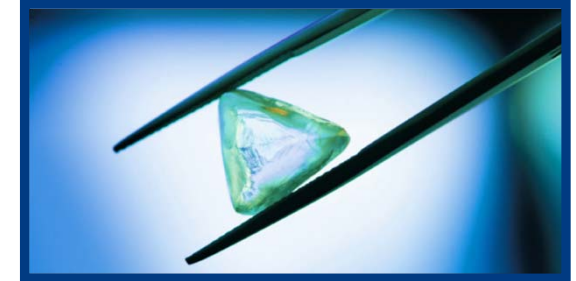




Petra Diamonds



Trading Update (6 Months to 31 December 2011)

1 February 2012



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Highlights – Production

- Production up 64% to 953,553 carats (H1 FY 2011: 582,102 carats)
- Production growth mainly due to acquisition of Finsch on 14 September 2011
- Further production increase expected for H2 FY 2012 due to:
 - full 6 months contribution from Finsch
 - two additional ROM treatment plants coming on stream (Kimberley Underground's Wesselton plant and the Williamson plant)
- Petra on track to reach production target of over 2 million carats for FY 2012



Highlights – Sales



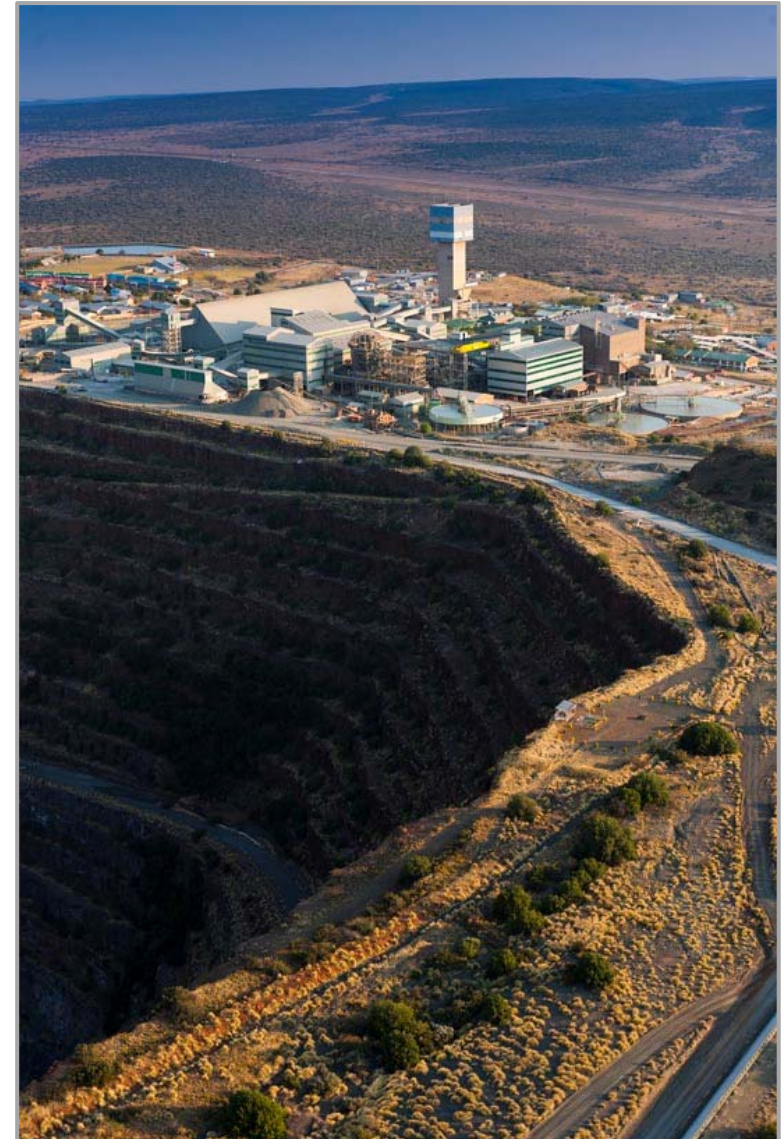
- Revenue up 13% to US\$101.4 million (H1 FY 2011: US\$90.0 million)
- Revenue growth affected by weaker prices during H1
- Carats sold up 16% to 678,772 carats (H1 FY 2011: 584,234 carats)
- Comparable sales volumes in H1 FY 2011 inflated due to higher than usual inventory levels
- Difference between carats produced and carats sold (ca. 275,000 carats) due to:
 - Finsch closing stock of ca. 195,000 carats (as the acquisition completed during H1 there was no opening stock)
 - early sales cycle cut-off for all South African mines due to December holiday period meant that closing stock was on average higher than June 2011
- Significant carat sales increase expected for H2 mainly due to increased production from Finsch and net release of ca. 100,000 carats closing stock (end H1 vs end H2)

Highlights – Corporate

- Step-up from AIM to the Main Market of the London Stock Exchange – December 2011
 - Petra expected to enter the FTSE 250 index in March 2012



- Appointment of Dr Patrick Bartlett and Gordon Hamilton as independent Non-Executive Directors
- Completion of Finsch acquisition for R1.425 billion (ca. US\$192 million)
- US\$48 million debt facilities put in place with Rand Merchant Bank (“RMB”)



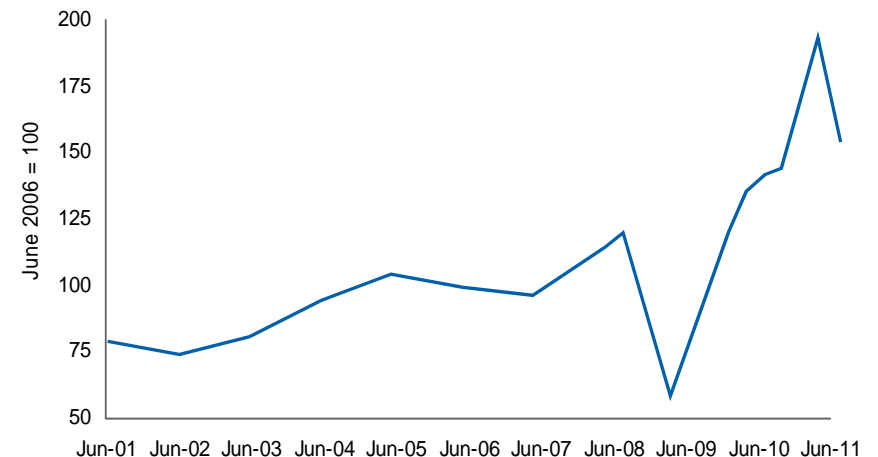
Diamond Prices

Petra Average Diamond Prices*				
Mine	H1 FY 2012 Actual (US\$)	Original guidance FY 2012 (US\$)	FY 2011 Actual (US\$)	FY 2010 Actual (US\$)
Cullinan	128	163	148	141 (101 excl. Cullinan Heritage)
Finsch	129	155	n/a	n/a
Koffiefontein	426	549	564	402
Kimberley Underground	308	325	333	n/a
Fissures	255	271	244	185
Williamson	298 (alluvials)	230 (ROM – medium term)	302	157

* Prices given are the average of ROM and tailings as Petra tenders mine production on a mixed parcel basis

- Global economic uncertainty caused prices to fall from June 2011 highs
- Petra announced on 15 Dec 11 that weaker prices resulted in gross revenues being ca. US\$23m lower than expected for H1 FY 2012
- Rand weakness partially offset lower pricing during the Period (South African production)
- Market stabilised in late H1; Petra expects trend to continue but some volatility could be experienced
- Christmas retail sales figures continue to be released; generally modest growth seen in US and Europe but further strong demand from Asia

RBC Capital Markets – Rough Diamond Price Index



	Unit	Half Year ended 31 December 2011	Half Year ended 30 June 2011	Half Year ended 31 December 2010
<u>ROM Production</u>				
Tonnes treated	Tonnes	1,225,117	1,136,345	1,187,058
Diamonds produced	Carats	426,757	411,204	439,989
Grade	Cpht	34.8	36.2	37.1
<u>Tailings Production</u>				
Tonnes treated	Tonnes	370,344	312,513	263,092
Diamonds produced	Carats	17,283	16,179	28,067
Grade	Cpht	4.7	5.2	10.7
<u>Total Production</u>				
Tonnes treated	Tonnes	1,595,461	1,448,858	1,450,150
Diamonds produced	Carats	444,040	427,382	468,056
<u>Sales</u>				
Revenue	US\$M	48.6	82.4	57.8
Diamonds sold	Carats	379,894	463,355	481,049
Average price per carat	US\$	128	178	120
Ownership: Petra 74% & BEE partners 26%				

- Good throughput performance – increase in ROM and tailings tonnages
- ROM grade lower due to temporary plant issue – now returned to normal due to equipment upgrade
- Tailings grade lower due to delay in introduction of re-crush section – will be installed in Q3
- Average value per carat lower due to weaker market & slightly lower incidence of specials
- 4.8ct blue diamond sold for US\$1.45m (+US\$300k per carat) – record US\$/ct for Petra

	Unit	Half Year ended 31 December 2011	Half Year ended 30 June 2011 ¹	Half Year ended 31 December 2010 ¹
<u>ROM Production</u>				
Tonnes treated	Tonnes	790,715	n/a	n/a
Diamonds produced	Carats	305,215	n/a	n/a
Grade	Cpht	38.6	n/a	n/a
<u>Tailings Production</u>				
Tonnes treated	Tonnes	642,090	n/a	n/a
Diamonds produced	Carats	109,348	n/a	n/a
Grade	Cpht	17.0	n/a	n/a
<u>Total Production</u>				
Tonnes treated	Tonnes	1,432,805	n/a	n/a
Diamonds produced	Carats	414,563	n/a	n/a
<u>Sales</u>				
Revenue	US\$M	28.3	n/a	n/a
Diamonds sold	Carats	219,408	n/a	n/a
Average price per carat	US\$	129	n/a	n/a
Ownership: Petra 74% & BEE Partners 26%				
¹ the acquisition of Finsch completed on 14 September 2011 and therefore there are no results prior to this time				

- Successful integration of Finsch into Group – Petra now expects +1 Mcts for FY 2012
- ROM tonnages & grades exceeded expectations – management still using 33 cpht for medium term planning
- Tailings operation running smoothly – 26kt bulk sample achieved grade of 17 cpht
- Average value per carat achieved lower than expectations due to weaker diamond market

Koffiefontein



	Unit	Half Year ended 31 December 2011	Half Year ended 30 June 2011	Half Year ended 31 December 2010
<u>ROM Production</u>				
Tonnes treated	Tonnes	285,466	249,136	463,852
Diamonds produced	Carats	14,364	7,749	27,390
Grade	Cpht	5.1	3.1	5.9
<u>Tailings Production</u>				
Tonnes treated	Tonnes	474,124	336,553	338,594
Diamonds produced	Carats	7,174	5,707	7,110
Grade	Cpht	1.5	1.7	2.1
<u>Total Production</u>				
Tonnes treated	Tonnes	759,590	585,689	802,446
Diamonds produced	Carats	21,538	13,456	34,500
<u>Sales</u>				
Revenue	US\$M	6.5	13.6	17.2
Diamonds sold	Carats	15,196	17,971	36,669
Average price per carat	US\$	426	756	470
Ownership: Petra 74% & BEE Partners 26%				

- ROM operations constrained due to limited access to undiluted ore; grades expected to improve to ca. 8 cpht once new block accessed from FY 2014
- Tailings grades lower than expected (based on test work); tonnages from Ebenhaezer pit used to fill Koffiefontein plant capacity
- Average value per carat down in line with market conditions
- 6ct pink diamond sold for US\$601,000 – illustrates exceptional fancy pinks this mine can produce

Kimberley Underground



	Unit	Half Year ended 31 December 2011	Half Year ended 31 June 2011	Half Year ended 31 December 2010
<u>Total Production</u> <u>(all ROM)</u>				
Tonnes treated	Tonnes	287,187	267,128	176,527
Diamonds produced	Carats	34,751	32,414	24,988
Grade	Cpht	12.1	12.1	14.2
<u>Sales</u>				
Revenue	US\$M	8.1	13.3	4.9
Diamonds sold	Carats	26,395	37,462	17,271
Average price per carat	US\$	308	355	285
Ownership: Petra 74% & BEE Partners 26%				

Post Period-end

- Fatality at Bultfontein – investigation currently underway; health & safety of all Petra employees is highest priority

Bultfontein & Dutoitspan

- ROM stockpile built up of ca. 0.4Mt – Petra to process increased tonnages in H2 to help make up production
- Throughput constraints at Joint Shaft plant – scrubber introduced to deal with high % of fines & apron feeder to handle material with high mud content – both to be operational mid Q3 FY 2012

Wesselton

- Temporary mobile pan plant not delivering expected throughput of 40kt/month due to sub-optimal crushing
- Core focus is construction of new main plant – on schedule & will be operational from Q4 FY 2012

	Unit	Half Year ended 31 December 2011	Half Year ended 30 June 2010	Half Year ended 31 December 2010
<u>ROM Production</u>				
Tonnes treated	Tonnes	n/a	n/a	n/a
Diamonds produced	Carats	n/a	n/a	n/a
Grade	Cpht	n/a	n/a	n/a
<u>Alluvial Production</u>				
Tonnes treated	Tonnes	59,774	276,041	254,648
Diamonds produced	Carats	2,587	18,663	10,847
Grade	Cpht	4.3	6.8	4.3
<u>Total Production</u>				
Tonnes treated	Tonnes	59,774	276,041	254,648
Diamonds produced	Carats	2,587	18,663	10,847
Grade	Cpht	4.3	6.8	4.3
<u>Sales</u>				
Revenue	US\$M	1.5	7.5	2.0
Diamonds sold	Carats	5,044	23,833	7,722
Average price per carat	US\$	298	314	264
Ownership: Petra 75% & Government of Tanzania 25%				

- No ROM treatment (as planned) whilst rebuilding 3 Mtpa plant – now complete and expected to be fully operational from April 2012
- Good progress made in on-going pit shaping and mine expansion projects
- Energy – back-up generators installed sufficient to run 3 Mtpa plant if required
- Timing of longer-term expansion plan still under review – dependent on confirmation of secure energy supply
- Energy costs raised by 40% on 15 Jan 2012 – Tanesco will hold prices for 6 months then review; could add +5% to Williamson cost base

Conclusion & Outlook

Operations

- Successful Finsch integration – expected to deliver over 1 million carats for FY 2012
- Petra on track to reach its production target for FY 2012 of over 2 million carats
- On target to reach over 5 million carats by FY 2019

Outlook

- Premium listing on Main Market of LSE further enhances Petra profile and broadens potential investor base
- March 2012: subject to FTSE review, Petra should qualify for inclusion in the FTSE 250 index
- Robust balance sheet – Petra announced additional debt facilities of ca. US\$48 million on 30 Nov 2011

Diamond market

- Some short-term volatility due to current financial / capital markets uncertainty
- Medium to long-term fundamentals remain firmly in place
- Petra's strong production growth will maximise leverage to anticipated supply deficit



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