



PetraDiamonds

Investor Presentation

May 2019



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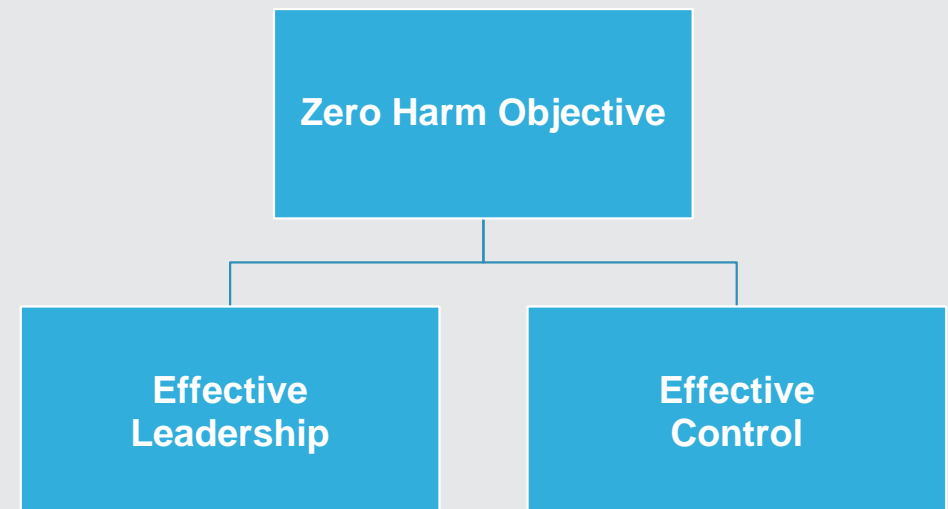
Safety is Our Number One Priority

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 0.19 reported for the nine months ending 31 March 2019, comparing favourably against industry peers



Safety is our most important personal and organisational value



Focused on Delivery from Petra's Diversified Portfolio of Assets

Stabilising our operations

- Increasing access across the full footprint of sub-level and block caves
- Five consecutive quarters of consistent production
- FY 2019 production guidance of 3.8 – 4.0 million carats maintained



Focus on free cashflow to reduce debt

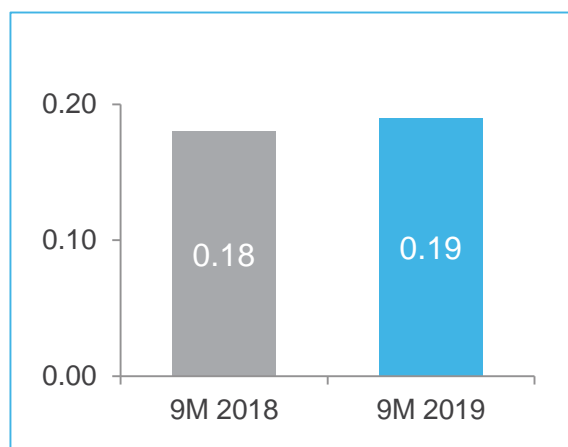
- Maintain consistent, steady-state production
- Close focus on operational costs and capital expenditure
- Focus on delivery of free cashflow to reduce net debt and generate future options



FY 2019 YTD (nine months to 31 March 2019)

SAFETY

LTIFR

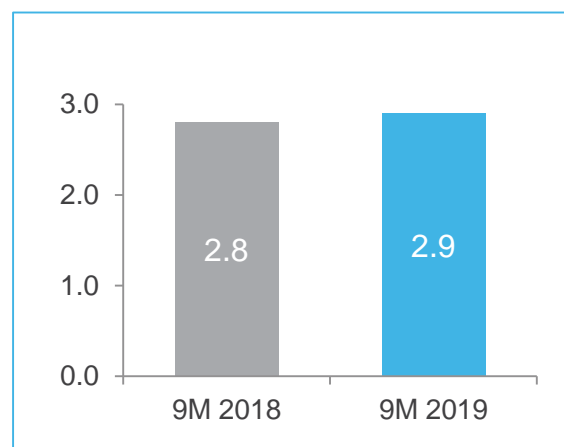


- Group LTIFR for the nine months to 31 March 2019 remains well managed at 0.19
- Health and safety remains key priority
- Targeting zero harm workplace

PRODUCTION

Million carats

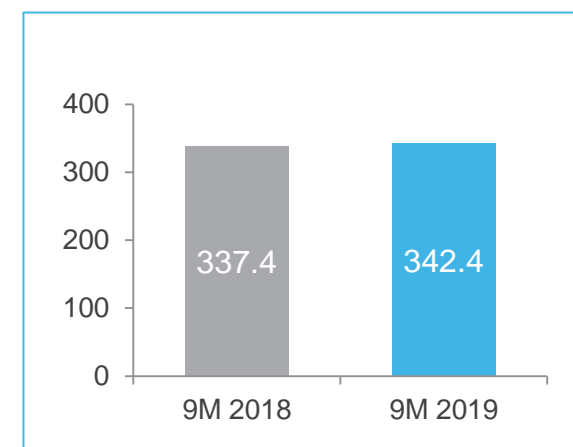
Full Year
Guidance
c.3.8 – 4.0



- Production up 4% to 2,943,374 carats following 6% increase in ROM carats, partially offset by reduced tailings throughput at Finsch
- Q3 production of 924,228 carats reflected increased production at Cullinan, Koffiefontein and Williamson offset by lower production at Finsch

REVENUE

US\$ (million)

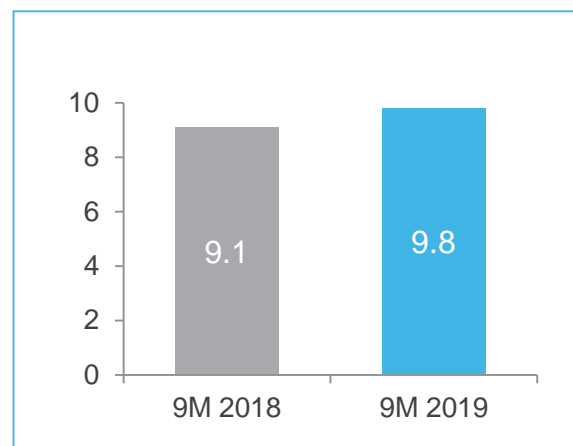


- Revenue increased 1% to US\$342.4m
- Diamonds sold increased 6% to 2,797,700 carats
- Q3 revenue of US\$135.2m from sales of 1,061,343 carats
- Rough diamond prices on a like-for-like basis in Q3 increased 1% compared to H1 FY 2019

FY 2019 YTD (nine months to 31 March 2019) – KPIs

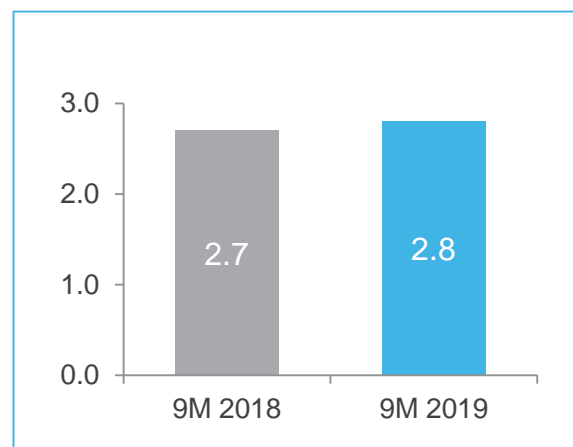
ROM PRODUCTION

Million tonnes



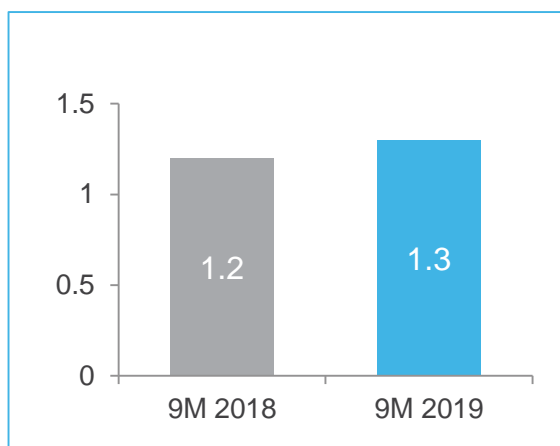
ROM CARATS PRODUCTION

Million carats



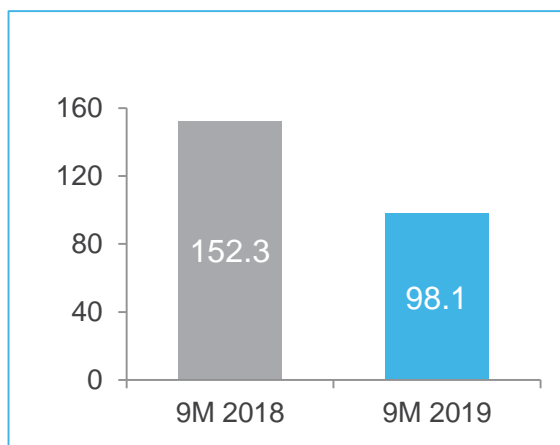
TAILINGS PRODUCTION

Million tonnes



TAILINGS CARATS PRODUCTION

'000 carats



- FY 2019 YTD ROM carats production up 6% to 2,845,234 carats
- Q3 ROM carats production of 898,517 carats
- Q3 ROM carat production at Cullinan, Koffiefontein and Williamson increased 21%, 42% and 23% respectively
- Finsch Q3 production impacted by delay in planned winder upgrade and belt tear on main underground conveyor in January 2019 - both issues have been addressed and remainder of Q3 production was in line with expectations
- Cullinan C-Cut Phase 1 - installation of remaining draw points across the footprint progressing as planned, completion expected during H1 FY 2020 (6-9 months to mature)
- Incidence of larger stones is improving at Cullinan - recovery of three +100 carats gem-quality stones, followed by another +100 carat stone post Q3

Cullinan - Recovery of Type II Diamonds

- FY 2018 – recovery of 40.5 carat Type II blue stone sold for US\$24 million
- Q3 FY 2019 YTD – recovery of a number of Type II blue stones varying from two to ten carats per stone, including a 6.1 carat stone recovered 8 March 2019
- FY 2019 YTD – recovery of various Type II white stones across all size ranges, with four +100 carat gem-quality stones, namely:
 - H1 FY 2019 – 111.4 carat D-colour Type II;
 - 8 March 2019 – 100.8 carat D-colour Type II;
 - 29 March 2019 – 425.1 carat D-colour Type II; and
 - 18 April 2019 (post Q3) – 209.9 carat D-colour Type II



111.4 carat D-colour Type II
recovered H1 FY 2019



100.8 carat D-colour Type II
recovered 8 March 2019



425.1 carat D-colour Type II
recovered 29 March 2019



209.9 carat D-colour Type II
recovered 18 April 2019

Financial Position

	Unit	31 Mar 2019	31 Dec 2018	30 Jun 2018
<i>Closing exchange rate used for conversion</i>		<i>R14.48:US\$1</i>	<i>R14.35:US\$1</i>	<i>R13.73:US\$1</i>
Cash at bank	US\$m	96.9	90.7	236.0
Diamond inventories	US\$m	64.9	76.3	54.0
	Carats	674,632	811,718	529,054
Diamond debtors	US\$m	46.4	4.4	75.0
US\$650 million loan notes (issued April 2017)	US\$m	650.0	650.0	650.0
Bank loans and borrowings	US\$m	-	-	106.7
Net debt	US\$m	553.1	559.3	520.7
South African bank facilities undrawn and available	US\$m	103.6	104.5	2.6
Consolidated net debt for covenant measurement purposes	US\$m	580.8	627.4	531.6

- *Net debt reduced to ca. US\$553.1 million, (31 December 2018: US\$559.3 million), excluding US\$46.4 million relating to diamond debtors as at 31 March 2019 received shortly after Period end (31 December 2018: US\$4.4 million)*
- *30 June 2019 net debt position will be impacted by payment of 6-monthly bond coupon (ca. US\$23 million), cash taxes (ca. US\$10 – US\$15 million) and, depending on outcome and timing of negotiations with SA banks, BEE-debt repayments (of up to ca. US\$23 million including interest)*
- *The Company's ZAR1.5 billion (US\$103.6 million) South African banking facilities remain undrawn and available, with an unrestricted cash balance of US\$84.5 million as at 31 March 2019*

Bank Debt Facilities – Covenants

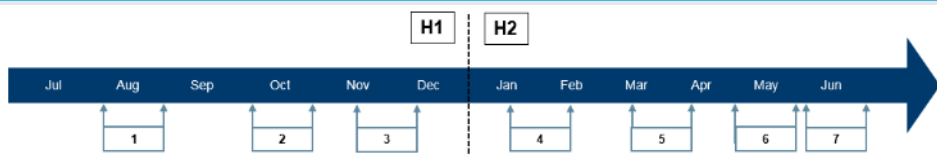
Bank debt facilities undrawn and available to the Group as at 31 March 2019 of R1.5 billion (ca. \$103.6 million), in addition to cash at bank of \$96.9 million

Covenant	Maintenance Covenants					Distribution Covenants
	12 months to 30 Jun 2019	12 months to 31 Dec 2019	12 months to 30 Jun 2020	12 months to 31 Dec 2020	12 months to 30 Jun 2021	All periods
	Required ratio	Required ratio	Required ratio	Required ratio	Required ratio	Required ratio
Consolidated Net Debt ¹ to Consolidated EBITDA	≤4.5x	≥4.25x	≥3.5x	≥3.25x	≥3.0x	≤2.0x
Consolidated EBITDA to Consolidated Net Finance Charges	≥2.5x	≥2.5x	≥2.75x	≥3.0x	≥3.25x	≥6.0x
Consolidated Net Senior Debt ² to Book Equity ³	≤0.4x	≤0.4x	≤0.4x	≤0.4x	≤0.4x	≤0.3x

1. Consolidated net debt is loans and borrowings, less cash, less diamond debtors and includes the BEE guarantees of ca. ZAR1,073 billion (\$74.1 million) as at 31 March 2019, issued by Petra to the lenders as part of the BEE financing concluded in December 2014
2. Consolidated Net Senior Debt means at any time the Consolidated Net Debt (excluding any second lien and other subordinated debt)
3. Book Equity is Equity excluding accounting reserves

Diamond Market and Prices

Petra Sales Timing



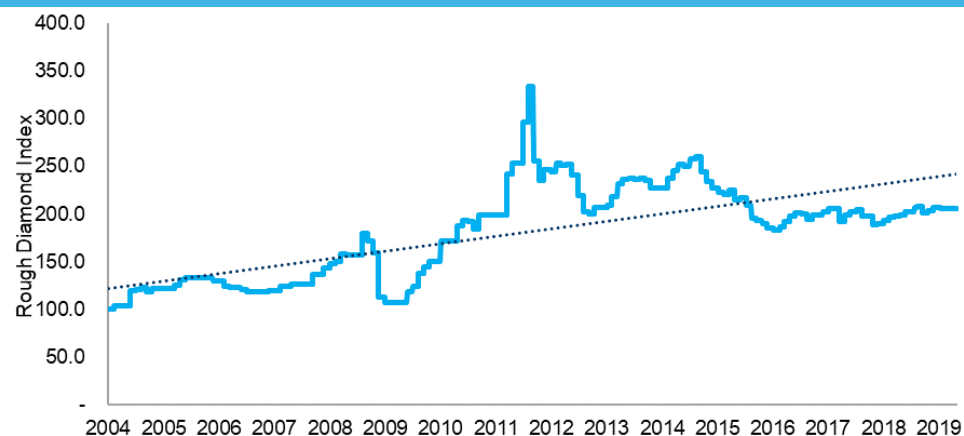
- Petra holds seven tenders during the calendar year
- Petra sales are weighted to H2 of the financial year
- 425.1 carat and 209.9 carat D colour Type II gem quality diamonds recovered at Cullinan on 29 March and 18 April expected to be sold during Q4

Rough Diamond Prices	Actual Q3 FY 2019 US\$/ct	Actual H1 FY 2019 US\$/ct	Actual FY 2018 US\$/ct
Finsch	101	105	108
Cullinan	101	96	125
Koffiefontein	559	447	525
Williamson	285	223	270

FY 2019 Market Performance

- Signs of stabilisation in the diamond market in Q3 FY 2019 with steady demand across all size categories
- Overall rough diamond prices on a like for like basis were up ca.1% for Q3 FY 2019 compared to H1 FY 2019
- Diamond market expected to be broadly stable in FY 2019

Rough Diamond Index (Jan 2004 to May 2019)



Source: Bloomberg

Diamond Market Fundamentals

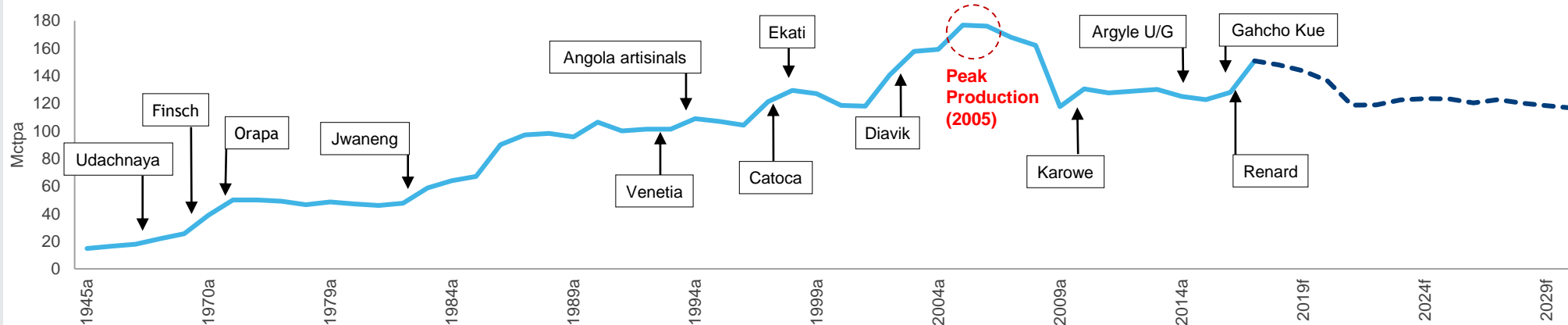
Supply

- **Supply constraints:** Global rough diamond production increased 19% to 150.9 Mcts in 2017
- **Continuing overall declining trend:** Increase 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 HNWLs
 - Rise in generic marketing to consumers (DPA)
 - Female self purchasing continues to increase
 - Rise in omnichannel / online retail markets
 - Millennials represent over two thirds of all diamond jewellery demand in four largest markets; to be highest (overall) spending generation from 2020

Global Diamond Supply: Historical & Forecast Rough Production



DPA Total Clarity Report – May 2019


- The Diamond Producers Association whose members represent 75% of the world's diamond production, has released its **first independent research report** on its members' impact on local communities, employees and the environment
- Written by Trucost and titled 'The Socioeconomic and Environmental Impact of Large-Scale Diamond Mining', the report reveals DPA Members generate more than **US\$16 billion** in net socioeconomic and environmental benefits through their diamond mining operations
- The report also finds that the majority of benefits are passed on to communities through **local employment, sourcing of goods and services, taxes and royalties, social programmes and infrastructure investment**
- The Trucost report creates a baseline from which DPA members will further build to **demonstrate progress toward their emission reduction goals**. Each member has set goals to reduce these emissions, which constitute the majority of diamond mining's environmental footprint.

To learn more or to download the report, visit www.total-clarity.com



Total Clarity Report Highlights

TOTAL CLARITY AT A GLANCE


\$16 Billion
in net positive socioeconomic
and environmental benefits


OUR PEOPLE



77,000+

people employed by
DPA Members.



66%

more than the national average
salary is what the average DPA
Member employee earns.



\$3.9 Billion

benefits created locally
through employment.

OUR COMMUNITIES



\$6.8 Billion

benefits infused into communities
through the purchase of local
goods and services.



60%

of the value created is retained
locally, benefitting communities
directly and indirectly.



\$292 Million

benefits of social programs
including education and
healthcare.

OUR PLANET



1,023 Sq Miles

of land DPA Members protect;
3x the amount of land that they use.



83%

of water used for diamond
mining is recycled.



69%

less carbon emission per carat
than a laboratory-created diamond.



Appendix



Petra Board of Directors



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



Richard Duffy
CEO, effective 1 April 2019

Mr Duffy has 27 years of global mining experience in a variety of leadership roles at Anglo American and AngloGold Ashanti Ltd. Including heading up their African operations as well as that of CFO

In 2015 he co-founded Africa Energy Management Platform

Mr Duffy holds a B.Com degree from the University of Witwatersrand and an MBA from Henley Management College in the UK



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

Share Price (1 year to 8 May 2019)



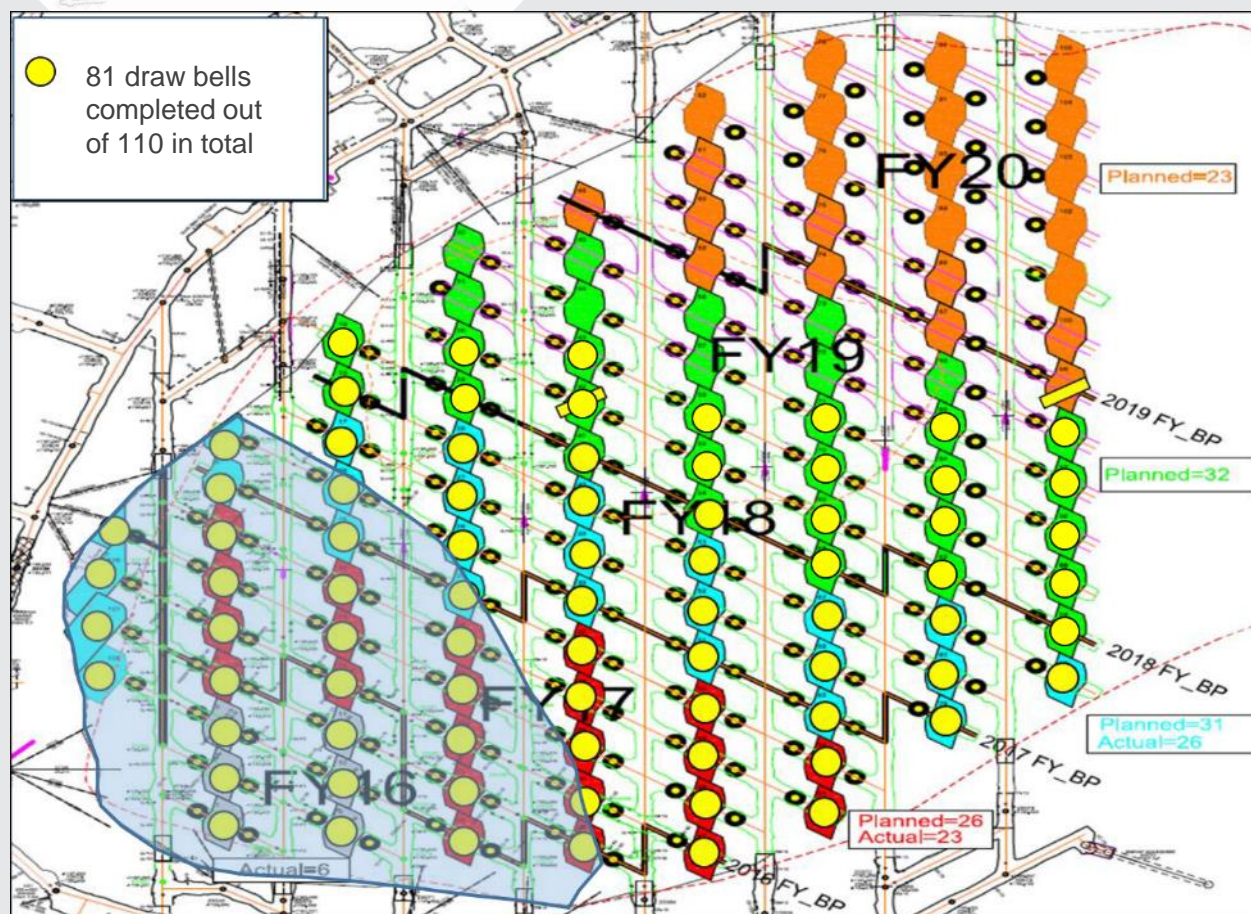
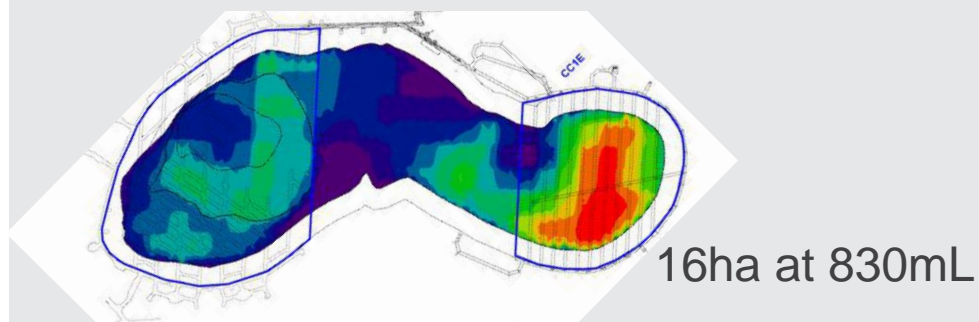
As at 25 April 2019

As at 25 April 2019	% voting rights
Standard Life Aberdeen plc	15.2%
Prudential plc (incorporating M&G Group Ltd)	5.3%
T. Rowe Price Associates Inc.	5.0%
Cobas Asset Management	5.0%
Lazard Asset Management	4.9%
Directors	3.8%

Listing

Listing	LSE: PDL
Average daily trading volume (shares) – (LTM)	3.2m
Shares in issue	865.3m
Free float	94.7%
Market cap @ 23.80p (8 May 2019)	£207.33

C-Cut Progression Over the Footprint



- 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 phase 1)
- Draw-bell installations are planned to be completed by H1 FY 2020; 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 ca. 25% of the C-Cut footprint, has produced 75% of the ore to date
- Production across the full footprint should result in a more stable distribution of diamond, being more reflective of historical recoveries

Mine Operational Results

Nine Months to 31 March 2019 vs Nine Months to 31 March 2018

		Finsch		Cullinan		Koffiefontein		Williamson	
	Unit	9m to 31/3/19	9m to 31/3/18	9m to 31/3/19	9m to 31/3/18	9m to 31/3/19	9m to 31/3/18	9m to 31/3/19	9m to 31/3/18
ROM PRODUCTION									
Tonnes treated	Tonnes	2,261,337	2,400,863	3,039,730	2,734,679	660,251	452,813	3,811,110	3,481,911
Grade	cpht	57.8	60.9	39.6	34.6	6.5	8.3	7.7	6.8
Diamonds recovered	Carats	1,307,422	1,462,437	1,203,186	946,951	42,630	37,472	291,997	237,099
TOTAL PRODUCTION									
Tonnes treated	Tonnes	2,448,265	3,087,189	3,900,994	2,926,249	660,251	452,813	4,119,376	3,774,249
Diamonds recovered	Carats	1,334,794	1,590,265	1,264,027	961,638	42,630	37,472	301,924	246,897
SALES									
Diamonds sold	Carats	1,304,843	1,591,073	1,145,188	843,787	38,332	34,656	309,365	172,204
Average price per carat	US\$	104	105	98	131	490	520	246	242
Revenue	US\$M	135.1	167.3	112.4	110.5	18.8	18.0	76.1	41.6

Debt Facilities

Bank debt facilities undrawn and available to the Group as at 31 March 2019 of R1.5 billion (ca. \$103.6 million), in addition to cash at bank of \$96.9 million

Lender	Type	Size ZARM	Size US\$M ¹	Utilised at 31 Mar 2019 US\$M	Interest Rate	Commitment fee on undrawn facilities	Repayment
Absa & Nedbank	ZAR Revolving credit facility	1,000	69	0	1M JIBAR + 5.0% ²	1.35% ²	October 2021
Absa & RMB (FNB)	ZAR Working capital facility	500	35	0	SA Prime – 1.0%	0.85%	Subject to annual renewal

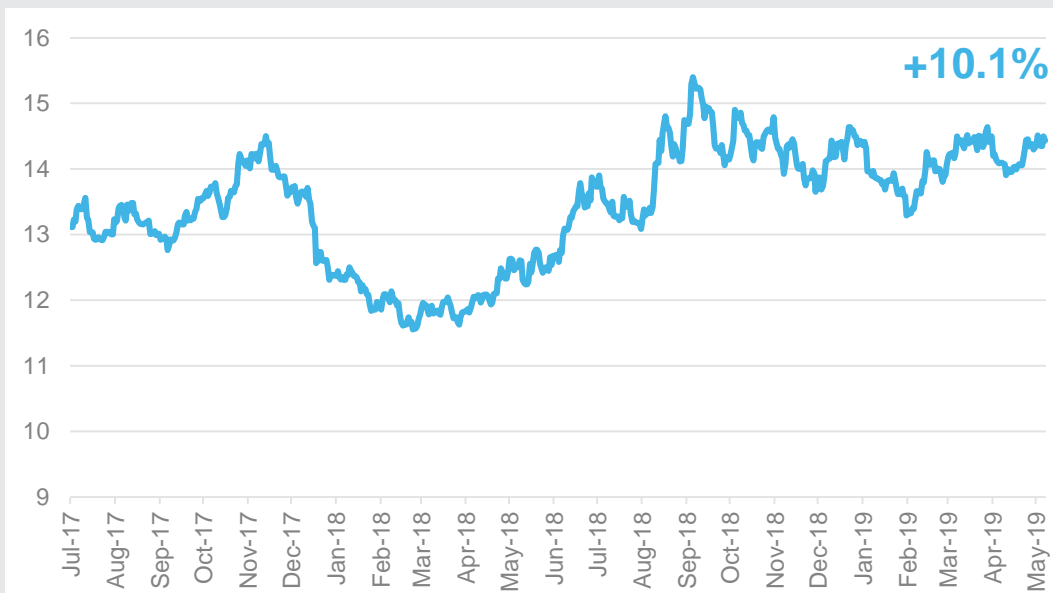
Consolidated Net Debt to Consolidated EBITDA	Additional interest rate ratchet	Additional commitment fee ratchet
≥ to 2.5:1	0.0%	0.0%
> 2.5:1 but ≤ 3.0:1	+1.0%	0.0%
> 3.0:1 but ≤ 3.5:1	+2.0%	+0.225%
> 3.5:1 but ≤ 4.0:1	+3.0%	+0.450%
> 4.0:1	+4.0%	+0.675%

1. Converted to USD using exchange rate of ZAR14.48/USD1

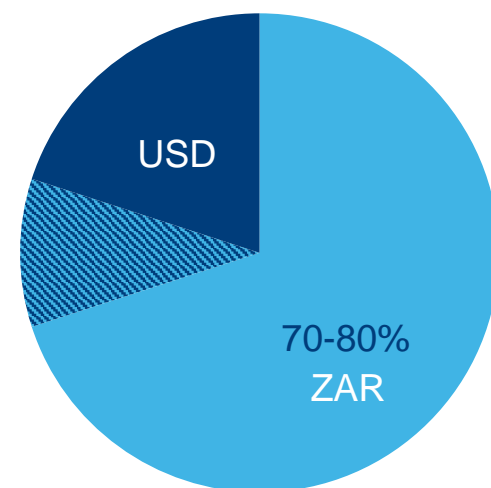
2. The ZAR Revolving Credit Facility will be subject to new margin and commitment fee ratchet mechanisms contingent on the Consolidated Net Debt: Consolidated EBITDA covenant levels at each measurement date.

Impact of ZAR/USD Movement on Petra

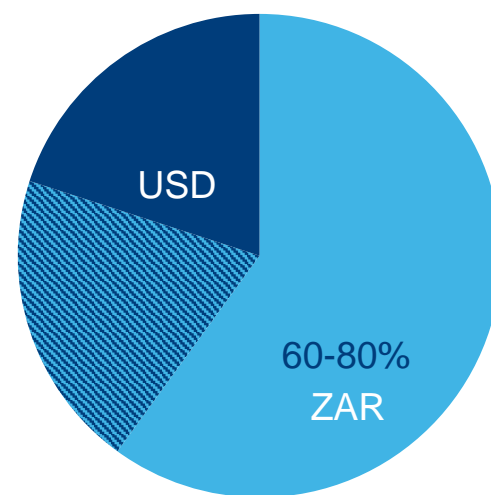
- US\$1:ZAR14.45 on 7 May 2019
- Increase / decrease of ZAR1 equates to:
 - ca. US\$20m on EBITDA
 - ca. US\$35m on FCF
- Short term hedging strategy to manage volatility
 - Collar style hedges on USD revenue converted to ZAR covering up to 50% of FY 2019 sales



USD:ZAR exchange rate – 1 July 2017 to 7 May 2019



70 - 80% of operating costs are ZAR denominated



60 - 80% of Capex is ZAR denominated

Tailings Residue Deposit Management

- In South Africa risk-based **mandatory Codes of Practices** (“COP”)¹ are available for all residue deposits at our mines as required by, and according to set guidelines from the Department of Mineral Resources (DMR), Mine Health and Safety Inspectorate. All COP documents are signed off by the DMR and the respective third party appointed Professional Engineers.
- The Williamson diamond mine in Tanzania does not require a COP by law but, since 2016, in line with best practice Petra developed and implemented operating practices, set out in an operating manual, similar to a COP for the mine’s tailings deposits.
- Petra differentiates between a **Coarse Residue Deposit** (CRD) and a **Fine Residue Deposit** (FRD). All operations make use of CRDs and FRDs. Coarse tailings (particles > ca. 0.5mm) are normally deposited on a CRD whilst fine tailings (particles < ca. 0.5mm) are deposited on a FRD. Petra employs a dry conveying and stacking method for the CRD whilst the fine tailings are normally pumped to a FRD.
- Generally, CRDs are relatively stable structures that do not impound water and therefore do not pose a risk of wall breach and flooding. At some operations, older CRDs are being re-treated to extract residual diamonds lost in the diamond winning process during earlier years when diamond winning technology was less efficient.
- All residue facilities are constructed using the upstream deposition method. The outer walls are constructed with the coarser fraction of the fines residue whilst the finer fraction will settle in the dam basin, maintaining the pool away from the embankment walls. Supernatant and storm water are pumped off the deposits on a continuous basis to reuse in the diamond winning process.
- At **Finsch** there are five FRDs; four of the facilities are located on the eastern side of the mining area with three being active and one decommissioned as current deposition rates do not require it to be used. A further facility is located on the western side of the mining area and is also active. At **Koffiefontein** there are three FRDs of which two are currently being used for fines residue deposition. The third dam has been rehabilitated and is no longer utilised. At **Cullinan** there is only one FRD, referred to as the No.7 dam. At the **Williamson** mine in Tanzania there are two FRDs of which one is currently active.
- In addition to internal compliance, assurance and performance audits, third party Professional Engineers together with mine geotechnical engineers are appointed by Petra to oversee and provide assurance on the design and operational standards of the tailings facilities through quarterly inspections.
- Further to third party assurance, annual external audits are conducted in line with OHSAS18001:2007 and ISO 14001:2015 management standards and ad hoc inspections are carried out by the regulator.
- Important parameters that are being recorded, documented and managed include the overall condition of side slopes, benches and basin, drain flow records, deposition rates and corresponding rate of rise, freeboard, the phreatic surface level, structural integrity of the penstocks, pool size and location, impact on surrounding environment and potential zone of influence.

1. COP includes and refers to the design, managerial instructions, recommended standards and procedures required to manage and monitor the operation of facilities



PetraDiamonds

Thank You

Further enquiries:

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