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Stock Exchange

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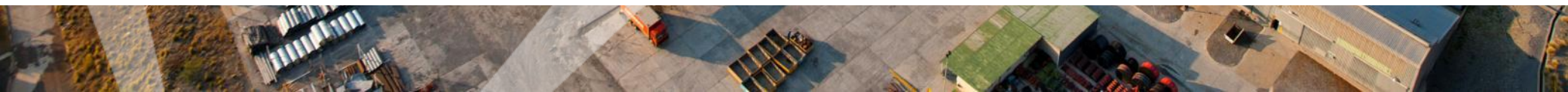
**PREMIUM**



**Petra**Diamonds

# Finsch Diamond Mine

A Major Producer with a Sustainable Mine Plan





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# Site Visit Itinerary

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10:00	Finsch mine overview & induction
11:00	Underground visit
12:30	Central Control Room, Plant visit, Open pit viewing, Diamond viewing
14:00	Lunch Q&A
15:00	Group departs Finsch mine
16:15	Group 1 arrives Lanseria
18:00	Group arrives Cape Town
19:15	Group 2 arrives Lanseria





# INTRODUCTION & OVERVIEW

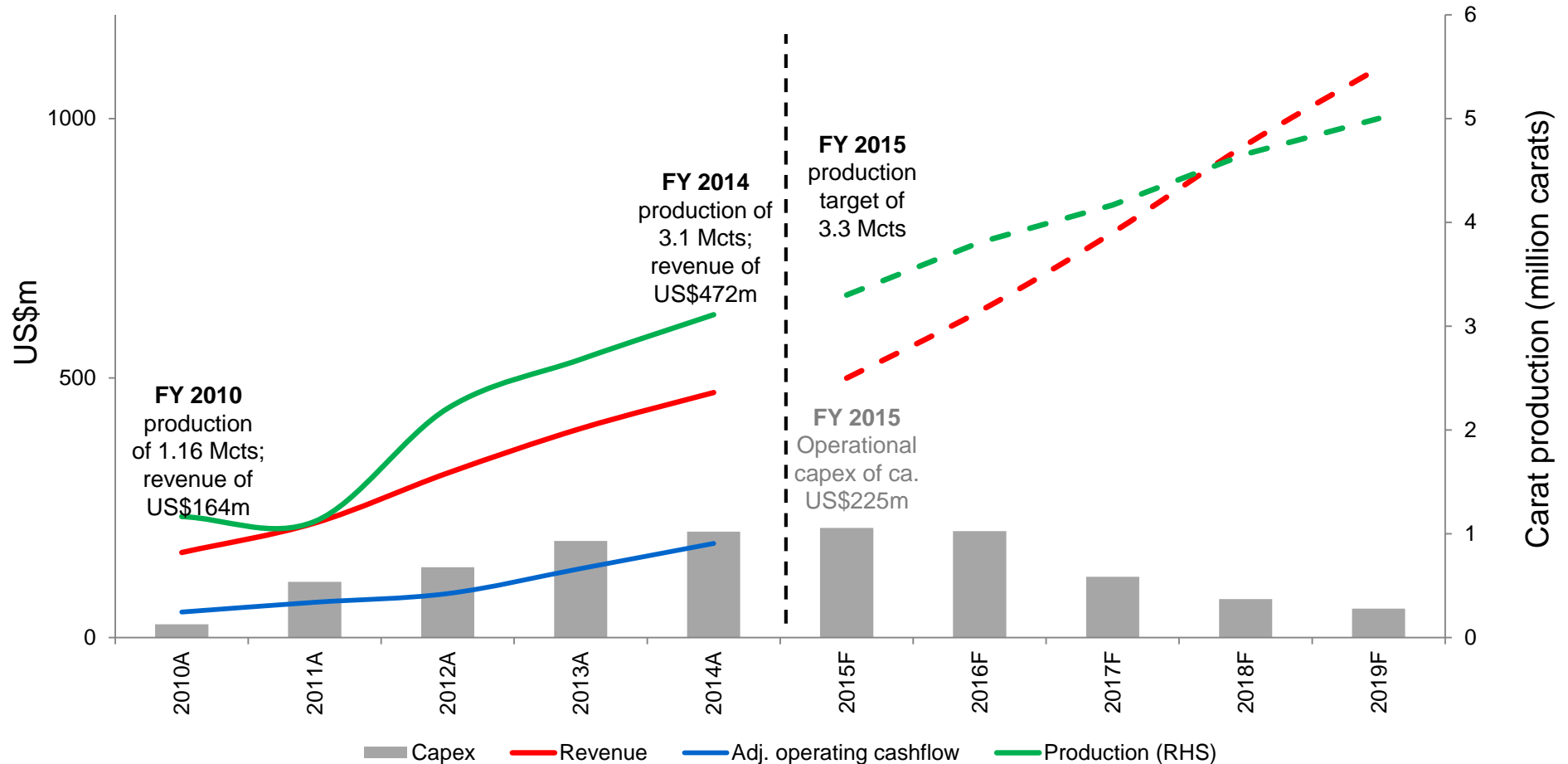


## 2. Growth & Margin Expansion



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- Brownfields expansion programmes expected to lift production ca. 60% by FY 2019 – all programmes on time and on budget



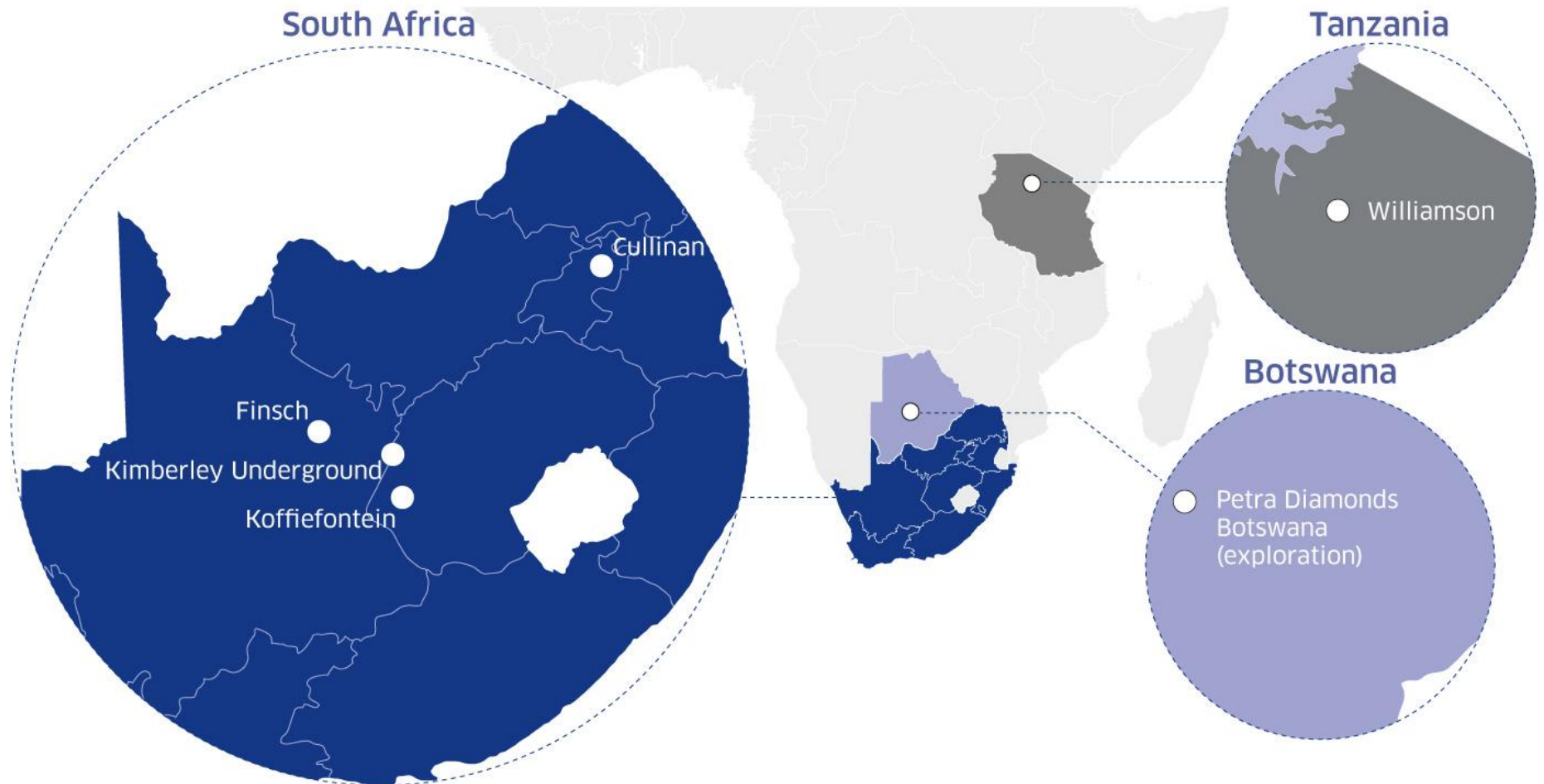
**Note:** All forecasts for Capex and production are management estimates. Capex is in nominal terms and excludes capitalised borrowing costs.



# Finsch Location



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# Finsch Overview

1961	1963	1978	1980	1990	2002	2008	2011
							
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)
- Major Resource of 51.3 Mcts, incl. 28.0 Mcts Reserves and 2.0 Mcts tailings
- 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)
- FY 2014 production of 1.89 Mctpa and revenue of US\$183.7 million
- Expansion plan to increase ROM production to ca. 2.0 Mctpa from FY 2018



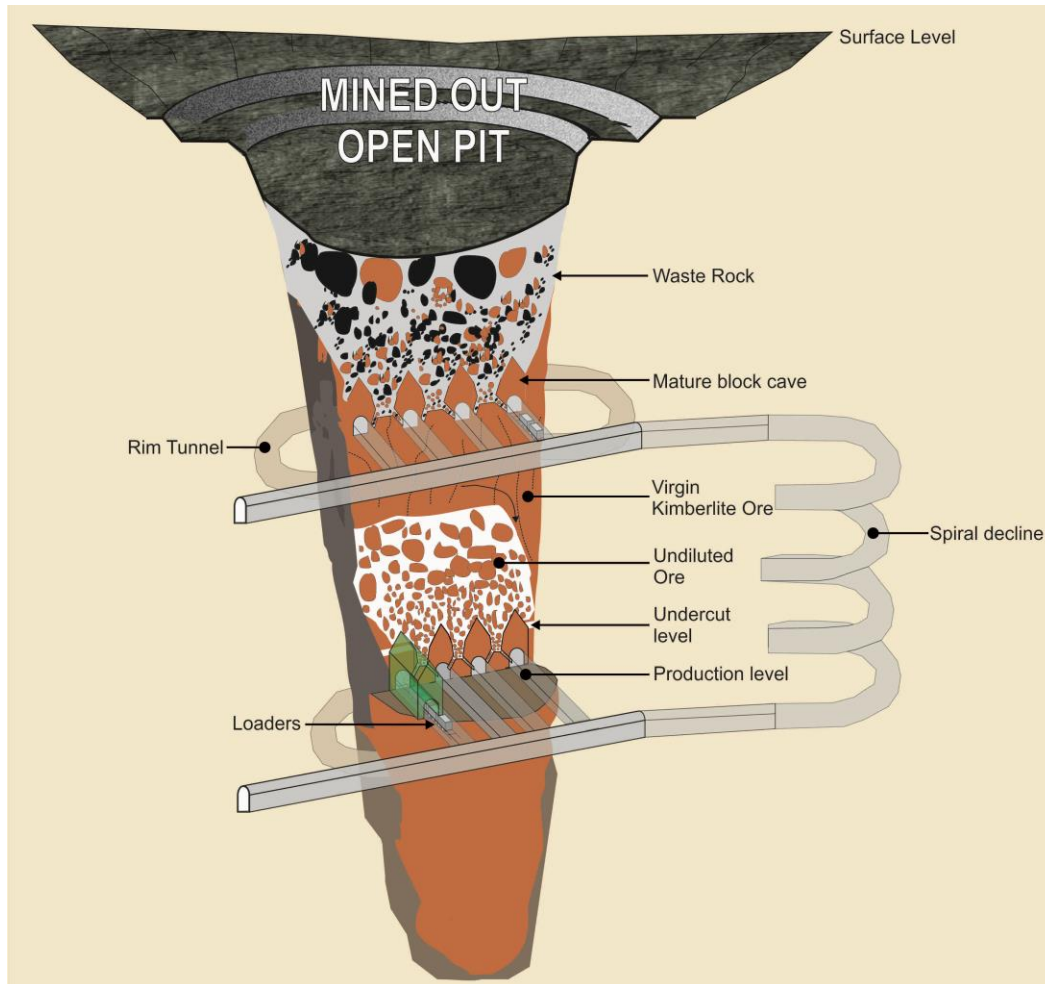
# Mine Site Layout



- |               |                      |                   |                                  |
|---------------|----------------------|-------------------|----------------------------------|
| 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                   |



# Moving into Undiluted Ore



- 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
- ROM grades expected to rise significantly, increasing margin per tonne mined:
  - Finsch ca. 42 cpht to ca. 58 cpht<sup>1</sup>
- Will reduce wear and tear on processing systems (waste rock is harder and more abrasive than kimberlite)

1. Management expectation

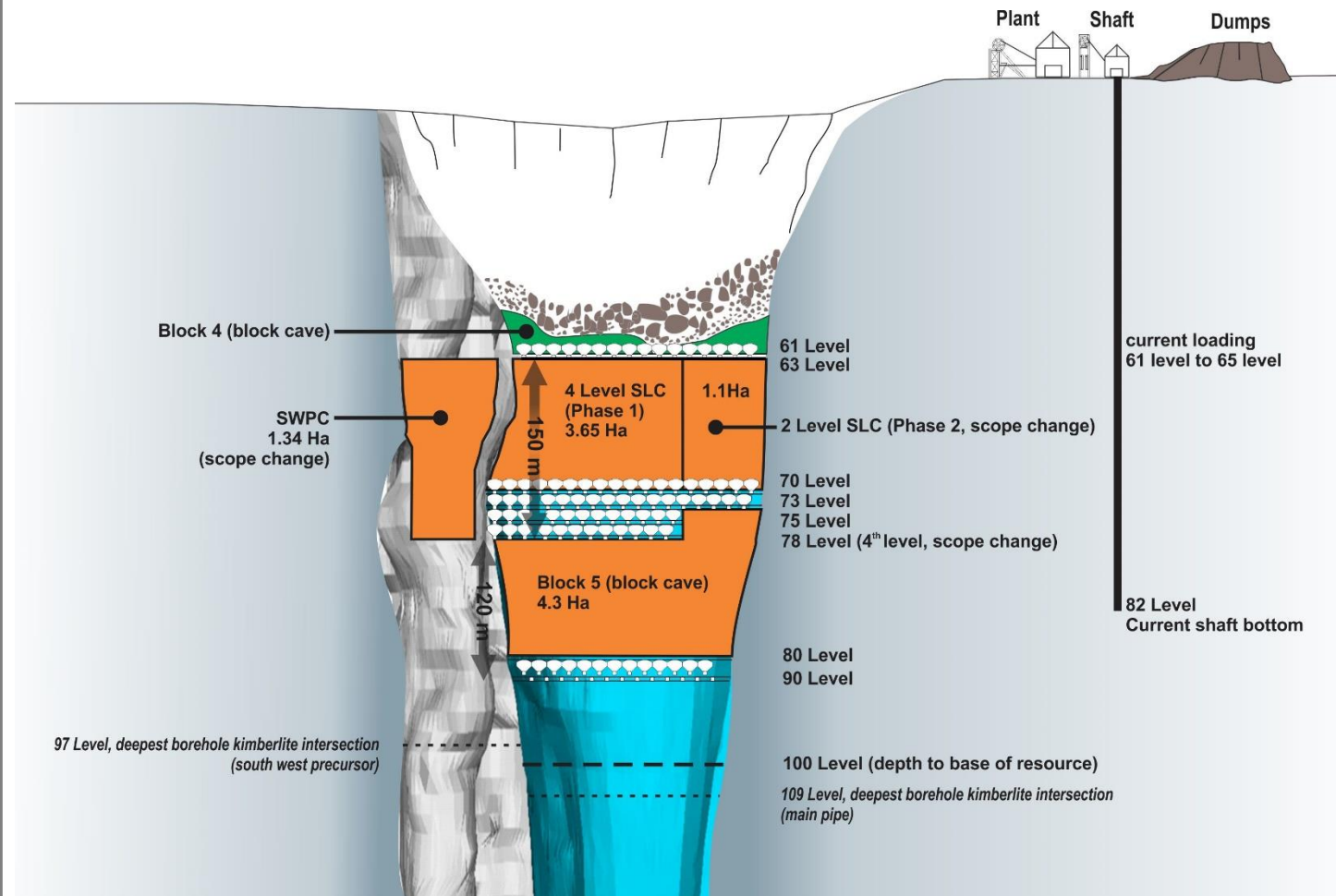


# Finsch Mine Plan – High Level

Mining is currently transitioning from block cave at 63 level to 4 level sub level cave in Block 5 between 70 to 78 levels

A new block cave is planned in Block 5 at 90 level from FY 2024

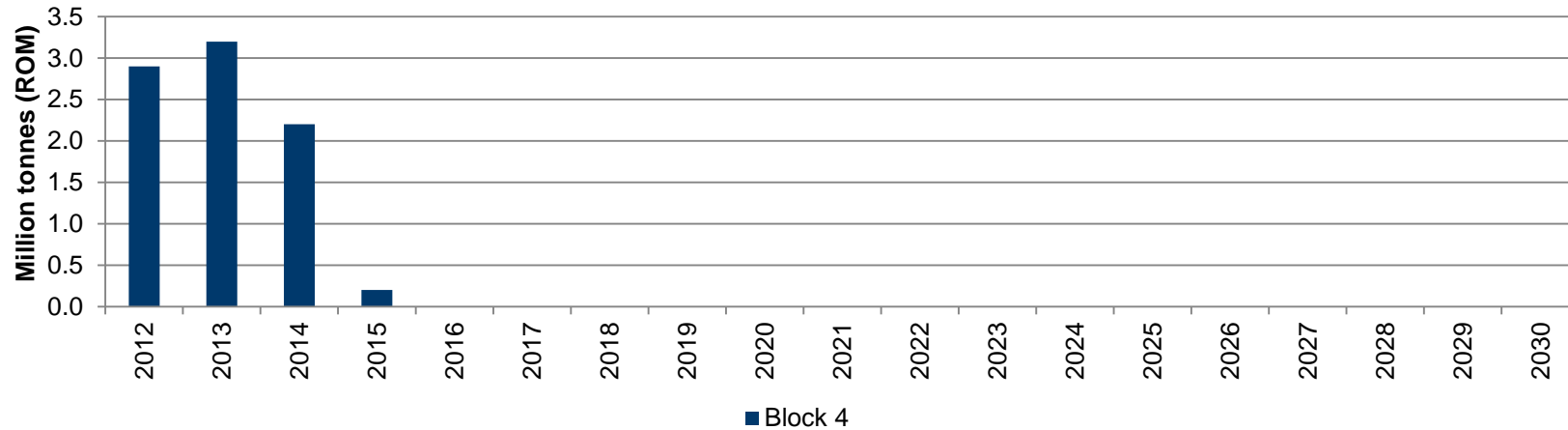
The blue block represents existing resources not in the current mine plan – opportunity to extend LOM



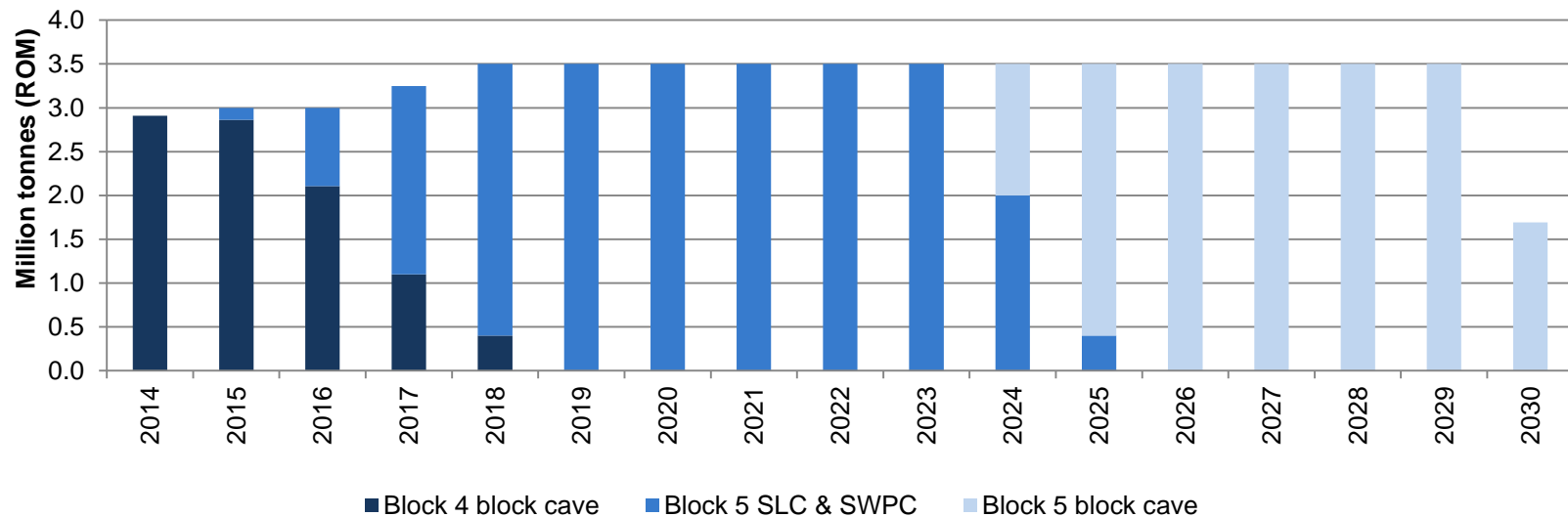


# A Sustainable Future

## Before – facing closure:



## After – Petra mine plan of +16 years:



Residual resources (Block 6) and Precursor provide basis for continued life post 2030








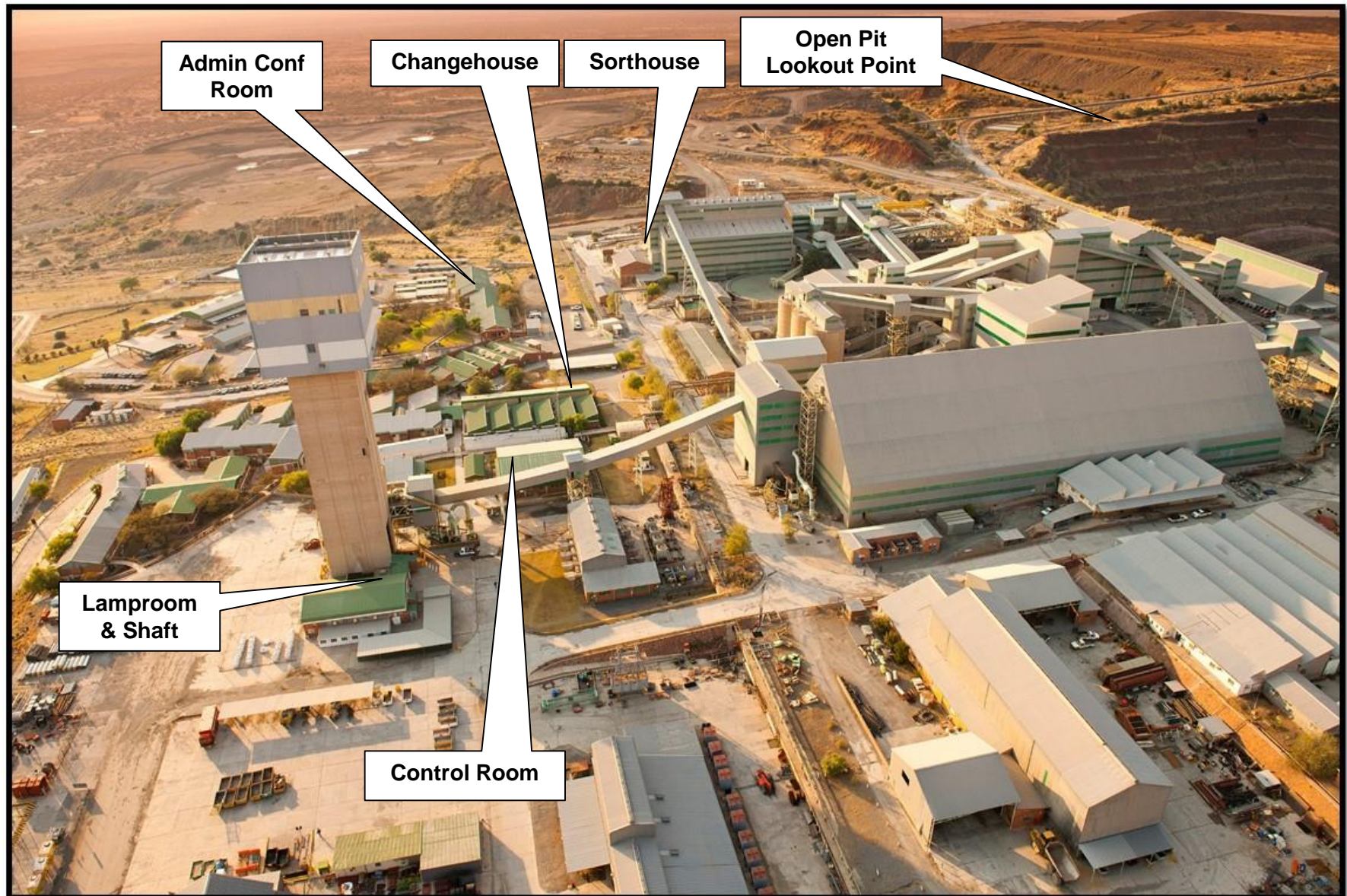
# **SAFETY BRIEFING FOR UNDERGROUND / SURFACE SITE VISIT**



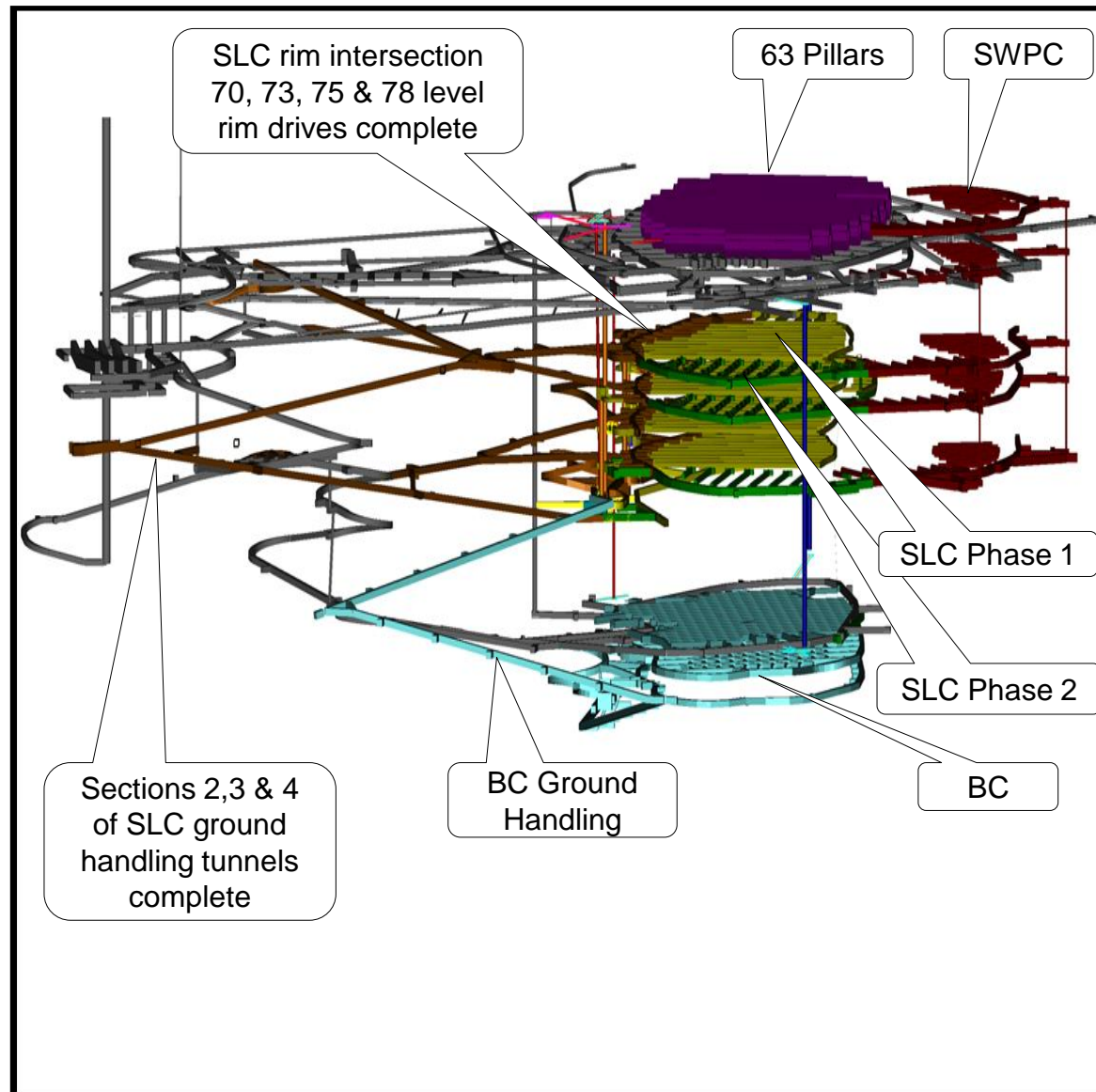
# Site Visit Arrangements

- Safety Induction 
- Self rescue pack training
- Grouping:
  - Group A:  
Petra HQ: Johan Dippenaar; David Abery; Cathy Malins; Koos Visser; Andrew Rogers  
Mine: Luctor Roode; Hangwane Motundwana  
*Philip Mostert; Tom Anderson; Bobby Morse; Kieron Hodgson; Leif Powis; Matthew O'Keefe; Elliot Miskin; Celine Crawford; Martin Potts; Fadrique Balmaseda; David Poulter; Marc Elliot; Ben Davis*
  - Group B:  
Petra HQ: Jim Davidson; Andre Pienaar; Cornelia Grant; Teon Swanepoel; Howard Marsden  
Mine: Lino Nkuna; Nef Nefale; Anton Acker (Surface visit only)  
*Patrick Morton; Phil Swinfen; Alison Turner; Michael Stoner; Christian Jan; James Burdass; Tyler Broda; Des Kilalea; Richard Hatch; Carole Furgoson; Thabang Thlaku; Danielle Chigumira*
- Underground:
  - Site 1: Groundhandling conveyor infrastructure CV02 / CV03 installation (Mario Cloete)
  - Site 2: 70 Level Kimberlite development (Brent Alting)
- Surface:
  - Site 1: Open pit lookout point via the Plant
  - Site 2: Sorthouse diamond viewing









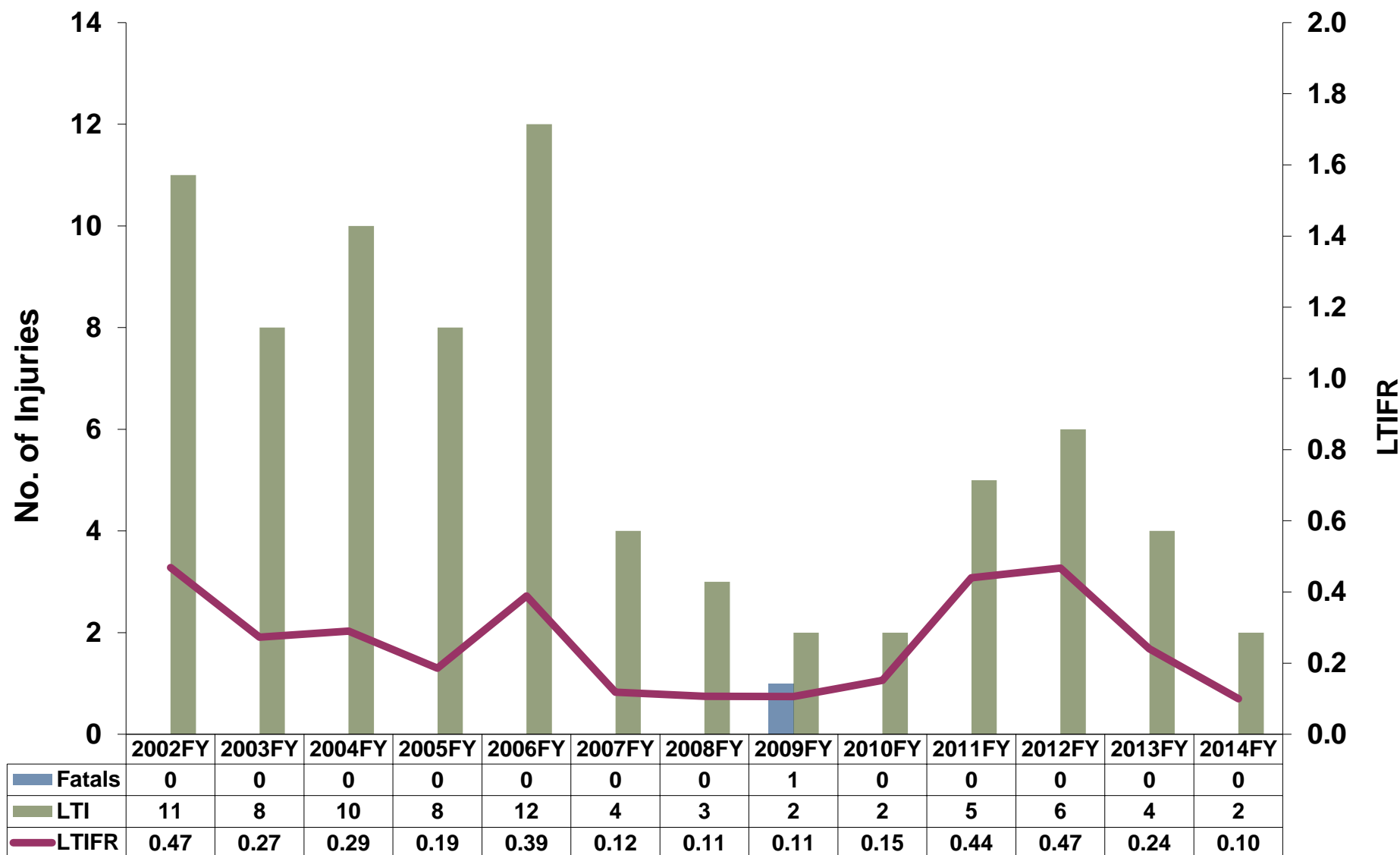




# **SHE CREDENTIALS**



# Long Term Safety Statistics





# SHE Achievements



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Achieved 2,000,000  
Fatality Free Shifts  
20 November 2014



ISO14001:2004  
re-certification



OHSAS18001:2007  
re-certification

Finsch won first place in the Northern Cape Mine Managers' Association (NCMMA) Awards, for the underground mines safety category – 28 November 2014

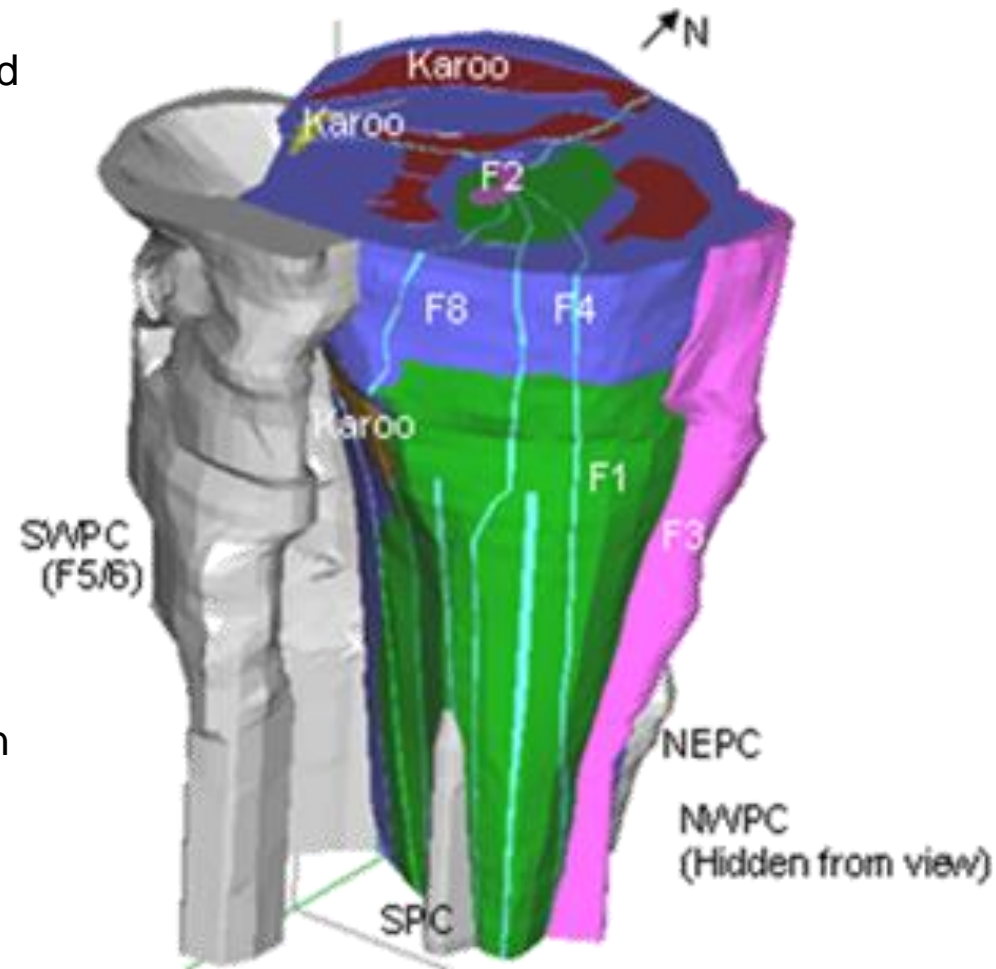




# DEVELOPMENT PROGRAMME

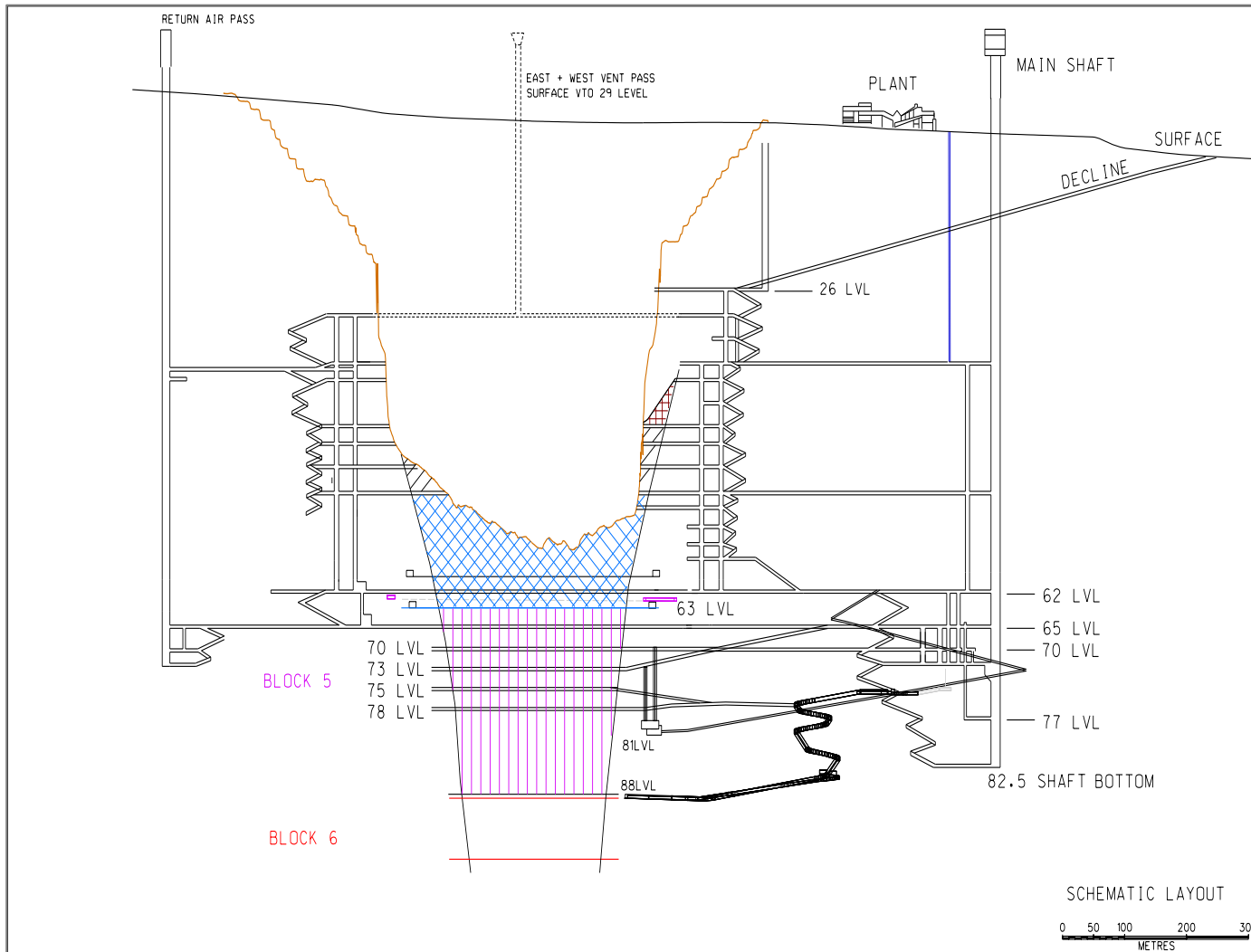


- Finsch pipe is hosted by banded ironstones at surface and thereafter dolomites of the Griqualand West Sequence of the Transvaal Supergroup
  - A Group II kimberlite pipe with an age of 118Ma
  - 17.9ha on surface
  - Main pipe tapers to 3.7ha and Precursor to 1.5ha at 880m
  - Truncates earlier Precursors
- 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)





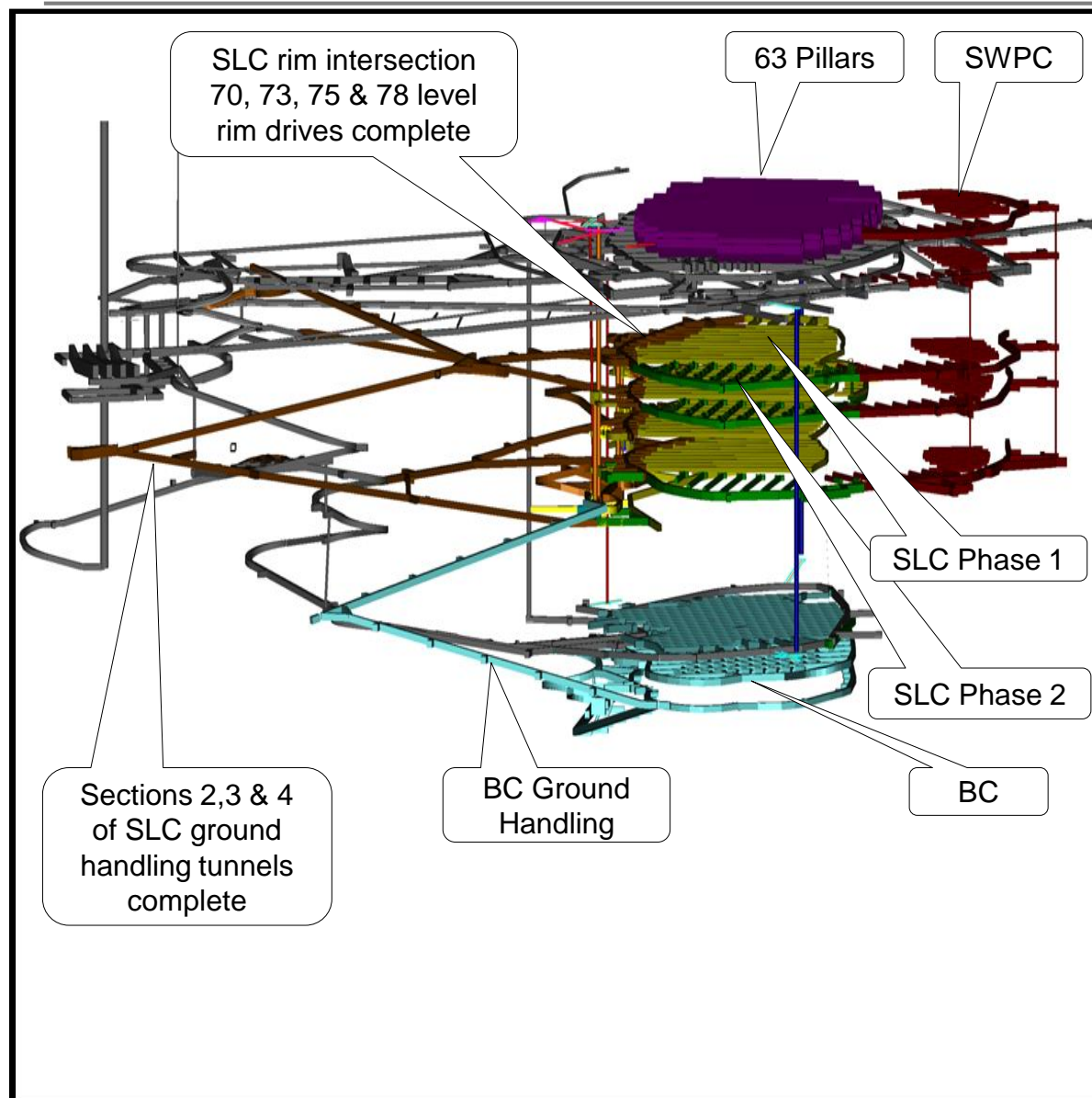
# Block 5 SLC and Block Cave Project



- Objective to extend Finsch LOM to sustain the current production profile and increase ROM throughput to 3.5Mtpa
- Mining currently taking place in Block 4 at 630m
- Development of SLC over 4 levels from 700m to 780m
- Dedicated conveyor ore-handling infrastructure (to transfer SLC ore to existing infrastructure at 650m) – from FY 2016
- Decommissioning of Block 4 automated ore-handling system
- First production from Block 5 SLC – FY 2015, ramping up to 3.5 Mtpa – FY 2018



# SLC Project Progress



- SLC (Phase I) rim tunnels complete
- Tunnelling through orebody in progress, contributing undiluted ore
- Excavation of 1,400m out of 1,600m of conveyor tunnels completed
- Civil work and structural installation commenced on conveyor belt system
- Crusher 1 excavation well advanced
- First production planned for May 2015
- Production ramp up over 4 financial years with full production in FY 2019
- New skills and additional resources required by SLC method already deployed
- It is planned to expand on these resources in line with production growth

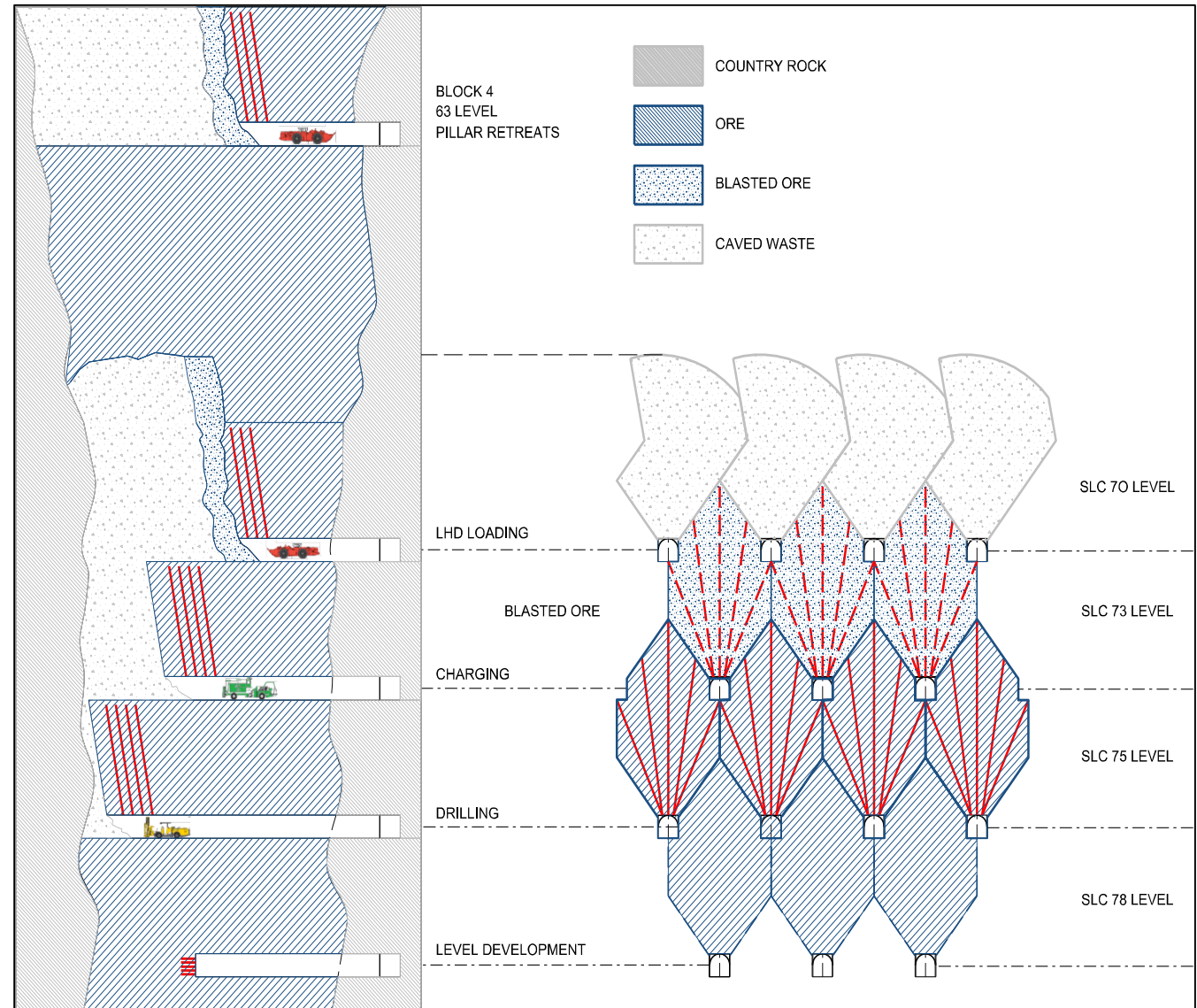


# What is sub-level caving?



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- 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





# Mining in action

Drilling rings for the Pillar Retreat at 63 Level



Development drill rig drilling the end



Employees at a development end



Supervisor discusses work with drill rig operator







# PLANT OVERVIEW



# Plant Infrastructure

- Original plant built – 1964
- First upgrade completed – 1980
- Underground operation commence – 1990
- Introduce 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
- 1 Mtpa bulk sample plant acquired in H1 FY 2015

Pre upgrade:



Post upgrade:





# Plant Overview



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Ore Reception

Ore Preparation

Concentration

Mine Residue Disposal

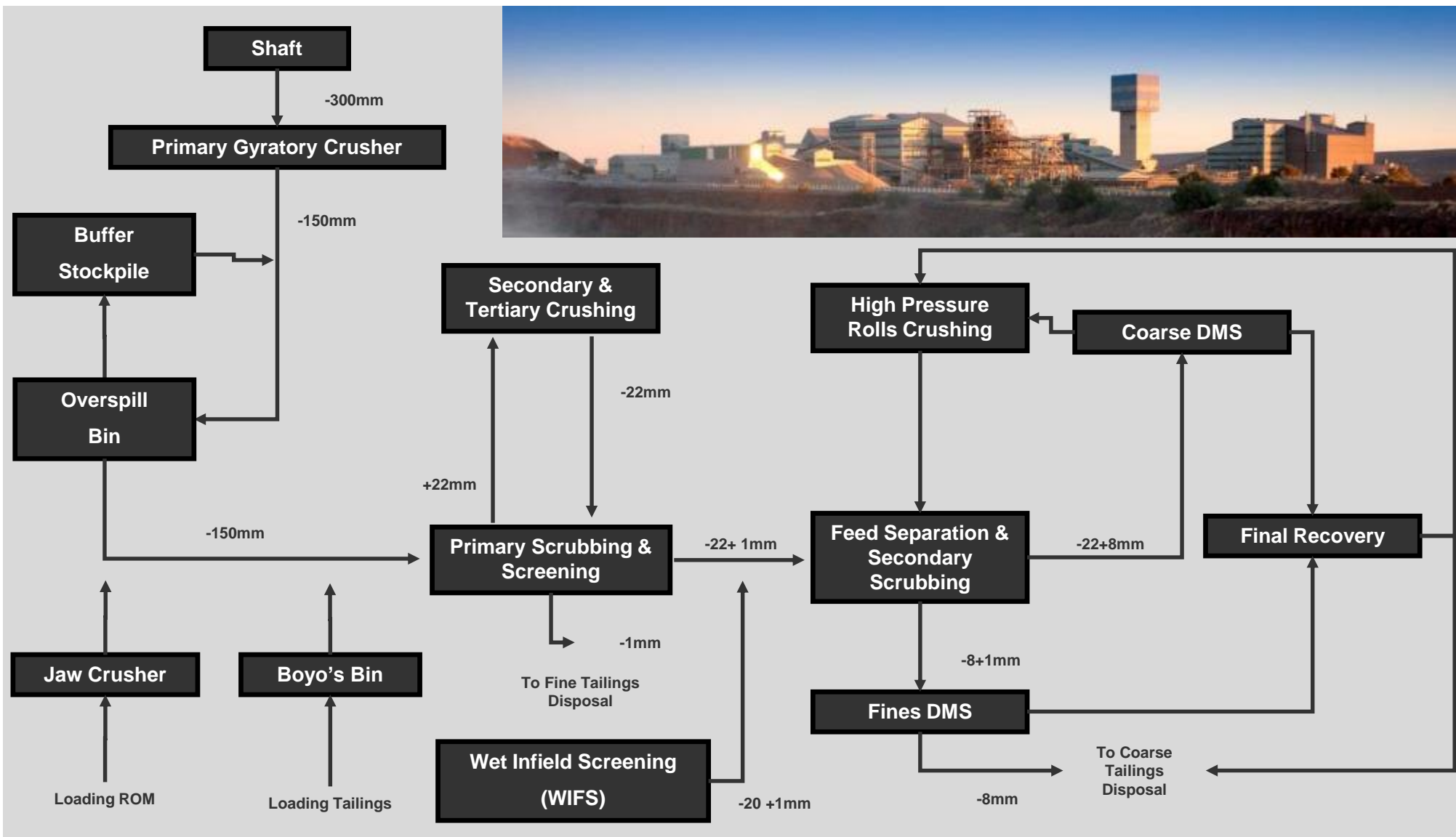
Recovery

WIFS





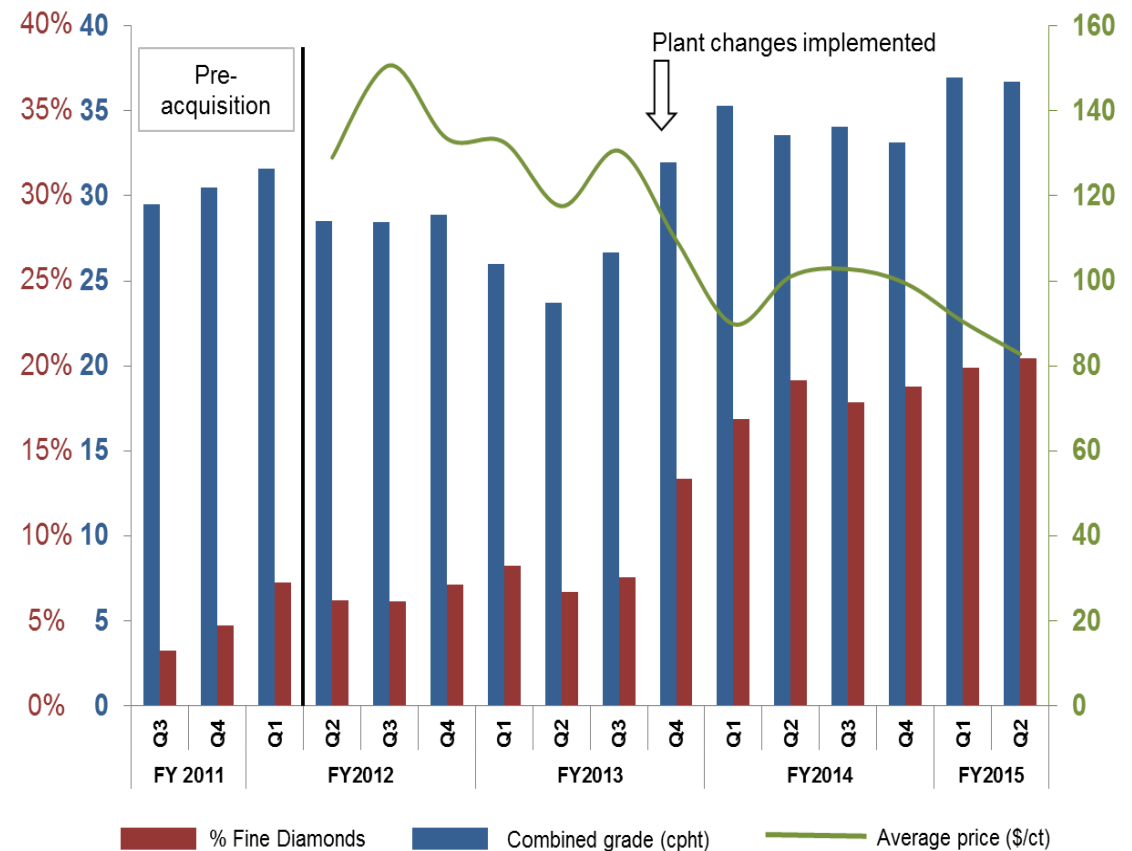
# Simplified Process Flow





# Plant Modifications by Petra

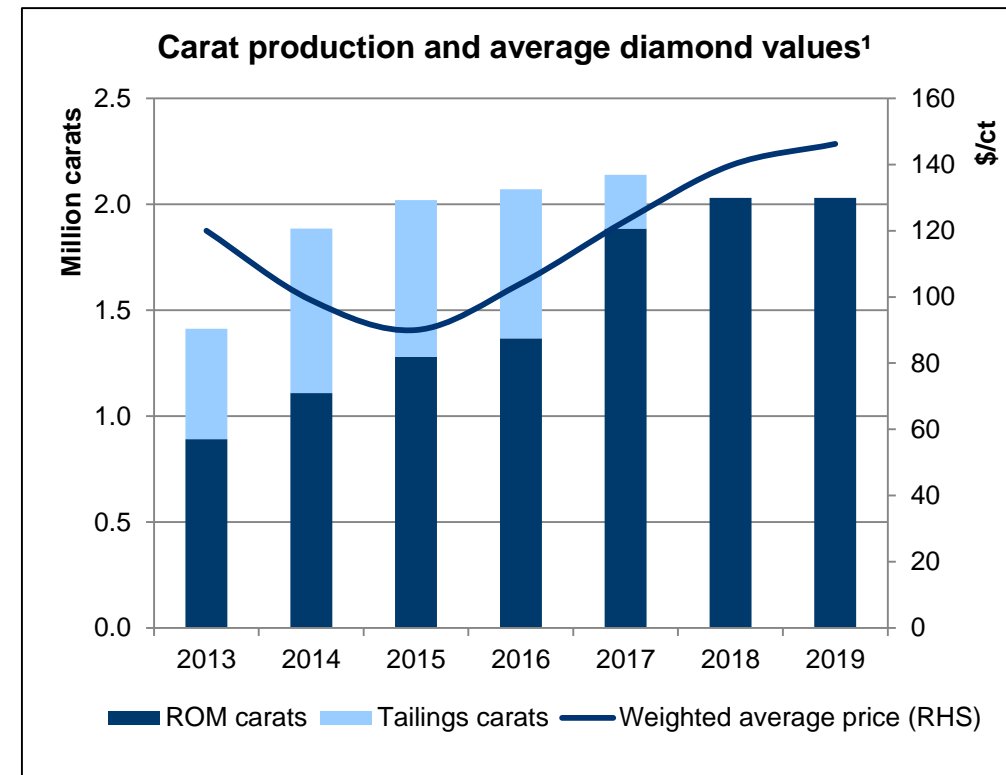
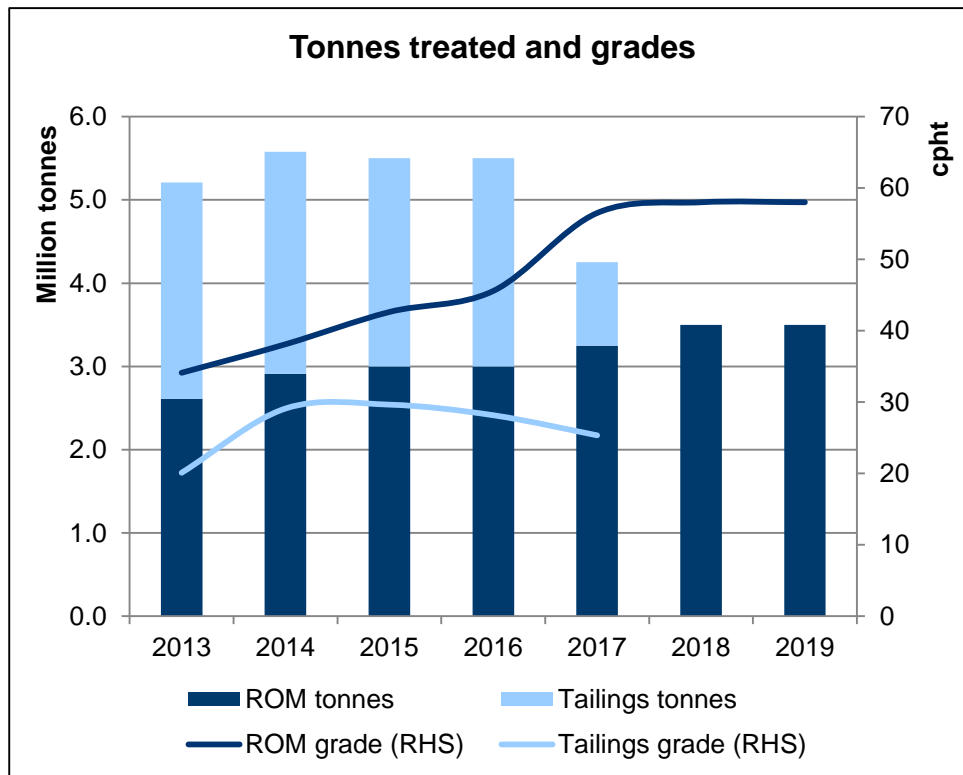
- Bottom cut reduced from 1.47mm to 1.0mm
- Top cut increased from 19mm to 22mm
- Coarser tailings mid cut reduced from 8mm to 6mm, improving diamond liberation
- Number of projects completed which improved plant reliability and increased flexibility, ultimately improving plant utilisation and throughput (i.e. coarse and fines DMS, recovery, feed preparation sections)
- Increased recovery of high quality small diamonds which are plentiful within the mine's production profile
- Lower average value per carat but improved revenue per tonne





# Production Plan

- ROM tonnages to rise 17%, but ROM carat production to rise 58% due to higher grade
- Positive impact on average value per carat as tailings production winds down



1. Forecasts for average value per carat calculated using a 4% annual real price increase



# 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 (Nov 2014)



36cts & 43cts (Nov 2013)



53cts (Aug 2013)



43cts (Oct 2013)



2.9cts (Jun 2012)



2 classic models of 6-7.5cts  
(2012)



# Typical Production Layout







# FINANCIAL



# Capex Overview

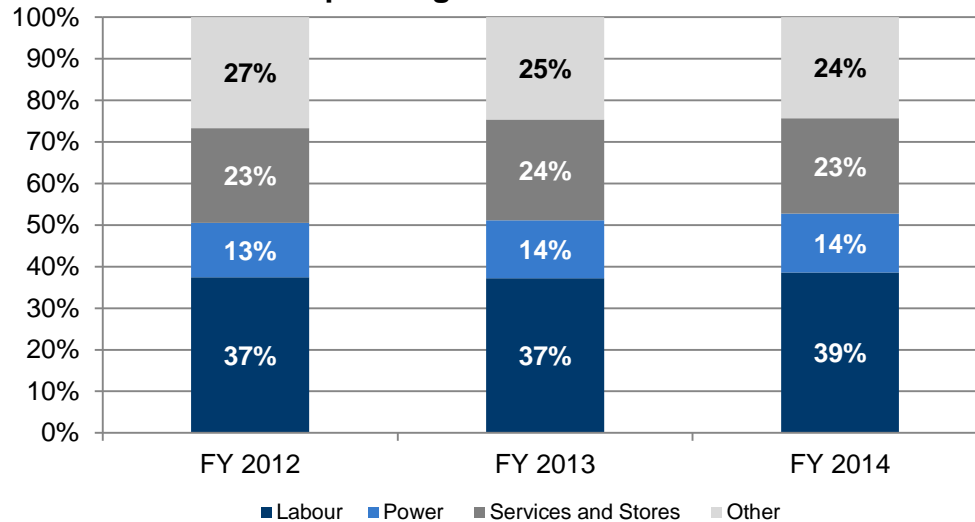
- Total expansion Capex of ca. R4.3 billion (ca. US\$400 million)
- R1.2 billion capital spent to date (H1 FY 2015); R3.2 billion remaining spend to FY 2024
- Guidance (below to FY 2019); post FY 2019, ca. ZAR260 million per annum spent from FY 2020 to FY 2024 related to the new Block 5 block cave
- Capex fully funded from current debt facilities, treasury and mine cashflows

Financial Year	2014A	2015F	2016F	2017F	2018F	2019F
ROM tonnes treated	2.9	3.0	3.0	3.3	3.5	3.5
Tailings tonnes treated (Mt)	2.7	2.5	2.5	1.0	-	-
Expansion Capex (ZARm)	527	619	623	494	331	148
Sustaining Capex (ZARm)	128	120	86	78	75	74

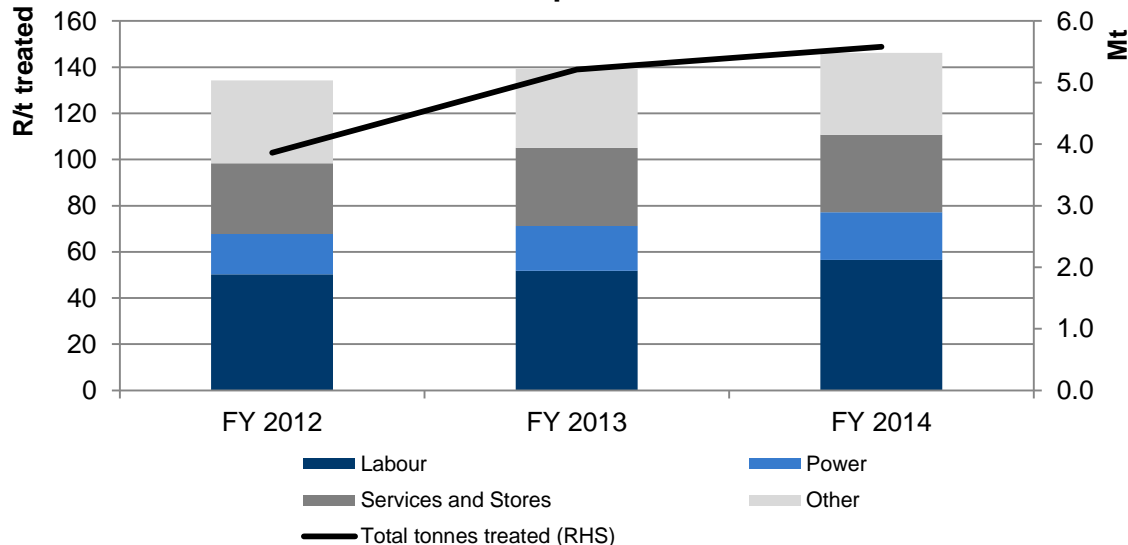


# Cost of Production

Operating cost break down



On-mine cash cost per tonne treated



- 3 year wage agreement of +10% pa with NUM concluded in September 2015; ca. 8.2% increase on total labour for FY 2015 for Group
- Manage rising energy costs through effective design, maintenance and management of new and old infrastructure
- Designs to cater for appropriate levels of automation
- Advancement of Group procurement strategy to yield benefits related to economies of scale



# H1 FY 2015 Trading Update Results

	Unit	H1 FY 2015	H1 FY 2014	Variance	FY 2014
<b><u>Sales</u></b>					
Revenue	US\$m	77.3	83.2	-7%	183.7
Diamonds sold	Carats	906,214	863,319	+5%	1,856,939
Average price per carat	US\$	85	96	-11%	99
<b><u>ROM Production</u></b>					
Tonnes treated	Tonnes	1,530,455	1,505,356	+2%	2,910,195
Diamonds produced	Carats	651,068	565,334	+15%	1,109,022
Grade <sup>1</sup>	Cpht	42.5	37.6	+13%	38.1
<b><u>Tailings Production</u></b>					
Tonnes treated	Tonnes	1,216,244	1,320,796	-8%	2,668,278
Diamonds produced	Carats	362,049	409,097	-12%	776,138
Grade <sup>1</sup>	Cpht	29.8	31.0	-4%	29.1
<b><u>Total Production</u></b>					
Tonnes treated	Tonnes	2,746,699	2,826,152	-3%	5,578,473
Diamonds produced	Carats	1,013,117	974,431	+4%	1,885,160
<b><u>Capex</u></b>					
Expansion Capex	US\$m	28.4	19.9	+43%	50.7
Sustaining Capex	US\$m	2.4	2.5	-4%	12.3
Borrowing costs capitalised	US\$m	3.0	2.3	+30%	4.8
Total Capex	US\$m	33.8	24.7	+37%	67.8

- FY 2015 guidance for ROM grade adjusted from 38.3 cpht to 42.5 cpht and tailings grade from 27 cpht to 29 cpht
- FY 2015 average value per carat guidance adjusted from US\$108/ct to US\$90/ct further to softer market, increase in grade and increased recovery of smaller diamonds





# **SOCIAL RESPONSIBILITY**



- Labour relations at Finsch have been stable in FY 2015
- Strong focus on internal communications and engagement with employee representatives
- Petra concluded 3 year wage agreement with NUM in September 2014
- Itumeleng Petra Diamonds Employee Trust owns 5% of mine
  - First IPDET distributions in December 2014





# Corporate Social Investment (CSI)

- Finsch Diamond Mine plays an active and supportive role in the local community
- The mine contributes to a wide number of community projects – below are just a few examples:
  1. Community health
    - Mobile clinic for the Kgatelopele community
  2. Portable Skills Training
    - Skills training provided by Petra to local unemployed people (see testimonials below)



**Rapelang Lekwene**

*"I now have Mechanical knowledge which I did not have before. I would like to thank Petra Diamonds for sending me for the Engineering Portable Skills Training."*



**Luzerne Joseph:**

*"I have enjoyed learning about the electrical trade. Every day was a challenge and that made me want to learn more. I will recommend other community members not to let opportunities like this pass them by."*



**Nomthandazo Valencia  
Dayiya:**

*"Before the course I had no clue how to utilise a cutting torch or welding machine, but now I know. I'm very keen to learn further in this field."*



# Corporate Social Investment (CSI) Continued

## 3. John Taolo Gaetsewe Water Project

- Improve local water efficiency
- Reduce leaks
- Regulated water resources & consumption

## 4. Rally to Read

- Delivering books & teaching aids to the most remote and needy local schools

## 5. Education projects

- Benefitting local children's homes and schools



**Education is our future: Girls from Griquatown Combined School welcome participants from the 2014 Northern Cape Rally to Read**



**Welcome Rally to Read:**

**Scholars from Vaal Oranje Primary with the boxes of books and libraries that were donated to them during the 2014 Rally to Read**



**Dancing with joy: Schools participating in the Rallies are always eager to show off their singing and dancing talents**





# OUTLOOK





## Rising Production

- ROM production ramping up from 1.89 Mctpa to ca. 2 Mctpa by FY 2018
- Initial mine plan of 16 years, but potential mine life of +25 years



## Rising Margins

- Grade to rise ca. 40% to ca. 58 cph
- Contribution of lower value tailings (currently 35% by volume) to decrease
- Cost efficiencies due to simplified orehandling system
- Finsch margins expected to go from ca. 45% (FY 2014) to +50% (FY 2019)



## Rising Prices

- Positive long term outlook based on fundamentals
- 'Mass luxury' to drive market; affordable diamond jewellery for all budget ranges

A major producer with a sustainable mine plan



# Appendix – Analyst Guidance

Finsch - Overview	Description	Guidance notes (FY 2015)
<ul style="list-style-type: none"> <li>• LOM: Current plan up to 2030</li> <li>• Residual Block 6 resource will extend LOM beyond 2030</li> <li>• Direct Ownership: 74%, Effective ownership: 82.4%</li> </ul>	ROM Tonnes (Mt)	<p>FY 2015: 3.0 Mtpa, 3.0 Mt in FY 2016, 3.2 Mtpa by FY 2017 (when SLC is operational), and 3.5 Mtpa from FY 2018 onwards (production supplemented with tonnes from SWPC). Block 5 Block Cave production to ramp up from FY 2023 to reach steady state production of 3.5Mtpa by FY 2025.</p> <p>FY 2015: ca. 42.5 cpht, ca. 46 cpht in FY 2016, ca. 58 cpht from FY 2017 when mining undiluted ore from the SLC, and ca. 60 cpht when the Block 5 Block Cave is operational.</p>
	ROM Grade (cpht)	
	Tailings Tonnes (Mt)	<p>FY 2015: ca. 2.5 Mt; total of ca. 6 Mt of Pre-79 dumps to be mined from FY 2015 to FY 2017. (Previous plan to treat Post-79 dump material has been revised to exclude these tonnes).</p> <p>Tailings Grade (cpht) FY 2015: 29 cpht, ca. 25 cpht in FY 2016 and ca. 22 cpht in FY 2017, as lower grade sections are treated.</p>
	Tailings Grade (cpht)	
	Cash on mine cost	ca. R860m (FY 2015)
	Fixed / variable split	80% / 20%
	Cash on-mine cost / ROM tonne	<p>FY 2015: ca. R268 / tonne; reducing to ca. R212 / tonne from FY 2018 onwards due to improved orehandling systems as well as higher volumes and high fixed cost base.</p> <p>Cash on-mine cost / Tailings tonne Remaining flat in real terms at ca. R38 / tonne.</p>





**Petra**Diamonds



**Thank You**