



15 September 2023

LSE: PDL

Petra Diamonds Limited
("Petra or "the Company")

Preliminary Results for FY 2023 (unaudited)

Strengthened Balance Sheet and Stabilising Production sets Path for Growth

Petra announces its preliminary results (unaudited) for the year ended 30 June 2023 (FY 2023 or Year).

Richard Duffy, Chief Executive Officer of Petra, commented:

"FY 2023 has demonstrated the improved resilience of Petra's operating model as we realise value from our operations, placing us in a strong position to deliver on our stated target of increasing annual group production by up to 1.3 million carats in FY 2026 as we continue to develop the long-term potential of our large resource base.

Production in FY 2023 at 2.67 Mcts, while marginally below revised guidance on the back of some operating challenges, showed an improving trend during the second half as operating performance stabilised. Williamson restarted production in July 2023 and is ramping up ahead of schedule. Key Group operational guidance is maintained.

In line with our objective of reducing gross debt while investing in organic growth and life extension, we successfully repurchased just over one-third, or US\$144.6 million, of the Company's 2026 loan notes during the Year, both strengthening our balance sheet and reducing future interest costs. This, coupled with our flexible sales process, enabled us to delay the sales of some diamonds from our last two Tenders of FY 2023, in expectation of improved pricing.

The first Tender of FY 2024 reflected persistent softer market conditions due to prevailing macro-economic uncertainties around high interest and inflation rates. Although there has been some stabilisation in global economies and growth outlooks for CY 2023, the economic outlook for CY 2024 is now more subdued. Notwithstanding this, we continue to see the prevailing structural supply deficit of diamonds providing market support in the medium to longer term.

Actions taken to strengthen our business and improve cash flow generation, together with our capital discipline around investing in the growth and life extension of our operations, means that Petra is resilient in the short-term and well placed in the medium to longer term to leverage these continued supportive diamond market fundamentals."

Balance sheet remains robust despite lower production and deferred tender sales

- The results, where appropriate, exclude Koffiefontein which has been classified as a discontinued operation
- FY 2023 revenue amounted to US\$325.3 million (FY 2022: US\$563.7 million), including revenue from profit share agreements of US\$1.4 million (FY 2022: US\$1.1 million)
- The average realised price in FY 2023 was US\$139/ct, down 14% from US\$161/ct in FY 2022, largely due to product mix, partially offset by a 2% like-for-like price increase
- Adjusted mining and processing costs benefitted from a weaker ZAR:USD, lower production volumes and royalties, cost savings and diamond inventory movement. These factors were partly offset by cost inflation and care & maintenance costs at Williamson following the Tailings Storage Facility (TSF) failure
- Adjusted EBITDA, being profit from mining activities less adjusted corporate overheads, reduced to US\$113.1 million (FY 2022: US\$277.8 million), representing a margin of 35%, driven by lower production, Williamson being on care and maintenance for around 7 months of the Year and the reduced contribution from Exceptional Stones (those sold for US\$5 million or more each), partially off-set by a weaker ZAR:USD
- Adjusted net loss of US\$2.3 million down from US\$115.2 million profit (FY 2022)
- Adjusted loss per share of USc2.96, down from USc48.01 profit (FY 2022)
- Operational free cash outflow of US\$66.5 million (FY 2022: US\$230.0 million inflow) due to reduced sales, including the deferral of sales to FY 2024, and the planned increase in capital expenditure
- Consolidated net debt increased to US\$176.8 million (30 June 2022: US\$40.6 million)
- In September 2022, the Group repurchased a portion of the 2026 loan notes which reduced the Group's loan and borrowings to US\$247.5 million at Year-end, and reduced future interest costs

US\$m unless stated otherwise	FY 2023	FY 2022 Restated ²	Variance
Rough diamonds sold (carats)	2,329,817	3,499,412	-33%
Revenue	325.3	563.7	-42%
Average realised price per carat (US\$/carat)	139	161	-14%
Adjusted mining and processing costs	202.1	272.5	-26%
Adjusted EBITDA ¹	113.1	277.8	-59%
Adjusted EBITDA margin (%) ¹	35%	49%	-29%
Adjusted profit before tax ¹	8.3	155.1	-95%
Adjusted (loss) / profit after tax ¹	(2.3)	115.2	-102%
Net (loss) / profit after tax	(102.4)	88.1	-216%
Basic (loss) / profit per share (USc)	(38.10)	40.74	-193%
Adjusted (loss) / profit per share ¹ (USc)	(2.96)	48.01	-106%
Capital expenditure	117.1	51.6	127%
Operational free cashflow ¹	(66.5)	230.0	-129%
Consolidated net debt ¹	176.8	40.6	335%
Unrestricted cash	44.1	271.9	-84%
Consolidated net debt : Adjusted EBITDA ¹	1.6x	0.15x	970%

Note 1: For all non-GAAP measures refer to the Summary of Results table within the Financial Results section below

Note 2: During the Year, Koffiefontein was placed on care and maintenance activities in the run-up to a responsible closure. Koffiefontein is classified as a discontinued operation in FY 2023 as it has been 'abandoned' in terms of IFRS 5. For comparative purposes, the relevant FY 2022 results have been restated to exclude Koffiefontein

Ongoing focus on sustainability and zero harm working environment

Our Sustainability Framework is being embedded into Petra's operating model. Sustainability targets will be detailed in the FY 2023 Sustainability Report due to be released in October 2023.

Valuing our people

- In FY 2023, we recorded 17 lost time injuries (LTIs), a 13% increase from FY 2022, which translated to a lost time injury frequency rate (LTIFR) of 0.24 per 200,000 hours worked, up from 0.22 in FY 2022. This largely reflected the ramping up of the two extension projects at Cullinan Mine and Finsch and a single, blasting-related, incident at Cullinan Mine in which four employees were regrettably injured and have since fully recovered
- In striving for a zero-harm environment, we continue to focus on remedial actions and behaviour-based intervention programmes across our operations
- New Petra Culture Code roll out underway

Respecting our Planet

- Progress on Petra's response to Climate Change was achieved through formulating a Climate Change Mitigation and Adaptation Strategy, setting interim milestones to reach a 35-40% reduction by 2030 (against the 2019 baseline) towards our ambition to reach net-zero for Scopes 1 and 2 emissions by 2040
- Following the TSF failure at Williamson, efforts focused on achieving soil remediation and restoring the ecological functionality of the affected areas, with preliminary indicators reflecting positive outcomes

Driving Shared Value Partnerships

- Our support for local communities was accelerated through our committed efforts in generating sustainable value through our Social and Labour compacts
- Prioritised actions were taken to ensure all affected community members following Williamson's TSF failure were provided alternative arrangements, including temporary and new accommodation, livelihood restoration and health and wellness support

Delivering Reliable Production

- Continuing focus on stabilising operational performance, with Cullinan Mine on track, Williamson's ramp-up ahead of schedule and Finsch experiencing some volatility
- Our on-mine capital investments increased by 129% to US\$115.3 million, of which US\$72.4m was spent on life extension projects that will contribute to our increased carat production over the coming years

Adjusted profit contribution per mine

US\$ millions	FY 2023 ¹					FY 2022 Restated ^{1,2}				
	CDM	FDM	WDL	Central	Total	CDM	FDM	WDL	Central	Total
Revenue	182.9	93.3	49.1	—	325.3	322.4	165.7	75.9	(0.3)	563.7
Adjusted mining and processing costs ³	(82.0)	(65.6)	(54.3)	(0.2)	(202.1)	(116.7)	(109.0)	(45.5)	(1.3)	(272.5)
Other direct income/(expenses)	—	0.1	(0.6)	—	(0.5)	(0.7)	(0.4)	0.1	—	(1.0)
Adjusted profit from mining activities	100.9	27.8	(5.8)	(0.2)	122.7	205.0	56.3	30.5	(1.6)	290.2
Adjusted profit margin	55%	30%	-12%		38%	64%	34%	40%		52%
Other corporate income					1.0					0.6
Adjusted Group G&A	Not allocated per mine				(10.6)	Not allocated per mine				(13.0)
Adjusted EBITDA¹					113.1					277.8

Note 1: For all non-GAAP measures refer to the Summary of Results table within the Financial Results section below

Note 2: FY 2022 restated to exclude Koffiefontein which is classified as a discontinued operation.

Note 3: Adjusted mining and processing costs include certain technical and support activities which are conducted on a centralised basis; these include sales & marketing, human resources, finance & supply chain, technical, and other functions. For purposes of above, these costs have been allocated 60% to CDM and 40% to FDM. For more information, refer to operational cost reconciliation available on the analyst guidance pages on our website.

Adjusted profit from mining activities decreased 58% to US\$122.7 million (FY 2022: US\$290.2 million), mainly due to lower sales of Exceptional Stones (those sold for US\$5 million or more each) during the Year, the impact of lower carats recovered and increased costs at Williamson for care and maintenance following the TSF failure.

Capital expenditure breakdown

US\$ millions	FY 2023					FY 2022 Adjusted ¹				
	Cullinan Mine	Finsch	Williamson	Central	Total	Cullinan Mine	Finsch	Williamson	Central	Total
Extension	41.1	31.3	—	—	72.4	27.3	7.0	—	—	34.3
Stay in Business	11.7	11.9	19.3	1.8	44.7	7.7	5.0	3.3	1.3	17.3
Total	52.8	43.2	19.3	1.8	117.1	35.0	12.0	3.3	1.3	51.6

Note 1: FY 2022 restated to exclude Koffiefontein, classified as a discontinued operation

Total capital expenditure amounted to US\$117.1 million for the Year following the ramping up of underground extension projects at both Cullinan Mine and Finsch.

The increase in stay in business capital expenditure was largely due to the replacement of underground fleet at Finsch to mitigate the machine availability challenges encountered during the Year and an increase at Williamson due to the construction of the new TSF facility.

Dividends

In line with our dividend policy, no dividends are proposed for FY 2023 and the Board will review this again in FY 2024.

Group production summary

Below is a summary of Group production for FY 2023 (excluding Koffiefontein)

Production		FY 2023	FY 2022
ROM tonnes	Tonnes	8,637,232	10,772,811
Tailings and other tonnes	Tonnes	399,877	416,335
Total tonnes treated	Tonnes	9,037,109	11,189,146
ROM diamonds	Carats	2,517,309	3,112,956
Tailings and other diamonds	Carats	149,216	205,412
Total diamonds	Carats	2,666,525	3,318,368

Outlook

Actions taken to strengthen our business and improve cash flow generation, together with our capital discipline, means that Petra is well placed to take advantage of the medium and longer-term supportive diamond market fundamentals. In FY 2024, we will continue to focus on stabilising operational performance. Our projects remain on track to contribute to the Group's increased annual production by up to 1.3 million carats in FY 2026 as we continue to develop the long-term potential of our large resource base. We remain confident that we will continue to generate sufficient cash to fund capex.

Market outlook

We expect rough diamond demand will continue to be subdued in the short-term on account of increased polished inventory, prolonged weakness in the Chinese market, lab-grown diamond sales in the bridal jewellery segment and higher interest rates impacting the mid-stream in particular. Although demand for lab grown goods increased, this was coupled with further price depreciation that continues to substantially differentiate this market segment from our unique and rare natural diamonds that provide enduring benefit in celebrating life's most significant moments. As a result, the Group expects ongoing price volatility in the short-term, but remains confident that the structural supply deficit will support medium to long-term diamond prices.

Group pricing assumptions

Set out below are the Group's current diamond pricing assumptions for each of its mines for FY 2024 and how these compare to FY 2023 achieved prices. Future diamond prices are influenced by a range of factors outside of the Group's control and so these assumptions are internal estimates only and no reliance should be placed on them. The Company's pricing assumptions will be considered on an ongoing basis and may be updated by the Company from time to time.

Average US\$ per carat price	FY 2023 achieved	FY 2024 assumptions ¹
Cullinan Mine	139 ²	125 - 140
Finsch	110 ²	105 - 120
Williamson	280 (H1 only)	240 - 270

Note 1: Excluding the contribution of Exceptional Stones of US\$15 million or more, as defined below

Note 2: Prices achieved were impacted by the deferral of sales to FY 2024

Given the impact of product mix on average prices, tender to tender price variability is expected.

Williamson is expected to see some variability in its product mix and prices over coming tenders as it continues its ramp-up to steady-state production.

Change to the Company's definition of Exceptional Stones

The Company has historically defined diamonds which sell for US\$5 million or more as being Exceptional Stones. From FY 2024, the Company has amended this definition to diamonds which sell for US\$15 million or more. Since 2016, only three Exceptional Stones have been sold that meet this new threshold, highlighting the rarity of such diamonds. Revenue from Exceptional Stones exceeding US\$15 million may be regarded as windfall earnings for the Group, to be applied in line with our Capital Allocation framework.

Key operational guidance maintained

	FY 24E	FY 25E	FY 26E
Total carats recovered (Mcts)	2.9 – 3.2	3.4 – 3.7	3.7 – 4.0
Cash on-mine costs and G&A ¹ (US\$m)	270 – 290	270 – 290	280 – 300
Extension capex ¹ (US\$m)	124 – 135	109 – 125	85 – 92
Sustaining capex ¹ (US\$m)	31 – 36	24 – 28	24 – 28

Note 1: Real amounts stated in FY 2024 money terms using 6% SA CPI & 2.5% US CPI. US\$ equivalent for SA operations converted at USD:ZAR exchange rate of 18.36

More detailed guidance is available on Petra's website at
<https://www.petradiamonds.com/investors/analysts/analyst-guidance/>

PRESENTATION DETAILS

Richard Duffy, CEO, Jacques Breytenbach, CFO, will present the results to investors and analysts.

Online at 09.30 BST

To join <https://stream.brrmedia.co.uk/broadcast/64be9e441589e5759adc7f73>

Dial in details

- South Africa (toll free): 0800 980 512
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Password: Quote Petra Diamonds when prompted by the operator

Recording of presentation

A recording of the webcast will be available later today on Petra's website at
<https://www.petradiamonds.com/investors/presentations> or on
https://brrmedia.news/PDL_FY23

Investor Meet company presentation 14.30 BST

Petra will present the results on the Investor Meet company platform, predominantly aimed at retail investors. To join: <https://www.investormeetcompany.com/petra-diamonds-limited/register-investor>

FURTHER INFORMATION

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ABOUT PETRA DIAMONDS

Petra Diamonds is a leading independent diamond mining group and a supplier of gem quality rough diamonds to the international market. The Group's portfolio incorporates interests in three underground mines in South Africa (Finsch, Cullinan Mine and Koffiefontein) and one open pit mine in Tanzania (Williamson).

Petra's strategy is to focus on value rather than volume production by optimising recoveries from its high-quality asset base in order to maximise their efficiency and profitability. The Group has a significant resource base which supports the potential for long-life operations.

Petra strives to conduct all operations according to the highest ethical standards and only operates in countries which are members of the Kimberley Process. The Group aims to generate tangible value for each of its stakeholders, thereby contributing to the socio-economic development of its host countries and supporting long-term sustainable operations to the benefit of its employees, partners and communities.

Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL'. The Group's loan notes due in 2026 are listed on the Irish Stock Exchange and admitted to trading on the Global Exchange Market. For more information, visit www.petradiamonds.com.

FINANCIAL RESULTS

SUMMARY RESULTS (unaudited)

	Year ended 30 June 2023 ("FY 2023") US\$ million	(Restated) Year ended 30 June 2022 ("FY 2022") US\$ million
Revenue	325.3	563.7
Adjusted mining and processing costs ¹	(202.1)	(272.5)
Other net direct mining income / (expense)	(0.5)	(1.0)
Adjusted profit from mining activity²	122.7	290.2
Other corporate income	1.0	0.6
Adjusted corporate overhead ³	(10.6)	(13.0)
Adjusted EBITDA⁴	113.1	277.8
Depreciation and Amortisation	(80.5)	(85.0)
Share-based expense	(2.3)	(1.1)
Net finance expense ⁸	(22.0)	(36.6)
Adjusted profit before tax	8.3	155.1
Tax expense (excluding taxation credit on unrealised foreign exchange gain / (loss)) ⁵	(10.6)	(39.9)
Adjusted net (loss)/profit after tax⁶	(2.3)	115.2
Impairment reversal – operations and other receivables ⁷	52.7	24.3
Impairment charge – operations and non-financial receivables ⁷	(37.6)	(4.4)
Transaction costs and acceleration of unamortised costs on partial redemption of Notes ⁸	(9.1)	—
Gain on extinguishment of Notes	0.6	—
Williamson tailings facility - remediation costs	(10.7)	—
Williamson tailings facility - accelerated depreciation	(5.2)	—
WDL blocked parcel inventory write down and related receivable recognition ¹⁴	(12.5)	—
WDL receivable recognition ¹⁴	12.4	—
Movement in provision for unsettled and disputed tax claims	0.3	—
Human rights IGM claims provision and transaction (costs) / reversal of settlement agreement	(8.5)	0.8
Net unrealised foreign exchange loss	(29.4)	(36.4)
Taxation credit on unrealised foreign exchange loss ⁴	1.2	2.2
Taxation charge on impairment reversal	(13.8)	—
(Loss) / profit from continuing operations	(61.9)	101.7
Loss on discontinued operations, net of tax ⁷	(40.5)	(13.6)
Net (loss) / profit after tax	(102.4)	88.1
Earnings per share attributable to equity holders of the Company – US cents		
Basic (loss) / profit per share – from continuing and discontinued operations	(54.21)	35.53
Basic (loss) / profit per share – from continuing operations	(38.10)	40.74
Adjusted (loss) / profit per share – from continuing operations ⁹	(2.96)	48.01

		As at 30 June 2023	As at 30 June 2022
	Unit	(US\$ million)	(US\$ million)
Cash at bank – (including restricted amounts)	US\$m	61.8	288.2
Diamond debtors	US\$m	8.9	37.4
Diamond inventories ¹⁴	US\$m /Cts	65.9 715,222	52.7 453,380
Loan notes (issued March 2021) ¹⁰	US\$m	247.5	366.2
Bank loans and borrowings ¹¹	US\$m	—	—
Consolidated net debt ¹²	US\$m	176.8	40.6
Bank facilities undrawn and available ¹¹	US\$m	53.1	61.5
Consolidated net debt : Adjusted EBITDA (rolling twelve months)		1.6x	0.15x

The following exchange rates have been used for this announcement: average for FY 2023 US\$1:ZAR17.77 (FY 2022: US\$1:ZAR15.22); closing rate as at 30 June 2023 US\$1:ZAR18.83 (30 June 2022: US\$1:ZAR16.27).

Notes:

The Group uses several non-GAAP measures above and throughout this report to focus on actual trading activity by removing certain non-cash or non-recurring items. These measures include adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax, adjusted earnings per share, adjusted US\$ loan note, and consolidated net debt for covenant measurement purposes. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. The Board believes that such alternative measures are useful as they exclude one-off items such as the impairment charges and non-cash items to provide a clearer understanding of the underlying trading performance of the Group.

- Adjusted mining and processing costs are mining and processing costs stated before depreciation.
- Adjusted profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.
- Adjusted corporate overhead is corporate overhead expenditure less corporate depreciation, tender offer transaction costs and share-based expense.
- Adjusted EBITDA is stated before depreciation, amortisation of right-of-use asset, share-based expense, net finance expense, tax expense, impairment reversal/(charges), expected credit loss release/ (charge), recovery of fees relating to investigation and settlement of human rights abuse claims, Williamson tailings facility remediation costs and accelerated depreciation, unrealised foreign exchange gains and (losses) and loss on discontinued operations.
- Tax expense is the tax expense for the Period excluding taxation credit on unrealised foreign exchange gain/(loss) generated during the Year; such exclusion more accurately reflects resultant adjusted net profit.
- Adjusted net (loss)/profit after tax is net (loss)/profit after tax stated before impairment (charge)/reversal, Williamson tailings facility remediation costs and accelerated depreciation, recovery of fees relating to investigation and settlement of human rights abuse claims net unrealised foreign exchange losses and excluding taxation credit on net unrealised foreign exchange losses and excluding a taxation charge on impairment reversals.
- Net impairment reversal of US\$15.1 million (30 June 2022: US\$19.9 million reversal) was due to the Group's impairment review of its operations and other receivables. Refer to note 15 for further details.

The loss on discontinued operations reflects the results of the Koffiefontein operation (net of tax), including impairment, of US\$40.5 million (FY 2022 results have been amended for comparability) as per the requirements of IFRS 5 for an abandoned operation; refer to Note 18.
- Transaction costs and acceleration of unamortised costs on partial redemption of Notes comprise transaction costs of US\$0.8 million included within corporate expenditure (refer to note 5) and US\$8.3 million in respect of the redemption premium and acceleration of unamortised costs included within Finance expense (refer to note 6).
- Adjusted EPS from continuing operations is stated before impairment reversal, gain on extinguishment of Notes net of unamortised costs, acceleration of unamortised costs on Notes, Williamson tailings facility remediation costs and accelerated depreciation, costs relating to investigation and settlement of human rights abuse claims, and net unrealised foreign exchange gains and losses, and excluding taxation credit on net unrealised foreign exchange gains and losses and excluding a taxation charge on impairment reversals.
- The 2026 US\$336.7 million loan notes, originally issued following the capital restructuring (the "Restructuring") completed during March 2021, have a carrying value of US\$247.5 million (30 June 2022: US\$366.2 million) which represents the outstanding principal amount of US\$209.7 million (after the debt tender offers as announced in September and October 2022) plus US\$48.1 million of accrued interest and is stated net of unamortised transaction costs capitalised of US\$10.3 million. Refer to Note 8 for further detail.

11. Bank loans and borrowings represent the Group's ZAR1 billion (US\$53.1 million) revolving credit facility which remained undrawn at Year end and available. Subsequent to Year end, as a result of the deferment of the June 2023 diamond tender, the Group drew down ZAR850 million (US\$45.1 million) on the RCF.

During the FY 2022, the South African banking facilities held with the Group's previous consortium of South African lenders were settled and cancelled, comprising of the revolving credit facility of ZAR404.6 million (US\$24.9 million) (capital plus interest) and the term loan of ZAR893.2 million (US\$54.9 million) (capital plus interest).

12. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash and less diamond debtors.
13. Operational free cashflow is defined as cash generated from operations less cash outflows on the acquisition of property, plant and equipment.
14. Diamond inventories for periods prior to 30 June 2023 include the 71,654.45 carat Williamson parcel of diamonds blocked for export during August 2017, with a carrying value of US\$12.5 million. Under the Framework Agreement entered into with the Government of Tanzania (GoT) in December 2021, it is stated that the proceeds from the sale of this parcel are to be applied to the Williamson mine to assist with the restart of operations and that in the event such proceeds are not received by Williamson, Williamson is not required to pay a US\$20 million liability relating to the settlement of past tax disputes. During recent discussions, the GoT confirmed that the blocked parcel was partially sold during the period and so this parcel has been excluded from diamond inventories and expensed to other direct mining expense with the calculated fair value proceeds of US\$12.3 million for the blocked parcel recognised as other direct mining income and trade and other receivables as at 30 June 2023. During these recent discussions, the parties also confirmed their intent to resolve the treatment of the blocked parcel sale proceeds and the related US\$20 million settlement liability.

Principal Business Risks

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term sustainability. Performance and management of these risks forms an integral part of the management of the Group.

A summary of the risks identified as the Group's principal external, strategic and operational risks (in no order of priority), which may impact the Group over the next 12 months is listed below. A more detailed description of the Group's principal risks will be included in the Company's FY 2023 Annual Report.

External Risks	Change in FY 2023
1. Rough diamond prices Risk appetite: High Risk Rating: Medium Nature of risk: Long term	Higher – whilst diamond prices for Q1 to Q3 FY 2023 remained robust, like-for-like diamond prices softened in Q4 FY 2023, with Tender 5 (May) seeing a 13% reduction in like-for-like prices on Tender 4 (March). Due to continuing softer prices resulting from elevated inventory levels in the mid-stream on the back of what we consider to be a temporary slowdown in demand for rough diamonds, the majority of sales from Tender 6, together with the c. 76kcts withdrawn from Tender 5, were deferred and offered for sale in Tender 1 of FY 2024 in August 2023, with like-for-like prices in Tender 1 declining by 4.3% on Tender 5. While subdued demand and pricing volatility are expected to continue in the short-term, including from increased polished inventory, prolonged weakness in the Chinese market, lab-grown diamond sales in the bridal jewellery segment and higher interest rates impacting the mid-stream in particular, we see the prevailing structural supply deficit providing market support in the medium to longer term.
2. Currency Risk appetite: High Risk Rating: Medium Nature of risk: Long term	Lower - The ZAR/USD rate weakened during FY 2023, opening at R16.27 and ending the Year at R18.83, averaging R17.77 over the twelve-month period. Since Q3 FY 2023, various domestic South African factors have contributed to the Rand's continuing weakness which positively impacted Petra's FY 2023 financial results.
3. Country and political Risk appetite: High Risk Rating: Medium Nature of risk: Long term	No change – The risk of political instability remains in South Africa and with general elections due in 2024, is expected to increase. In addition, increased levels of load shedding/curtailment in the Year continued to disrupt South Africa. Furthermore, South Africa's non-aligned stance in the war between Russia and Ukraine has been increasingly questioned. Country and political risk in Tanzania has decreased due to the positive economic and structural changes implemented by the government which was well received by the international community. This has resulted in a significant increase in Foreign Direct Investment and an upgrade in the country's credit rating.
Strategic Risks	Change in FY 2023
4. Group Liquidity Risk appetite: Medium Risk Rating: Medium	Higher - Whilst the Group's balance sheet was strengthened through the repurchase of the Company's loan notes totalling US\$144.6m, resulting in annual interest savings of c.US\$15m, the Group experienced softening rough diamond

Nature of risk: Short to long term	prices (see above) and operational challenges in FY 2023, including lower grades at the Cullinan Mine, lower tonnes mined at Finsch and the production suspension and remediation costs at Williamson arising from the TSF failure in November 2022, which all impacted Petra's liquidity position. A number of ongoing mitigating actions are being taken to address these challenges. Koffiefontein was placed on care and maintenance during the Year with activities underway towards closure.
5. Licence to operate: regulatory and social impact & community relations Risk appetite: Medium Risk Rating: High Nature of risk: Long term	<p>No Change – In light of operations at Koffiefontein having ceased and the mine being placed on care and maintenance, community tensions in H1 of FY 2023 increased, though improved relations have been observed in H2 FY 2023 following extensive engagements with the local communities, the DMRE and the local municipality.</p> <p>At Williamson, the IGM became operational at the end of November 2022 with the commencement of the pilot scheme and following completion of feasibility studies for the ASM and ADI projects, the remaining escrow funds will now be committed towards the ADI projects.</p> <p>Whilst no fatalities or serious injuries were reported after the TSF failure at Williamson, the livelihoods of a number of community members were affected. A variety of short-term measures were initially taken, followed by an assessment of the impact on the surrounding communities and longer-term remediation measures. An Entitlement Framework has been developed that enables community members impacted by the TSF failure to be appropriately compensated, with Phase 1 and 2 compensation payments having already been made.</p>
Operating Risks	Change in FY 2023
6. Mining; production (including ROM grade and product mix volatility) Risk appetite: Medium Risk Rating: High Nature of risk: Long term	<p>Higher – Lower grades at the Cullinan Mine are expected to continue through FY 2024. This is attributable to the C-Cut cave maturity as the cave progresses from SW to NE and the earlier than anticipated waste ingress from the overlying depleted mining blocks. Several mitigating actions are underway to address these grade issues, including:</p> <ul style="list-style-type: none"> • Tailings treatment has been maximised to partially offset lower carats from the C-Cut. • The re-opening of Tunnel 36 (which has already occurred) and Tunnel 41 and the establishment of Tunnels 46 and 50 (the development of which was approved by the Board in FY 2023) will provide additional volume from FY 2025 and, in conjunction with-production from the CC1E development (expected to contribute meaningfully from FY 2025), will see grades move back towards 40cpht. <p>Finsch's production target fell short of guidance largely attributable to low machine availability owing to an ageing underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown, with mitigating actions in place to stabilise production, with the extension projects at Finsch expected to improve grade and production levels.</p> <p>Whilst production at Williamson was suspended for the remainder of FY 2023 due to the TSF failure in November 2022, commissioning of the interim TSF took place in July 2023, enabling operations to restart at the beginning of Q1 FY 2024, ahead of schedule.</p> <p>Operations at Koffiefontein have ceased and the mine has been placed on care and maintenance.</p>
7. Labour relations Risk appetite: Medium Risk Rating: Medium Nature of risk: Short to medium term	<p>No Change – Stable labour relations were experienced at all operations throughout FY 2023, noting that at Koffiefontein a section 189 retrenchment process was concluded, with the mine subsequently being placed on care and maintenance. For FY 2023, the Group has introduced a quarterly production bonus scheme for lower band employees to ensure alignment with other incentive structures across the Group.</p> <p>Discussions with organised labour concerning a new wage agreement for the South African operations are planned to commence in the coming months given the current agreement ends in June 2024.</p> <p>A Collective Bargaining Agreement with TAMICO, the majority union at Williamson, was signed in November 2022.</p>
8. Safety Risk appetite: Medium Risk Rating: Medium Nature of risk: Short to medium term	<p>Higher – LTIFR and LTIs marginally increased to 0.24 and 17 respectively in comparison to FY 2022 (0.22 and 15). The increased activities associated with the ramping up of extension projects at the Cullinan and Finsch Mines has contributed to this regression in safety performance and increased risk. Whilst FY 2023 safety indicators showed a declining trend, improvements have been made in Q4 FY 2023. Remedial actions, Group-wide learnings, visible felt leadership and behaviour intervention programmes with various focus areas have been undertaken to address this trend.</p>

9. Environment Risk appetite: Medium Risk Rating: Medium Nature of risk: Long term	Higher – Following the TSF failure at Williamson in November 2022, significant work was undertaken to contain the breach, determine the extent of the environmental impact and commence environmental remediation. An investigation is being conducted to determine the root cause of the TSF failure. WDL continues to engage with Tanzania's environmental regulator regarding the breach. Elevated water levels at the tailings facility (No 7 Dam) at the Cullinan Mine have required permitted emergency releases of water to be made. The releases have resulted in water quality and volume requirements being temporarily exceeded which is permitted for emergency releases. Short- and long-term mitigation measures to address water levels at the dam are being taken.
10. Climate Change Risk appetite: High Risk Rating: Medium Nature of risk: Long term	No Change – During the Year, the Company developed its Climate Change Position Statement and engaged Ernst & Young to develop a Climate Scenario Analysis which identifies key climate risks and opportunities using different scenarios across different time horizons, together with the impacts of these risks and opportunities and existing and future resilience measures. Petra also initiated a renewables strategy that, once implemented, will be key in enabling Petra to reach its 2030 interim target of a 35-40% reduction in Scope 1 & 2 emissions (against Petra's 2019 baseline). Management continues to monitor progress against annual climate change targets set for on-mine water and electricity consumption and efficiency.
11. Capital Projects Risk appetite: Medium Risk Rating: High Nature of risk: Short to medium term	Higher – Whilst the CC1E and C-Cut extension projects at the Cullinan Mine and the Lower Block 5 3 Levels SLC at Finsch remain on-track to deliver production growth over the next three years, management have proactively initiated various mitigating actions and expedited Trackless Mining Machinery and drill rig availability to address the risk of these projects falling behind project plans. Alternate labour sourcing strategies are also being considered.
12. Supply Chain Governance Risk appetite: Medium Risk Rating: High Nature of risk: Short to medium term	Higher – An independent external expert was engaged to conduct a gap analysis of existing Supply Chain processes and systems, and this has resulted in management initiating a project to address areas that require improvement. During FY 2023, the diagnostic and design phases of the project were largely completed, with implementation to commence during Q1 FY 2024. Management expects to roll-out and embed the new way of working during FY 2024. The project focuses on Supply Chain processes, systems and structures with enhancements expected in compliance, governance and risk management, improved procurement, tender and supplier registration procedures and filling critical roles in the function. An online due diligence platform, administered by an external third party, went live in December 2022 to improve the vetting and screening of suppliers.

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

US\$ million	Notes	(Unaudited) Year ended 30 June 2023	(Restated) Year ended 30 June 2022
Revenue		325.3	563.7
Mining and processing costs		(297.6)	(356.6)
Other direct mining expense		(12.9)	(1.0)
Other direct mining income		12.3	—
Corporate expenditure including settlement costs	5	(22.9)	(14.1)
Other corporate income		1.0	0.6
Impairment reversal of non-financial assets	15	52.7	21.4
Impairment charges of non-financial assets	15	(32.7)	—
Impairment charge of other receivables	15	(4.9)	(1.5)
Total operating costs		(305.0)	(351.2)
Financial income	6	11.1	18.7
Financial expense	6	(70.8)	(91.7)
Gain on extinguishment of Notes net of unamortised costs	6,8	0.6	—
(Loss) / profit before tax		(38.8)	139.5
Income tax charge		(23.1)	(37.8)
(Loss)/profit for the year from continuing operations		(61.9)	101.7
Loss on discontinued operation including associated impairment charges (net of tax)	18	(40.5)	(13.6)
(Loss)/profit for the Year		(102.4)	88.1
Attributable to:			
Equity holders of the parent company		(105.3)	69.0
Non-controlling interest		2.9	19.1
		(102.4)	88.1
(Loss) / Profit per share attributable to the equity holders of the parent during the Period:			
From continuing operations:			
Basic (loss)/earnings per share – US\$ cents	13	(38.10)	40.74
Diluted (loss)/earnings per share – US\$ cents	13	(38.10)	40.74
From continuing and discontinued operations:			
Basic (loss)/earnings per share – US\$ cents	13	(54.21)	35.53
Diluted (loss)/earnings per share – US\$ cents	13	(54.21)	35.53

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

US\$ million	(Unaudited) Year ended 30 June 2023	(Audited) Year ended 30 June 2022
(Loss) / profit for the Year	(102.4)	88.1
Exchange differences on translation of the share-based payment reserve	0.2	(0.3)
Exchange differences on translation of foreign operations ¹	(50.4)	(46.8)
Exchange differences on non-controlling interest ¹	(1.9)	(0.4)
Total comprehensive (loss) / income for the Year	(154.5)	40.6
Total comprehensive income and expense attributable to:		
Equity holders of the parent company	(155.5)	21.9
Non-controlling interest	1.0	18.7
	(154.5)	40.6

¹ These items will be reclassified to the consolidated income statement if specific future conditions are met.

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

US\$ million	Notes	(Unaudited) 30 June 2023	(Audited) 30 June 2022
ASSETS			
Non-current assets			
Property, plant and equipment	7	598.1	633.2
Right-of-use assets		26.6	21.9
BEE loans and receivables	11	37.3	44.6
Other receivables	2	6.6	2.6
Total non-current assets		668.6	702.3
Current assets			
Trade and other receivables		42.0	49.8
Inventories		88.4	70.6
Cash and cash equivalents (including restricted amounts)		61.8	288.2
Total current assets		192.2	408.6
Total assets		860.8	1,110.9
EQUITY AND LIABILITIES			
Equity			
Share capital	12	145.7	145.7
Share premium account	12	609.5	959.5
Foreign currency translation reserve		(499.3)	(448.9)
Share-based payment reserve		3.9	1.9
Other reserves		(0.8)	(0.8)
Accumulated reserves / (losses)	12	61.7	(183.6)
Attributable to equity holders of the parent company		320.7	473.8
Non-controlling interest		(3.9)	4.7
Total equity		316.8	478.5
Liabilities			
Non-current liabilities			
Loans and borrowings	8	222.4	353.9
Provisions	2	104.1	97.7
Lease liabilities		25.8	19.2
Deferred tax liabilities		82.0	71.3
Total non-current liabilities		434.3	542.1
Current liabilities			
Loans and borrowings	8	25.1	12.3
Lease liabilities		3.0	3.2
Trade and other payables		69.0	74.8
Provisions	2	12.6	—
Total current liabilities		109.7	90.3
Total liabilities		544.0	632.4
Total equity and liabilities		860.8	1,110.9

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

US\$ million	Notes	(Unaudited) Year ended 30 June 2023	(Restated) Year ended 30 June 2022
(Loss)/profit before taxation for the Year from continuing and discontinued operations			
		(79.3)	125.9
Depreciation of property plant and equipment		82.5	82.5
Amortisation of right-of-use asset		3.2	2.5
Impairment reversal of non-financial assets	15	(52.7)	(21.4)
Impairment charges of non-financial assets	15	32.7	—
Impairment charge – other receivables	15	4.9	1.5
Movement in provisions		7.0	1.0
Dividend received from BEE partner		(0.5)	(0.6)
Gain on extinguishment on Notes		(0.6)	—
Non-cash items relating to discontinued operations		21.5	1.2
Financial income	6	(11.1)	(18.7)
Financial expense	6	70.8	91.7
Loss on disposal of property, plant and equipment		1.4	1.6
Share based payments		2.3	1.1
Operating profit before working capital changes		82.1	268.3
Increase in trade and other receivables		0.4	(7.1)
Increase in trade and other payables		(9.9)	24.5
Increase in inventories		(26.1)	(1.7)
Cash generated from operations		46.5	284.0
Net realised gains on foreign exchange contracts		1.9	12.6
Finance costs paid		(8.4)	(6.3)
Income tax received / (paid)		0.6	(7.8)
Net cash generated from operating activities		40.6	282.5
Cash flows from investing activities			
Acquisition of property, plant and equipment		(113.0)	(54.0)
Proceeds from sale of property, plant and equipment		1.0	—
Loan repayment from BEE partners		—	0.2
Dividend paid to BEE partners		(3.8)	(3.5)
Dividend received from BEE partners		0.5	0.6
Repayment from KEMJV		0.5	2.5
Finance income received		3.9	1.3
Net cash utilised in investing activities		(110.9)	(52.9)
Cash flows from financing activities			
Cash paid on lease liabilities		(4.6)	(3.2)
Repayment of borrowings (including Notes redemption premium of US\$1.5 million; 30 June 2022: US\$nil)	8	(146.1)	(98.2)
Net cash utilised by financing activities		(150.7)	(101.4)
Net (decrease) / increase in cash and cash equivalents			
		(221.0)	128.2
Cash and cash equivalents at beginning of the Year		271.9	156.9
Effect of exchange rate fluctuations on cash held		(6.8)	(13.2)
Cash and cash equivalents at end of the Year¹		44.1	271.9

1. Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US\$17.7 million (30 June 2022: US\$16.3 million) and unrestricted cash of US\$44.1 million (30 June 2022: US\$271.9 million).

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Accumulated reserves / (losses)	Attributable to the parent	Non-controlling interest	Total equity
US\$ million									
At 1 July 2022	145.7	959.5	(448.9)	1.9	(0.8)	(183.6)	473.8	4.7	478.5
(Loss) / profit for the Year	—	—	—	—	—	(105.3)	(105.3)	2.9	(102.4)
Other comprehensive (expense) / income	—	—	(50.4)	0.2	—	—	(50.2)	(1.9)	(52.1)
Conversion of share premium (refer note 12)	—	(350.0)	—	—	—	350.0	—	—	—
Dividend paid to non-controlling interest shareholders	—	—	—	—	—	—	—	(9.6)	(9.6)
Equity settled share-based payments	—	—	—	2.4	—	—	2.4	—	2.4
Transfer between reserves	—	—	—	(0.6)	—	0.6	—	—	—
At 30 June 2023	145.7	609.5	(499.3)	3.9	(0.8)	61.7	320.7	(3.9)	316.8

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOR THE YEAR ENDED 30 JUNE 2023

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Accumulated losses	Attributable to the parent	Non-controlling interest	Total equity
US\$ million									
At 1 July 2021	145.7	959.5	(402.1)	1.8	(0.8)	(253.3)	450.8	(10.5)	440.3
Profit for the Year	—	—	—	—	—	69.0	69.0	19.1	88.1
Other comprehensive expense	—	—	(46.8)	(0.3)	—	—	(47.1)	(0.4)	(47.5)
Dividend paid to non-controlling interest shareholders	—	—	—	—	—	—	—	(3.5)	(3.5)
Equity settled share-based payments	—	—	—	1.1	—	—	1.1	—	1.1
Transfer between reserves:	—	—	—	(0.7)	—	0.7	—	—	—
At 30 June 2022	145.7	959.5	(448.9)	1.9	(0.8)	(183.6)	473.8	4.7	478.5

**NOTES TO THE CONDENSED CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

1. GENERAL INFORMATION

Petra Diamonds Limited (the “Company”), a limited liability company listed on the Main Market of the London Stock Exchange, is registered in Bermuda with its Group management office domiciled in the United Kingdom. The Consolidated Preliminary Financial Statements of the Company for the year ended 30 June 2023 comprise the Company and its subsidiaries, joint operations and associates (together referred to as the “Group”).

2. ACCOUNTING POLICIES

This preliminary report, which is unaudited, does not include all the notes of the type normally included in an annual financial report. This condensed report is to be read in conjunction with the Annual Report for the year ended 30 June 2022, and any public announcements made by the Group during the reporting period. The annual financial report for the year ended 30 June 2022 was prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS’s”) and the accounting policies applied in this condensed preliminary report are consistent with the policies applied in the annual financial report for the year ended 30 June 2022 unless otherwise noted. The preliminary report has been prepared in accordance with accounting policies compliant with International Financial Reporting Standards as adopted by the European Union.

Accounting policy for discontinued operations

Where an operation within the Group is separately identified or forms part of a separate reporting structure, the Group will classify the asset as a discontinued operation, in accordance with IFRS 5. For this to be the case, the asset must represent a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Non-current assets (or disposal groups) to be abandoned include non-current assets (or disposal groups) that are to be used to the end of their economic life and non-current assets (or disposal groups) that are to be closed rather than sold. The disposal group’s assets are measured at the lower of their carrying amount and recoverable value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to recoverable value less costs to sell. A gain is recognised for any subsequent increases in recoverable value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised. The assets and liabilities of a disposal group are presented separately from the other assets and liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale, or if it is designated as abandoned and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resell. The results of discontinued operations are presented separately in the statement of profit or loss.

Unrealised foreign exchange gains and losses on historic retranslation of the subsidiaries results into US Dollars are recycled to the consolidated income statement upon cessation of the subsidiary. The Group designates the results of discontinued activities, including those of disposed subsidiaries, separately in accordance with IFRS and reclassifies the results of the operation in the comparative period from continuing to discontinued operations.

Basis of preparation including going concern

Going concern

The twelve-month period to 30 June 2023 delivered US\$113.1 million in adjusted EBITDA and US\$40.6 million in cash from operating activities, while total capital expenditure amounted to US\$117.1 million for the Year following the ramping up of underground development projects at both Cullinan Mine and Finsch. Consolidated Net Debt increased from US\$40.6 million at 30 June 2022 to US\$176.8 million as at 30 June 2023. This was largely driven by the decision to defer a portion of Tender 5 (May) and the majority of Tender 6 (June) in FY 2023 on account of seasonal weakness coupled with a more cautious and disciplined approach with regards to inventory management by the mid-stream as a result of high finance costs. Based on the previous definition of Exceptional Stones (diamonds sold for US\$5 million or more each), FY 2023 realised US\$12.6 million as a contribution from these Exceptional Stones, compared to US\$89.1 million in FY 2022. Applying the updated definition of Exceptional Stones (diamonds sold for US\$15 million or more each), there was no contribution from Exceptional Stones in FY 2023, compared to US\$40.2 million realised in FY 2022.

Operational Update

The first half of FY 2023 saw Petra's operations having to deal with operational challenges. CDM experienced lower grades in the C-Cut block cave on account of earlier than expected waste ingress, resulting in lower ROM carats being recovered, while also lowering the projected ROM carat production for the remainder of FY 2023 and FY 2024. FDM challenges were as a result of low machine availability owing to an aging underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown. WDL was performing well during H1 FY 2023, until the Tailings Storage Facility (TSF) incident in the 1st week of November 2022, which led to a suspension of operations for the remainder of the Year. Finally, KDM continued to struggle in achieving its budgeted production targets and was subsequently placed on Care & Maintenance (C&M) in November 2022.

Several mitigation steps were initiated during H2 FY 2023 to minimise the above impacts. At CDM, these included re-opening of Tunnels 36 (which has already occurred) and 41 and the addition of pillar retreats, while the addition of two more tunnels (T46 and T50) adjacent to the current C-Cut centre was also approved during H2 FY 2023, both of which are anticipated to deliver on relatively higher-grade ore towards the end of FY 2024 (compared to the current grades being achieved from the balance of the C-Cut). The CC1E project, which is expected to significantly increase the overall ROM grade at CDM, remains on track for production to commence in FY 2025.

At FDM, mitigation steps included new underground equipment being delivered and commissioned, coupled with positive changes to the blasting process, the introduction of new long hole drill rigs and Load Haul Dump (LHDs) loaders as well as the appointment of individuals to a number of key positions. Furthermore, the 3-Level SLC project scope was amended to go up to 90L, which adds additional production tonnes to the Life of Mine plan. The mitigation steps undertaken are expected to stabilise production at FDM, while the 3-Level-SLC 90L project is planned to start contributing to production from FY 2025 onwards, supporting increased grades at FDM.

At Williamson, the TSF failure in November 2022 significantly disrupted WDL's operational run-rate which had largely stabilised after a lengthy care & maintenance period post the COVID-19 pandemic. There were no serious injuries as a result of the failure, both at the mine and the surrounding communities. Since the TSF incident, WDL has been focused on rehabilitation efforts due to the tailings failure, with new infrastructure being built to further safe-guard the communities downstream of the mine. In parallel, a new TSF was constructed, which received the required permits and complies with the GISTM standards. Subsequently, production resumed at WDL in July 2023, shortly after Year-end, with a steady ramp-up currently underway. While most of the activities were funded by WDL's on-mine cash reserves, PDL and the mining contractor, Taifa, have advanced priority loans totalling US\$12m to assist WDL's liquidity requirements, with a local overdraft facility also in place. WDL's short term liquidity needs are receiving focused attention to ensure WDL remains as a going concern.

As noted above, KDM was placed on C&M in November 2022. The KDM workforce was retrenched through a Section 189(3) process, as set out in the South African Labour Relations Act. Certain of the retrenched employees were

appointed on fixed-term contracts to carry out C&M activities. In parallel, the KDM sales process failed to identify a possible buyer. Consequently, the mine has commenced with detailed closure planning, with the main focus on obtaining the required permits to cease dewatering of the underground workings, which remains a significant cost element during the C&M period. The Social transition, including implementation of the committed Social & Labour Plans (SLP) also continue in parallel to the C&M activities and the closure roadmap planning.

Diamond prices and Market Outlook

The diamond prices consolidated their gains from FY 2022 up until the Q3 FY 2023, but experienced softness in Q4 of FY 2023. The softening of the diamond prices during Q4 FY 2023 is ascribed to two main factors, namely the seasonal weakness due to summer holidays and lack of festive induced demand coupled with high financing costs, on account of the elevated interest rates, resulting in a far more cautious and disciplined approach applied by the midstream for their inventory management. Indications are that interest rates have now peaked and will start to decline, providing support to our view of improved demand in the medium-term because of the structural supply deficit, as well as entering the seasonally stronger period ahead of Diwali, Thanksgiving, Christmas and the Chinese New Year, with an anticipated increase in demand for diamond jewellery.

The Group achieved an all-in diamond price of US\$135/ct during FY 2023 (excluding contributions from Exceptional Stones, applying the previous definition) compared to an all-in diamond price of US\$140/ct during FY 2022 (also excluding contributions from Exceptional Stones, again applying the previous definition). This represents a marginal reduction of 3.6% year-on-year and was partly also influenced by lower contributions from both WDL and KDM product mix, which averages higher US\$/ct prices, albeit at reduced volumes. Post period end, Tender 1 of FY 2024 closed in August, and realised prices in line with expected levels.

Williamson updates

The Group announced the signing of a framework agreement with the Government of Tanzania (GoT) in December 2021, which sets out key principles on the economic benefit sharing amongst shareholders, treatment of outstanding VAT balances, as well as agreement reached on the blocked parcel of diamonds and settlement of historic disputes, amongst others. During the Year, it came to Petra's attention that the GoT sold the blocked diamond parcel, either partially or fully. The framework agreement provides for the proceeds of the sale of this parcel to be allocated to Williamson. The GoT has not yet remitted the proceeds to the mine, and Petra has opened discussions with the GoT to resolve this matter in due course. Should the proceeds not be remitted, in accordance with the terms of the framework agreement, the obligation to commence with payments towards settling an amount of US\$20 million owed to the GoT related to historic disputes, would not be triggered.

The framework agreement is expected to provide fiscal stability for the mine and its investors and is expected to become effective during the second half of FY 2024, pending satisfaction of certain suspensive conditions.

During FY 2023, Petra and Taifa (previously Caspian) executed a Sale of Shares Agreement, to give effect to a Memorandum of Understanding (MOU) entered into in December 2021, for Taifa to acquire 50% of Petra's stake in Williamson for a purchase consideration of US\$15m. This agreement is subject to certain regulatory approvals and is anticipated to become effective during the second half of FY 2024.

Williamson short term liquidity outlook

It should be noted that the Group's Going Concern assessment is performed excluding Williamson's trading results, as Williamson is considered a ring-fenced operation for these purposes, as per the definitions and requirements set forth in the Group's Financing agreements.

Williamson continues to focus on steadily ramping-up production post its restart in July 2023, and is currently performing ahead of its assumed ramp-up profile. Williamson has also successfully upsized its overdraft facility from US\$7 million to US\$10 million, effective September 2023. Williamson may, however, encounter short-term liquidity challenges over the next 12 – 18 months. These may be mitigated by means of optimising tender timings, initiating

cost reduction/deferral opportunities, and/or benefitting from the faster-than-anticipated startup and increasing production.

From a Group perspective, if these levers at Williamson materialise, then as a last resort, there may be further contribution of up to US\$5 million from the Group to Williamson, as a priority shareholder loan, during the going concern assessment period. This further cash contribution to Williamson will be at the discretion of the Petra Board and is not expected to impact the Group's ability to continue as a Going Concern, should this materialise.

Bond tender offer and South African banking facilities

During FY 2023, the Group carried out a successful tender offer to its Noteholders, repaying the Noteholders US\$144.6 million (principal plus interest), utilising existing cash reserves, resulting in further deleveraging of the Group. This will save the Group c.US\$15 million per annum in interest.

The Group's ZAR 1 billion senior Revolving Credit Facility (RCF) facility remained undrawn at 30 June 2023, with the Group having access to the full ZAR 1 billion (US\$53.1 million). Post Year-end, the Group utilised ZAR 850 million following a decision to defer tenders during Q4 FY 2023, as noted above. The Group anticipates settling the drawn balances during H1 FY 2024 from the proceeds of sales tenders.

The Group continues to assess opportunities for further debt optimization in the current market, with the Group's bonds maturing in March 2026.

Forecast liquidity and covenants

The Board has reviewed the Group's forecasts with various sensitivities applied for the Going Concern assessment to December 2024, including both forecast liquidity and covenant measurements. As per the First Lien agreements, the liquidity and covenant measurements exclude contributions from Williamson's trading results and only recognises cash distributions payable to Petra upon forecasted receipt, or Petra's funding obligations towards Williamson upon payment.

The Board has given careful consideration to potential risks identified in meeting the forecasts under the review period. Therefore, the following downside sensitivities have been performed (sensitivities applied throughout the period) in assessing the Group's ability to operate as a going concern (in addition to the Base Case) at the date of this report:

- ZAR stronger by 5%
- Revenue down 10%
- OPEX up by 5% (could be higher inflation, logistics costs, direct energy costs, etc.)
- Extension CAPEX up by 5%
- Combined Sensitivity: Revenue down 5% + ZAR stronger by 5% (effectively resulting in OPEX and total CAPEX up by 5% in USD terms)

The forward-looking covenant measurements for the base case and sensitised cases do not project any breaches for any of the covenants, other than the potential minimum liquidity covenant for the unmitigated Combined- and Revenue down 10% sensitivities during the 18-month review period.

Any potential liquidity breaches as a result of the above sensitivities could be cured by means of the following levers at Management's disposal:

- a. Hedging opportunities – the Group actively monitors the USD:ZAR exchange rate and pro-actively locks in hedges to benefit from periods of weaker ZAR, which results in cash flow savings compared to the base case USD:ZAR forecast;
- b. Deferral of Feasibility Studies – this includes planned costs associated with feasibility studies on future extension opportunities;
- c. Release of diamond inventory – the Group would be able to release inventory through optimising mine to market lead times and/or more frequent tenders;

- d. Deferral of extension CAPEX – the Group is projecting substantial CAPEX spend largely driven by the approved extension projects at CDM & FDM;
- e. OPEX and SIB CAPEX Cost Savings or deferrals – the Group, upon further assessment and as may be required once the above levers are extinguished, will look to initiate potential cost avoidance and/or deferral measures, such as temporary freezing of non-critical appointments, cash cost reduction initiatives targeting non-critical spend, working capital management, etc.

Management will implement the required mitigation levers and believes it would be able to prevent potential liquidity covenant breaches, in the event that the downside sensitivities materialise during the going concern period.

Conclusion

The Board is of the view that despite the current volatility being experienced, the supply/demand fundamentals of the diamond market remain intact, with the Group also continuing to benefit from an improving operating model throughout the review period and beyond.

Based on its assessment of the forecasts, principal risks and uncertainties and mitigating actions considered available to the Group in the event of downside scenarios, the Board confirms that it is satisfied the Group will be able to continue to operate and meet its liabilities as they fall due over the review period. Accordingly, the Board have concluded that the going concern basis in the preparation of the financial statements is appropriate and that there are no material uncertainties that would cast doubt on that basis of preparation.

New standards and interpretations applied

The IASB has issued new standards, amendments and interpretations to existing standards with an effective date on or after 1 July 2022 which are not considered to have a material impact on the Group during the Period under review.

New standards and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 July 2023 or later periods. The only standard which is anticipated to be significant or relevant to the Group is:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

Amendments to IAS 1, which are intended to clarify the requirements that an entity applies in determining whether a liability is classified as current or non-current. The amendments are intended to be narrow scope in nature and are meant to clarify the requirements in IAS 1 rather than modify the underlying principles. The amendments include clarifications relating to:

- how events after the end of the reporting period affect liability classification;
- what the rights of an entity must be in order to classify a liability as non-current;
- how an entity assesses compliance with conditions of a liability (e.g., bank covenants); and
- how conversion features in liabilities affect their classification.

The amendments to IAS1 are effective for periods beginning on or after 1 January 2024. Earlier application is permitted but Amendments to IAS 1 has not yet been endorsed for application by the European Union.

Significant assumptions and judgements:

The preparation of the condensed consolidated preliminary financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the preliminary financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

Key estimates and judgements:

Going concern

Management have considered the Group's ability to meet its obligations as they fall due for a period of at least 12 months from the date of this report and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future. As part of its going concern assessment, the Group exercised judgement in making assumptions about forecasted future rough diamond prices, foreign exchange rates, volumes of production, ore reserves and resources included in the current life of mine plans, future development and production costs and factors such as inflation and discount rates and other macroeconomic factors.

Impairment reviews

The Group prepares impairment models and assesses mining assets for impairment or reversals of previous impairments. While conducting an impairment test of its assets using recoverable values using the current life of mine plans, the Group exercised judgement in making assumptions about future rough diamond prices, foreign exchange rates, volumes of production, ore reserves and resources included in the current life of mine plans, future development and production costs and factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the 'Consolidated Income Statement' and 'Statement of Financial Position'.

Cullinan, Finsch, Koffiefontein and Williamson Mines

The impairment tests for the Cullinan, Finsch and Williamson Mines indicated a net impairment reversal of US\$20.0 million to be recognised, on a carrying value of the Group's property, plant and equipment of US\$573.8 million (pre-impairment). This follows US\$21.1 million impairment reversal recognised at 30 June 2022 (comprising Koffiefontein impairment charge of US\$0.3 million and a Group level impairment reversal relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million as Williamson was no longer considered an asset held for sale) on a carrying value of the Group's property, plant and equipment of US\$608.2 million (pre-impairment) at the time of recognition. For further details of the inputs, assumptions and sensitivities in the impairment model, refer to note 15. For impairment considerations of Koffiefontein, refer to note 18.

Recoverability of trade and other receivable, ownership of blocked diamond parcel and disputed tax claims provision in Tanzania

During FY 2018, an investigation into the Tanzanian diamond sector by a parliamentary committee in Tanzania was undertaken to determine if diamond royalty payments were being understated. In connection with this, Petra announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine in Tanzania had been blocked for export to Petra's marketing office in Antwerp.

The confirmation from the GoT confirming that the blocked diamond parcel has been partially sold, resulted in the inventory no longer being available for sale. As such, the full carrying value of US\$12.5 million (30 June 2022: US\$12.5 million) has been expensed as other direct mining expense in the Consolidated Income Statement as at 30 June 2023. Management have applied judgement to the sales proceeds of the blocked diamond parcel by estimating the fair value as at 30 June 2023, based on the original valuation of US\$14.8 million (11 September 2017), the movement in the diamond index (147.1 in Q1 FY2017, compared to 162.1 at June 2023), a two-year expected delay to concluding the discussions with the GoT and a discount rate of 14%. Based on the aforesaid factors a fair value of US\$12.3 million was recognised in the Consolidated Income Statement as other direct mining income/expense with a trade and other receivable recognised in the Statement of Financial Position as at 30 June 2023. The blocked diamond parcel was written up from its net realisable value of prior periods to historical cost during FY 2022. The recommencement of operations and the diamond tenders at Williamson during FY 2022 provided additional information for management to assess the value of the blocked diamond parcel forming the basis used to revalue the diamond parcel to the lower of cost or net realisable value.

The assessment of the recoverability of the trade and other receivable required significant judgement. In making such a judgement, the Group considered the Framework Agreement that was signed with the GoT on 13 December 2021, ongoing discussions held with the GoT regarding the receipt of the proceeds from the partial disposal of the diamond parcel and legal advice received from the Group's in-country attorneys which supports the Group's position.

Under the Framework Agreement entered into with the GoT in December 2021, it is stated that the proceeds from the sale of the blocked diamond parcel are to be applied to the Williamson mine to assist with the restart of operations (which had previously been on C&M from April 2020 to August 2021) and that in the event such proceeds are not received by Williamson, Williamson is not required to pay a US\$20 million liability relating to the settlement of past tax disputes (refer to note 16 for further detail). During recent discussions, the parties also confirmed their intent to resolve how to treat the blocked parcel sale proceeds and the related US\$20 million settlement liability.

While these engagements between the Company and the GoT are ongoing, based on the above judgements and assessment thereof, management remain confident that based on the signed Framework Agreement, and the legal advice received from the Group's in-country attorneys, WDL will derive future economic benefit from the sale proceeds of the parcel (both the portion already sold and any portion that is yet to be sold).

Recoverability of VAT in Tanzania

The Group has VAT receivable of US\$6.6 million (30 June 2022: US\$2.6 million) in respect of the Williamson mine, all of which are past due and have therefore been classified, after provision including amounts related to providing for a time-value of money inclusive of risk adjustments for various factors, as non-current given the potential delays in receipt.

The VAT receivable as at 30 June 2023, can be split into two identifiable component time periods as set out below:

30 June 2023

US\$ million	VAT Receivable	Provision	Carrying value
Pre July 2017 and Post June 2020	16.5	(9.9)	6.6
	16.5	(9.9)	6.6

30 June 2022

US\$ million	VAT Receivable	Provision	Written off	Carrying value
July 2017 to June 2020	26.9	—	(26.9)	—
Pre July 2017 and Post June 2020	8.6	(6.0)	—	2.6
	35.5	(6.0)	(26.9)	2.6

Pre-July 2017 and Post-June 2020

An amount of US\$16.5 million (30 June 2022: US\$8.6 million) of VAT is receivable for the period for the period pre-July 2017 and subsequent to 1 July 2020. The Group is considering various alternatives in pursuing payment in accordance with legislation. A provision of US\$9.9 million (30 June 2022: US\$6.0 million), given the uncertainty around the timing of receipts of the amount outstanding, has been provided for against the US\$16.5 million (30 June 2022: US\$8.6 million) receivable resulting in a carrying value of US\$6.6 million (30 June 2022: US\$2.6 million).

While the remaining pre-July 2017 and post-July 2020 VAT balance is considered recoverable, significant uncertainty exists regarding the timing of receipt. A discount rate of 14.00% inclusive of estimated country credit risk has been applied to the expected cash receipts. A 1% increase in the discount rate would increase the provision by US\$0.4 million and a one year delay would increase the provision by US\$0.8 million.

During the Year, an impairment charge of US\$3.9 million (30 June 2022: US\$4.1 million) was recognised in the Consolidated Income Statement.

BEE receivables – expected credit loss provision

The Group has applied the expected credit loss impairment model to its BEE loans receivable. In determining the extent to which expected credit losses may apply, the Group assessed the future free cashflows to be generated by the mining operations, based on the current mine plans. In assessing the future cashflows, the Group considered the diamond price outlook and the probability of reaching an offset agreement. Based on the assessment, no expected credit loss reversal was recognised in the respective periods. For further detail refer to note 11.

Life of mine and ore reserves and resources

There are numerous risks inherent in estimating ore reserves and resources and the associated current life of mine plan. The life of mine plan is the current approved management plan for ore extraction that considers specific resources and associated capital expenditure. The life of mine plan frequently includes less tonnes than the total reserves and resources that are set out in the Group's Resource Statement and which management may consider to be economically viable and capable of future extraction.

Management must make a number of assumptions when making estimates of reserves and resources, including assumptions as to exchange rates, rough diamond and other commodity prices, extraction costs, recovery and production rates. Any such estimates and assumptions may change as new information becomes available. Changes in exchange rates, commodity prices, extraction costs, recovery and production rates may change the economic viability of ore reserves and resources and may ultimately result in the restatement of the ore reserves and resources and potential impairment to the carrying value of the mining assets and life of mine plans. Refer to note 15 for further detail on the assumptions.

The current life of mine plans are used to determine the ore tonnes and capital expenditure in the impairment tests. Ore reserves and resources, both those included in the life of mine and certain additional tonnes which form part of reserves and resources considered to be sufficiently certain and economically viable, also impact the depreciation of mining assets depreciated on a unit of production basis. Ore reserves and resources, outside the current mine plan further impact the estimated date of decommissioning and rehabilitation.

Williamson Tailings Storage Facility

On 7 November 2022, the tailings storage facility at the Williamson mine was breached, resulting in flooding away from the pit which extended into certain areas outside of the mine lease area. As a result, remediation costs relating to the incident have been incurred during the Period and additional costs will be incurred going forward. The remediation costs comprise establishing the root cause of the failure, humanitarian relief to the affected community, livelihood and environmental restoration and costs to repair. Judgement has been applied by Management in assessing the future remediation costs. Management have considered the current work streams, the estimated time of completion and appropriate information received from suppliers and contractors involved in the remediation process.

In FY 2023, US\$2.4 million of costs, comprising management's best estimate based on the current information available, has been provided for in respect of ongoing remediation costs.

Human rights settlement claims

The IGM is a non-judicial process that has the capacity to investigate and resolve complaints alleging severe human rights impacts in connection with security operations at the Williamson mine. It is being overseen by an Independent Panel of Tanzanian experts taking an approach informed by principles of Tanzanian law, and with complainants having access to free and independent advice from local lawyers. The overall aim of the IGM is to promote reconciliation between the Williamson Diamond Mine, directly affected parties and the broader community by providing remedy to those individuals who have suffered severe human rights impacts. Petra Diamonds Limited (PDL) has agreed to fund the remedies determined by the IGM.

On 28 November 2022, the IGM became operational with the commencement of the IGM's pilot phase. The pilot phase, which was completed in May 2023, has allowed the IGM's systems and procedures to be further developed and adjusted to take into account learnings. The Independent Panel ("IP") have started making decisions on the merits of the cases considered during the pilot phase and the associated remedies for successful grievances.

Judgement has been applied by Management in assessing the estimated future cost of remedies for successful grievances based on the outcome of claims investigated during the pilot phase. Management have assessed the results and performed their own estimate based on calculations received from consultants. The estimate makes a number of different assumptions, including, amongst others, regarding the categories of the grievances, the success rates of the grievances and the settlement payment that apply to successful grievances. These estimates also do not make any allowance for non-financial remedies that the IP may award. The concluded cases of the initial pilot phase grievances have been extrapolated across the grievance population of 5,577, based on the average claim settlement

per category and the various categories of the grievances (nature of claim). Management's assessment resulted in estimated aggregate costs of US\$7.9 million to be provided at Year end; this compares to a range estimated by external consultants of US\$ 7.2 – 10.1 million. The estimate will be reassessed at each future reporting date.

Koffiefontein – discontinued operation

Judgement is required when determining whether a component of an entity classifies as a discontinued operation. A component of the Group should be classified as a discontinued operation when it has been disposed of, or abandoned, and represents a separate major line of business or geographical area of operations. Judgement is required when determining whether the component represents a separate major line of business or geographical area of operations. Judgement is required when determining whether the component represents an abandoned operation. This was applied to the classification of the Koffiefontein mine as a discontinued operation. The Koffiefontein mine is considered a major geographical area of operations which has been reported as a separate segment in the past.

The Koffiefontein operation was placed on care and maintenance in November 2022 after it continuously failed in achieving its budgeted production targets. The operation mine is considered to have reached the end of its economic life and has commenced with detailed closure planning. The income producing activities of the operation which involve the mining, recovery and sale of rough diamonds have ceased. Care and maintenance activities have commenced and are ongoing. These ongoing activities at the Koffiefontein operation are more focused towards identifying and managing the mine's ongoing environmental compliance obligations in terms of local mining and environmental legislation and the implementation of the committed Social and Labour Plans (SLP). As these are legislative requirements, these activities are necessary and cannot be avoided.

Based on the above, management considered that the Koffiefontein mine is abandoned and therefore a discontinued operation and as such Management have determined that the classification of a discontinued operation in terms of IFRS 5 to be appropriate at 30 June 2023. Refer to note 18 for further details.

Koffiefontein – care and maintenance

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

As mentioned above, income producing activities of the Koffiefontein operation have ceased and care and maintenance activities have commenced. These ongoing activities are a necessary bridge to eventual closure of the mine.

When a mine is not in production, environmental degradation continues and needs to be monitored closely even though the mine is not fully operational. As the Koffiefontein operation has reached end of its Life of Mine (LOM) and a decision has been taken by management to close the operation, the committed costs associated with operating Koffiefontein during the care and maintenance phase are more focused towards identifying and managing the mine's ongoing environmental compliance obligations until such time that a closure certificate is issued by the Department of Mineral Resources and Energy (DMRE). As such, there is a present obligation that exists for these committed costs related to care and maintenance at Year end.

Significant estimates and assumptions are made in determining the amount attributable to care and maintenance provisions. These deal with uncertainties such as the regulatory framework, timing and future costs. In determining the amount attributable to care and maintenance provisions at Koffiefontein, management used a discount rate of 10.5%, estimated timing to final closure of 11 years and an inflation rate of 6%. Management's estimate of costs has taken into account discussions with suppliers, contractors, quotes and historical on mine costs. Management's assessment resulted in estimated aggregate costs of US\$10.7 million provided at Year end. The estimate will be reassessed at each future reporting date.

Other key estimates and judgements

In addition to the key estimates and judgements disclosed above, the following estimates and judgements have not significantly changed from those disclosed in the FY 2022 Annual Report and will be discussed in further detail in the FY 2023 Annual Report:

- Provision for rehabilitation
- Inventory and inventory stockpile
- Depreciation
- Pension and post-retirement medical fund schemes
- Net investments in foreign operations
- Taxation

3. DIVIDENDS

No dividends have been declared in respect of the current Year (30 June 2022: US\$nil).

4. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's operating and geographical segments:

Mining – the extraction and sale of rough diamonds from mining operations in South Africa and Tanzania.

Corporate – administrative activities in the United Kingdom.

Beneficiation – beneficiation activities in South Africa.

Segments are based on the Group's management and internal reporting structure. Management reviews the Group's performance by reviewing the results of the mining activities in South Africa, Tanzania and reviewing the results of reviewing the corporate administration expenses in the United Kingdom. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the corporate and administration cost centre.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Segment results are calculated after charging direct mining costs, depreciation and other income and expenses. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period. Eliminations comprise transactions between Group companies that are cancelled on consolidation. The results are not materially affected by seasonal variations. Revenues are generated from tenders held in South Africa and Antwerp for external customers from various countries, the ultimate customers of which are not known to the Group.

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities			Tanzania - Mining activities	United Kingdom	South Africa		
US\$ million	Cullinan Mine	Finsch	Koffiefontein ⁵	Williamson	Corporate and treasury	Beneficiation ⁴	Inter-segment	Consolidated
	2023	2023	2023	2023	2023	2023	2023	2023
Revenue ¹	182.9	93.3	—	49.1	—	0.2	(0.2)	325.3
Segment result ²	49.1	10.1	—	(29.2)	(23.2)	(0.1)	(1.9)	4.8
Impairment reversal / (charge) – operations	(1.5)	52.7	—	(31.2)	—	—	—	20.0
Impairment charge – other receivables	—	—	—	(3.9)	(1.0)	—	—	(4.9)
Other direct income	—	—	—	(0.6)	1.0	—	—	0.4
Operating profit / (loss) ³	47.6	62.8	—	(64.9)	(23.2)	(0.1)	(1.9)	20.3
Financial income								11.1
Financial expense								(70.8)
Gain on extinguishment of Notes net of unamortised costs								0.6
Income tax charge								(23.1)
Loss on discontinued operation including associated impairment charges (net of tax) ⁵								(40.5)
Non-controlling interest								(2.9)
Profit attributable to equity holders of the parent company								(105.3)
Segment assets	418.6	248.9	0.3	85.0	3,018.6	5.5	(2,916.1)	860.8
Segment liabilities	335.6	143.1	50.1	84.1	1,946.3	6.2	(2,021.4)	544.0
Capital expenditure	52.8	43.2	0.3	19.3	1.8	—	—	117.4

¹ The Group's revenue of US\$325.3 million comprises the sale of rough diamonds and polished stones. The sale of rough diamonds contributed US\$323.7 million, with polished stones contributing US\$0.2 million and US\$1.4 million from profit share agreements. The sale of rough diamonds for Koffiefontein of US\$4.4 million is included under loss on discontinued operation.

² Total depreciation of US\$82.5 million included in the segmental result comprises depreciation incurred at the Cullinan Mine US\$53.5 million, Finsch US\$20.2 million, Williamson US\$8.2 million and Corporate and treasury US\$0.6 million.

³ Operating profit is equivalent to revenue of US\$325.3 million less total costs of US\$305.0 million as disclosed in the Consolidated Income Statement.

⁴ The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

⁵ The operating results in respect of Koffiefontein have been reflected within loss on discontinued operation (refer to note 18).

4. SEGMENTAL INFORMATION (continued)

Operating segments (Restated)	South Africa – Mining activities			Tanzania - Mining activities	United Kingdom	South Africa		
US\$ million	Cullinan Mine	Finsch	Koffiefontein ⁵	Williamson	Corporate and treasury	Beneficiation ³	Inter-segment	Consolidated
	2022	2022	2022	2022	2022	2022	2022	2022
Revenue ¹	322.4	165.7	—	75.9	—	2.2	(2.5)	563.7
Segment result ²	154.4	34.8	—	22.2	(14.5)	0.4	(4.3)	193.0
Impairment charge – operations	—	—	—	21.4	—	—	—	21.4
Impairment reversal / (charge) – other receivables	—	—	—	(4.1)	2.6	—	—	(1.5)
Other direct income	(0.7)	(0.4)	—	0.1	0.6	—	—	(0.4)
Operating profit / (loss) ²	153.7	34.4	—	39.6	(11.3)	0.4	(4.3)	212.5
Financial income								18.7
Financial expense								(91.7)
Income tax charge								(37.8)
Loss on discontinued operation including associated impairment charges (net of tax)								(13.6)
Non-controlling interest								(19.1)
Profit attributable to equity holders of the parent company								69.0
Segment assets	463.9	229.8	6.0	123.2	3,575.2	5.1	(3,292.3)	1,110.9
Segment liabilities	384.0	111.2	17.1	75.1	2,430.1	5.9	(2,391.0)	632.4
Capital expenditure	35.0	12.0	0.6	3.3	1.6	—	(0.3)	52.2

¹ The Group's revenue comprises the sale of rough diamonds and polished stones. The sale of rough diamonds contributed US\$560.4 million with polished stones contributing US\$3.3 million. Included within the US\$3.3 million polished stones contribution is US\$1.1 million from a profit share agreement.

² Total depreciation of US\$82.5 million included in the segmental result comprises depreciation incurred at the Cullinan Mine US\$52.5 million, Finsch US\$24.4 million, Williamson US\$5.0 million and Corporate and treasury US\$0.6 million.

³ Operating profit is equivalent to revenue of US\$563.7 million less total costs of US\$351.2 million as disclosed in the Consolidated Income Statement.

⁴ The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

⁵ The operating results in respect of Koffiefontein have been reflected within loss on discontinued operation (refer to note 18).

US\$ million	2023	2022
5. CORPORATE EXPENDITURE		
Corporate expenditure includes:		
Depreciation of property, plant and equipment	0.6	0.6
Amortisation of right-of-use asset	0.2	0.2
London Stock Exchange and other regulatory expenses	1.4	1.5
Transaction costs – redemption of Notes	0.8	—
Costs / (settlement reversal) – human rights claims at Williamson (including IGM remedies)	8.5	(0.8)
Share-based expense - Directors	2.3	1.1
Other staff costs	4.9	5.1
Total staff costs	7.2	6.2

6. FINANCING EXPENSE

US\$ million	2023	(Restated) 2022
Interest received on BEE loans and other receivables	5.3	4.1
Interest received bank deposits	3.9	1.3
Foreign exchange gains on settlement of forward exchange contracts ¹	1.9	13.3
Financial income	11.1	18.7
Gross interest on senior secured second lien notes, bank loans and overdrafts	(27.9)	(45.3)
Other debt finance costs, including facility fees and IFRS 16 charges	(1.6)	(2.3)
Unwinding of present value adjustment for rehabilitation costs	(5.7)	(5.0)
Notes redemption premium and acceleration of unamortised bank facility and Notes costs ²	(8.3)	(1.6)
Foreign exchange losses on the settlement of forward exchange contracts ¹	—	(1.0)
Net foreign exchange losses	(27.3)	(36.5)
Financial expense	(70.8)	(91.7)
Gain on extinguishment of Notes ³	0.6	—
Net financial expense	(59.1)	(73.0)

¹ The Group predominantly enters into hedge contracts where the risk being hedged is the volatility in the South African Rand, Pound Sterling and US Dollar exchange rates affecting the proceeds in South African Rand of the Group's US Dollar denominated diamond tenders. The fair value of the Group's hedges as at the end of the Period are based on Level 2 mark-to-market valuations performed by the counterparty financial institutions. The contracts are all short dated in nature and mature within the next 12 months.

² The Notes redemption premium and acceleration of unamortised bank facility and Notes costs of US\$8.3 million relate to the costs associated with the tender offer to Noteholders during the Year (30 June 2022: early settlement of RCF), comprising unamortised upfront costs of US\$6.8 million (30 June 2022: US\$1.6 million) previously capitalised and the make-whole premium of US\$1.5 million.

³ The gain on extinguishment of Notes in the Year arose from the cancelation of US\$492,000 Notes during the Year. Refer to note 8 for further detail.

7. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Period is a decrease of US\$35.1 million (30 June 2022: US\$63.6 million decrease). This is primarily as a result of:

US\$ million	30 June 2023	30 June 2022
As at 1 July	633.2	696.8
Foreign exchange movement	(84.4)	(83.4)
Additions	117.4	52.2
Reconsolidation of non-current assets held for sale (including reversal of IFRS 5 impairment) relating to Williamson	—	52.6
Change in rehabilitation assets	(2.8)	—
Depreciation	(82.7)	(82.8)
Impairments reversal / (charge)	19.2	(0.3)
Disposals	(1.8)	(1.9)
As at 30 June	598.1	633.2

8. LOANS AND BORROWINGS

US\$ million	30 June 2023	30 June 2022
Non-current liabilities		
Loans and borrowings – Senior secured second lien notes	222.4	353.9
	222.4	353.9
Current liabilities		
Loans and borrowings – senior secured lender debt facilities	25.1	12.3
	25.1	12.3
Total loans and borrowings - bank facilities	247.5	366.2

Significant non-cash transactions

US\$ million	1 July 2022 - 30 June 2023	1 July 2021 - 30 June 2022
Senior secured second lien notes and secured debt facilities:		
As at 1 July	366.2	430.2
Cash payments:		
Repayment of Notes and bank debt facilities	(144.6)	(103.7)
Coupon payment	(7.6)	—
Non-cash:		
Acceleration of unamortised transaction costs	6.8	(1.6)
Interest accrued during the year	27.3	44.4
Cancellation of Notes	(0.6)	
Effect of foreign exchange	—	(3.1)
	247.5	366.2

a) US\$336.7 million Senior Secured Second Lien Notes

A wholly owned subsidiary of the Company, Petra Diamonds US\$ Treasury Plc, issued debt securities consisting of US\$336.7 million five-year senior secured second lien loan notes ("Notes"), with a maturity date of 8 March 2026. The Notes are guaranteed by the Company and by the Group's material subsidiaries and are secured on a second lien basis on the assets of the Group's material subsidiaries. The Notes carry a coupon from:

- 9 March 2021 to 31 December 2022 of 10.50% per annum, which is capitalised to the outstanding principal amount semi-annually in arrears on 31 December and 30 June of each year;
- 1 January 2023 to 30 June 2023 of 10.50% per annum on 37.7778% of the aggregate principal amount outstanding, which is capitalised to the outstanding principal amount semi-annually in arrears on 31 December and 30 June of each year and 9.75% per annum on 62.2222% of the aggregate principal amount outstanding which is payable in cash semi-annually in arrears on 31 December and 30 June of each year;
- 1 July 2023 to 31 December 2025 of 9.75% per annum on the aggregate principal amount outstanding which is payable in cash semi-annually in arrears on 31 December and 30 June of each year; and
- 1 January 2026 to 8 March 2026 (final coupon payment) of 9.75% per annum on the aggregate principal amount outstanding which is payable in cash

On 27 September 2022, the Group repaid, through a debt tender offer to Noteholders, an amount of US\$143,627,622, comprising the principal amount of US\$125,590,338 and PIK interest of US\$18,037,284. On 12 October 2022, a further US\$1,000,667 was repaid to Noteholders comprising the principal amount of US\$875,000 and PIK interest of US\$125,667. A further principal amount of US\$492,000 and PIK interest of US\$124,528 were cancelled due to Notes not being claimed by Noteholders in the prescribed period post the Debt Restructuring in FY 2021. The principal amount of Notes outstanding after the repayments to Noteholders is US\$209,698,662 (excluding the accrued PIK interest to 30 June 2023). Cash costs of US\$1,521,187 relating to the repayment of Noteholders have been expensed in the Consolidated Income Statement under finance expense (refer to Note 6).

The Group performed an assessment under its accounting policies and the requirements of IFRS 9 as to whether the debt tender offer to the Noteholders represented a substantial modification. A qualitative test was performed which determined the terms of the Notes, repayment profile and interest rate were not amended or modified as part of the tender offer process therefore, no substantial modification was relevant.

The remaining costs associated with issuing the Notes of US\$13.9 million, after adjusting for the acceleration of US\$6.8 million of unamortised costs associated with the debt tender offer to Noteholders which have been expensed through profit and loss within net finance expense (refer to note 6) have been capitalised against the principal amount and US\$10.5 million remains unamortised as at 30 June 2023 (30 June 2022: US\$18.5 million). Interest of US\$48.3 million has been accrued as at 30 June 2023.

Further details about the Notes (including security) have been included in the Group's FY 2023 Annual Report.

b) Senior Secured Lender Debt Facilities

In June 2022, the Group restructured its existing banking facilities resulting in Absa Corporate and Investment Banking ("Absa") becoming the Group's banking partner under the new banking facilities.

The terms under the RCF are:

- termination date of 7 January 2026 with a 60-day buffer between the redemption of the Notes and the maturity of the RCF;
- interest rate of SA JIBAR + 4.15% per annum (with the margin to be reconsidered annually based on Petra's credit metrics with a view of further optimising the margin to be achieved); and
- certain covenant ratios as mentioned below.

The Group's debt and hedging facilities are detailed in the table below:

Senior Lender Debt Facilities	2023 Facility amount	2022 Facility amount
ZAR Debt Facilities:		
ZAR Lenders RCF	ZAR1.0 billion	ZAR1.0 billion
FX Hedging facilities	ZAR300 million	ZAR300 million

The terms and conditions of the Group facilities are detailed in the Group's FY 2023 Annual Report. The facilities are secured on the Group's interests in the Cullinan, Finsch and Koffiefontein Mines.

As at date of this report, an amount of ZAR150 million (US\$8.0 million) remained available for drawdown on the RCF, following drawdowns of ZAR850 million (US\$45.1 million) during July and August 2023 for working capital requirements due to the deferral of the June 2023 diamond tender. During FY 2022, the Company paid ZAR404.6 million (US\$24.9 million) (capital plus interest) to settle the old RCF and ZAR893.2 million (US\$54.9 million) (capital plus interest) to settle the previous Term Loan.

Covenant ratios

As part of the revised RCF facility entered into with ABSA in FY 2022, the Company is required:

- to maintain a consolidated net debt : consolidated EBITDA ratio tested semi-annually on a rolling 12-month basis;
- to maintain an Interest Cover Ratio tested semi-annually on a rolling 12-month basis; and
- to maintain minimum 12 month forward looking liquidity requirement that consolidated cash and equivalents shall not fall below US\$20.0 million.

All the covenants associated with the RCF facility exclude Williamson. The Company's revised RCF covenant levels for the respective measurement periods are outlined below:

	FY23 H1	FY23 H2	FY24 H1	FY24 H2	FY25 H1	FY25 H2	FY26 H1
Consolidated net debt : EBITDA Leverage ratio (<i>maximum</i>)	4.00	3.50	3.50	3.25	3.25	3.00	3.00
Interest Cover Ratio (<i>minimum</i>)	1.85	2.50	2.50	2.75	2.75	3.00	3.00

The covenants were not in breach at the measurement date.

9. COMMITMENTS

As at 30 June 2023, the Company had committed to future capital expenditure totalling US\$102.5 million (30 June 2022: US\$49.5 million), mainly comprising the Cullinan Mine US\$36.9 million (30 June 2022: US\$25.2 million), Finsch US\$64.9 million (30 June 2022: US\$23.7 million), Koffiefontein US\$nil (30 June 2022: US\$0.3 million) and Williamson US\$0.7 million (30 June 2022: US\$0.3 million).

10. RELATED PARTY TRANSACTIONS

The Group's related party BEE partners, Kago Diamonds (Pty) Ltd ("Kago Diamonds") and its gross interests in the mining operations of the Group are disclosed in the table below.

Mine	Partner and respective interest as at 30 June 2023 (%)	Partner and respective interest as at 30 June 2022 (%)
Cullinan	Kago Diamonds (14%)	Kago Diamonds (14%)
Finsch	Kago Diamonds (14%)	Kago Diamonds (14%)
Koffiefontein	Kago Diamonds (14%)	Kago Diamonds (14%)

The Itumeleng Petra Diamonds Employee Trust ("IPDET") holds a 12% interest in each of the Group's South African operations, with Petra's commercial BEE Partners holding the remaining 14% interest through their respective shareholdings in Kago Diamonds, in which Petra has a 31.46% interest. The effective interest percentages attributable to the remaining operations for the Group's shareholders is 78.4%.

The non-current loans receivable, non-current loans payable, finance income and finance expense, due from and due to the related party BEE partners and other related parties, including dividends paid are disclosed in the table below:

US\$ million	2023	2022
Non-current receivable		
Kago Diamonds ¹	21.1	26.6
	21.1	26.6
Current trade and other receivables		
KEM JV ²	2.7	3.7
Impairment provision ²	(2.6)	(2.0)
	0.1	1.7
	1 July 2022 - 30 June 2023	1 July 2021 - 30 June 2022
Finance income		
Kago Diamonds	2.4	2.1
	2.4	2.1
Dividend paid		
Kago Diamonds ³	1.1	1.3
	1.1	1.3

¹ The movement in the Kago Diamonds receivable of US\$4.5 million (30 June 2022: US\$6.9 million) is attributable to repayments received from Kago Diamonds during the Year totalling US\$3.5 million (30 June 2022: US\$nil), a foreign exchange decrease of US\$3.0 million (30 June 2022: US\$4.1 million decrease) and accrued interest of US\$2.4 million (30 June 2022: US\$2.1 million).

² Included in current trade and other receivables are amounts advanced to KEM JV in respect of a working capital facility and equipment finance facility of US\$0.1 million (30 June 2022: US\$1.7 million). During the Year, the Group received payments of US\$0.5 million (FY 2022: US\$2.5 million) from the KEM JV as settlement of the outstanding purchase consideration. The Group has applied the expected credit loss impairment model to the KEM JV receivables, taking into account various factors, including an amended agreement entered into during the which resulted in the expected credit loss increasing by US\$1.0 million to US\$3.1 million (30 June 2022: US\$2.0 million).

³ During the Year, Finsch declared and paid a dividend out of profits generated in FY 2022 to its shareholders. The BEE partners received a gross dividend of US\$9.6 million (30 June 2022: US\$2.5 million). An amount of US\$6.1 million (30 June 2022: US\$0.2 million) was used by BEE partners to repay a portion of their loans owing to the Group and a net cash payment of US\$2.0 million (30 June 2022: US\$2.5 million) was received by the BEE partners, comprising Kago US\$1.1 million (30 June 2022: US\$1.3 million) and IPDET US\$0.9 million (30 June 2022: US\$1.2 million).

11. BEE LOANS RECEIVABLE

US\$ million	2023	2022
Non-current assets		
Loans and other receivables	37.3	44.6

The non-current BEE loans receivable represents those amounts receivable from the Group's BEE Partners (Kago Diamonds and the IPDET) in respect of advances historically provided to the Group's BEE Partners to enable them to discharge interest and capital commitments under the BEE Lender facilities, advances to the BEE Partners to enable trickle payment distributions to both Kago Diamonds shareholders and to the beneficiaries of the IPDET (Petra Directors and Senior Managers do not qualify as beneficiaries under the IPDET Trust Deed), and financing of their interests in the Koffiefontein mine. In addition, US\$36.3 million (30 June 2022: US\$42.0 million) has been recorded as part of the gross receivable (before expected credit loss provisions) in respect of amounts to be reimbursed to the Group in respect of the guarantee under the BEE Lender facilities. Judgement was required in determining the extent to which reimbursement is applicable based on the terms of the agreements, South African legislation and discussions with the BEE partners.

As a result of historical delays in the Cullinan Mine plant ramp-up and the Finsch SLC ramp-up, the Group has historically and through the Period elected to advance the BEE Partners' funds using Group treasury to enable the BEE Partners to service their interest and capital commitments under the BEE Lender facilities (refer below). These BEE receivables, including interest raised, will be recoverable from the BEE Partners' share of future cashflows from the underlying mining operations. As part of a previous Debt Restructuring in FY 2021, Petra has assumed the BEE Lender facility obligations.

For detail on expected credit loss provision and reversal associated with the BEE loans receivable refer to note 2.

US\$ million	1 July 2022 - 30 June 2023	1 July 2021 - 30 June 2022
As at 1 July	44.6	46.6
Foreign exchange movement on opening balance	(6.0)	(5.9)
Interest receivable	4.8	4.1
Repayment of loan from BEE partner	(6.1)	(0.2)
As at 30 June	37.3	44.6

12. SHARES ISSUED AND SHARE PREMIUM

During the Year, there were no new shares issued by the Company. On 16 November 2022, at the FY 2022 Annual General Meeting, the Company's shareholders approved the Company's share premium account be reduced by US\$350 million with such amount being credited against accumulated losses with the balance being credited to the Company's other distributable reserves.

US\$ million	Share premium	Accumulated reserves / (losses)
As at 1 July 2022	959.5	(183.6)
Conversion of share premium to distributable reserves	(350.0)	350.0
Transfer between reserves	—	0.6
Movement during year	—	(105.3)
As at 30 June 2023	609.5	61.7

In FY 2022, at the FY 2021 Annual General Meeting the Company's shareholders approved a 50 for 1 Share Consolidation. Admission of the Company's New Ordinary Shares took place on 29 November 2021. As a result of the Share Consolidation, the Company's shares in issue comprise of 194,201,785 ordinary shares of 0.05 pence each.

13. EARNINGS PER SHARE

	Continuing operations 30 June 2023 US\$	Discontinued operation 30 June 2023 US\$	Total 30 June 2023 US\$	Continuing operations 30 June 2022 US\$	Discontinued operation 30 June 2022 US\$	Total 30 June 2022 US\$
Numerator						
(Loss) / profit for the Year	(73,991,245)	(31,290,280)	(105,281,525)	79,122,756	(10,127,219)	68,995,537
Denominator						
	Shares	Shares	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
Brought forward	194,201,785	194,201,785	194,201,785	9,710,089,272	9,710,089,272	9,710,089,272
Effect of 50 for 1 share consolidation November 2021	—	—	—	(9,515,887,487)	(9,515,887,487)	(9,515,887,487)
Carried forward	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785
	Shares	Shares	Shares	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	—	—	—	—	—	—
Weighted average number of ordinary shares in issue used in diluted EPS	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785
	US cents	US cents	US cents	US cents	US cents	US cents
Basic (loss) / profit per share – US cents	(38.10)	(16.11)	(54.21)	40.74	(5.21)	35.53
Diluted (loss) / profit per share – US cents	(38.10)	(16.11)	(54.21)	40.74	(5.21)	35.53

The number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes is nil (30 June 2022: nil).

14. ADJUSTED EARNINGS PER SHARE (non-GAAP measure)

In order to show earnings per share from operating activities on a consistent basis, an adjusted earnings per share is presented which excludes certain items as set out below. It is emphasised that the adjusted earnings per share is a non-GAAP measure. The Petra Board considers the adjusted earnings per share to better reflect the underlying performance of the Group. The Company's definition of adjusted earnings per share may not be comparable to other similarly titled measures reported by other companies.

	Continuing operations 30 June 2023 US\$	Discontinued operation 30 June 2023 US\$	Total 30 June 2023 US\$	Continuing operations 30 June 2022 US\$	Discontinued operation 30 June 2022 US\$	Total 30 June 2022 US\$
Numerator						
(Loss) / profit for the Year	(73,991,245)	(31,290,280)	(105,281,525)	79,122,756	(10,127,219)	68,995,537
Net unrealised foreign exchange loss*	29,322,988	(2,678)	29,320,310	34,824,936	26,799	34,851,735
Taxation credit on unrealised foreign exchange loss*	(892,795)	—	(892,795)	(1,618,908)	—	(1,618,908)
Present value discount – Williamson VAT receivable	3,938,983	—	3,938,983	4,076,760	—	4,076,760
Impairment (reversal) / charge - operations*	(8,903,290)	646,142	(8,257,148)	(21,438,351)	231,616	(21,206,735)
Impairment (reversal) / charge – other receivables	957,770	—	957,770	(2,544,704)	—	(2,544,704)
Taxation charge on impairment reversal*	10,812,285	—	10,812,285	—	—	—
Transaction costs and acceleration of unamortised costs on Notes and restructured bank facilities	9,040,386	—	9,040,386	1,628,757	—	1,628,757
Gain on extinguishment of Notes net of unamortised costs	(616,528)	—	(616,528)	—	—	—
Williamson tailings facility - remediation costs	10,740,548	—	10,740,548	—	—	—
Williamson tailings facility - accelerated depreciation	5,220,536	—	5,220,536	—	—	—
Human rights IGM claims provision and transaction costs / (reversal) of settlement agreement	8,485,571	—	8,485,571	(816,270)	—	(816,270)
Inventory Impairment (WDL blocked parcel 1 Inventory and related receivable adjustment)	(112,284)	—	(112,284)	—	—	—
Movement in provision for unsettled and disputed tax claims	253,941	—	253,941	—	—	—
Adjusted loss for the Year attributable to parent	(5,743,134)	(30,646,816)	(36,389,950)	93,234,976	(9,868,804)	83,366,172

*Portion attributable to equity shareholders of the
Company

Denominator						
	Shares	Shares	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
As at 1 July	194,201,785	194,201,785	194,201,785	9,710,089,272	9,710,089,272	9,710,089,272
Effect of shares issued during the Period	—	—	—	—	—	—
Effect of 50 for 1 share consolidation November 2021	—	—	—	(9,515,887,487)	(9,515,887,487)	(9,515,887,487)
Carried forward	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785
	Shares	Shares	Shares	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	—	—	—	—	—	—
Weighted average number of ordinary shares in issue used in diluted EPS	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785
	US cents	US cents	US cents	US cents	US cents	US cents
Adjusted basic profit / (loss) per share – US cents	(2.96)	(15.78)	(18.74)	48.01	(5.08)	42.93
Adjusted diluted profit / (loss) per share – US cents	(2.96)	(15.78)	(18.74)	48.01	(5.08)	42.93

15. IMPAIRMENT CHARGE

The current market conditions in the global rough diamond market, volatility of and variability in product mix are all factors impacting the rough diamond prices achieved by Petra during the Period, and the tailings facility failure at Williamson which have resulted in management taking a critical review of the Group's business models and operational assets. The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be further impaired or an impairment reversal may apply, its recoverable amount is estimated. The recoverable amount is determined on a fair value less cost to develop basis.

During the Year under review, the Group reviewed the carrying value of its investments, loan receivables and operational assets for indicators of impairment. Following the assessment, impairment of property, plant and equipment was considered appropriate for Cullinan and Williamson, and an impairment reversal was considered appropriate for Finsch in the current Year. The Group recognised an asset level net impairment reversal of US\$20.0 million being managements' estimate of the increase in the value of the Cullinan, Finsch and Williamson Mines. The Group also recognised a non-financial receivables charge of US\$4.9 million, comprising an impairment charge of US\$3.9 million being management's estimate of the recoverability of the Tanzania VAT receivable, an impairment charge of US\$1.0 million related to the KEM JV receivable. For impairment considerations of Koffiefontein, refer to note 18.

Impairment (US\$ million)	Asset class	Carrying value pre impairment	Impairment reversal / (charge)	Carrying value post impairment
Impairment operations:				
Cullinan Mine	Property, plant & equipment	356.8	(1.5)	355.3
Finsch	Property, plant & equipment	155.1	52.7	207.8
Williamson	Property, plant & equipment	61.9	(31.2)	30.7
Sub-total		573.8	20.0	593.8
Impairment – non- financial receivables:				
Other – current receivable	KEM JV receivable	1.1	(1.0)	0.1
Other – non-current	Tanzania VAT receivable (refer to note 2)	10.5	(3.9)	6.6
Sub-total		11.6	(4.9)	6.7
Total		585.4	15.1	600.5

30 June 2022

The operations of the Cullinan, Finsch, Koffiefontein and Williamson Mines are held at recoverable value as a result of FY 2021 impairments. During FY 2022, the Group reviewed the carrying value of its investments, loan receivables and operational assets for indicators of impairment. Following the assessment, no further impairment of property, plant and equipment was considered appropriate for the Cullinan, Finsch and Williamson Mines, nor was any impairment reversal considered appropriate in the current Year. The Group recognised an asset level impairment charge of US\$0.3 million being managements' estimate of the decrease in the value of the Koffiefontein assets. The Group also reversed a Group level impairment charge relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million as Williamson is no longer considered an asset held for sale. The Group recognised a non-financial receivables charge of US\$1.5 million comprising an impairment charge of US\$4.1 million being management's estimate of the recoverability of the Tanzania VAT receivable, an impairment charge of US\$0.3 million related to other receivables and an impairment reversal of US\$2.9 million of the KEM JV receivable.

Impairment (US\$ million)	Asset class	Carrying value pre impairment	Impairment reversal / (charge)	Carrying value post impairment
Impairment operations:				
Cullinan Mine	Property, plant & equipment	419.9	—	419.9
Finsch	Property, plant & equipment	157.9	—	157.9
Williamson	Property, plant & equipment	29.3	21.4	50.7
Sub-total		607.1	21.4	628.5
Impairment – non-financial receivables:				
Other – current receivable	KEM JV receivable	(1.2)	2.9	1.7
Other – current receivable	Other receivables	0.3	(0.3)	—
Other – non-current	Tanzania VAT receivable	6.8	(4.1)	2.7
Sub-total		5.9	(1.5)	4.4
Total		613.0	19.9	632.9

Cullinan, Finsch, Koffiefontein and Williamson Mine impairment considerations and assumptions

The Group performs impairment testing on an annual basis of all operations and when there are potential indicators of impairment. The impairment testing performed resulted in impairments of the Cullinan Mine, Finsch, Koffiefontein and Williamson assets. The key assumptions used in determining the recoverable value calculations, determined on fair value less cost to develop basis, are listed in the table below:

Group assumptions for 30 June 2023 and 30 June 2022:

Key assumptions	Explanation
Current mine plan and recoverable value of reserves and resources	Economically recoverable reserves and resources are based on management's expectations based on the availability of reserves and resources at mine sites and technical studies undertaken in house and by third party specialists. The end of life of mine based on current mine plans for the operations are as follows: Cullinan Mine: FY 2032 (FY 2022: FY 2031) Finsch: FY 2031 (FY 2022: FY 2030) Koffiefontein: Mine on C&M (FY 2022: FY 2025) – current production has ceased and the operation has been placed on permanent care and maintenance with no intention of bringing the operation back into production in the future. Williamson: FY 2030 (FY 2022: FY 2030) Resources remaining after the current mine plans have not been included in impairment testing for the operations.
Current mine plan reserves and resources	Cullinan Mine: Current mine plan, including the C-Cut Extension approved during FY 2023, over the next nine years; total resource processed 32.9 Mt (FY 2022: Current mine plan over the next nine years; total resource processed 34.2 Mt). Finsch: Current mine plan, including the rescope 3L-SLC project to 90L approved during FY 2023, over the next eight years; total resource processed 22.3 Mt (FY 2022: Current mine plan over the nine years; total resource processed 23.1 Mt). Koffiefontein has been put on permanent care and maintenance and has ceased production. Williamson: Current mine plan over the next seven years, total resource processed 37.4 Mt (FY 2022: Current mine plan over the next eight years, total resource processed 43.3 Mt).
Current mine plans – capital expenditure	Management has estimated the timing and quantum of the capital expenditure based on the Group's current mine plans for each operation. There is no inclusion of capital expenditure to enhance the asset beyond exploitation of the current mine plan orebody.
Residual Value	Cullinan Mine: Management included a residual value of property, plant and equipment to be used beyond the current mine plan, given the significant resource base estimated to be available at the end of the current mine plan. No residual values were included in the impairment assessments of the other mining operations due to the mine plan aligning with the resource base estimated to be available at the end of the current mine plan.
Diamond prices	The diamond prices used in the impairment test have been set with reference to recently achieved pricing and market trends, and long-term diamond price escalators are informed by industry views of long-term market supply/demand fundamentals. Given the current market uncertainty, the assessment of short-term diamond prices and the rate and extent of pricing recovery, together with the longer-term pricing escalators, represented a critical judgement.

The **30 June 2023** impairment testing models starting price assumptions have been adjusted to reflect the pricing achieved during the FY 2023. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.0% per annum from FY 2025 onwards. The Cullinan Mine and Williamson, from time to time, recover stones of high value. The Group used to classify stones above US\$5m in value as Exceptional Stones. From FY 2024 onwards, the Group has revised its definition of Exceptional Stones to those stones with a value above US\$15m. The Group does not include any contribution from Exceptional Stones (as per the new definition of US\$15m) as part of the Business Planning or price assumptions, and these stones would represent windfall earnings for the Group. For context, the Group has sold stones meeting the new Exceptional Stones definition on three occasions since FY2016.

The **30 June 2022** impairment testing models starting price assumptions have been adjusted to reflect the improved pricing achieved during the Year when compared to the 30 June 2021 impairment models. Diamond prices (excluding Exceptional Stones) have been assumed to remain unchanged during FY 2023, then increase by 3.9% from FY 2024 onwards. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.0% per annum from FY 2024 to FY 2030. Estimates for the contribution of Exceptional Diamonds sold for more than US\$5m each are determined with reference to historical trends. Based on the historical trends, management have increased the contribution from Exceptional Stones (as per previous US\$5m definition) at the Cullinan Mine from US\$25m to US\$35m per annum.

Discount rate	A ZAR discount rate of 13.5% (30 June 2022: 13.0%) was used for the South African operations and a USD discount rate of 15.2% (30 June 2022: 14.00%) for Williamson. Discount rates calculated based on a nominal weighted average cost of capital including the effect of factors such as market risk and country risk as at the Year end. USD and ZAR discount rates are applied based on respective functional currency of the cash generating unit.
Cost inflation rate	Long-term inflation rates of 3.5%–9.0% (30 June 2022: 3.5%–7.5%) above the long-term US\$ inflation rate were used for Opex and Capex escalators. Management have taken into account the current short-term pressures in the inflation environment and the impact on Opex and capex costs, allowing for the inflation rate to normalise over the longer-term.
Exchange rates	Exchange rates are estimated based on an assessment of current market fundamentals and long-term expectations. The US\$/ZAR exchange rate range used for all South African operations commenced at ZAR18.36 (30 June 2022: ZAR16.04) for FY 2024 and FY 2025 reflecting the current volatility, inflationary pressures and quantitative tightening by Central banks, and thereafter devaluing at 3.5% per annum (which is the theoretical inflation differential between the US and SA, as per their policy targets). Given the volatility in the USD/ZAR exchange rate and the current levels of economic uncertainty, the determination of the exchange rate assumptions required significant judgement.
Valuation basis	Discounted present value of future cash flows.
Williamson	For impairment testing at Williamson, management used the above assumptions, noting that production recommenced in July 2023 following the TSF failure in November 2022.

Sensitivity analysis

The impact of applying reasonable downside sensitivities on the key inputs based on management's assumptions at 30 June 2023 is noted below:

(US\$ million)	Potential Impairment impact			
	Cullinan Mine	Finsch	Koffiefontein ¹	Williamson
Base case				
Increase in discount rate by 2%	No impairment	No impairment	n/a	3.1
Reduction in pricing by 5% over Life of Mine	14.1	No impairment	n/a	23.5
Reduction in production by 10%	53.2	37.2	n/a	35.6
Increase in Opex by 5%	No impairment	No impairment	n/a	27.8
ZAR stronger by 5% through the LOM period	112	89	n/a	n/a

1. Production at Koffiefontein has ceased and the operation has been placed on permanent care and maintenance.

16. WILLIAMSON (30 June 2022)

a) Framework Agreement

On 13 December 2021, the Company signed an agreement in principle with the Government of Tanzania relating to the Williamson operations. Williamson resumed operations and sales during August 2021, having been on care and maintenance since April 2020.

The Framework Agreement provides for a capital restructuring of Williamson Diamonds Limited ("WDL"), the entity that owns the Williamson Mine, including the 16% free carried interest that the Government of Tanzania is entitled to receive in WDL and its shareholder loans under Section 10 of the Tanzanian Mining Act, 2017 and Regulation 10 of the Tanzanian Mining (State Participation) Regulations, 2020. The capital restructuring will include:

- a WDL share issue with the effect of reducing Petra's indirect shareholding from 75% to 63% and consequently increasing the Government of Tanzania's shareholding from 25% to 37%;
- a contribution to the Government of Tanzania of 16% of the principal outstanding value of the Group's shareholder loans payable by WDL, with the remaining 84% of such principal outstanding loans continuing to be owed to the Group; and
- the transfer of the WDL shares held by the Group to another member of the Petra Group (either Petra itself or a special purpose subsidiary). Petra have registered Mwadui Mining Holdings Ltd, a subsidiary registered in the United Kingdom, for this purpose.

With respect to the reorganisation of the parties' legal interests in WDL, the Framework Agreement also provides for an overall 55:45 economic benefit sharing ratio between the Government of Tanzania and Petra in relation to future economic benefits from the Williamson Mine. This arrangement is intended to capture the parties' entitlements as shareholders as well as, with respect to the Government of Tanzania, the revenue it collects from WDL arising from taxes, royalties, duties, fees and other fiscal levies ("Government Imposed Charges"). The Framework Agreement also provides that WDL shall be entitled to off-set its undisputed unpaid and overdue VAT receivables against future Government Imposed Charges, whereby such Government Imposed Charges will be off-set and treated as paid for the purposes of the economic benefit sharing ratio.

The Framework Agreement provides that Petra and the Government of Tanzania will provide financial assistance for the restart of operations at the Williamson Mine. The Government of Tanzania does this by allocating the sales proceeds of the 71,654.45 carat diamond parcel from the Williamson Mine that was previously confiscated and blocked for export. Based on the recent confirmation that the parcel was sold in whole or part, the full carrying value of US\$12.5 million (30 June 2022: US\$12.5 million) has been expensed as other direct mining/expense in the Consolidated Income Statement and a fair value of US\$12.3 million in respect of the sale of the parcel has been recognised in the Consolidated Income Statement as other direct mining income/expense with a trade and other receivable recognised in the Statement of Financial Position at 30 June 2023. The original value of this parcel was assessed in September 2017 at approximately US\$15 million, as previously disclosed, although Petra has not had the parcel independently valued.

The Framework Agreement records an important US\$20.0 million settlement between the parties concerning long-standing historic disputes with the Government of Tanzania. In FY 2021, the Group raised a provision of US\$19.5 million (adjusted for time-value of money) in respect of the aforementioned settlement. This settlement payment is required to be made in instalments, with the first instalment of US\$5.0 million to be paid when the Framework Agreement becomes effective and upon receipt of proceeds by WDL from the sale of the confiscated diamond parcel. The subsequent annual instalments of the settlement amount are to be made annually at amounts as determined by WDL's board of directors.

The Framework Agreement is subject to a number of conditions, including Tanzanian regulatory approvals and is therefore not yet effective as at 30 June 2023. Certain conditions precedent remain outstanding awaiting resolution from the GoT.

Memorandum of Understanding with Caspian Limited (“MoU”)

On 15 December 2021, the Company announced that it had signed a non-binding Memorandum of Understanding (“MoU”) to sell 50% less one share of the entity that holds the Group’s shareholding in Williamson Diamonds Limited (“WDL”), along with a pro rata portion of shareholder loans owed by WDL, to Caspian Limited or its nominee (a company now known as Taifa Mining and Civils Limited or “Taifa”) for a total consideration of US\$15.0 million. Taifa is the long-term technical services contractor at the Williamson Mine.

Upon completion of the transactions contemplated by the MoU and the capital restructuring in the aforementioned Framework Agreement becoming effective, Petra and Taifa will each indirectly hold a 31.5% stake in WDL but with Petra retaining a controlling interest in Williamson.

Taifa’s purchase will be funded through the settlement of US\$15 million of past technical services payments owed by WDL to Caspian.

Completion of the Transaction with Taifa is subject to the parties obtaining all necessary Governmental, regulatory and lender approvals, including the Tanzanian Fair Competition Commission.

17. PROVISIONS

Williamson – Independent Grievance Mechanism (“IGM”)

The IGM is a non-judicial process that has the capacity to investigate and resolve complaints alleging severe human rights impacts in connection with security operations at the Williamson mine. It is being overseen by an Independent Panel of Tanzanian experts taking an approach informed by principles of Tanzanian law, and with complainants having access to free and independent advice from local lawyers. The overall aim of the IGM is to promote reconciliation between the Williamson Diamond Mine, directly affected parties and the broader community by providing remedy to those individuals who have suffered severe human rights impacts. The Group has agreed to fund the remedies determined by the IGM.

On 28 November 2022, the IGM became operational with the commencement of the IGM’s pilot phase. The pilot phase, which completed in May 2023, has allowed the IGM’s systems and procedures to be further developed and adjusted to take into account learnings.

Whilst the IGM was still being established, a mechanism was set up to enable community members to confidentially and securely register alleged historical human rights grievances, with 5,577 having been registered to date. The Independent Panel (“IP”) has started making decisions on the merits of the cases considered during pilot phases and the associated remedies for successful grievances (i.e., grievances that meet the evidential threshold).

Judgement has been applied by Management in assessing estimated future costs of remedies for successful grievances based on the outcome of the pilot phase. Management have assessed the results and performed their own estimate based on calculations received from consultants. The estimate makes a number of different assumptions, including, amongst others, regarding the categories of the grievances, the success rates of the grievances and the settlement payments that apply to successful grievances. These estimates also do not make any allowance for non-financial remedies that the IP may award. The concluded cases of the initial pilot phase grievances have been extrapolated across the grievance population of 5,577, based on the average claim settlement per category and the various categories of the grievances (nature of claim). Management’s assessment resulted in estimated aggregate costs of US\$7.9 million to be provided at Year end; this compares to a range estimated by external consultants of US\$ 7.2 – 10.1 million. The estimate will be reassessed at each future reporting date.

18. DISCONTINUED OPERATION

Post the unsuccessful disposal process of Koffiefontein mine, management took the decision to put the mine on care and maintenance. The Company has started the process of winding-up the operation and has, completed a significant restructuring of the staff complement at the operation, completed the retrenchment process, finalising workstreams to meet its rehabilitation obligations and is in discussions with the DMRE to formalize the ultimate closure of the operation.

A discontinued operation is a component of the entity that has been disposed of and is classified as held for sale or abandoned (as the Koffiefontein assets are currently not undergoing a formal sales process, it met the criteria of IFRS 5 and were classified as a discontinued operation) and that represents a separate major line of business or geographical area of operation, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Results of Koffiefontein:

US\$ million	1 July 2022– 30 June 2023	1 July 2021– 30 June 2022
Revenue	4.4	21.5
Cost of sales	(19.7)	(34.7)
Gross loss	(15.3)	(13.2)
Impairment charge – property, plant and equipment	(0.8)	(0.3)
Provisions for closure ¹	(22.0)	—
Financial income	—	—
Financial expense	(2.4)	(0.1)
Loss before tax	(40.5)	(13.6)
Income tax charge	—	—
Net loss for the Year	(40.5)	(13.6)
Attributable to:		
Equity holders of the parent	(31.3)	(10.2)
Non-controlling interest	(9.2)	(3.4)
	(40.5)	(13.6)

¹. Included in provisions for closure are estimated cost for the environmental rehabilitation and decommissioning, social development programmes to closure and care and maintenance costs at Koffiefontein, which is based on current legal requirements and the Group's planned rehabilitation strategy.

19. EVENTS AFTER THE REPORTING PERIOD

Revolving Credit Facility drawdown - in July and August 2023, as a result of the deferment of the June 2023 diamond tender, the Group drew down, in total, an amount of ZAR850 million (US\$45.1 million) from the RCF.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the preliminary financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit of the Group for the Year; and
- the preliminary management report for the Year includes a fair review of the information required by the FCA's Disclosure and Transparency Rules (DTR 4.1.8 R and 4.1.9 R).

By order of the Board

Richard Duffy
Chief Executive Officer
15 September 2023