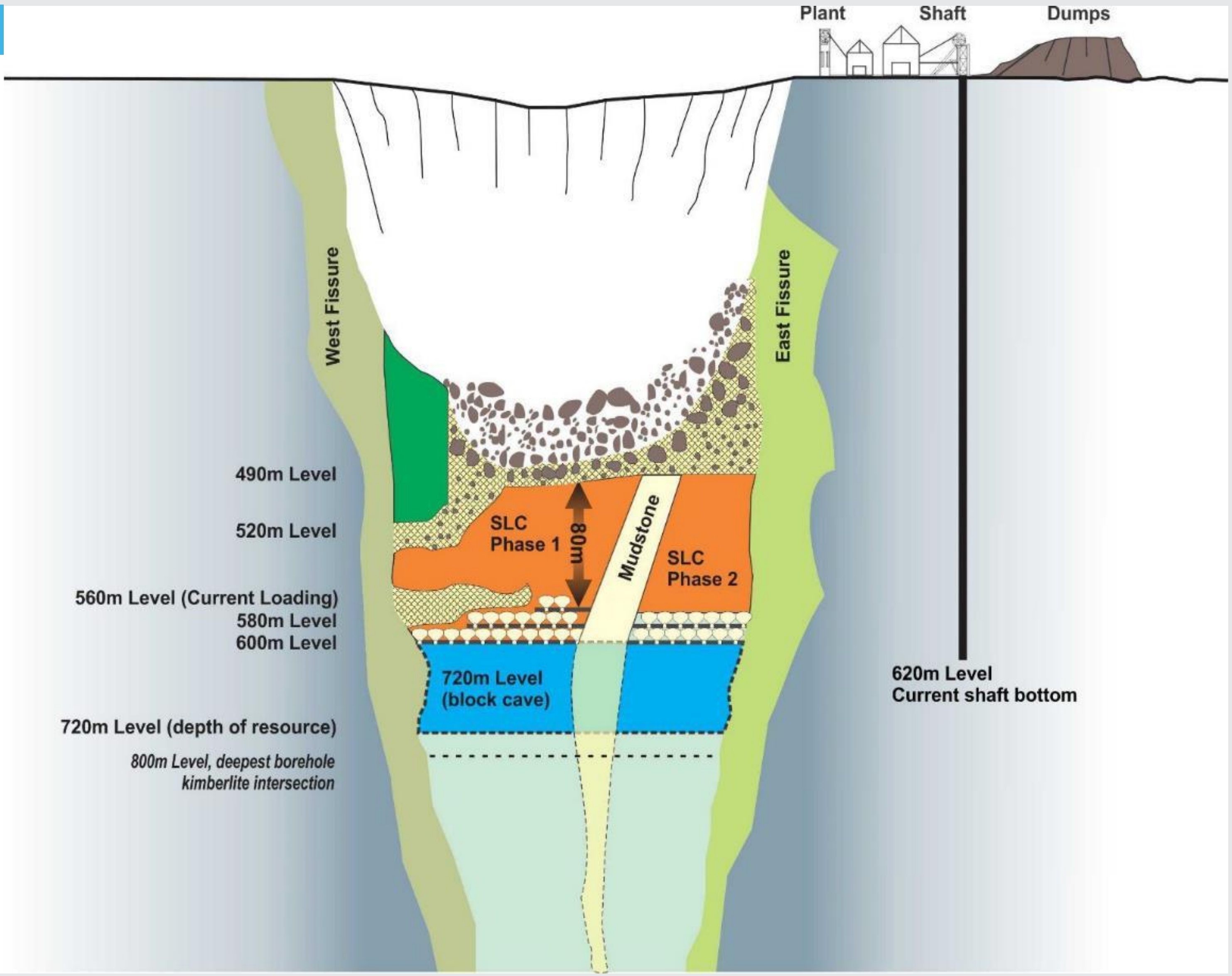
- Price variability similar to other mines producing high value single stones
- Frequency of high value stones can not be predicted
- Only 2 out of 19 reported periods below $110 per carat
- H1 FY 2019:

Total Tonnes Treated	2.7 Mt
Total Carats Recovered	832 Kcts
Overall grade	30.9 cpht
Cash on-mine cost (est.) R230 /t @ ZAR13.50/$	$ 17 per tonne treated $ 55 per carat recovered

Koffiefontein – Development Programme

Key Milestones

- Production commenced from first tunnels of SLC on 560 mL – **FY 2015**
- New ground handling system commissioned – **Q3 FY 2018**



Williamson – Development Programme

Highlights

- New mill plant commissioned H2 FY 2017
- FY 2018 production – 341 kct (best production since 1977)
- FY 2019 ROM throughput of ca. 4.7 Mt supplemented by alluvial production of ca. 0.4 Mt

Open pit

Mill plant

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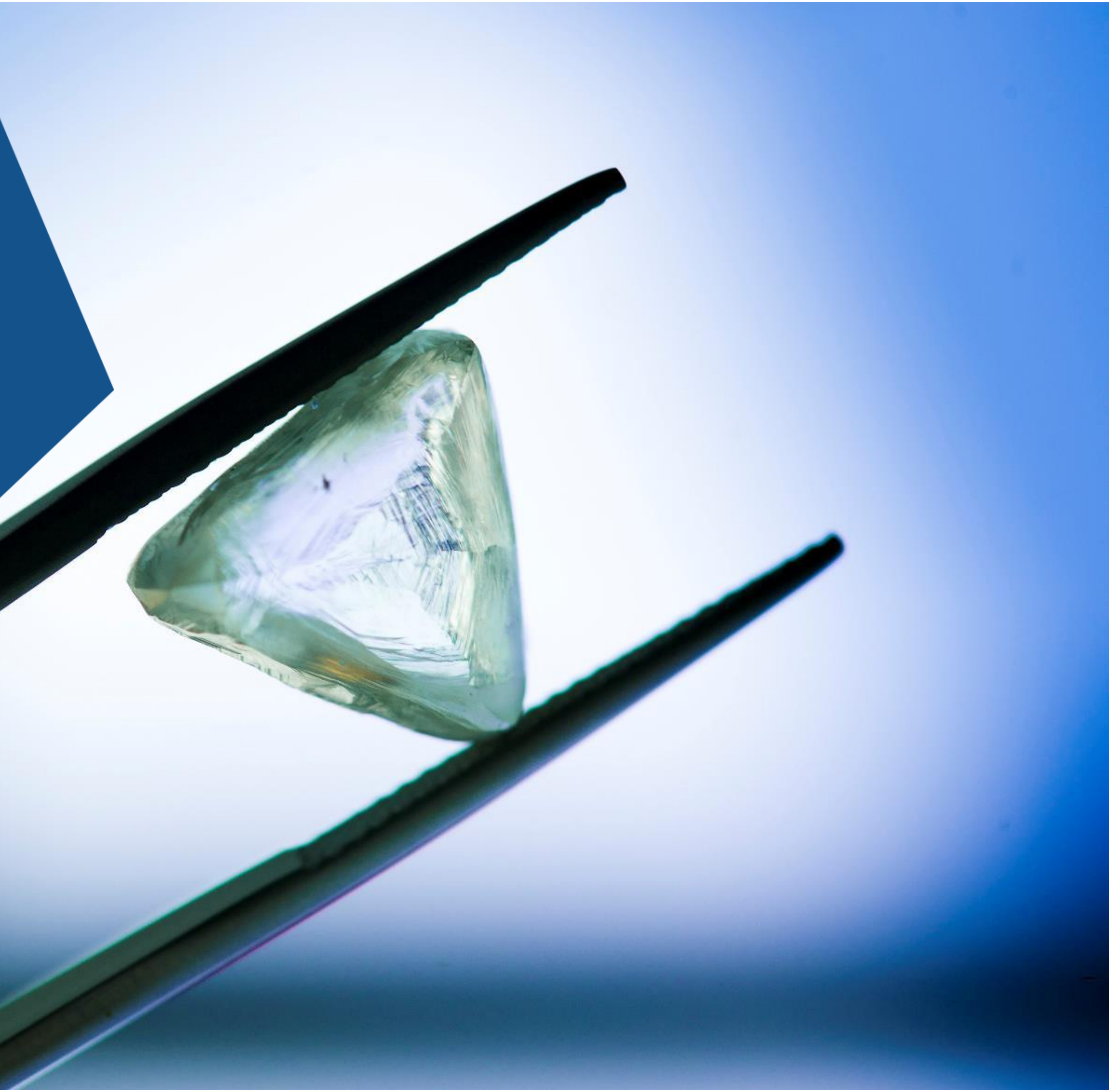
Diamond Market & Pricing Overview

February 2019



Diamond Market Fundamentals

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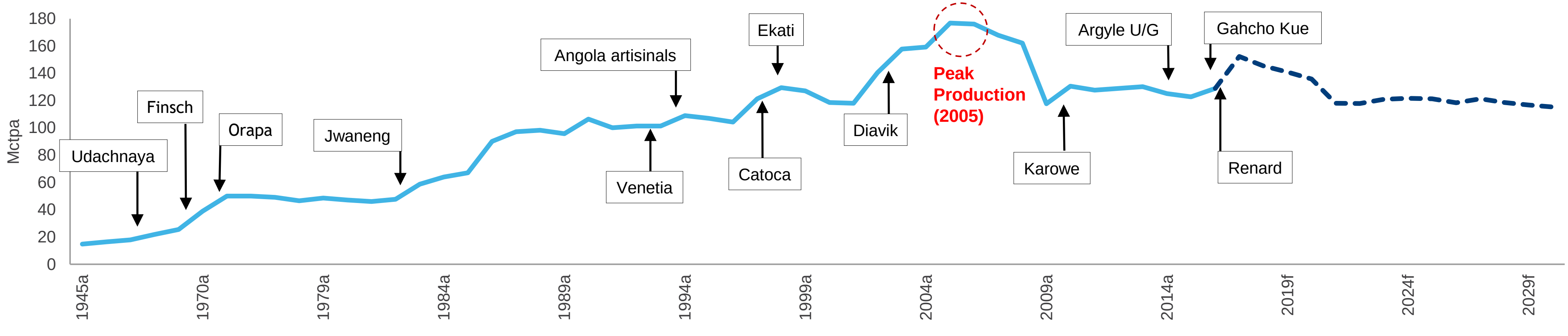
Supply

- **Supply constraints:** Global rough diamond production increased 19% to 150.9 Mcts in 2017
- **Continuing overall declining trend:** Rise in production driven by new mines that have recently entered the market, however still substantially below the 'peak' in 2005 of 177 Mcts
- **No new finds:** The world's largest diamond mines are maturing and past peak production levels
- **Supply is forecast to decrease** to ca. 115 Mcts by 2030

Demand

- **Global market:** rose 2% to record high of $82bn in 2017
- **Demand growth expected to be driven by:**
  - Growth in major US market +4% to $43bn
  - Strong desire for diamonds in China; consumer confidence reached 20 year high
  - Increasing wealth globally / escalation in HNWIs
  - Rise in generic marketing to consumers (DPA)
  - Female self purchasing continues to increase
  - Rise in omnichannel / online retail markets
  - Millenials represent over 2/3 all diamond jewellery demand in 4 largest markets; to be highest (overall) spending generation from 2020

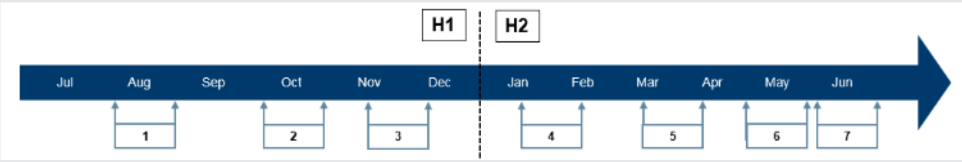
Global Diamond Supply: Historical & Forecast Rough Production



Sources: Kimberley Process Statistics / Bank of America Merrill Lynch / Canaccord / De Beers Diamond Insight Report 2018

Diamond Market and Prices

Petra Sales Timing



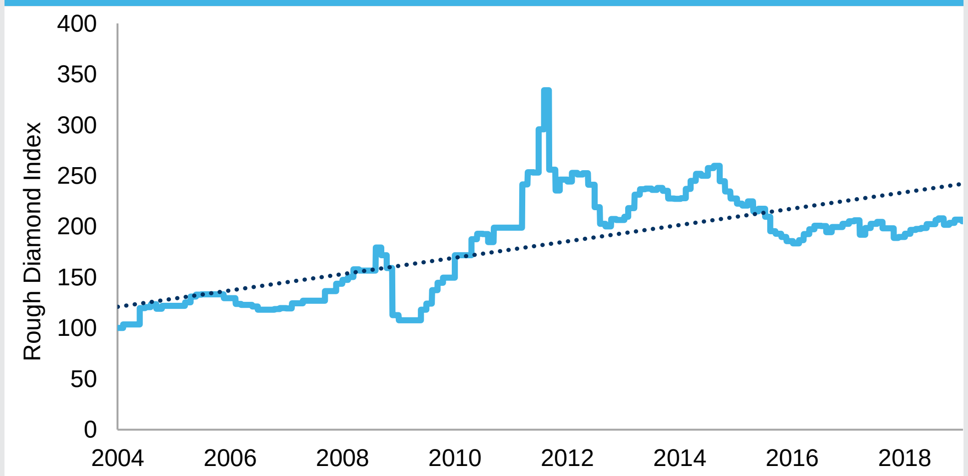
- Rough diamond market is seasonally strongest in the first quarter of the calendar year due to the fact that retailers are ready to restock after the festive selling season, incl. Thanksgiving in the US, Christmas, Chinese New Year and Valentine's Day
- Petra sales weighted to H2 of the financial year

Petra – Rough Diamond Prices	Actual H1 FY 2019 US$/carat	Actual H1 FY 2018 US$/carat	Actual FY 2018 US$/Ccrat
Finsch	105	104	108
Cullinan	96	140	125
Koffiefontein	447	511	525
Williamson	223	233	270

H1 FY 2019 Market Performance

- Demand for higher value stones remained strong in H1 FY 2019
- Demand for lower value small diamonds softened in Sept and Oct driven by a weakening in global markets and seasonal destocking at a number of Indian midstream companies – some recovery in demand in Nov and Dec
- Overall rough diamond prices on a like for like basis were ca. -4% for the Period, compared to H1 FY 2018
- Future price guidance removed – Petra now reports actual prices achieved
- Diamond market expected to be broadly stable in FY 2019

Rough Diamond Index (Jan 2004 to Jan 2019)



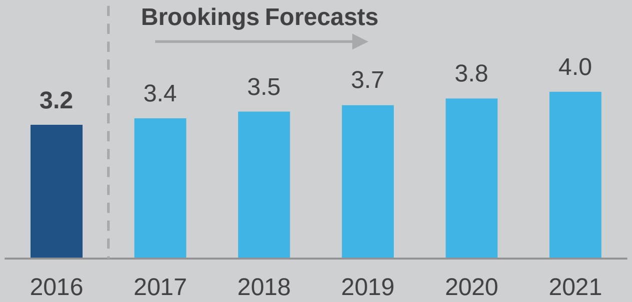
Source: Bloomberg

Producing the Full Spectrum of Diamonds

Mass market goods

Growth in middle classes

The global middle class comprised ca. 3.2bn people at the end of 2016

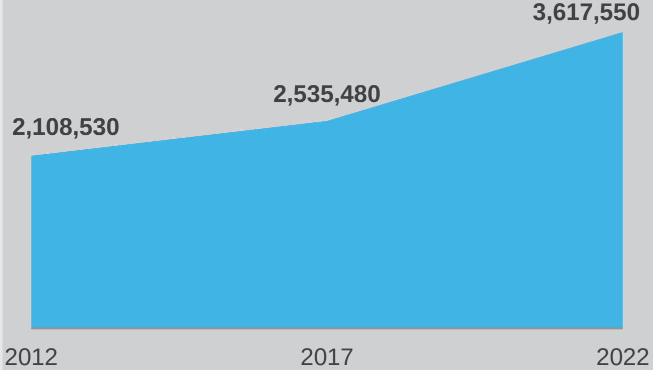


160 million people projected to join the global middle class over the next 5 years

Brookings – February 2017

High end goods

Growth in HNWIs (+$5m)



HNWI population projected to increase 43% by 2022

Knight Frank The Wealth Report 2018

Ultra collectables

Exceptional diamonds

The 3,106ct Cullinan Diamond

The 29ct Blue Moon of Josephine

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Corporate Social Responsibility

February 2019

Sustainability – Providing Stable Employment

- By investing its resources in its mines, Petra has put in place long-term, sustainable mine plans
- When Petra acquired mines: +/- 2,500 employees
- Today Petra employs more than 3,600 employees
- And several thousand contractors during expansion programmes
- Using accepted multiplier of x10: in excess of 50,000 people are dependent on our operations

Sustainability

Training and Development

- Leadership Development Programme to encourage career progression
- Ca. $9.5m spent on training & development programmes in FY 2018

Labour Relations

- Labour relations are currently stable and three year agreement bodes well for a more stable environment during this period
- Under two weeks of labour disruption experienced in September 2017 at the SA operations (except Cullinan) prior to finalisation of three year wage agreement

Communities

- Enterprise Development Centres established at all South African operations to develop local businesses
- Education identified as the best way for Petra to contribute to the upliftment of its local communities and to South Africa as a whole
  - Early learning initiatives
  - School, scholarship and bursary programmes
  - Focus on development of technical skills – maths and science

Environment – continued focus on efficiencies

- All expansion programmes designed for improvements in energy, water and carbon emitted per tonne
- Ongoing initiatives to reduce energy usage, including continual investigation of renewable energy sources

The handover of the multi-purpose sports facility to Onverwacht Primary School, near Petra's Cullinan mine

Petra facilitated exposure for 5 local enterprises at the Enterprise and Supplier Development Expo in Johannesburg

Generating Value for all Stakeholders

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Development of our People
Petra took part in the 9^{th} Annual ITC Annual Leadership for Women in Mining Conference

Contributing to our communities
The Petra Foundation launched a new science laboratory at the Tabine High School in Cullinan

Local Economic Development
Kimberley handover of artisanal mining permits

Community Health
Petra sponsors and supports the Hunger & Thirst initiative in Kimberley

Education
Sponsoring transport for 1,200 students to the 2018 NOCCI Business Expo

Environmental Awareness
Petra supports a conservation project to support breeding of endangered white-backed vultures

Focus on Developing our People

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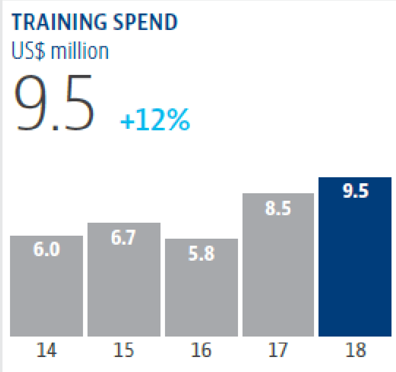
- Petra increased its training spend to US$9.5 million in FY 2018
- Efforts start at grassroots level – improving education standards in local schools
- Bursaries, scholarships and training offered to community members
- Numerous Company programmes to develop our employees



Non – Employees

School Support

- School Support (Maths & Science)
- Scholarships
- One Book One Learner Project
- Career Exhibitions and Career Brochures
- Sponsorship for N1 and N2 studies

Tertiary

- Bursaries: Full Time
- Experiential Training
- Minerals Education Trust Fund (METF)
- Vacation Work
- Young Graduate Work Experience

Community

- Portable Skills Training
- Adult Education & Training (“AET”), improving literacy and numeracy
- Business Development/ Supplier Development

Employees

Career Advancement

- Study Assistance
- AET
- Internships
- Bursaries: Part Time
- N1 and N2 Studies
- Mentoring and Coaching programmes
- Career Advancement programme for A & B banders

Development Programmes

- Senior Management Development Programme
- Leadership Development Programme
- Management Development Programme
- Supervisory Development Programmes
- Plant Shift Supervisor programme

Skills Development

- Core Skills Training
- Soft Skills Training
- Induction/ Refresher Training
- Skills Programmes
- Portable Skills Training
- Engineering Semi Skilled training programme

Learning Programmes

- Engineering Learnerships
- Learner Miner Development Programme
- Metallurgy Learnerships
- Full Time Training Programmes

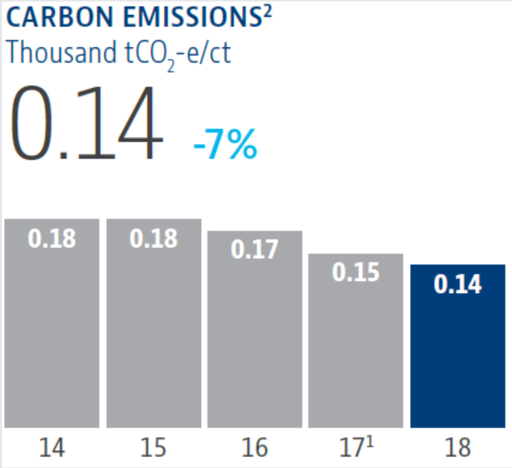
Focus on the Development of Women

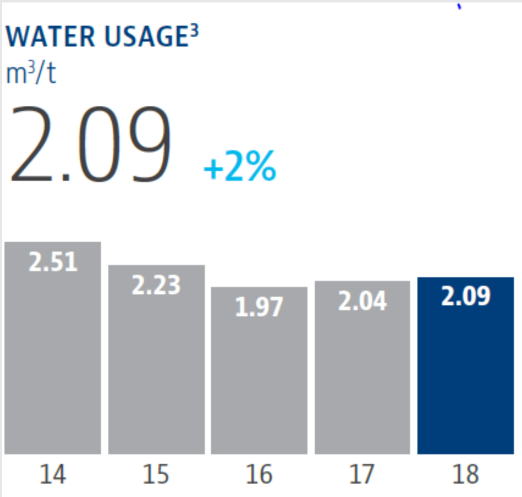
Diversity is proven to result in improved decision making and better results

- Petra has a number of Company initiatives aimed at encouraging and developing women at all levels of the business; in FY 2018 women represented:
    - 33% of engineering learnerships
    - 40% of mining learnerships
    - 39% of bursars
    - 33% of leadership development programme
    - 18% of total workforce
- Our Women in Mining Committee has created a platform for women at Petra's South African operations to share experiences, identify challenges and promote development opportunities

Minimising our Environmental Footprint

- Diamond mining is energy and water intensive but it does not use any harmful chemicals – vegetation grows freely on our tailings dumps
- Ongoing initiatives to reduce energy usage, including continual investigation of renewable energy sources
  - Continual reduction in carbon emissions per carat
  - Carbon sequestration implemented through maximisation of indigenous vegetated areas
- Ongoing initiatives to reduce water usage
  - 59% of water used on mine is recycled
- Petra has designated protected habitats totalling 10,255 ha adjacent to its mines to ensure preservation of fauna and flora
  - In all cases, apart from Kimberley, these protected areas equal or are larger than the footprint of the mining operations
- Environmental impact of our mining activities is not expected to last long after the cessation of operations due to continuous rehabilitation





Appendix

Petra Board of Directors

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Adonis Pouroulis
Non-Executive Chairman

Mining entrepreneur whose expertise lies in the discovery and exploration of natural resources across Africa

Founded Petra in 1997 and floated first diamond company on AIM

Has since chaired the Company as it has developed into a mid-tier diamond producer of global significance

Johan Dippenaar
CEO

Over 25 years' experience in the leadership and management of diamond mining companies

Previously CEO of ASX quoted Crown Diamonds which operated a portfolio of three underground diamond fissure mines

Merger with Petra in 2005 and has led company through period of significant growth

Jacques Breytenbach
Finance Director

Assumed role in February 2018. Mr Breytenbach first joined Petra in 2006 as Finance Manager – Operations before becoming CFO in 2016. Prior to this he was Finance Manager – Capital Projects at Anglo Platinum

Leads financial management of Petra and is responsible for financing, treasury, financial controls, reporting, legal, investor relations, compliance and corporate governance

Tony Lowrie
Senior Independent Non-Executive Director

Over 45 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, Kenmare Resources, J. D. Wetherspoon plc and several quoted Asian closed end funds

Dr Patrick Bartlett
Independent Non-Executive Director

Acknowledged expert on kimberlite geology and design and block caving

Formerly Chief Geologist for De Beers until retirement in 2003

In-depth knowledge of several Petra mines, having worked at Finsch, Koffiefontein, Kimberley Underground and Cullinan

Since retiring has been involved in block caving projects for BHP, Anglo and Rio Tinto

Gordon Hamilton
Independent Non-Executive Director

Extensive experience as a NED across wide range of businesses

Formerly a partner for +30 years at Deloitte & Touche LLP; primarily responsible for multinational and FTSE 350 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

Octavia Matloa
Independent Non-Executive Director

A chartered accountant with broad business, financial and auditing experience Member of the Audit Committee.

Completed articles with PwC in South Africa in 2000 before joining the Department of Public Transport, Roads and Works, first as deputy chief financial officer, followed by chief director management accountant

An entrepreneur who has founded a number of businesses

Varda Shine
Independent Non-Executive Director

Previously, held the role of CEO of De Beers Trading Company where she worked with stakeholders across the supply chain (producing governments to luxury retailers) and delivered record sales and profits. She currently sits on the Boards of Lonmin Plc, the Mineral Development Company Botswana and Sarine Technologies. Ms Shine is also a Governing Board member of the Diamond Empowerment Fund (DEF) and a trustee of the Teenage Cancer Trust.

Bernard Pryor
Independent Non-Executive Director

A Metallurgical Engineer with 35+ years' experience. He is currently CEO of Alufer Mining and Non-Executive Chairman of MC Mining Limited. Mr Pryor was previously CEO of African Minerals Limited and Q Resources plc. Between 2006 and 2010 he held senior positions within Anglo American Plc as Head of Business Development and was CEO of Anglo Ferrous Brazil Inc. Prior to that he was COO at Adastra Minerals Inc in the DRC.

Capital Structure

PetraDiamonds

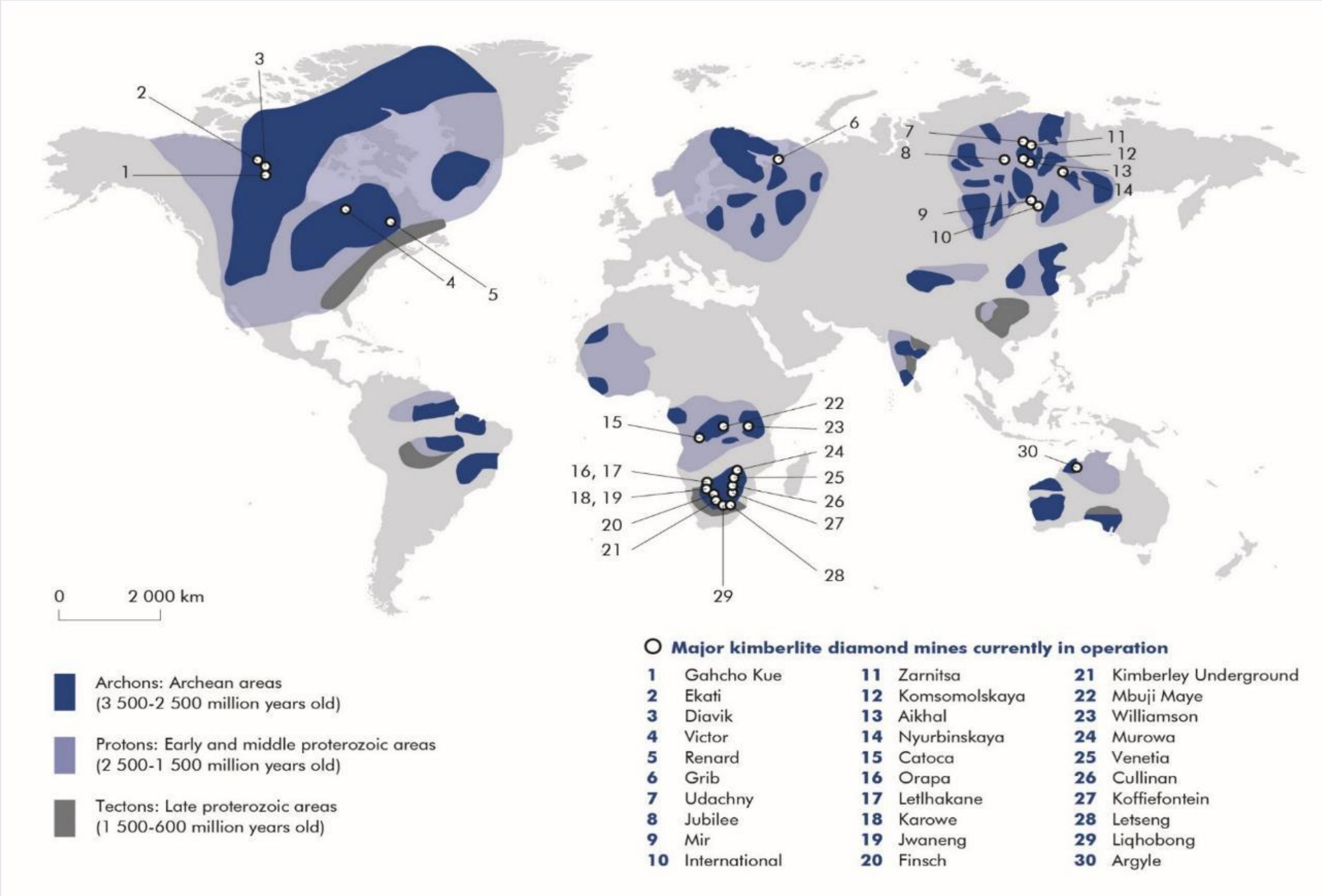
Share Price (1 year to 31 January 2019)

As at 27 December 2018	% voting rights
BlackRock, Inc.	12.2%
Standard Life Aberdeen plc	11.6%
Prudential plc	5.3%
T. Rowe Price	5.0%
Cobas Asset Management	5.0%
Directors	3.8%

Listing	**LSE: PDL**
Average daily trading volume (shares) – (LTM)	2.9m
Shares in issue	865.3m
Free float	94.7%
Market cap @ 33.00p (31 January 2019)	£285.56 / $374m

Diamonds are rare…and getting rarer

Only 30 significant kimberlite mines in production today



FY 2018 vs FY 2017 Operational Results

Petra Diamonds

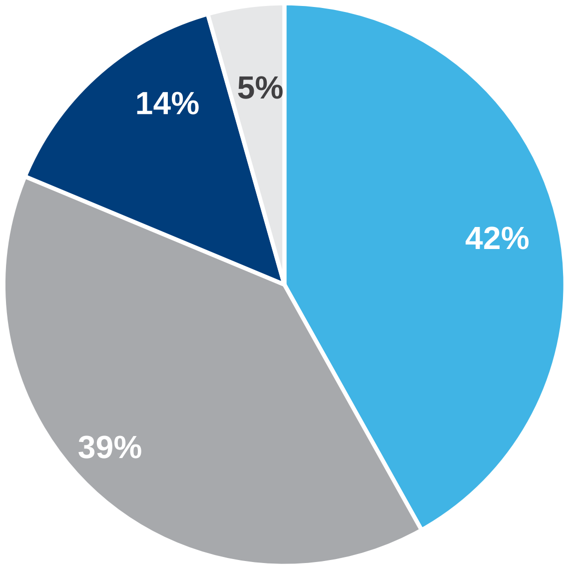
	Finsch		Cullinan		Koffiefontein		Williamson	
	FY 2018	FY 2017	**FY 2018**	FY 2017	**FY 2018**	FY 2017	**FY 2018**	FY 2017
ROM PRODUCTION								
Tonnes Treated (t)	**3,084,395**	3,212,169	**3,741,086**	1,882,911	**649,259**	667,821	**4,659,563**	3,667,781
Grade (cpht)	**62.5**	56.6	**35.9**	36.1	**8.1**	7.7	**7.0**	5.8
Diamonds recovered (carats)	**1,926,467**	1,818,454	**1,342,020**	679,622	**52,537**	51,173	**328,681**	212,215
TOTAL PRODUCTION								
Tonnes treated (t)	**3,879,368**	4,863,258	**4,153,835**	2,389,087	**649,259**	667,821	**5,045,284**	4,071,592
Diamonds recovered (carats)	**2,073,477**	2,149,896	**1,368,720**	786,509	**52,537**	51,173	**341,102**	225,202
SALES								
Diamonds sold (carats)	**2,152,786**	2,141,885	**1,335,669**	760,957	**51,936**	56,068	**253,524**	226,110
Average price per carat (US$)	**108**	101	**125**	120	**525**	506	**270**	258
Revenue (US$M)	**231.9**	216.7	**167.0**	91.3	**27.2**	28.4	**68.5**	58.4
On-mine cash cost per tonne treated	**R329**	R253	**R239**	R316	**R596**	R532	**US$10.7**	US$11.6
CAPEX (US$m)[1]	**50.0**	67.5	**62.7**	125.2	**12.3**	18.8	**4.6**	15.0

[1] *Excludes capitalised borrowing costs*

Operating Costs

PetraDiamonds

FY 2018 On-mine cash cost breakdown (South Africa operations)



- Future focus on the optimisation of asset portfolio to drive cost efficiencies
- Absolute on-mine cash costs in line with expectations despite inflationary pressures
- Group on-mine US$ cash costs +20% due to:
  - increase in production / volumes treated (+8%)
  - inflationary increases, including the impact of electricity and labour costs (+7%)
  - the effect of translating ZAR denominated costs at SA operations at a stronger ZAR/USD exchange rate (+5%)

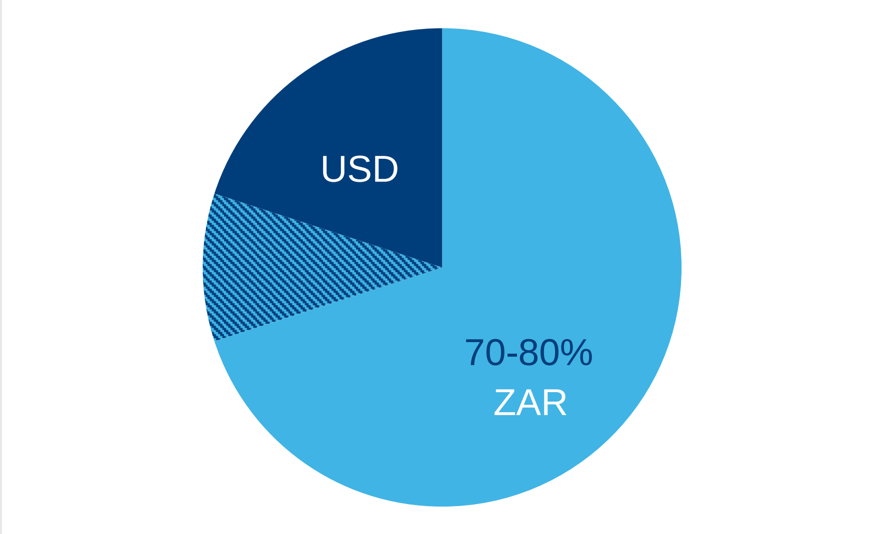
All in US$m	On-mine cash costs[1]	Diamond royalties	Diamond inventory and stockpile movement	Group technical, support and marketing costs[2]	Adjusted mining and processing costs	Depreciation[3]	Share based expense	Total mining and processing costs (IFRS)
FY 2018	261.4	14.2	(9.5)	25.3	291.4	127.2	-	418.6
FY 2017	218.4	4.6	(1.7)	21.3	242.6	62.3	0.1	305.1

1. Includes all direct cash operating expenditure at operational level
2. Certain technical, support and marketing activities are conducted on a centralised basis.
3. Excludes exploration and corporate / administration.

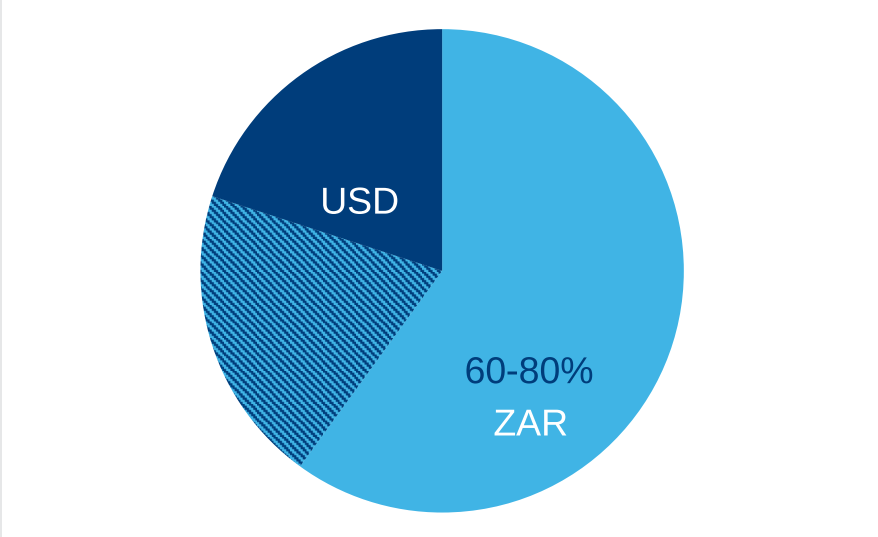
Impact of ZAR/USD Movement on Petra

- US$1:ZAR13.70 on 28 January 2018
- Increase / decrease of ZAR1 equates to:
  - ca. US$20m on EBITDA
  - ca. US$35m on FCF
- Short term hedging strategy to manage volatility
  - Collar style hedge on USD revenue converted to ZAR covering up to 50% of FY 2019 sales

USD:ZAR exchange rate – 1 July 2017 to 29 January 2019



70 - 80% of operating costs are ZAR denominated



60 - 80% of Capex is ZAR denominated

Debt Facilities

- Bank facilities (excl. FX lines) as at 31 Dec 2018: ca. $104.5 million
- Bank debt facilities undrawn and available to the Group as at 31 Dec 2018: $104.5 million, in addition to cash at bank of $92.8 million
- South African bank debt was settled shortly after Year end; remaining available

Lender	Type	Size ZARM	Size US$M[1]	Utilised at 31 Dec 2018 US$M	Interest Rate	Repayment
Absa & Nedbank	ZAR Revolving credit facility	1,000	73	0	1M JIBAR + 5.0%[2&3]	October 2021
Absa & RMB (FNB)	ZAR Working capital facility	500	36	0	SA Prime – 1.0%[2&3]	Subject to annual renewal

1. Converted to USD using exchange rate of ZAR14.35/USD1
2. An increase of 1% will apply in the event that the Company's Consolidated Net Debt is greater than 2.5x but less than 3x Consolidated EBITDA
3. An increase of 2% will apply in the event that the Company's Consolidated Net Debt exceeds or is equal to 3x Consolidated EBITDA

Bank Debt Facilities – Covenants

Covenant	Maintenance Covenants: 12 months to 30 June 2018 Required ratio	12 months to 31 Dec 2018 Required ratio	12 months to 30 June 2019 Required ratio	Distribution Covenants: All periods Required ratio
Consolidated Net Debt[2] to Consolidated EBITDA	≤3.5x	≤3.5x	≤2.5x	≤2.0x
Consolidated EBITDA to Consolidated Net Finance Charges	≥3.0x	≥3.0x	≥4.0x	≥6.0x
Consolidated Net Senior Debt[3] to Book Equity[4]	≤0.4x	≤0.4x	≤0.4x	≤0.3x

1. Waiver obtained for 30 June 2018 measurement period
2. Consolidated net debt is loans and borrowings, less cash, less diamond debtors and includes the BEE guarantees of ca. ZAR1,040 billion ($72.5 million) as at 31 Dec 2018, issued by Petra to the lenders as part of the BEE financing concluded in December 2014
3. Consolidated Net Senior Debt means at any time the Consolidated Net Debt (excluding any second lien and other subordinated debt)
4. Book Equity is Equity excluding accounting reserves

Capex Profile – FY 2019 & FY 2020

Operation	Financial Year	2019	2020
Finsch	ROM tonnes treated (Mt)	3.2	3.2
	Tailings tonnes treated (Mt)	0.2	0.0
	Expansion Capex (ZARm)	200	200
	Sustaining Capex (ZARm)	125	120
Cullinan	ROM tonnes treated (Mt)	3.7 – 4.0	4.0
	Tailings tonnes treated (Mt)	1.5 – 1.7	2.0
	Expansion Capex (ZARm)	570	350
	Sustaining Capex (ZARm)	130	120
Koffiefontein	ROM tonnes treated (Mt)	1.0	1.0
	Expansion Capex (ZARm)	65	20
	Sustaining Capex (ZARm)	30	40
PETRA (SA Operations)	Expansion Capex (ZARm)	835	570
	Sustaining Capex (ZARm)	285	280
Williamson	ROM tonnes treated (Mt)	4.7	4.7 – 5.0
	Alluvial tonnes treated (Mt)	0.4	0.0 – 0.4
	Sustaining Capex (USDm)	5	5
PETRA (All Operations)	ROM tonnes treated (Mt)	12.6 – 12.9	12.9 – 13.2
	Tailings / other tonnes treated (Mt)	2.1 – 2.3	2.0 – 2.4
	Expansion Capex (USDm)	65	45
	Sustaining Capex (USDm)	27	27

1. All Capex numbers stated in FY 2019 money terms (ZAR12.75/US$1 where applicable)
2. Depreciation on mining assets for FY 2019 guided at ca. US$90 million.

The DPA - Sustaining Consumer Demand

Diamond Producers Association comprises De Beers, ALROSA, Rio Tinto, Dominion, Petra, Lucara, Murowa – together ca. 72% of world supply by value

The DPA seeks to actively influence sustainable consumer demand by:

- Promoting the integrity of the diamond industry and maintaining consumer confidence
- Providing generic marketing support, ensuring diamonds remain relevant to the next generation of consumers

DPA budget increased to US$70 million in 2018

- Continued focus on major US market; comprises multi-channel advertising, innovative digital programmes, high-impact PR around the ‘Real is Rare. Real is a Diamond’ campaign
- 2018 marked first full year of marketing in India and the launch of marketing in China
- Industry advocacy and trade programmes to support the pipeline, plus challenging misleading synthetics industry narrative and language

DPA launched Real is Rare campaign in India in November 2017

PetraDiamonds

Thank You

Further enquiries:
Petra Diamonds
investorrelations@petradiamonds.com
+44 20 7494 8203
www.petradiamonds.com