

A World-leading Independent Southern Africa Producer and Explorer

PDAC – 7 March 2016



PetraDiamonds



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- Diversified portfolio of diamond mining assets in Southern Africa, plus exploration
- Exceptional growth profile
 - Consistently on track to achieve stated production of ca. 5 Mcts by FY 2019
- Improving grade and product mix to drive material operating margin expansion
 - From +30% to +50%
 - Not reliant on higher rough diamond pricing
- Only 18 months remaining of significant Capex programme
 - Fully funded from cash / debt facilities
- High quality management team with specialist diamond mining expertise

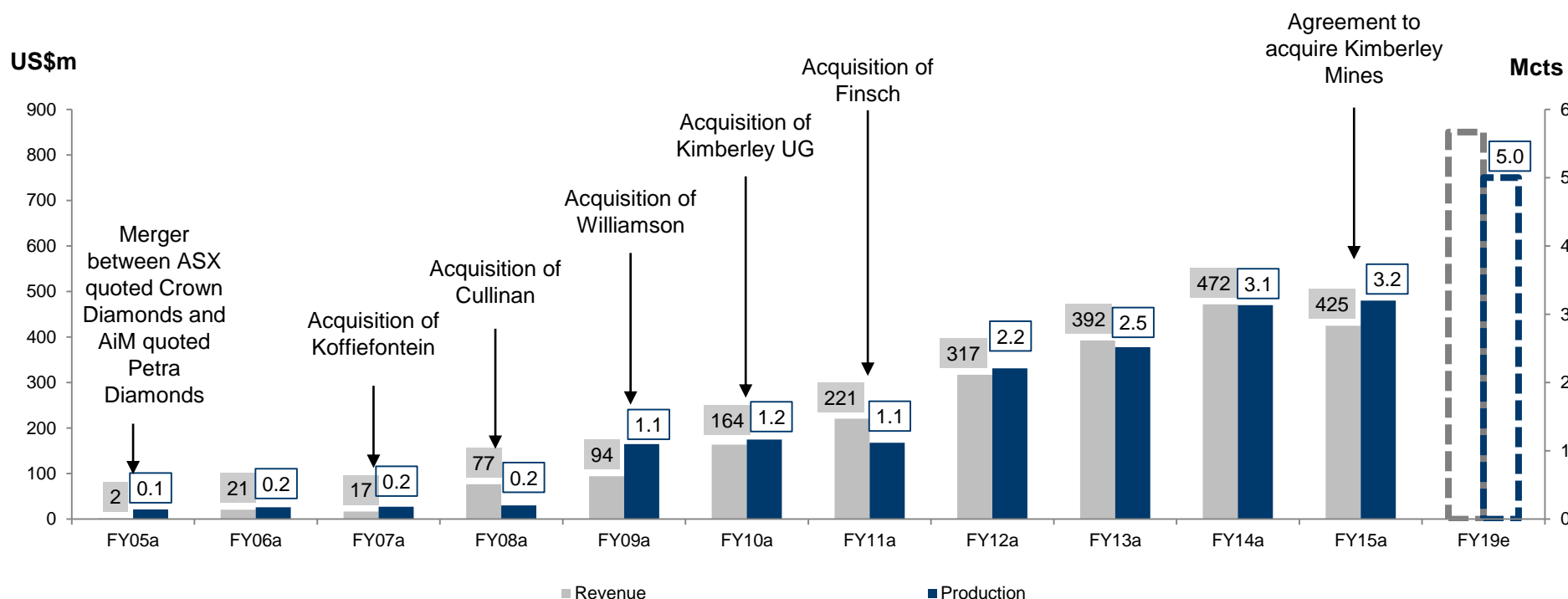


Breathing new life into Africa's diamond mines



From Junior to Leading Independent Producer

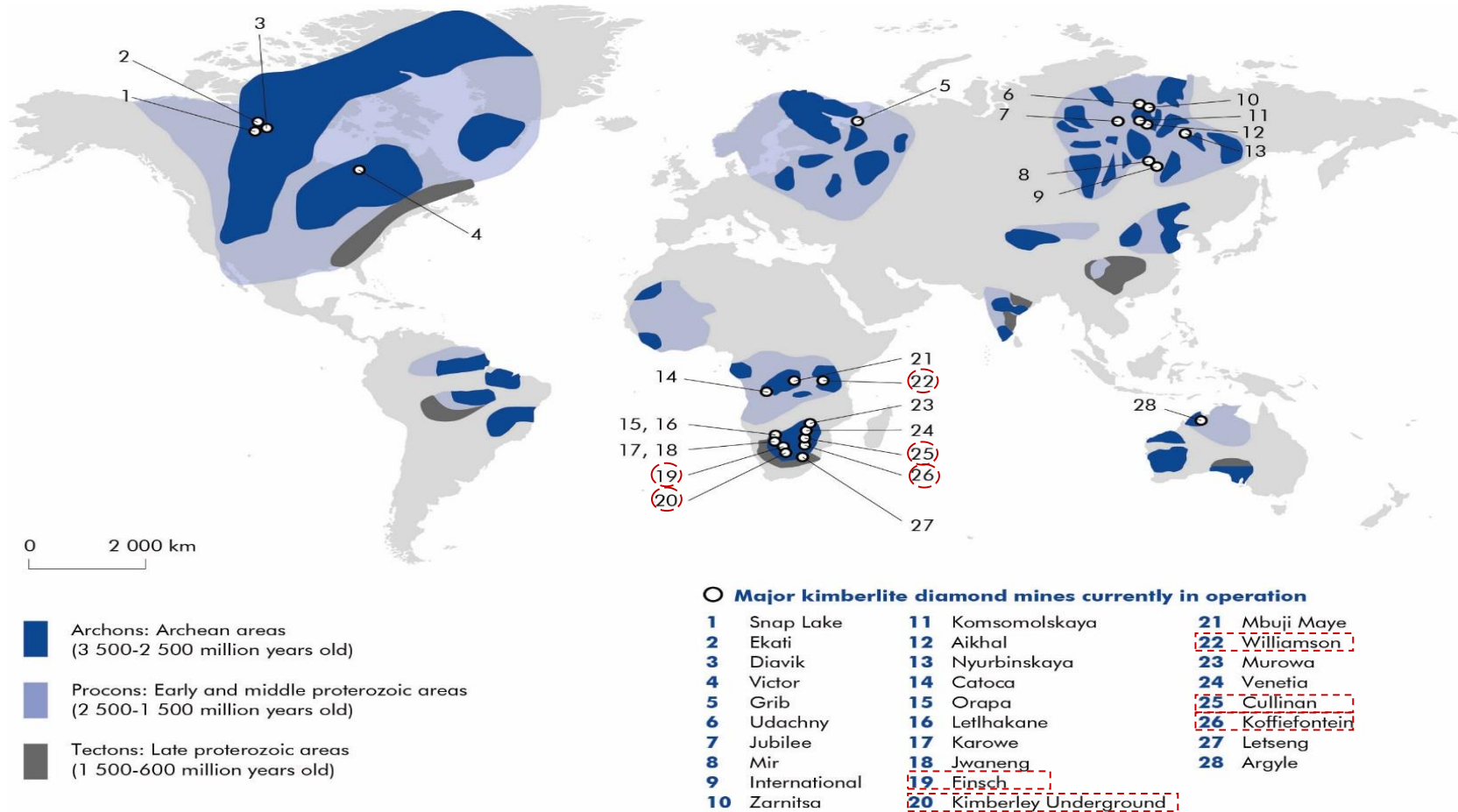
- Merger with Crown Diamonds brought extensive underground production expertise to Petra, with Crown having operated a portfolio of 3 diamond fissure mines in South Africa since 1990
- Crown team had in-house skills-base across full mining spectrum, from exploration and development to mining, processing and marketing, as well as of the South African regulatory / labour environment
- Labour-intensive / low-tonnage operations meant team developed highly effective cost structure over years



Note: FY 2019 forecast revenue calculated using FY 2016 guided prices less 9%, flat pricing for FY 2017 (real terms), and thereafter a 4% annual real price increase.

World Diamond Mines

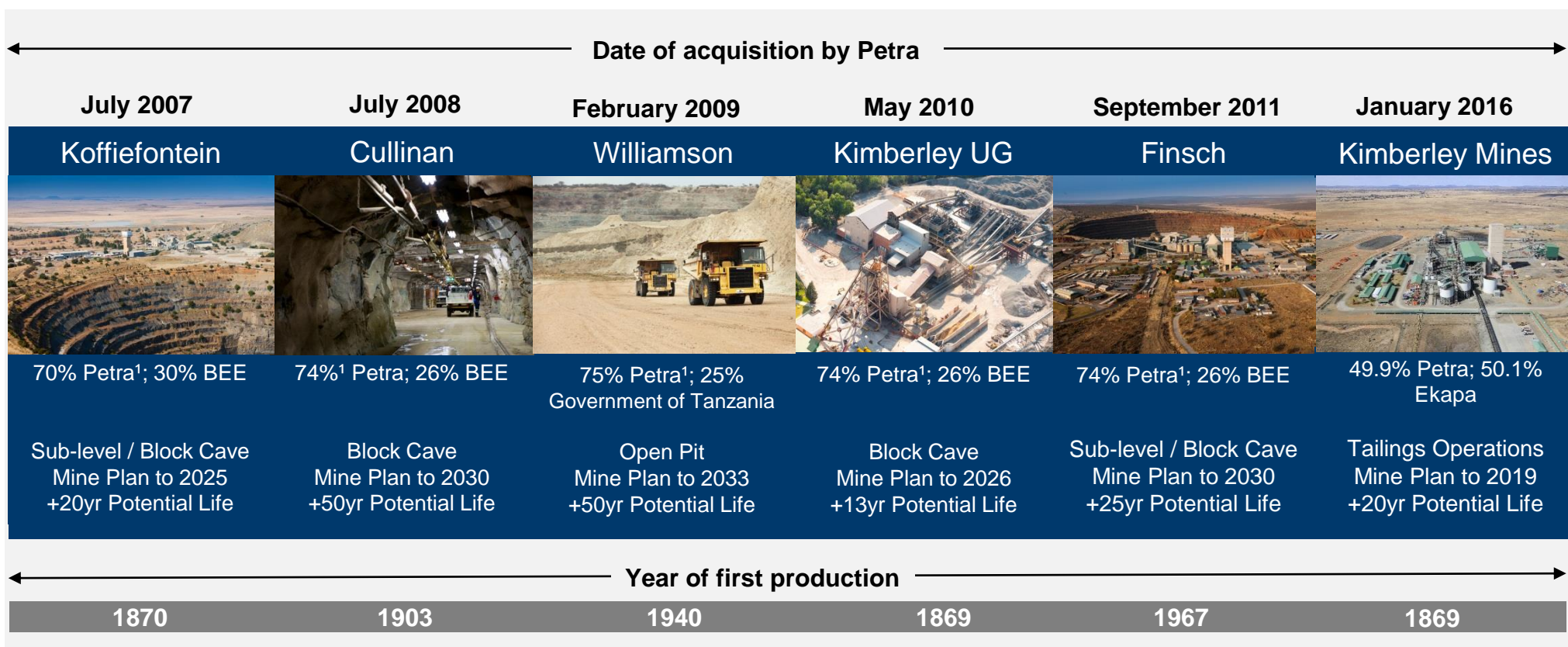
- Petra now has majority stakes in 5 of less than 30 significant kimberlite mines in operation
- Major diamond resource of 308.7 Mcts valued at ca. US\$54.3 bn¹



1. Based on FY 2015 average diamond prices

Petra Acquisition Timeline

- The acquired mines were the mainstay of world production before the Russian and Botswana mines opened from the 1960s onwards
- Petra is investing ca. ZAR12bn in the South African assets and ca. \$100m into Williamson over 2008 to 2019



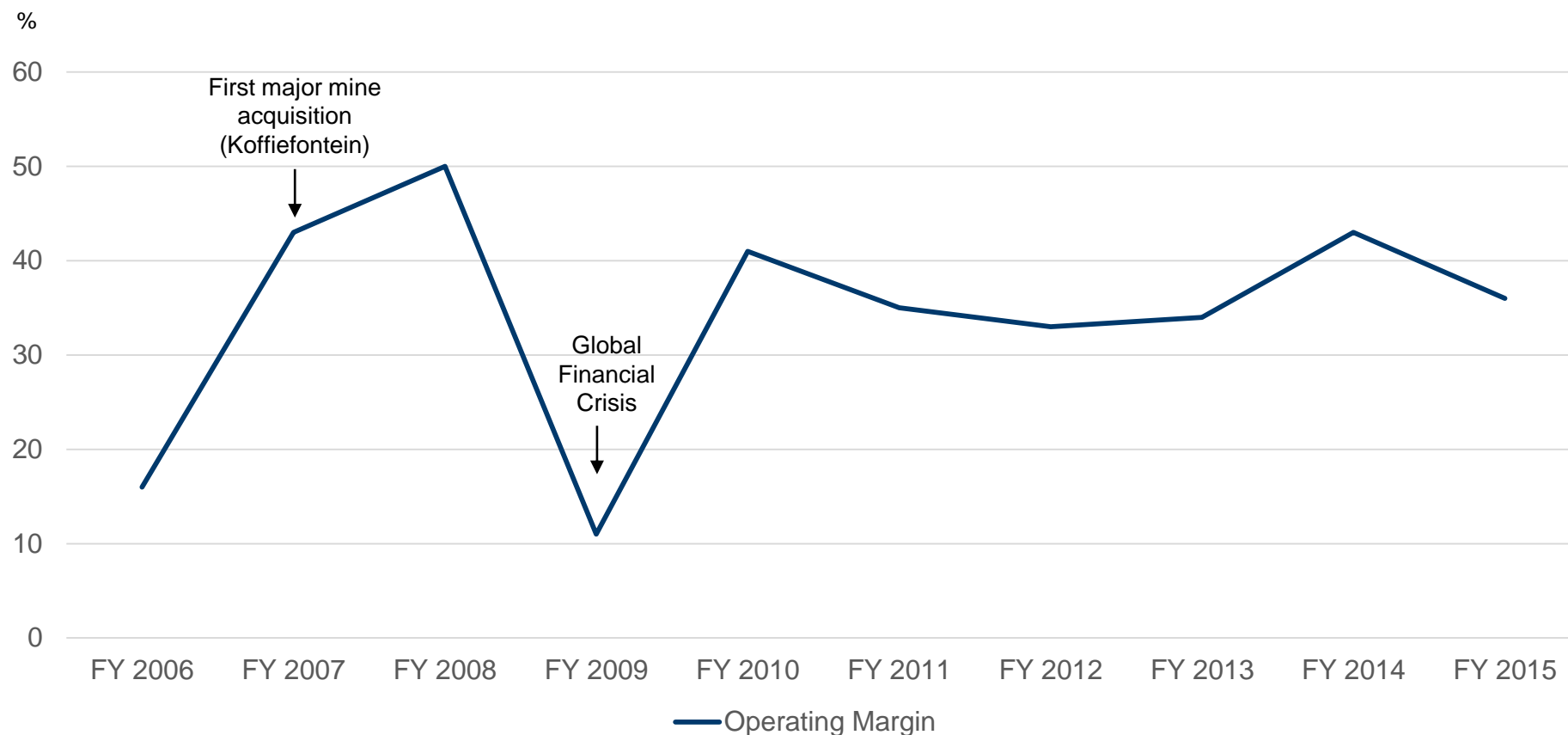
1. See 'Effective Interest in Mines' document on <https://www.petradiamonds.com/investors/analysts/analyst-guidance> for further disclosures re. Petra's effective interest in its mines

- Petra can apply its lower overhead structure to assets with great success
- Significantly lower expansion capital intensity compared to major mining companies

Project Appraisal	Mine Management	Project Development
<ul style="list-style-type: none">• In-depth knowledge and understanding of geology, historical production and diamond values• Ability to “see-through” presented data• Rapidly establish valuation and put financing in place	<ul style="list-style-type: none">• Right-size production• Flat management structures• Focus on efficiencies / cost control• Optimise plant processing to maximise value from each unique orebody• High level of focus on all sustainability aspects, including labour and community relations	<ul style="list-style-type: none">• Utilise in-house expertise / knowledge, incl. engineering and fabrication teams, wherever possible• Design in efficiencies (lower use of power, water, labour) and streamlined processing / ore-handling• Phased approach to development (lower capital intensity)• Make decisions, get going

Robust Profit Margin from Mining Activities

- Margins generally between 30 – 40% despite operating in diluted mining areas
- Margins forecast to go to +50% once operating in new mining areas (not reliant on increase in diamond pricing)



Sustainability at the Heart of Petra

Petra Diamonds Ltd
SHORTLISTED
ACHIEVEMENT IN
SUSTAINABILITY AWARD

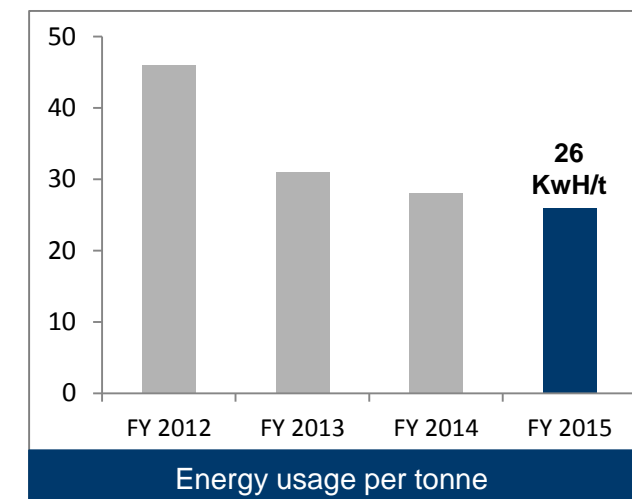
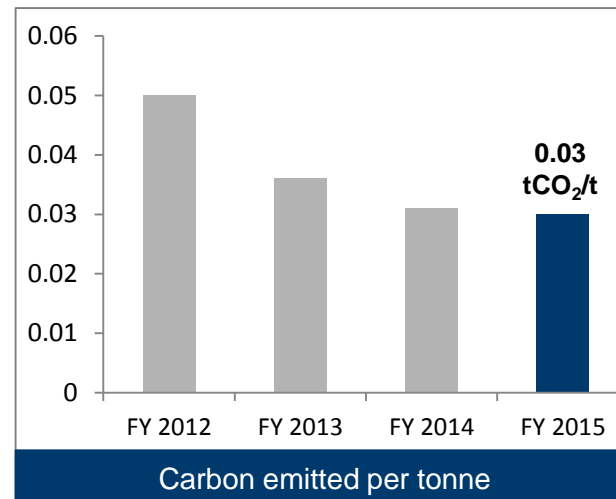
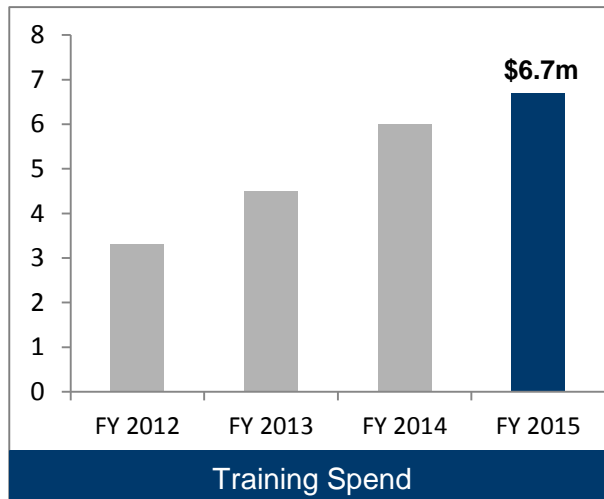
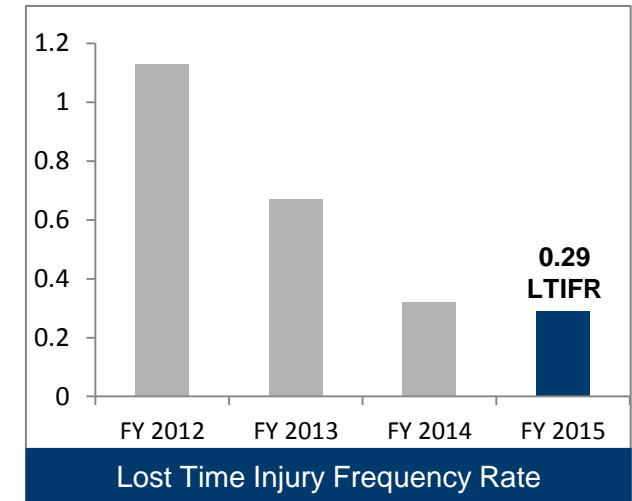


FTSE4Good

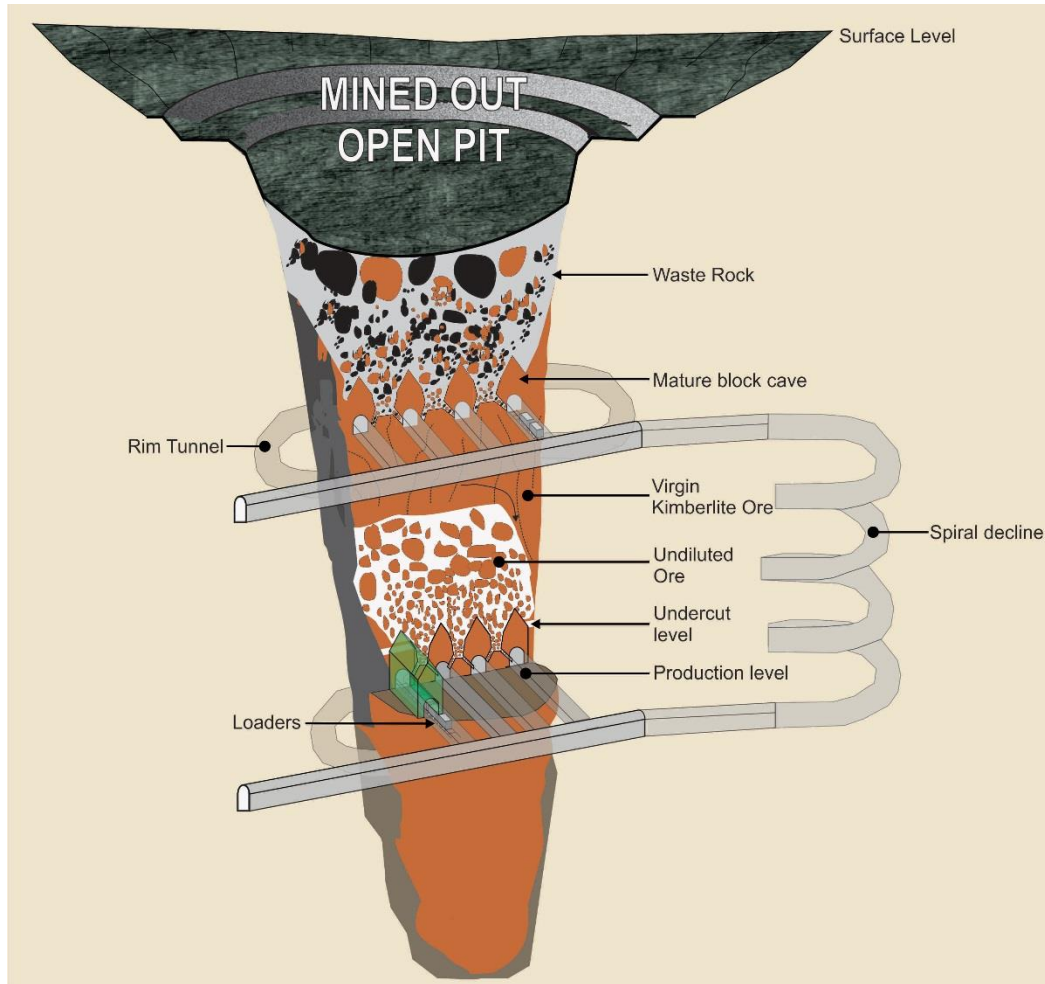


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- Petra strives for continuous improvement across all CSR areas
- Petra CSR programmes focus on sustainable job creation, poverty alleviation, skills transfer and local enterprise development
- Good track record of managing labour relations in South Africa – limited industrial action over +25 year operating history
- Itumeleng Petra Diamonds Employee Trust owns proportion of BEE stake in South African mines – annual distributions to employees commenced in December 2014
- Dec 2015: Inclusion in FTSE4Good Index



Moving into Undiluted Ore / Schematic



- Caving is a safe and proven mechanised mining method; provides access to higher volumes of ore than other methods
- Current underground mining taking place in diluted, mature caves nearing end of lives
- Expansion programmes to take next 'cut' by deepening and establishing new block/sub level caves in undiluted kimberlite
- Grades expected to rise significantly, increasing margin per tonne mined, especially at Finsch and Cullinan
- Will reduce wear and tear on processing systems (waste rock is harder and more abrasive than kimberlite)

Cullinan Case Study – High Level Mine Plan

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

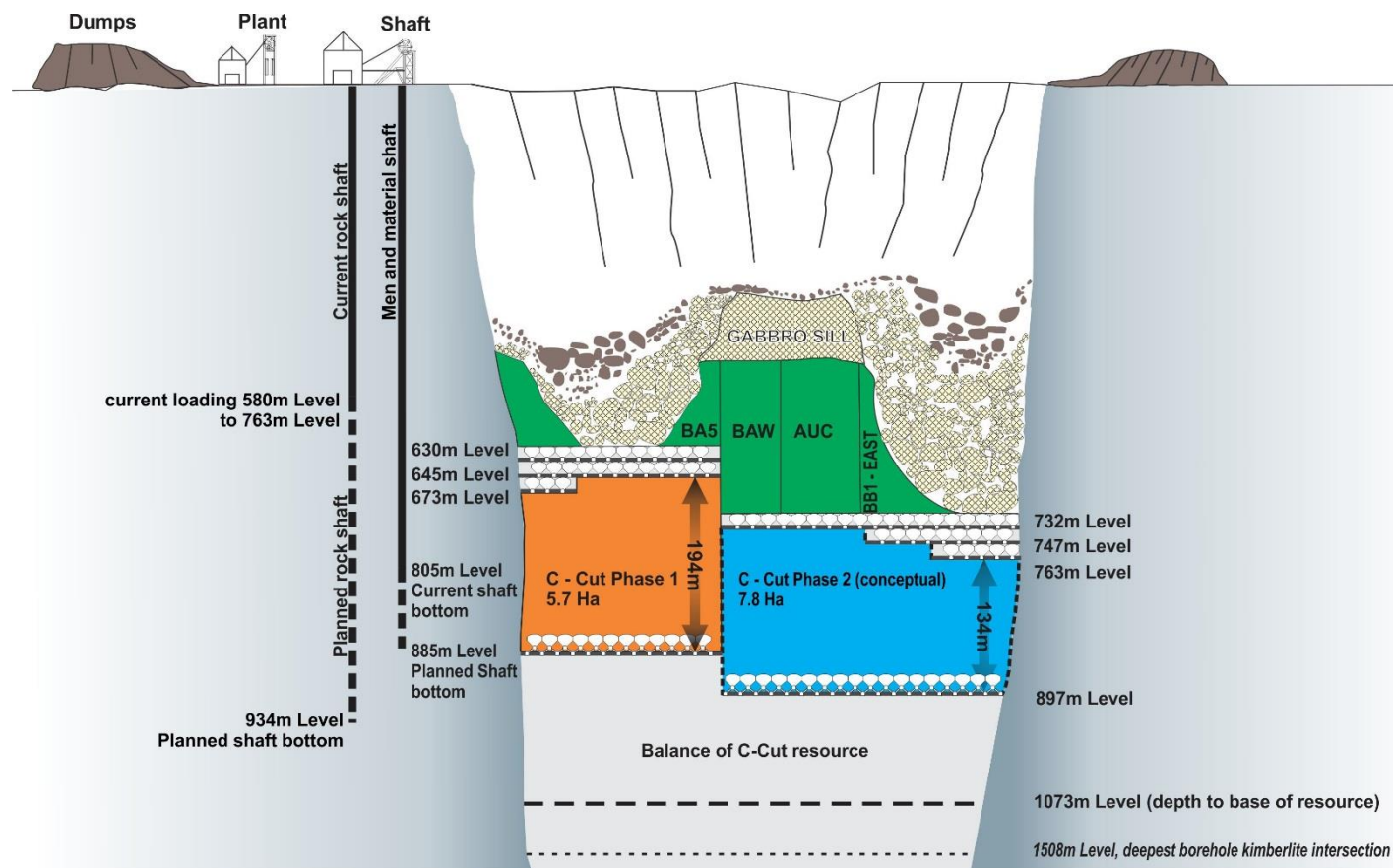
C-Cut Phase 1 – new block cave being established on western side of orebody; production build up from H2 FY 2016 – 15 yr mine plan

Dramatic simplification of ore-handling system – will reduce from 11x to 4x

Construction of new plant to reduce operating costs and optimise recoveries, particularly of large, high value stones

C-Cut Phase 2 – not in current mine plan

- Expansion plan to take production from 0.7 Mcts to +2 Mcts by FY 2019



Cullinan Case Study – New Plant

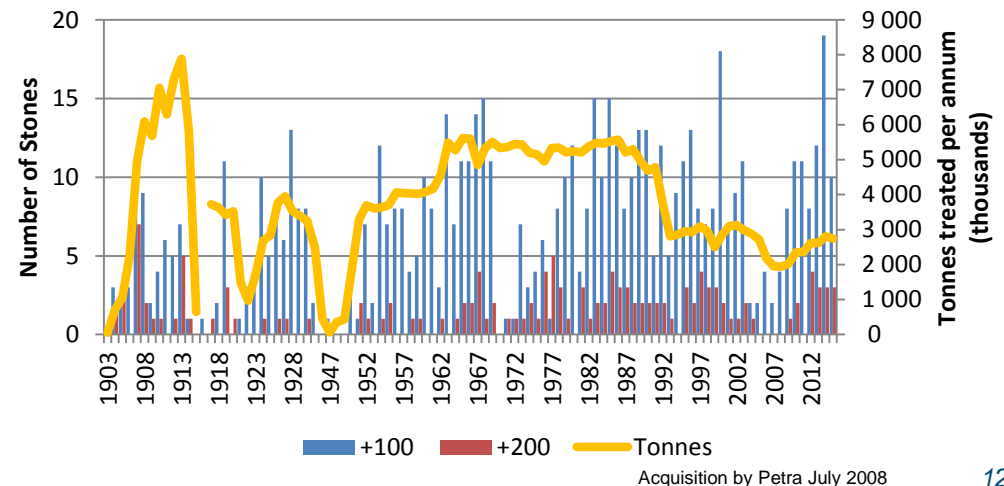
Expected benefits of new plant

- Footprint decreases from ca. 26 to ca. 5 hectares
 - Expected reduction in number of conveyor belts from 151 (ca. 15km) to 22 (ca. 3km)
- Increase in revenue per tonne
 - Increase in grade due to increased liberation across the full diamond spectrum
 - Improved recoveries of large, higher value stones; less diamond breakage as new plant will utilise gentler processing methods (comminution via attrition) instead of extensive crushing
- Saving in processing costs
 - Operating cost savings due to increased energy efficiency, reduced water consumption, reduced circulation and reduction in maintenance requirements
- Strong standalone economics
 - Payback of ca. 3 years
 - IRR of 25%

Existing Cullinan Plant



Historic large diamond recovery at Cullinan



Cullinan Case Study – Iconic Diamonds

- Exceptional diamonds (+\$5 million stones) contributed on average \$21 million p.a. from FY 08 to FY 15

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
auxilliary 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



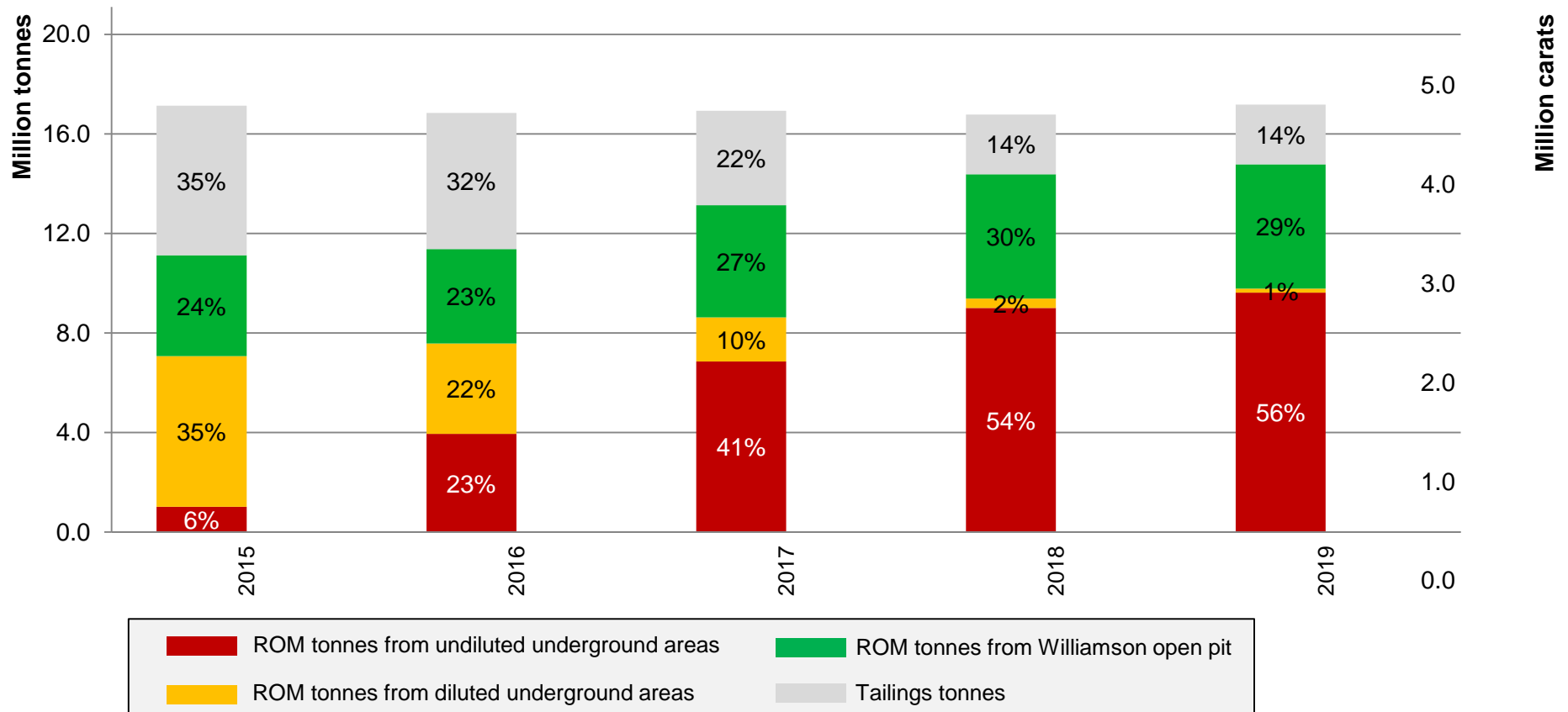
The Star of Josephine

26.6 ct rough,
7.0ct polished
sold for **\$9.5m**
2009

Transition from Low to High Quality Tonnes

- Increase in ROM grades and lower contribution of tailings to drive ca. 60% growth in production
- Flat tonnage throughput helps contain costs

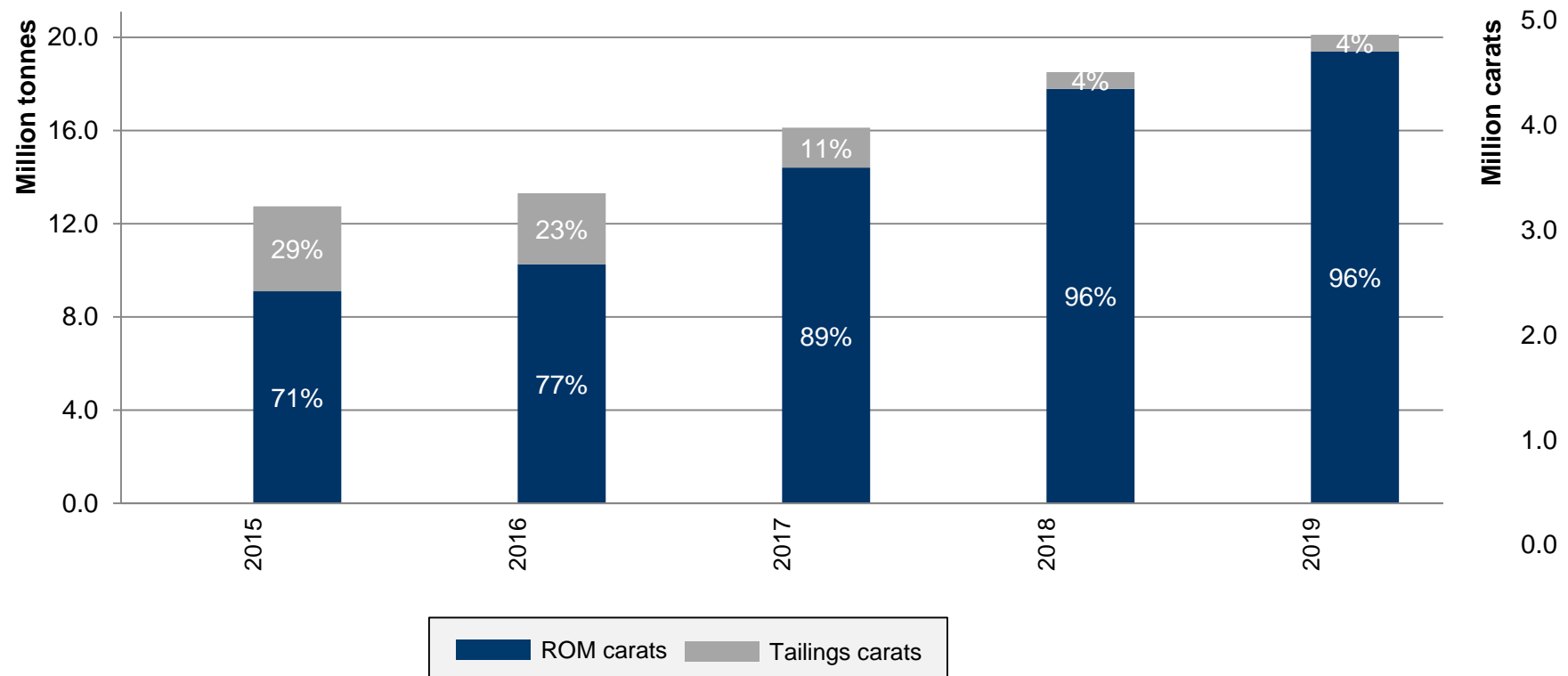
Split of Petra's tonnage profile from different ore sources



Improving Product Mix

- Lower value tailings to reduce from 1 in 3 carats in FY 2015 to 1 in 20 by FY 2018
- ROM carats are worth 2 to 3 times the value of tailings carats

Split of carat production from ROM vs Tailings

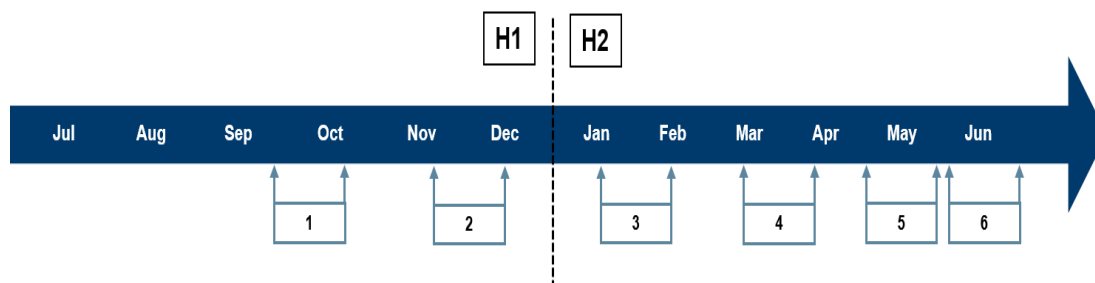


On Track for Full Year Guidance of 3.3 – 3.4 Mcts

H1 FY 2016 – Production and Sales Summary

	Unit	H1 FY 2016	H1 FY 2015	Variance	FY 2015
<u>Sales</u>					
Diamonds sold	Carats	1,303,051	1,401,575	-7%	3,168,650
Gross revenue	US\$M	154.0	214.8	-28%	425.0
<u>Production</u>					
ROM diamonds	Carats	1,243,706	1,167,982	+7%	2,276,168
Tailings and alluvial diamonds	Carats	385,697	433,087	-11%	910,307
Total diamonds	Carats	1,629,403	1,601,069	+2%	3,186,475
<u>Capex</u>					
Total Capex	US\$M	151.3	125.2	+21%	274.1

Petra tender sales cycle – sales weighted to H2



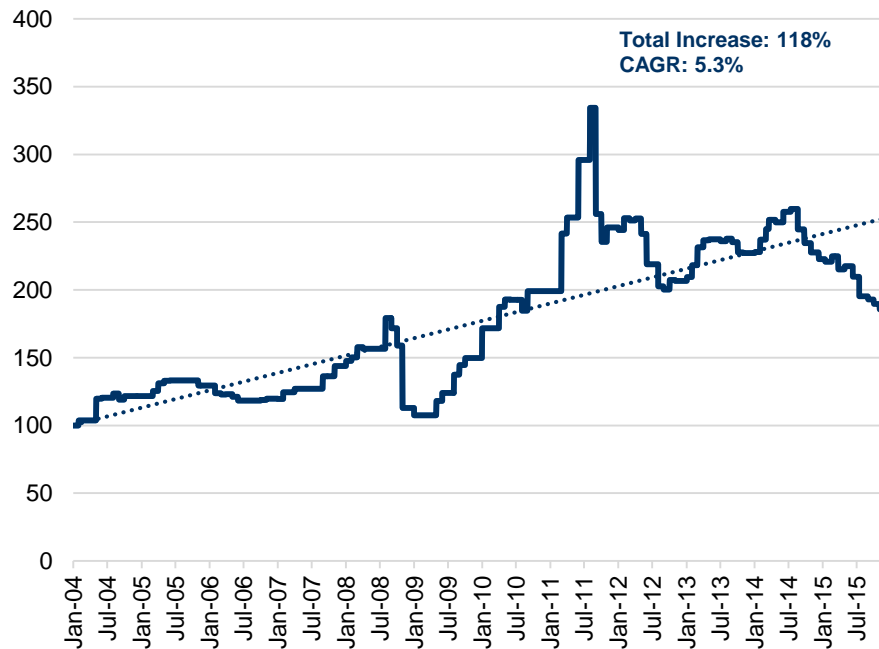
23ct Williamson pink sold for \$10.05m



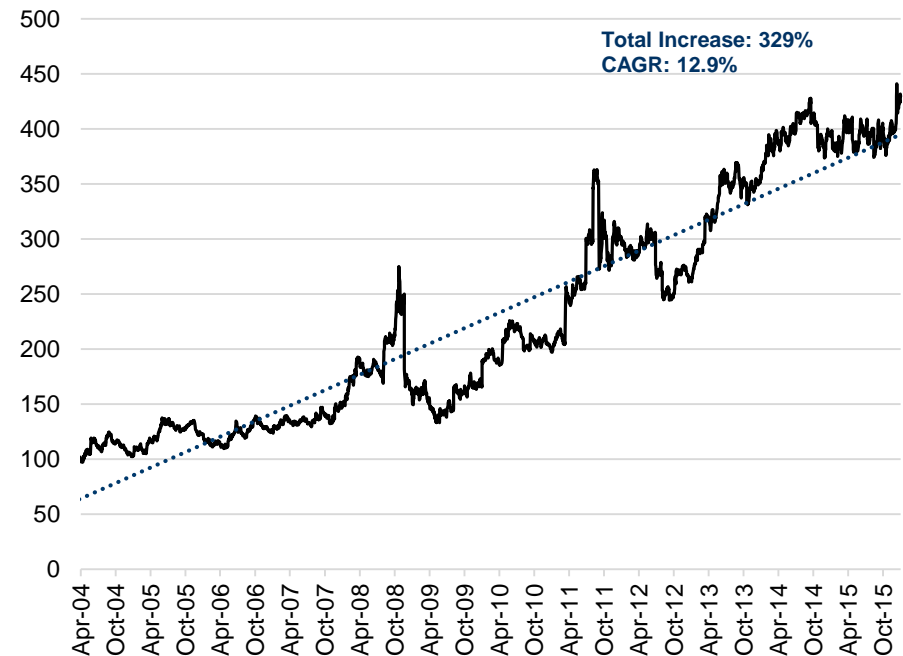
Rough Diamond Pricing

- Rough diamond pricing achieved by Petra down ca. 20% over last 18 months
- Impact of lower pricing has been mitigated by the Rand weakening ca. 25% over the same period

Bloomberg Rough Diamond Index (Jan 04 to Dec 15)

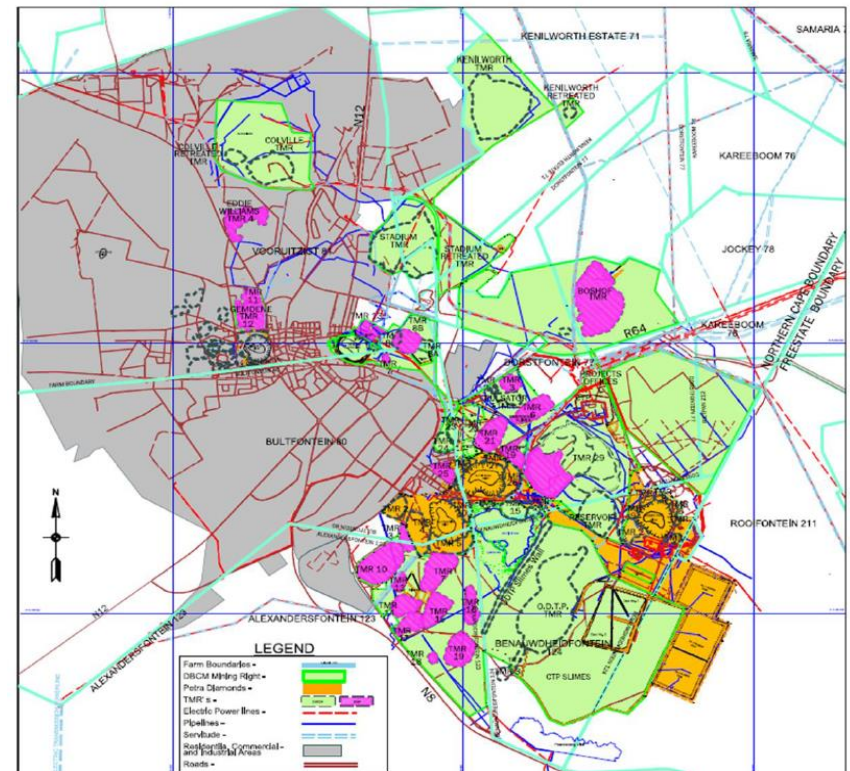


Bloomberg Rough Diamond Index – ZAR terms (Jan 04 to Dec 15)

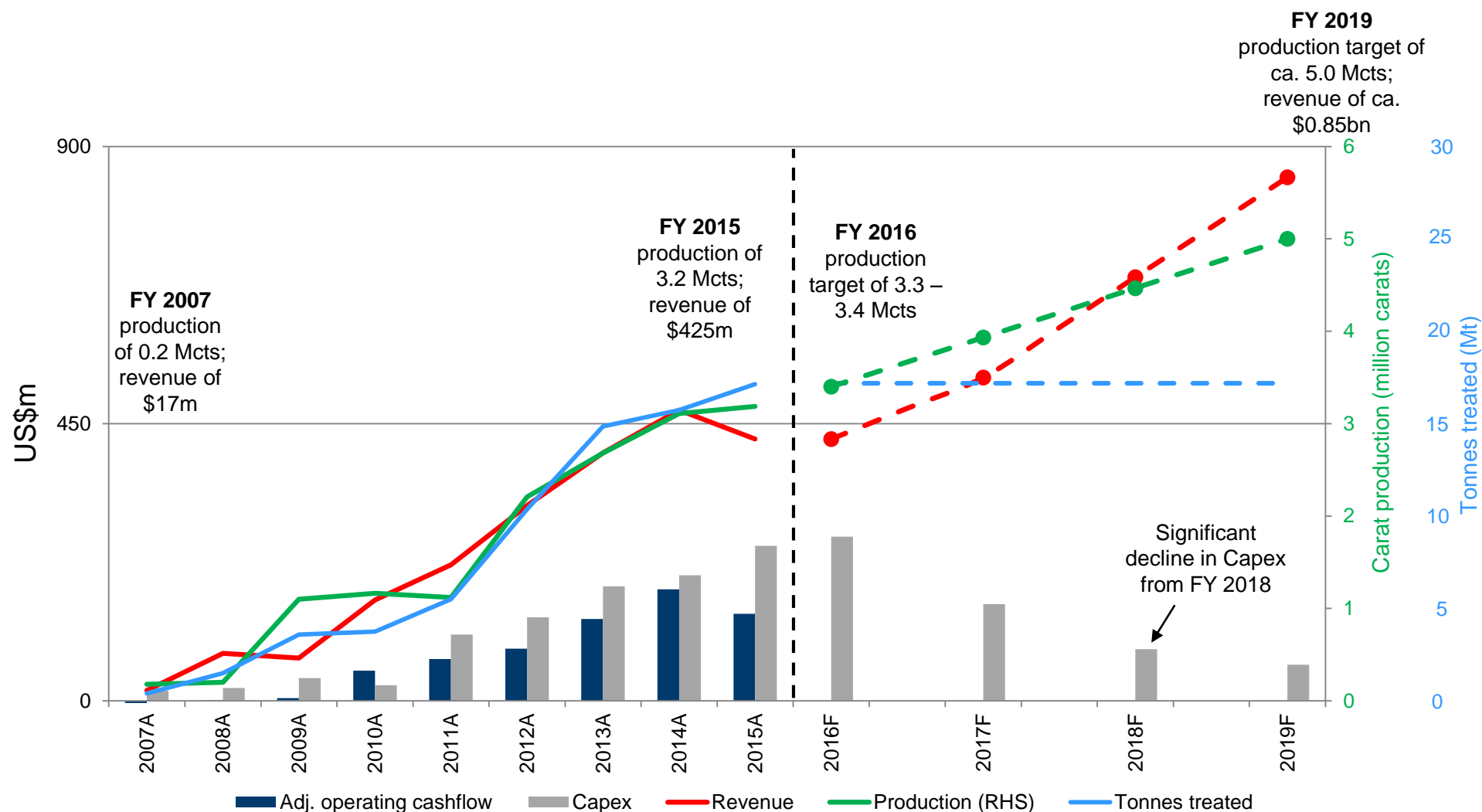


Kimberley Mines Acquisition

- 18 January 2016: Petra completed acquisition of Kimberley Mines from DBCM in partnership with Ekapa Mining (Petra: 49.9%; Ekapa: 50.1%)
- Petra share of acquisition cost: ZAR50.9 million (\$3.6 million)
- Kimberley Mines assets:
 - A number of tailings dumps (“TMRs”) in Kimberley with total resources of ca. 7.2 Mcts
 - The Central Treatment Plant, a 6 Mtpa processing plant with state-of-the-art equipment
- Expected to produce ca. 0.7 Mcts pa for first 3 years at average value of \$95/ct
- Opportunity to consolidate remaining operations in Kimberley providing sustainable future for diamond mining industry in the local region



Outlook – Growth and Margin Expansion



Notes: 1. All forecasts for Capex, revenue and production are management estimates. 2. Capex is in nominal terms. 3. Forecast revenue calculated using FY 2016 guided prices less 9%, flat pricing for FY 2017 (real terms), and thereafter a 4% annual real price increase.



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The Williamson mine in Tanzania owns and operates the Mwadui Primary School, which provides free education to 460 students

Thank You