

16 January 2024

LSE: PDL

Petra Diamonds Limited

H1 FY 2024 Operating Update

Petra reports its operating results for the first half of FY 2024

Richard Duffy, Chief Executive Officer of Petra, commented:

"Production increased 2% in this period as operations continued to stabilise at Finsch and Cullinan Mines and Williamson continued its ramp-up to full production. We remain on track to meet our FY 2024 production guidance of 2.9– 3.2 Mct although, as announced on 01 November 2023, we expect it will be towards the lower end of guidance. We continue to make good progress on the CC1E development project at Cullinan Mine and the 78-Level Phase II development project at Finsch, and the resumption of the deferred capital programmes remains on target for July 2024. The replanning and value-engineering work associated with the deferred capital projects continues and, once completed, the Company will inform the market of the expected impact on forward looking guidance.

While we are seeing encouraging indications of price recovery and some stabilisation in the rough diamond market, following actions taken by both producers and the mid-stream, we continue to adopt a cautious approach to the market in the near-term. Once completed, the additional headroom afforded by our increased Revolving Credit Facility will enable us to continue our flexible sales approach and position ourselves to take advantage of any market improvements."

Highlights vs H1 FY 2023

- LTIFR and LTIs decreased to 0.15 and 5 respectively
- Ore processed increased 8% to 5.8Mt largely due to the successful ramp-up of production at Williamson
- Total diamond production increased 2% to 1.43 million carats mainly due to resuming operations at Williamson and increased ROM contribution at Finsch, partially offset by slightly lower grades at the Cullinan Mine
- Support from a weaker South African Rand continued throughout the period, with the Rand averaging ZAR18.69 : US\$1 (H1 FY 2023: ZAR17.32 : US\$1)
- Revenue amounted to US\$187.8 million (H1 FY 2023: US\$208.5 million)
 - As announced on 14 December 2023, like-for-like prices were down 13.3% compared to H1 FY 2023 sales, with the balance of price movements attributable to product mix
 - No profit share uplifts were effected during the period; H1 FY 2023 revenue includes US\$1.4 million from profit share arrangements
- Consolidated net debt increased to US\$212.3 million as at 31 December 2023 (30 June 2023: US\$176.8 million) due to the timing of closing the Company's sales tenders, the continued lower diamond pricing environment, working capital funding for the resumption of mining at Williamson and the increasing capex spend profile, as previously announced, to extend the life of our operations at Cullinan Mine and Finsch

Operating Summary

Safety, sales and production	Unit	H1 FY 2024			H1 FY 2023 (restated to exclude Koffiefontein)		
		Q2	Q1	Total	Q2	Q1	Total
Safety							
LTIFR	-	0.18	0.12	0.15	0.22	0.16	0.19
LTIs	Number	3	2	5	4	3	7
Sales							
Diamonds sold	Carats	727,189	932,431	1,659,620	788,661	516,308	1,304,969
Revenue ¹	US\$m	90.2	97.6	187.8	105.7	101.4	207.1
Contribution from Exceptional Stones ²	US\$m	0.0	0.0	0.0	0.0	0.0	0.0
Production							
ROM tonnes	Tonnes	2,875,410	2,717,486	5,592,896	2,162,877	2,993,247	5,156,124
Tailings and other tonnes	Tonnes	96,235	91,008	187,243	92,375	94,877	187,252
Total tonnes treated	Tonnes	2,971,645	2,808,494	5,780,139	2,255,252	3,088,124	5,343,376
ROM diamonds	Carats	694,884	652,021	1,346,905	602,055	729,761	1,331,816
Tailings and other diamonds	Carats	36,018	44,618	80,636	31,612	29,951	61,563
Total diamonds	Carats	730,902	696,639	1,427,541	633,667	759,712	1,393,379

¹ Revenue reflects proceeds from the sale of rough diamonds and excludes revenue from profit share arrangements (as noted in the text above)

² Petra classifies "Exceptional Stones" as rough diamonds which sell for US\$15 million or more each

INVESTOR WEBCASTS

Webcast presentation for institutional investors and analysts

09:30am GMT today

Petra's CEO, Richard Duffy, and CFO, Jacques Breytenbach, will host a webcast for institutional investors and analysts to discuss this operating update.

Please register at: https://brrmedia.news/PDL_H1FY24OU

Dial in details:

UK-wide	+44 (0) 33 0551 0200
UK toll free	0808 109 0700
South Africa toll free	0800 980 512
United States (Local)	+1 786 697 3501

09:30am password (if prompted): Petra Diamonds

Link for recording (available later in the day):

<https://www.petradiamonds.com/investors/results-reports/>

Investor Meet Company webcast at 14.30pm GMT today

Petra's CEO, Richard Duffy, and CFO, Jacques Breytenbach, will also present these results live 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 Company's portfolio incorporates interests in three underground mines in South Africa (Cullinan Mine, Finsch and Koffiefontein) and one open pit mine in Tanzania (Williamson). The Koffiefontein mine is currently on care and maintenance in preparation for sale or closure.

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 Company 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 Company'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.

Corporate and financial summary 31 December 2023

	Unit	As at 31 December 2023	As at 31 December 2022	As at 30 June 2023
Cash at bank – (including restricted amounts) ¹	US\$m	75.4	146.6	61.8
Diamond debtors	US\$m	8.1	4.9	8.9
Diamond inventories ^{2,3}	US\$m	53.5	59.9	65.9
	Carats	483,142	540,153	715,222
2026 US\$336.7m loan notes ⁴	US\$m	249.2	241.7	247.5
Bank loans and borrowings ⁵	US\$m	46.6	—	—
Consolidated Net Debt ⁶	US\$m	212.3	90.2	176.8
Bank facilities undrawn ⁵	US\$m	49.2	58.8	53.1

Note: The following exchange rates have been used for this announcement: average for H1 FY 2024 US\$1: ZAR18.69 (H1 FY 2023: US\$1: ZAR17.32; FY 2023: US\$1: ZAR17.77); closing rate as at 31 December 2023 US\$1: ZAR18.28 (31 December 2022: US\$1: ZAR17.00, 30 June 2023: US\$1: ZAR18.83).

Notes:

1. The Group's cash balances comprise unrestricted balances of US\$56.5 million, and restricted balances of US\$18.9 million.
2. Recorded at the lower of cost and net realisable value.
3. Diamond inventories for periods prior to 30 June 2023 include the Williamson 71,654.45 carat 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 discussions, the GoT confirmed that the blocked parcel was partially sold during the period and so this parcel has been excluded from diamond inventories as at 30 June 2023. During these 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.
4. 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\$249.2 million which represents the outstanding principal amount of US\$209.7 million (after the early participation phase of the debt tender offers as announced in September and October 2022) plus US\$48.2 million of accrued interest and net of unamortised transaction costs capitalised of US\$8.7 million.
5. Bank loans and borrowings represent the Group's revolving credit facility, which was increased from ZAR1 billion in December 2023 to ZAR1.75 billion, and is partially undrawn and available. The upsized portion will be imminently available upon conclusion of the required amendments.
6. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash and diamond debtors.

Mine-by-mine tables:

Cullinan Mine – South Africa

	Unit	H1 FY 2024			H1 FY 2023		
		Q2	Q1	Total	Q2	Q1	Total
Sales							
Revenue	US\$m	45.5	51.0	96.5	45.8	56.9	102.7
Diamonds sold	Carats	345,867	519,362	865,229	400,999	267,728	668,727
Average price per carat	US\$	131	98	112	114	212	154
ROM Production							
Tonnes treated	Tonnes	1,078,409	1,137,435	2,215,844	1,120,282	1,110,912	2,231,194
Diamonds produced	Carats	331,349	318,261	649,610	328,137	368,796	696,933
Grade ¹	Cpht	30.7	28.0	29.3	29.3	33.2	31.2
Tailings Production							
Tonnes treated	Tonnes	96,235	91,008	187,243	62,178	77,572	139,750
Diamonds produced	Carats	36,018	44,618	80,636	28,211	26,790	55,001
Grade ¹	Cpht	37.4	49.0	43.1	45.4	34.5	39.4
Total Production							
Tonnes treated	Tonnes	1,174,644	1,228,443	2,403,087	1,182,460	1,188,484	2,370,944
Diamonds produced	Carats	367,367	362,879	730,246	356,348	395,586	751,934

Note: 1. Petra is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Finsch – South Africa

		H1 FY 2024			H1 FY 2023		
	Unit	Q2	Q1	Total	Q2	Q1	Total
Sales							
Revenue	US\$m	28.1	38.9	67.0	32.0	23.4	55.4
Diamonds sold	Carats	298,889	375,214	674,103	283,833	177,285	461,118
Average price per carat	US\$	94	104	99	113	132	120
ROM Production							
Tonnes treated	Tonnes	635,872	544,140	1,180,012	522,578	572,976	1,095,554
Diamonds produced	Carats	276,842	259,864	536,706	234,150	260,217	494,367
Grade ¹	Cpht	43.5	47.8	45.5	44.8	45.4	45.1
Tailings Production							
Tonnes treated	Tonnes	-	-	-	30,197	17,305	47,502
Diamonds produced	Carats	-	-	-	3,402	3,160	6,562
Grade ¹	Cpht	-	-	-	11.3	18.3	13.8
Total Production							
Tonnes treated	Tonnes	635,872	544,140	1,180,012	552,775	590,281	1,143,056
Diamonds produced	Carats	276,842	259,864	536,706	237,552	263,377	500,929

Note: 1. Petra is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Williamson – Tanzania

	Unit	H1 FY 2024			H1 FY 2023		
		Q2	Q1	Total	Q2	Q1	Total
Sales							
Revenue	US\$m	16.6	7.7	24.3	27.9	21.2	49.1
Diamonds sold	Carats	82,432	37,856	120,288	103,829	71,295	175,124
Average price per carat	US\$	201	203	202	269	297	280
ROM Production							
Tonnes treated	Tonnes	1,161,129	1,035,911	2,197,040	520,017	1,309,359	1,829,376
Diamonds produced	Carats	86,693	73,896	160,589	39,766	100,750	140,516
Grade ¹	Cpht	7.5	7.1	7.3	7.6	7.7	7.7
Total Production							
Tonnes treated	Tonnes	1,161,129	1,035,911	2,197,040	520,017	1,309,359	1,829,376
Diamonds produced	Carats	86,693	73,896	160,589	39,766	100,750	140,516

Notes:

1. The following definitions have been used in this announcement:
 - a. cpht: carats per hundred tonnes
 - b. LTIs: lost time injuries
 - c. LTIFR: lost time injury frequency rate, calculated as the number of LTIs multiplied by 200,000 and divided by the number of hours worked
 - d. FY: financial year ending 30 June
 - e. CY: calendar year ending 31 December
 - f. H: half of the financial year
 - g. ROM: run-of-mine (i.e. production from the primary orebody)
 - h. m: million
 - i. Mt: million tonnes
 - j. Mct: million carats
 - k. Like-for-like: refers to the change in realised prices between tenders and excludes revenue from all single stones and Exceptional Stones, while normalising for the product mix impact