18 September 2015 **LSE: PDL**

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

Preliminary Results Announcement for the Year ended 30 June 2015 (unaudited)

Declaration of Maiden Dividend

Petra Diamonds Limited announces its preliminary results (unaudited) for the year ended 30 June 2015 ("the Year" or "FY 2015").

Financial Highlights

- Revenue down 10% to US$425.0 million (FY 2014: US$471.8 million).
- Adjusted EBITDA[3] down 26% to US$139.3 million (FY 2014: US$187.7 million).
- Adjusted net profit after tax[4] down 33% to US$62.8 million (FY 2014: US$93.7 million).
- Net profit after tax down 12% to US$59.6 million (FY 2014: US$67.5 million).
- Adjusted EPS[4]: 10.09 US$ cents per share (FY 2014: 14.82 US$ cents per share).
- Basic EPS from continuing operations: 9.46 US$ cents per share (FY 2014: 12.80 US$ cents per share).
- Adjusted operating cashflow[8] down 22% to US$141.3 million (FY 2014: US$181.2 million).
- Net debt[9]: US$171.7 million (30 June 2014: US$124.9 million).
- Financial results for the Year were negatively impacted by underground production being reliant on mature, diluted mining areas, as well as the weaker diamond market, though partially offset by the favourable impact of the weakening in the Rand for the Year.

Operational Highlights

- Production up 2% to 3.2 Mcts (FY 2014: 3.1 Mcts), in line with Company guidance.
- Operating costs remained well controlled.
- Capex of US$274.1 million (FY 2014: US$211.2 million), in accordance with the roll-out of the Group's expansion programmes.
- Safety: Group LTIFR improved to 0.29 (FY 2014: 0.32).
- Gross Diamond Resources (inclusive of Reserves) increased 2.5% to 308.7 Mcts (30 June 2014: 301.1 Mcts).

Corporate

- Maiden dividend declared of 3.0 US$ cents per share for FY 2015.
- Issue of US$300 million senior secured second lien loan notes (the "Notes").
- Increase of Group's lender facilities by ca. US$77.2 million to ca. US$290.1 million.
- Re-financing of US$98 million Black Economic Empowerment ("BEE") partner loans.

Outlook

- Expected FY 2016 production of 3.3 – 3.4 Mcts, an increase of 3 – 6% on FY 2015 production.
- Undiluted ore from the new mining areas will start to contribute meaningfully to the Group's production profile from H2 FY 2016 onwards.
- Commencement of construction of a modern processing plant at the Cullinan mine post Year end.
- Petra has made a solid start to FY 2016 in terms of production, with the operations as a whole performing according to expectations, including achieved grades at Finsch and Cullinan. Further information will be provided in Petra's Q1 FY 2016 Trading Update to be released late October.

- Petra remains firmly on track to reach longer-term target of ca. 5 Mcts by FY 2019.
- For FY 2016, the Company's financial results are expected to be favourably impacted should the ongoing weakness in the Rand continue.
- Petra announced 2016 diamond pricing guidance in July 2015 with the assumption that pricing would remain flat in FY 2016 versus the pricing achieved for H2 FY 2015. Since then, volatility in the broader rough diamond market has been widely reported and these uncertain market conditions may result in deviations from Petra's previously guided prices.
- Petra's first tender of FY 2016 will be held in early October.

Johan Dippenaar, CEO, said:
"As already reported, FY 2015 was a challenging period, both operationally, due to the reliance of our underground mines on the mature, diluted mining areas, and also in terms of the softer diamond market, which saw lower pricing for the Year. However, the Group still recorded a number of important achievements, with increased tonnage throughput for the Year, the continued delivery of our mine expansion projects, the strengthening of our balance sheet, due to the US$300 million notes issue and increase in bank facilities, and the commencement of construction of a modern processing plant at Cullinan post Year end in Q1 FY 2016.

"While market conditions remain subdued in the short term, Petra is in a robust position given our strong balance sheet, efficient cost base and increasing operating margin profile as we start to access the new, undiluted mining areas at Finsch and Cullinan from FY 2016 onwards."

Results Presentation, Webcast and Conference Call

Presentation:
A presentation for analysts will be held at 9:30am BST on 18 September 2015 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN.

Webcast:
A live webcast of the presentation will be available on Petra's website at www.petradiamonds.com and on: http://www.investis-live.com/petra-diamonds/55cc5dfd114aff0c00a26f12/fy15.

A recording will be available from 1:00pm BST on 18 September 2015 on the same link.

Conference Call
A conference call with management to cater for North American and other international investors will be held at 4:00pm BST on 18 September 2015.

Participants are advised to view the results presentation webcast in advance of the call, as the main management commentary on the results will not be repeated.

From the United States (toll free): 1866 928 7517
From the rest of the world: 44 203 428 1542
From the UK (toll free): 0808 237 0040
From South Africa (toll free): 0800 222 290
Participant passcode: 43977481#

SUMMARY OF RESULTS (unaudited)

	Year ended 30 June 2015 ("FY 2015") US$ million	Year ended 30 June 2014 ("FY 2014") US$ million
Revenue	425.0	471.8
Adjusted mining and processing costs[1]	(272.7)	(277.4)
Other direct income	2.2	6.7
Profit from mining activities[2]	**154.5**	**201.1**
Exploration expense	(5.6)	(2.8)
Corporate overhead	(9.6)	(10.6)
Adjusted EBITDA[3]	**139.3**	**187.7**
Depreciation	(38.3)	(41.7)
Share-based expense	(6.6)	(4.2)
Net finance expense	(6.2)	(7.1)
Tax expense	(25.4)	(41.0)
Adjusted net profit after tax[4]	**62.8**	**93.7**
Impairment charges[5]	-	(13.9)
Net unrealised foreign exchange (losses)/gains	(3.2)	3.6
Loss on discontinued operations, net of tax[6]	-	(15.9)
Net profit after tax – Group	**59.6**	**67.5**
Earnings per share attributable to equity holders of the Company – US$ cents		
Basic – from continuing and discontinued operations	**9.46**	**9.69**
Basic – from continuing operations	**9.46**	**12.80**
Adjusted basic from continuing operations	**10.09**	**14.82**

	As at 30 June 2015 (US$ million)	As at 30 June 2014 (US$ million)
Cash at bank (including restricted amounts)	166.6	34.0
Diamond debtors	57.6	55.4
Diamond inventories	33.5	27.0
US$ loan notes (issued May 2015) (including US$3.3 million accrued interest)[7]	303.3	—
Bank loans and borrowings	35.0	158.9
Adjusted operating cashflow[8]	141.3	181.2
Net debt[9]	171.7	124.9

Notes:

The Group uses several non-GAAP measures above and throughout this report, including adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax, adjusted earnings per share, adjusted operating cashflow and net debt. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Company's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

1. Adjusted mining and processing costs are mining and processing costs stated before depreciation and share-based expense.
2. Profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.
3. Adjusted EBITDA is stated before depreciation, share-based expense, net finance expense, tax expense, impairment charges, net unrealised foreign exchange gains and losses and loss on discontinued operations.
4. Adjusted net profit after tax and adjusted basic earnings per share are net profit after tax and earnings per share stated before impairment charges, net unrealised foreign exchange gains and losses and loss on discontinued operations.
5. Impairment charges in FY 2014 relate to the Group's business review of the Helam operation.
6. Loss on discontinued operations (net of tax) in FY 2014 relate to the Group's disposal of Sedibeng JV and Star (refer note 16).
7. The US$ loan note of US$303.3 million represents the gross proceeds of US$300 million and accrued interest of US$3.3 million (excluding transaction costs).
8. Adjusted operating cashflow is operating cashflow adjusted for the cash effect of the movement in diamond debtors between each financial year end, excluding unrealised foreign exchange translation movements.
9. Net debt is the US$ loan notes and bank loans and borrowings net of cash at bank.

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About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and an increasingly important supplier of rough diamonds to the international market. The Company has interests in five producing mines: four in South Africa (Finsch, Cullinan, Koffiefontein and Kimberley Underground) and one in Tanzania (Williamson). It also maintains an exploration programme in Botswana.

Petra has a core objective to steadily increase annual production to ca. 5 million carats by FY 2019. The Group has a significant resource base of ca. 300 million carats.

Petra conducts all operations according to the highest ethical standards and will only operate in countries which are members of the Kimberley Process. Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL' and is a member of the FTSE 250. For more information, visit the Company's website at www.petradiamonds.com.

CEO'S REVIEW

Despite the challenging operating conditions experienced by Petra during the Year, FY 2015 saw further growth in production to 3.2 million carats and throughput of 17.1 million tonnes, representing record production levels and tonnages for the Group.

Our financial results for the Year, however, were impacted by the reliance of production at our underground mines in South Africa on the mature, diluted mining blocks, which led to variability in both the ROM grade and product mix. This was especially an issue for the Cullinan mine, where performance was also hampered by the impact of handling high density development waste material through the plant. These factors led to the Cullinan grade significantly underperforming for the Year, as well as the average quality / size of the diamonds recovered (product mix) being below normal production expectations for the mine. Mitigating initiatives to manage the grade profile at Cullinan started to yield successful results from Q4 FY 2015.

In addition to these operational difficulties, results were impacted by diamond prices being down ca. 10% for the Year, due to a number of short-term headwinds currently facing the market. Despite the fact that the impact of lower pricing was partially hedged by the positive impact of the weaker Rand (down 10% against the Dollar) on our cost base, the operational and market issues led to Petra revising market expectations during the Year with regards to revenue and underlying profitability.

To put FY 2015's performance into context, Petra first set out its growth plan in FY 2009, with an initial 10 year programme to grow production to ca. 3 million carats by FY 2019. This growth target was then increased to ca. 5 million carats following the acquisition of Finsch in 2011. Our long term strategy has therefore remained consistent and I am pleased to note that our 2019 target is still firmly in place.

Having delivered more than half of this growth plan to date, the Company is in a transitional period as the shift from the old mining areas in our underground mines is made into new, undiluted kimberlite blocks. Given that these old mining areas have by now become heavily diluted with waste rock (especially at Cullinan), it is this changeover which will see the economics of the business improve significantly as the majority of material will increasingly be mined from undiluted ore in the new production areas.

Due to the fact that our expansion programmes have remained on track, we are anticipating undiluted ore from the new mining areas to start contributing significantly to our production profile from H2 FY 2016 onwards. For this reason, we expect FY 2015 to have been the toughest year operationally on our growth path, however it is encouraging that we still recorded an operating profit margin of 36%.

A notable development during the Year was the raising of US$300 million in May 2015 further to an inaugural senior secured second lien loan notes issue by the Company ("the Notes Issue"). The catalyst for this process was the financing of a new modern processing plant at Cullinan, which is an important part of our strategy to optimise the mine's unique production profile, thereby maximising value from this world-class orebody. The new plant, which will be fully operational by the end of FY 2017, will improve the chances of successfully recovering the large and exceptional diamonds for which the orebody is known, as well as increasing overall recovered grade and significantly reducing operating costs.

The capital required for the new plant is ca. ZAR1.6 billion (ca. US$142.8 million). The funds from the Notes Issue were applied to settle (but not cancel) the majority of the Group's existing debt facilities, and the balance of the funds will be used to finance the new Cullinan plant and to further the Group's expansion projects. At the same time as the Notes Issue, our lender group (Absa, RMB, and IFC) agreed to increase the debt facilities available to Petra by ca. US$77.2 million to a total of ca. US$290.1 million.

Maintaining a healthy treasury headroom and a highly efficient cost structure is important, particularly while we are in a period where our capital spend is at its highest. Our strong balance sheet means we are well placed to withstand diamond market volatility without compromising the delivery of our expansion programmes, which is the biggest driver of value to all our stakeholders.

Our safety performance for FY 2015 was good and we achieved a lost time injury frequency rate of 0.29, improving on the 0.32 achieved in FY 2014. However it is with deep regret that we reported a fatality post Year end at the Tailings Treatment Plant at the Cullinan mine. The safety of our employees is unquestionably the most important priority for the business and is ingrained in everything we do. We will therefore continually strive to achieve a zero-harm workplace.

DIVIDEND

Petra is pleased to declare a maiden dividend of 3.0 US$ cents per share for the Year (equating to a total dividend payment of US$ 15.5 million), marking a major milestone in the development of the Company. This dividend is in line with the progressive dividend policy announced earlier this year, commencing with a conservative initial payment which will be reviewed as the Company moves through the phase of significant capital spend and into increasing free cashflow.

The timetable for the dividend for the Year is as follows:

- 15 October – Ex-dividend Date
- 16 October – Record Date
- 12 November – Dividend Reinvestment Plan (“DRIP”) election date
- 30 November – AGM – dividend proposed to shareholders for approval
- 7 December – Payment Date

THE DIAMOND MARKET

The rough diamond market experienced challenging conditions in FY 2015, with pricing achieved by Petra down ca. 10% on a like for like basis. In the short term, the market continues to face headwinds due to various factors, including the liquidity / profitability issues currently affecting the midstream of the pipeline, the impact of the strong US Dollar, and a slowdown in retail demand in China. However retail demand remains stable in the US market, the largest global consumer of diamonds, and is still registering growth in other emerging markets, though at lower levels than previously.

Expectations of a positive longer-term outlook for the rough diamond market are underpinned by continued growth in demand from developed and emerging markets, set against constrained supply due to the limited number of significant diamond mines worldwide.

The supply issues facing the market were evident from the latest Kimberley Process Statistics, which showed that production declined 4% from 129.8 Mcts in 2013 to 124.8 Mcts in 2014. One of the regions to significantly underperform expectations was Zimbabwe, which only contributed 4.8 Mcts in 2014 and is expected to contribute an even lower level in 2015. While there are some new mines due to come into production over the next three years, none are sufficiently sizeable to address the declining production profile of some of the world’s largest diamond mines, nor have there been any major diamond discoveries since the 1990s.

Diamond Prices:

Petra sells its goods via the method of competitive sales tender, whereby it accepts the highest bid for each parcel, and therefore the Company’s pricing is subject to pure market movements. This is a different sales method than that used by the major diamond producers, who predominantly sell by allocation. Due to the variance in sales models, the pricing movements achieved by the various key diamond producers can differ, in terms of both timing and extent.

On 27 July 2015, Petra announced 2016 diamond pricing guidance (as set out in the table below) with the assumption that pricing would remain flat in FY 2016 versus the pricing achieved for H2 FY 2015. Since then, volatility in the broader rough diamond market has been widely reported and these uncertain market conditions may result in deviations from Petra’s previously guided prices.

It should be noted that:

(i) price variability may be witnessed from tender to tender due to specific parcel make-up and, especially at Cullinan, variability in the mix of diamonds recovered from the diluted ore (as reported during H2 FY 2015); and

(ii) Petra expects a higher weighted average price for FY 2016, due to an increased proportion of ROM versus tailings / other carats to be mined (weighted towards H2 FY 2016). Please see https://www.petradiamonds.com/investors/analysts/analyst-guidance/ for the breakdown of guidance for pricing of ROM versus tailings / other carats at each operation.

Mine	Guidance US$/ct FY 2016	Actual US$/ct[1] FY 2015	Actual US$/ct[1] FY 2014
Finsch	94	90	99
Cullinan	126[2]	174[3]	185[4]
Koffiefontein	570[5]	386	542
Kimberley Underground	327	302	303
Williamson	303	298	303

Notes:

1. *All sales (both ROM and tailings) including 'exceptional' diamonds (stones above US$5 million in value) were used to calculate the above average values.*
2. *Does not include guidance for exceptional diamonds.*
3. *Excluding exceptional diamonds, the average value for FY 2015 was US$119 per carat.*
4. *Excluding exceptional diamonds, the average value for FY 2014 was US$146 per carat.*
5. *The significant increase in the guided average value for Koffiefontein relates to the ramp up of production from higher value underground carats in FY 2016.*

FINANCIAL REVIEW

Revenue

Group revenue for FY 2015 decreased 10% to US$425.0 million (FY 2014: US$471.8 million) due to lower pricing (down ca. 10% on a like for like basis) achieved for the Year, as well as the negative impact on ROM grade and product mix of operating in the near end-of-life caves, most notably at Cullinan. Exceptional diamonds contributed US$38.7 million in FY 2015 (FY 2014: US$34.1 million).

Two exceptional diamonds were sold during the Year, being a 232 carat white diamond which sold for US$15.2 million and a 122 carat blue diamond which was sold into a beneficiation partnership agreement, with Petra receiving US$23.5 million for an 85% share in the stone, and retaining a 15% interest in the polished yield. The blue diamond yielded four magnificent polished stones which will be sold in due course.

Mining and processing costs

The mining and processing costs for the Year are, as in past periods, comprised of on-mine cash costs as well as other operational expenses. A breakdown of the total mining and processing costs for the Year is set out below.

	On-mine cash costs[1] US$m	Diamond royalties US$m	Diamond inventory and stockpile movement US$m	Group technical, support and marketing costs[2] US$m	Adjusted mining and processing costs US$m	Depreciation[3] US$m	Share based expense[3] US$m	Total mining and processing costs (IFRS) US$m
FY 2015	253.4	4.7	(6.0)	20.6	272.7	37.5	3.7	313.9
FY 2014	248.9	4.5	3.8	20.2	277.4	41.1	1.6	320.1

Notes:

1. *Includes all direct cash operating expenditure at operational level, i.e. labour, consumables, utilities and on-mine overheads.*
2. *Certain technical, support and marketing activities are conducted on a centralised basis.*
3. *Excludes exploration and corporate / administration.*

Operating costs in FY 2015 remained in line with expectations, despite the ongoing inflationary pressures. Group on-mine US$ cash costs increased by 2%, due to:

- the treatment of higher tonnages across the operations versus FY 2014 (2% increase);
- inflationary increases, including the impact of electricity and labour costs (7% increase);
- positively offset by effect of translating SA operation's ZAR denominated costs at weaker ZAR/USD exchange rate (7% decrease).

Unit costs on a mine by mine basis are covered in the operational review to follow.

Certain cost categories in South Africa, in particular electricity and labour, increased in excess of South African inflation (South African CPI stood at ca. 5% at 30 June 2015), but Petra's cost focus, coupled with higher tonnage throughput, enabled the Group to partially mitigate the direct effect of inflationary pressures on a cost per tonne basis.

The Group continues to focus on energy efficiency across the Group and is currently installing back-up generator power at Finsch, Cullinan and Koffiefontein in order to keep the mines running in the event of a request by Eskom for a load reduction. In addition Petra is incorporating energy efficiency into its development projects wherever possible. Electricity prices in South Africa rose by 13% during the Year and a further increase in electricity prices of 10 - 13% is expected for FY 2016. Petra's electricity usage accounted for approximately 15% of South African cash on-mine costs for FY 2015 (FY 2014: 15%).

In September 2014, the Company agreed a three year wage agreement with NUM, which fixed wage increases for NUM members at 10% per annum up to FY 2017, thereby providing stability on this significant (ca. 40%) contributor to the cost base. Due to lower increases for management and skilled labour, the overall salary increase for the year is ca. 8%. Labour relations remain an area of key focus for the Company and have remained stable throughout the Year.

As the bulk of Petra's operating costs are incurred in ZAR, the weakening of the average ZAR exchange rate against the US Dollar (FY 2015 ZAR11.45/US$1 versus FY 2014 ZAR10.34/US$1) negated some of the increased costs in Rand terms as mentioned above.

Profit from mining activities

The Company's profit from mining activities (before depreciation, share based payments and impairments) decreased 23% to US$154.5 million (FY 2014: US$201.1 million), due to the lower revenue for the Year, partially offset by the continuing cost control on-mine coupled with the weaker Rand and its positive impact on the Dollar reported mining and processing costs.

Profit from mining activities for the Group reflected an overall margin of 36% for the Year (FY 2014: 43%), which was a solid achievement given that the Company was predominantly mining from old mining blocks near the end of their lives.

Adjusted operating cashflow

Adjusted operating cashflow (IFRS operating cashflow adjusted for the cash effect of the movement in diamond debtors between each financial year end, excluding unrealised foreign exchange translation movements) was down 22% to US$141.3 million (FY 2014: US$181.2 million), due predominantly to the fall in profit from mining activities.

Operating cashflow was US$132.7 million (FY 2014: US$196.1 million) but management consider the adjusted figure to provide a more useful view of the underlying growth in operating cashflow as the IFRS figure does not reflect the level of diamond debtors at Year end of US$57.6 million (30 June 2014: US$55.4 million) – refer to the '*Cash and Diamond Debtors'* section.

Exploration
Exploration expenditure (before depreciation) increased to US$5.6 million (FY 2014: US$2.8 million) due to the work programme underway at KX36 in Botswana, including the costs to relocate and commission the bulk sampling plant at site. Petra expects exploration spend to remain at ca. US$5.0 million in FY 2016, which will include both the Botswana work programmes as well as field and other work relating to the Reivilo project in South Africa, as covered in the Exploration update to follow.

Corporate overhead – General and Administration
Corporate overhead (before depreciation and share based payments) decreased 9% to US$9.6 million for the Year (FY 2014: US$10.6 million). Given that the Group's corporate overhead is predominantly denominated in ZAR, with some expenditure in GBP, the impact of the weaker Rand for the Year benefitted overhead costs. Excluding this impact, overhead costs still remained tightly controlled.

Depreciation
Depreciation for the Year decreased to US$38.3 million (FY 2014: US$41.7 million), mainly due to the impact of the weaker Rand.

Net financial expense
Net financial expense of US$9.4 million (FY 2014: US$3.5 million) comprises:

- unrealised foreign exchange losses of US$3.2 million (FY 2014: US$3.6 million gain) representing the net effect of foreign currency retranslation of cross border loans considered to be repayable in the foreseeable future, at the Year end closing rate; and
- interest received from Petra's BEE partners and other receivables of US$7.0 million (FY 2014: US$10.4 million), bank interest received of US$1.5 million (FY 2014: US$0.3 million) and realised foreign exchange gains on forward exchange contracts of US$1.3 million (FY 2014: US$0.2 million); offset by
    - interest payable on the Group's Absa/RMB/IFC debt and working capital facilities of US$2.0 million (FY 2014: US$0.2 million (stated after the capitalisation of interest of US$14.7 million (FY 2014: US$9.7 million) associated with the funding of expansion projects/assets under development);
    - interest payable on the BEE partner loans and the post retirement pension and medical aid scheme charges of US$10.8 million (FY 2014: US$9.4 million); and
    - a charge for the unwinding of the present value adjustment for Group rehabilitation costs of US$3.2 million (FY 2014: US$3.8 million).

Tax charge
The tax charge of US$25.4 million (FY 2014: US$41.0 million), comprising deferred tax of US$26.3 million and income tax refunds of US$0.9 million arises due to the utilisation of certain capital allowances, predominantly at Finsch and Cullinan, during the Year and the recoupment of prior period income tax provisions.

Adjusted net profit after tax
An adjusted net profit after tax of US$62.8 million was recorded for the Year (FY 2014: US$93.7 million), adjusted for impairment charges, net unrealised foreign exchange gains and losses and loss on discontinued operations. These adjusted profit figures are considered to be more appropriate in comparing results year on year.

Group profit
The Group's net profit after tax decreased 12% to US$59.6 million (FY 2014: US$67.5 million).

Earnings per share
A basic earnings per share from continuing operations of 9.46 US$ cents was recorded (FY 2014: 12.80 US$ cents). An adjusted basic earnings per share from continuing operations (stated before impairment charges, net unrealised foreign exchange gains and losses and loss on discontinued operations) of 10.09 US$ cents was recorded (FY 2014: 14.82 US$ cents).

Cash, diamond inventories, diamond debtors, net debt and facilities available
Key financial disclosures are set out in the table below.

	Unit	30 June 2015	30 June 2014
Period end exchange rate used for conversion	*ZAR/US $1*	*12.16*	*10.63*
Cash at bank (including restricted amounts)	US$M	166.6	34.0
Diamond inventories[1]	US$M Carats	33.5 339,489	27.0 321,948
Diamond debtors	US$M	57.6	55.4
US$ loan notes (including US$3.3 million accrued interest)	US$M	303.3	-
Bank loans and borrowings	US$M	35.0	158.9
Net debt[2]	US$M	171.7	124.9
Bank facilities undrawn and available	US$M	255.1	37.5

Note:

1. *Recorded at the lower of cost and net realisable value.*
2. *Net debt is the US$ loan notes and bank loans and borrowings net of cash at bank; it excludes diamond debtors and diamond inventories.*

Cash and Diamond Debtors

As at 30 June 2015, Petra had cash at bank of US$166.6 million (30 June 2014: US$34.0 million). Of these cash balances, US$153.5 million was held as unrestricted cash (30 June 2014: US$20.2 million), US$11.6 million was held by Petra's reinsurers as security deposits on the Group's cell captive insurance structure (with regards to the Group's environmental guarantees) (30 June 2014: US$12.1 million) and US$1.5 million was held by Petra's bankers as security for other environmental rehabilitation bonds lodged with the Department of Mineral Resources in South Africa (30 June 2014: US$1.7 million).

Diamond debtors (relating to the June 2015 tenders and settled shortly after Year end) at 30 June 2015 were US$57.6 million (30 June 2014: US$55.4 million).

Loans and Borrowings

The Group had gross loans and borrowings at Year end (before the capitalisation of costs relating to the US$300 million Notes Issue) of US$338.3 million (30 June 2014: US$158.9 million), comprised of the Notes Issue plus accrued interest of US$303.3 million and bank loans and borrowings of US$35.0 million, which comprises a loan from the IFC that was the only bank loan not repaid out of the Notes issue.

US$300 million Notes Issue

In May 2015, the Company completed the issue of US$300 million senior secured second lien notes due 2020, with a coupon of 8.25%. The Notes Issue was supported by predominantly UK and North American investors.

The proceeds from the Notes were used to repay (without cancelling) amounts outstanding under the Company's existing debt facilities (except the US$35 million amortising facility with the IFC) as well as to pay fees and expenses associated with the Notes.

The balance of the funds from the Notes issue will, together with future drawdowns from the Company's debt facilities, fund the construction of the new processing plant at Cullinan and further the Group's expansion projects.

In addition to the Notes issue, Petra's lender group agreed during the Year to increase the Group's debt facilities by ca. US$77.2 million to ca. US$290.1 million, along with certain amended availability and repayment terms. At 30 June 2015, the Group had debt facilities undrawn and available to the Group of US$255.1 million (30 June 2014: US$37.5 million).

Refinancing of Black Economic Empowerment Partner Loans

On 25 November 2014, Petra announced that the Company and its BEE partners at the Finsch and Cullinan mines (the "BEE Partners") had entered into agreements with Absa Corporate and Investment Banking ("Absa") and FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB") to directly finance the BEE Partners in respect of the loans due to Petra of ZAR1,078 million (ca. US$98 million) relating to the original acquisition of the BEE Partners' interests in Finsch and Cullinan.

The BEE Partners will repay Absa and RMB from their share of free cashflows from Finsch and Cullinan, meaning that the loans due by the BEE Partners to Petra have been settled some three to four years ahead of the previously planned repayment schedule. The refinancing transaction completed on 5 December 2014 and Petra applied the funds flowing from the refinancing to its Group treasury, further strengthening the Company's balance sheet.

One of Petra's BEE partners is the Itumeleng Petra Diamonds Employee Trust ("IPDET"). The BEE loan refinancing also enabled Petra to advance loan funding to the IPDET, in order for the IPDET to pay the first distributions to the IPDET beneficiaries in December 2014. These annual employee distributions from the IPDET are an integral part of the Company's labour relations strategy.

BEE loans receivable and payable

BEE loans receivable of US$29.6 million relate to the acquisition and financing at Koffiefontein and Kimberley Underground mines by Petra on behalf of its BEE partners, post the refinancing of the BEE Partner's loans at Cullinan and Finsch.

The BEE loans payable of US$94.0 million relate to the initial acquisition loan funding advanced by the Group's BEE partners to the operations to acquire their investments in Cullinan, Finsch, Koffiefontein and Kimberley Underground mines. The repayment of these loans by the mines to the BEE partners will be from future free cashflows generated by the mining operations.

Other Liabilities

Other than trade and other payables of US$79.3 million (comprising US$25.9 million trade creditors, US$24.4 million employee related accruals and US$29.0 million other payables), the remaining liabilities on the balance sheet mainly comprise provisions for rehabilitation liabilities, post retirement employee related provisions and deferred tax.

Capex

Total Group Capex for the Year was US$274.1 million (FY 2014: US$211.2 million), in line with the roll-out of the Group's expansion programmes. The total Capex figure comprised of operational Capex of US$266.7 million (FY 2014: US$211.6 million), corporate / exploration Capex of US$7.2 million (FY 2014: US$2.1 million), plus Group internal projects division capex of US$0.2 million (FY 2014: minus US$2.5 million).

Operations Capex for the Year of US$266.7 million (FY 2014: US$211.6 million) comprised of US$211.8 million on expansion Capex (FY 2014: US$157.5 million), US$40.2 million on sustaining Capex (FY 2014: US$44.4 million) and US$14.7 million on capitalised borrowing costs with regards to the expansion Capex (FY 2014: US$9.7 million).

Capex incurred by the operations for FY 2015 was ca. US$45 million above guidance for the Year, mainly due to the timing of spend at both Finsch and Cullinan being brought forward due to certain aspects of the projects running ahead of schedule (ca. US$20 million), capital spent on the new Cullinan plant (ca. US$9 million), the Finsch bulk sampling plant (ca. US$7 million) and additional capital at Koffiefontein (ca. US$6 million).

Capex	Unit	FY 2015	FY 2014
Finsch	US$M	88.0	67.8
Cullinan	US$M	121.5	93.1
Koffiefontein	US$M	26.8	30.7
Kimberley Underground	US$M	13.9	10.1
Williamson	US$M	16.2	8.9
Helam	US$M	0.3	1.0
Subtotal – Capex incurred by operations	US$M	266.7	211.6
Petra internal projects division – Capex under construction / invoiced to operations	US$M	0.2	(2.5)
Corporate / exploration	US$M	7.2	2.1
Total Group Capex	US$M	**274.1**	**211.2**

Notes:

1. *Capex for the Period includes US$14.7 million (FY 2014: US$9.7 million) of capitalised borrowing costs, which is also included in the applicable mine by mine tables above.*
2. *Petra's annual Capex guidance is cash based and excludes capitalised borrowing costs. Given that the majority of Petra's debt funding is in relation to its expansion and development programmes, Petra guidance is to assume that the majority of interest and financing fees will be capitalised for the duration of the project phase and not expensed through the income statement.*

OPERATIONAL REVIEW

Combined operations:

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	**US$M**	**425.0**	**471.8**	**-10%**
Diamonds sold	Carats	3,168,650	3,131,830	+1%
Production				
Total tonnes treated	Tonnes	17,141,268	15,731,075	+9%
ROM diamonds	Carats	2,276,168	2,173,697	+5%
Tailings & other[2] diamonds	Carats	910,307	935,988	-3%
Total diamonds	**Carats**	**3,186,475**	**3,109,685**	**+2%**
Opex				
On-mine cash cost	US$M	253.4	248.9	+2%
Capex				
Expansion	US$M	212.0	155.0	+37%
Sustaining	US$M	47.4	46.5	+2%
Borrowing Costs Capitalised	US$M	14.7	9.7	+52%
Total	**US$M**	**274.1**	**211.2**	**+30%**

Note:

1. *The combined table above includes results from the Helam mine, which was placed on care and maintenance in H2 FY 2015.*
2. *'Other' includes mining of the Ebenhaezer satellite kimberlite pipe at Koffiefontein and alluvial diamond mining at Williamson.*

FY 2015 diamond production increased 2% to 3.2 Mcts, in line with market guidance, due to increases at Finsch, Kimberley Underground and Williamson, partially offset by reductions at Cullinan, Koffiefontein and Helam.

Finsch – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$M	185.4	183.7	+1%
Diamonds sold	Carats	2,067,933	1,856,939	+11%
Average price per carat	US$	90	99	-9%
ROM Production				
Tonnes treated	Tonnes	3,016,385	2,910,195	+4%
Diamonds produced	Carats	1,298,914	1,109,022	+17%
Grade[1]	Cpht	43.1	38.1	+13%
Tailings Production				
Tonnes treated	Tonnes	2,656,471	2,668,278	0%
Diamonds produced	Carats	766,960	776,138	-1%
Grade[1]	Cpht	28.9	29.1	-1%
Total Production				
Tonnes treated	Tonnes	5,672,856	5,578,473	+2%
Diamonds produced	Carats	2,065,875	1,885,160	+10%
Costs				
On-mine cash cost per tonne treated	ZAR	164	146	+12%
Capex				
Expansion Capex	US$M	65.1	50.7	+28%
Sustaining Capex	US$M	16.1	12.3	+31%
Borrowing Costs Capitalised	US$M	6.8	4.8	+42%
Total Capex	US$M	88.0	67.8	+30%

Note:

1. *The Company 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 recorded another strong year, with production rising 10% to 2,065,875 carats (FY 2014: 1,885,160 carats) mainly due to a 13% increase in ROM grade.

Despite the increase in production, revenue remained relatively flat at US$185.4 million (FY 2014: US$183.7 million) due to the decrease in the average value per carat to US$90, which was caused by a combination of the softer diamond market as well as the increased recovery of smaller diamonds (in line with the increased grade noted above).

Costs:
The on-mine cash cost of ZAR164/t (FY 2014: ZAR146/t) at Finsch was largely in line with management's expectations, although it represented a year-on-year increase of ca. 12%, due to:

- inflationary cost increases, including the impact of electricity and labour costs (ca. 7%);
- operating costs associated with the newly constructed Bulk Sampling Plant (ca. 3%); and
- operational costs associated with the kimberlite development in the sub level cave ("SLC") and additional contractor and labour-related expenditure (ca. 2%).

Development plan:
Petra's development plan at Finsch is due to increase higher value ROM production from 1.3 Mcts in FY 2015 to ca. 2 Mctpa by FY 2018, by which point there is no longer planned to be any tailings production included in the mine's output. Petra's initial mine plan has a life to 2030, but resources in Block 6 and the adjacent Precursor kimberlite, which sits next to the main body of the Finsch kimberlite pipe, are expected to considerably prolong the actual life of mine ("LOM"). The mine has a significant gross resource of 49.1 Mcts.

Mining is currently transitioning from the block cave on the 630 metre level ("mL") to an SLC over four levels from 700mL to 780mL. The new Block 5 Cave will then be installed at 900 mL. A schematic of the Finsch mine and orebody is available on Petra's website at: www.petradiamonds.com/investors/analysts/analyst-guidance/.

The SLC project is progressing well, with the kimberlite development in three out of four levels now complete and all associated support and engineering services on track. SLC production is expected to commence from the end of H1 FY 2016, when the first rings will be blasted.

Waste development yielded a total of 4,217 metres for FY 2015 (FY 2014: 4,055 metres), while raiseboring delivered 376 metres (FY 2014: 302 metres). Kimberlite development commenced, with 1,038 metres developed preparing the Block 5 SLC (FY 2014: nil metres).

Petra is guiding a ROM grade of 46 cpht for FY 2016 and ROM throughput of 3.0 Mt, which is expected to rise to 3.2 Mtpa by FY 2017 and 3.5 Mtpa from FY 2018 onwards. As the mine's underground production profile gradually changes from diluted to undiluted ore, the ROM grade is expected to increase to approximately 58 cpht from FY 2017 onwards.

Treatment of the Pre 79 Tailings is planned at 2.4 Mt at a grade of 27 cpht for FY 2016 and 1.4 Mt at a grade of 24 cpht for FY 2017. Treatment of the Pre 79 Tailings is expected to come to an end after FY 2017.

A new bulk sampling plant was constructed and commissioned at Finsch during the Year in order to treat the dumps of overburden material at the mine. The overburden material currently being sampled represents the original (and, until now, unprocessed) material excavated from the upper 10 metres of the Finsch kimberlite, before the pipe itself was mined. Although results from the sampling of the overburden dumps commenced in H2 FY 2015; more tonnes will need to be treated before the Company can take a view on larger scale treatment of these dumps.

Capex:
Capex of US$88.0 million was ca. US$17 million above guidance mainly due to the bringing forward of spend due to certain aspects of the project running ahead of schedule (ca. US$4 million), as well as spend on the Bulk Sampling Plant (ca. US$7 million).

Cullinan – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$M	122.2	162.8	-25%
Diamonds sold	Carats	700,896	881,343	-20%
Average price per carat	US$	174[1]	185[2]	-6%
ROM Production				
Tonnes treated	Tonnes	2,513,004	2,546,383	-1%
Diamonds produced	Carats	611,993	706,728	-13%
Grade	Cpht	24.4	27.8	-12%

Tailings Production				
Tonnes treated	Tonnes	2,458,306	2,149,571	+14%
Diamonds produced	Carats	117,503	116,891	+1%
Grade	Cpht	4.8	5.4	-11%
Total Production				
Tonnes treated	Tonnes	4,971,310	4,695,954	+6%
Diamonds produced	Carats	729,496	823,619	-11%
Costs				
On-mine cash cost per tonne treated	ZAR	154	154	0%
Capex				
Expansion Capex	US$M	104.8	73.5	+43%
Sustaining Capex	US$M	8.8	14.7	-40%
Borrowing Costs Capitalised	US$M	7.9	4.9	+61%
Total Capex	US$M	121.5	93.1	+31%

Notes:

1. *Excluding exceptional diamonds, the average value for FY 2015 was US$119 per carat.*
2. *Excluding exceptional diamonds, the average value for FY 2014 was US$146 per carat.*

Cullinan underperformed expectations for the Year, with revenue down 25% to US$122.2 million (FY 2014: US$162.8) due to lower production, as well as a decrease in the average value per carat.

Production decreased 11% to 729,496 carats (FY 2014: 823,619 carats) due to the declining ROM grade, which reached a low of 20.9 cpht in Q3 FY 2015, as a result of predominantly mining from the mature production areas in the B-Cut, which are by now nearing the end of their lives and are severely diluted with waste rock.

This issue was exacerbated by the situation that the Company had to process high volumes of development waste material (due to the underground development activities for the C-Cut Phase 1 project in FY 2015 being predominantly into the waste rock surrounding the orebody) through the plant, as there are no separate waste handling facilities available at the mine. Whilst the Company had planned for this, the development waste also contains substantial lenses of high density metasediment which is also significantly luminescent. This was therefore competing with diamonds in the cyclone recovery processes as well as having an effect on the X-ray machines, which identify diamonds according to luminescence in final recovery. These significant difficulties have been largely overcome.

The average value per carat of US$119 (excluding exceptional diamonds) was also impacted during the Year due to the finer nature of the material left in the mature mining areas at Cullinan, meaning that diamonds recovered were smaller and lower value than the mine’s normal production profile.

Despite these difficulties, Cullinan ended the Year with an improving production profile. The previously announced mitigating measures to access higher grade production areas yielded successful results in Q4 FY 2015, with an increased ROM grade of 23.1 cpht achieved for the quarter.

Costs:
On-mine cash costs at Cullinan remained flat at ZAR154/t (FY 2014: ZAR154/t) mainly due to the increased volumes of lower cost tailings throughput. Longer-term, once the development plan has significantly progressed, unit cost efficiencies are expected to be driven by initiatives such as a simplified ore-handling system underground and streamlining of the new plant.

Development Plan
Cullinan contains a world-class diamond resource of 195.4 Mcts (including 17.3 Mcts in tailings), and the Company is capitalising on this by undertaking an expansion programme at the mine to take annual production to ca. 2.4 Mcts by FY 2019 (comprising 2.2 Mcts ROM and 0.2 Mcts tailings).

This expansion plan will establish a new block cave, known as C-Cut Phase 1, on the western side of the orebody in the upper portion of the major C-Cut resource (estimated to contain some 133 Mcts in total) and will also involve a large tailings operation. Petra's current mine plan has a life to 2030, but the major residual resources at the mine indicate that the actual life of mine ("LOM") could be in excess of 50 years. A schematic of the Cullinan mine and orebody is available on Petra's website at: www.petradiamonds.com/investors/analysts/analyst-guidance/.

The C-Cut Phase 1 project progressed well during the Year, with the first rings in the undercut having been blasted in June 2015, the deepening of the men and material shaft completed and the deepening of the ore shaft remaining on track for completion and commissioning during H1 FY 2017.

C-Cut Phase 1 waste development yielded a total of 4,282 metres for FY 2015 (FY 2014: 5,597 metres), while raiseboring delivered 614 metres (FY 2014: 854 metres). Kimberlite development to prepare the new block cave yielded 2,285 metres (FY 2014: 72 metres).

Due to the declining ROM grade experienced during FY 2015, management carefully re-assessed the short term Cullinan mine plan with the focus on maximising the mine's economics until production shifts to a higher percentage of undiluted ore. The revised plan is based on a shift in approach to focus on grade control as opposed to maximising volumes, and therefore FY 2016 ROM tonnes treated are guided at ca. 2.3 Mt, down from previous guidance of 2.9 Mt. This is only a short term reduction in tonnages; as the C-Cut Phase 1 project starts ramping up, the longer-term plan to increase ROM tonnes treated to 4.0 Mtpa by FY 2019 remains in place.

Due to the advanced status of Cullinan's expansion programme, together with the initiatives to access production from undiluted mining areas on the BA5 645mL, BA5 673mL and BB1E 763mL, FY 2016 is expected to see the majority of ROM tonnes being sourced from undiluted areas from H2 onwards. The C-Cut Phase 1 development work is transitioning from waste tunnelling in the host rock to tunnelling and undercut level development into the kimberlite, thereby delivering undiluted kimberlite tonnes, which is expected to lead to a further improvement in the ROM grade profile during H2 FY 2016.

ROM grade is expected to increase to ca. 31 cpht (annual average) in FY 2016 (H1: ca. 25 cpht / H2: ca. 36 cpht) in line with the increased contributions from undiluted production areas. ROM grade is expected to increase further to ca. 38 cpht by FY 2017, ca. 50 cpht by FY 2018 and to ca. 55 cpht by FY 2019, when Cullinan's C-Cut Phase 1 block cave is in full production.

FY 2016 tailings treatment is planned at 2.3 Mt and is expected to continue at 2.3 – 2.5 Mtpa from FY 2017 onwards. Tailings grades of 4 – 5 cpht are expected in FY 2016 and FY 2017, increasing to approximately 7 – 8 cpht from FY 2017 onwards, again due to increased diamond liberation associated with the new Cullinan plant.

Capex:
Capex of US$121.5 million was ca. US$24 million above guidance mainly due to the bringing forward of spend due to certain aspects of the project running ahead of schedule (ca. US$12 million) and initial Capex required for the new Cullinan plant (ca. US$9 million).

New Cullinan Plant:
In April 2015, Petra announced that it would be constructing a new processing plant to replace the existing plant, which was originally commissioned in 1947.

Estimated benefits of the new plant include:
- An increased revenue per tonne of 6 – 8%, owing to:
  - an uplift of ca. 10% in grades (ROM and tailings) due to increased diamond liberation across the spectrum; and

    - improved recoveries of larger, high-value stones. The new plant will utilise gentler processing methods (comminution via attrition) instead of extensive crushing, which is expected to reduce diamond breakage and increase revenue from larger / exceptional diamonds.
- A saving of ZAR20 – ZAR25 per tonne in processing costs:
    - operating cost savings will be due to increased energy efficiency, improved water consumption, reduced circulation and reduction in maintenance requirements.
- Payback of approximately three years.
- Project IRR of 25%.

The project is being executed by MDM Engineering, bulk earthworks have commenced on site and all long lead time items have been ordered. The plant is scheduled to be fully operational by the end of FY 2017.

Koffiefontein – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$M	17.8	26.7	-33%
Diamonds sold	Carats	46,033	49,250	-7%
Average price per carat	US$	386	542	-29%
ROM Production				
Tonnes treated	Tonnes	341,783	245,833	+39%
Diamonds produced	Carats	27,756	17,502	+59%
Grade	Cpht	8.1	7.1	+14%
Tailings / Ebenhaezer Production				
Tonnes treated	Tonnes	524,244	431,833	+21%
Diamonds produced	Carats	17,628	32,873	-46%
Grade	Cpht	3.4	7.6	-55%
Total Production				
Tonnes treated	Tonnes	866,027	677,666	+28%
Diamonds produced	Carats	45,384	50,375	-10%
Costs				
On-mine cash cost per tonne treated	ZAR	303	293	+3%
Capex				
Expansion Capex	US$M	23.1	25.1	-8%
Sustaining Capex	US$M	3.7	5.6	-34%
Total Capex	US$M	26.8	30.7	-13%

Diamond production decreased 10% to 45,384 carats (FY 2014: 50,375 carats), due to the depletion of higher grade recovery tailings (treated in FY 2014), partially offset by an increase in ROM production from the 52 Level mining area and the commencement of production from the 56 Level SLC in Q4 FY 2015.

Revenue decreased 33% to US$17.8 million (FY 2014: US$26.7 million) for the Year due to lower production and lower pricing levels achieved. This was as a result of the weaker diamond market, as well as the average product quality still being significantly depressed by the large contribution of lower value carats from the Ebenhaezer pipe (this satellite kimberlite has been mined to utilise spare plant capacity while the underground ROM production continues to ramp up).

Underground production for the Year did not reach planned levels due to problems with regards to the civil groundworks of the 62 Level crusher, but these issues have now been addressed.

Costs:
The mentioned shortfall against planned levels of production resulted in unit costs of ZAR303/t (FY 2014: ZAR293/t) exceeding earlier expectations. Fixed costs were incurred in anticipation of the ramp up in underground production, which did not materialise as planned, adding to the unit cost achieved.

Development Plan
Petra's expansion plan at Koffiefontein will increase production from 45,384 ctpa in FY 2015 to ca. 100,000 ctpa by FY 2017 (underground only). Petra's current mine plan has a life to 2025, but the residual resources at the mine indicate that the actual LOM could be in excess of 20 years.

As at Finsch, the SLC mining method will be used at Koffiefontein, before putting in place a new block cave. The SLC will be mined over three levels from 560 mL to 600 mL. Production has now commenced on the 560 mL of the SLC. A schematic of the Koffiefontein mine and orebody is available on Petra's website at: www.petradiamonds.com/investors/analysts/analyst-guidance/.

During FY 2016 a new production area, the 52L Western Fissure, will come into production to supplement ore mined from SLC Phase 1 on 560 mL. ROM grade is guided at ca. 9 cpht. The increased contribution from undiluted underground ROM production has the potential to increase recovery of the larger and more valuable stones (including Type II diamonds) for which Koffiefontein is well known.

Capex:
Capex of ca. US$26.8 million was ca. US$6 million above guidance mainly due to additional Capex spent on underground mining equipment to increase production flexibility .

Kimberley Underground – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$M	41.8	38.8	+8%
Diamonds sold	Carats	138,052	127,729	+8%
Average price per carat	US$	302	303	0%
Total Production				
Tonnes treated	Tonnes	1,196,269	908,498	+32%
Diamonds produced	Carats	137,226	126,917	+8%
Grade	Cpht	11.5	14.0	-18%
Costs				
On-mine cash cost per tonne treated	ZAR	264	301	-12%

Capex				
Expansion Capex	US$M	10.5	5.8	+81%
Sustaining Capex	US$M	3.4	4.3	-21%
Total Capex	US$M	13.9	10.1	+38%

The Kimberley Underground operation comprises three kimberlite pipe mines: Bultfontein and Dutoitspan (serviced by the Joint Shaft and the Joint Shaft plant) and Wesselton (serviced by the Wesselton Shaft and the Wesselton plant).

FY 2015 production increased 8% to 137,226 carats (FY 2014: 126,917 carats), with planned steady state treatment being reached for the Year of 1.2 Mt (FY 2014: 908,498 tonnes). This was partially offset by an 18% reduction in ROM grade due to increased throughput of the lower grade surface resources, sourced from the east blow pipe and tailings.

Revenue increased 8% to US$41.8 million due to the higher production for the Year, while the high average value per carat achieved remained steady at US$302.

Costs:
The on-mine cash cost decreased to ZAR264/t (FY 2014: ZAR301/t) assisted by the production ramp up achieved.

Development plan:
Petra's mine plan at Kimberley Underground will take steady state production to 170,000 ctpa from FY 2016 and has a life to 2026. A schematic of the Kimberley Underground mines and orebodies is available on Petra's website at: www.petradiamonds.com/investors/analysts/analyst-guidance/.

ROM tonnes throughput of ca. 1.2 Mtpa is planned from FY 2016 onwards at a grade of 13 – 15 cpht.

Capex:
Capex of ca. US$13.9 million was in line with guidance for the Year.

Williamson – Tanzania

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$M	62.1	53.9	+15%
Diamonds sold	Carats	208,351	178,171	+17%
Average price per carat	US$	298	303	-2%
ROM Production				
Tonnes treated	Tonnes	4,056,638	3,405,524	+19%
Diamonds produced	Carats	194,048	178,379	+9%
Grade	Cpht	4.8	5.2	-8%
Alluvial Production				
Tonnes treated	Tonnes	369,406	405,166	-9%
Diamonds produced	Carats	8,216	10,086	-19%
Grade	Cpht	2.2	2.5	-12%
Total Production				
Tonnes treated	Tonnes	4,426,044	3,810,690	+16%
Diamonds produced	Carats	202,265	188,465	+7%

Costs				
On-mine cash cost per tonne treated	US$	12	11	+9%
Capex				
Expansion Capex	US$M	8.3	2.4	+246%
Sustaining Capex	US$M	7.9	6.5	+22%
Total Capex	US$M	16.2	8.9	+82%

Production increased 7% in FY 2015 to 202,265 carats (FY 2014: 188,465 carats), mainly due to the increase in ROM tonnes treated.

Revenue increased 15% to US$62.1 million (FY 2014: US$53.9 million) due to higher ROM production and the higher proportion of ROM versus alluvial diamonds sold for the Year. The high average value per carat of this mine remained relatively in line with the prior year at US$298 (FY 2014: US$303).

Costs:
The on-mine cash cost of US$12/t (FY 2014: US$11/t) was in line with guidance.

Development Plan:
Petra's expansion plan at Williamson will see tonnage throughput ramp up to ca. 5 Mtpa from FY 2018, which, at a grade of ca. 7.0 cpht, is expected to deliver 350,000 ctpa. Petra's current mine plan for Williamson has a life extending to 2033, but given that the Mwadui kimberlite hosts a major resource of 33.1 Mcts, there is potential to extend the LOM considerably. A schematic of the Williamson mine and Mwadui orebody is available on Petra's website at: www.petradiamonds.com/investors/analysts/analyst-guidance/.

A decision was taken by management in FY 2015 to carry out plant modifications at Williamson in order to improve throughput and diamond liberation. This is a particularly relevant strategy at this lower grade operation and the modifications are planned to enable the mine to reach throughput of 5 Mtpa by FY 2018 at a grade of ca. 7 cpht (previously guided ca. 6 cpht). Such an increase in ROM grade, partially offset by a finer diamond size population, is expected to yield a 7 – 10% increase in revenue per tonne.

The plant enhancements will include the introduction of an additional crusher circuit and two autogenous mills, with construction commencing in FY 2016 and commissioning of the crusher planned for FY 2016 and installation and commissioning of the two autogenous mills planned for H1 FY 2017.

ROM throughput is planned at 3.8 Mt during FY 2016, lower than previous guidance of 4.5 Mt due to downtime associated with the aforementioned plant modifications.

Capex:
Capex of US$16.2 million for the Year (FY 2014: US$8.9 million) was in line with expectations.

EXPLORATION

In Botswana, Petra's exploration programme remains focused on the evaluation of the KX36 discovery, as well as the search for and assessment of other kimberlites in its 100%-held prospecting licences and those held via its exploration cooperation agreement with Manica Minerals Ltd.

During the Year, the Company also took on exploration ground in South Africa in the vicinity of the Finsch mine.

Botswana
As at the date of this announcement, the Company (via its subsidiary Petra Diamonds Botswana (Pty) Ltd) was the 100% holder of diamond prospecting licences totalling 14,492 km^2 in Botswana.

KX36
Petra commenced a second phase of large diameter drilling (“LDD”) bulk sampling in Q2 FY 2015 with the aim of obtaining ca. 720 carats for a diamond parcel of ca. 1,000 carats (ca. 285 carats were obtained earlier through the Phase One LDD bulk sampling programme), which will be used for further resource modelling and diamond value determination.

As at the end of the Year, ca. 2,300m of LDD, constituting ca. 65% of the programme, had been successfully completed with all boreholes having been calliper surveyed. All LDD was preceded by paired narrow diameter drilling (“NDD”), with detailed lithological (facies) logging, dilution, magnetic susceptibility and wet density measurements completed on the drill core obtained from these pilot/cover holes. The drilling programme is expected to be completed towards the end of Q1 FY 2016.

Treatment of the first bulk samples commenced early in Q3 FY 2015, following the successful relocation and commissioning of the modular 10 tonnes per hour bulk sampling plant at site. As at the end of the Year, ca. 415 carats had been recovered and the programme is well on track to obtain the required carats from this phase towards the end of H1 FY 2016.

Further to the work carried out to date, a Maiden Inferred Resource of 24.9 Mt at a grade of 35.2 cpht containing 8.8 Mcts has been identified for KX36. However it should be noted that there is no guarantee that the Company will elect to proceed with the development of KX36 into a mine at this point in time.

KX36 surrounding area
Following a review by external consultants of all KX36 region exploration work carried out and data acquired to date (a combination of SkyTEM Heli-borne Electromagnetic data, geological and geophysical data), 17 targets in relatively close proximity to KX36 were put forward for consideration. Towards the end of the Year, eight of these targets were drilled to a cumulative depth of 1,309m, bringing the total number of targets drilled in the indicator mineral plume area to 24. No new kimberlites were discovered.

Kokong Field
Following interpretation and analyses of all geological and geophysical data acquired over these licence areas, no obvious kimberlite-type magnetic anomalies have been clearly visible. This data will be further studied before any further work is considered.

Manica Minerals Co-operation Agreement
Petra is involved in a diamond exploration co-operation agreement (“Agreement”) with Manica Minerals Ltd (“Manica”), which is led by Dr Peter Hildebrand and Dr John Gurney. The Agreement brings together the exploration expertise of both Petra and Manica, thereby applying some of the world’s leading thinkers on kimberlite exploration techniques, and providing the Company with access to an additional ca. 22,340 km^2 of land holdings in the Orapa and Jwaneng areas of Botswana.

The current work programme is specifically focused on the re-evaluation of known kimberlites in the highly prospective Orapa area. Priority targets are drilled and then tested using a proprietary Mantle Mapper™ (sampling of kimberlite indicator minerals) process. While there have been no discoveries of economic kimberlites to date, results are outstanding on various targets (expected in FY 2016) and new targets continue to be defined. In the Jwaneng area, the current focus is the identification and delineation of specific areas within the ground holdings with the potential to host intra-formational ca. 240 Ma Jwaneng type deposits.

South Africa

Reivilo
During the Year, Petra (via its subsidiary Finsch Diamond Mine (Pty) Ltd) took on a new prospecting right in South Africa covering 148km², which is situated approximately 110km north-east of the Finsch mine and known to host a kimberlite that was discovered in the 1960's.

A high resolution airborne magnetic survey flown by Petra in June 2015 confirmed the position of the kimberlite under calcrete cover and the resultant geophysical anomalies indicate a multi-lobe body with potential for a surface area of up to seven hectares. Reconnaissance soil sampling over the geophysical anomalies has recovered both peridotitic and eclogitic paragenesis Kimberlite Indicator Minerals ("KIM") which are currently being analysed for a preliminary assessment of the diamond potential of the kimberlite.

A detailed ground magnetic and gravity survey is planned in the coming weeks to more accurately assess the size of the kimberlite body, and to produce a geophysical model that will be used to position boreholes to recover kimberlite for further KIM analysis and microdiamond ("MiDa") sampling for an initial diamond grade estimate.

SAFETY
The health and safety of all employees is of the utmost importance to the Company and Petra has a wide range of initiatives, training and awareness programmes in place to foster a zero harm workplace.

The Group's LTIFR for the Year reduced to 0.29 (FY 2014: 0.32) which is a good achievement in comparison to international industry standards and to other mining companies in South Africa, particularly for underground operations.

However, it is with deep regret that Petra experienced a fatality post Year end at the Tailings Treatment Plant at Cullinan. The incident was equipment related and happened whilst maintenance work was being conducted. The Company and its management team express their sincere condolences to the family and friends of the deceased.

An investigation into the accident was conducted in conjunction with the Department of Mineral Resources in South Africa and the outcomes shared with all operations in the Group.

Petra's annual Sustainability Report provides further information on its sustainable development policies and practices, covering areas such as Health and Safety, Environment, Community and Employment. It is available on the Petra website at www.petradiamonds.com/sustainability.

GROSS RESERVES & RESOURCES
Petra manages one of the world's largest diamond resources. This major resource suggests that the potential mine lives of Petra's assets could be considerably longer than the current mine plans in place at each operation, or could support significantly higher production rates. A summary of the Group's gross Reserves and Resources is below and the Group's full 2015 Resource Statement can be accessed at www.petradiamonds.com/our-operations/reserves-resources/.

Gross Resources
As at 30 June 2015, the Group's gross Diamond Resources (inclusive of Reserves) increased 2.5% to 308.7 Mcts (30 June 2014: 301.1 Mcts).

The main reason for an overall increase in gross Diamond Resources related to a 15% increase (ca. 5 Mcts) in the Resource at the Williamson mine, due to an updated Resource model in line with in-pit exploration drilling and a re-interpretation of historical tunnel and diamond drill information at depth, a 1% (ca. 0.1 Mcts) increase at Koffiefontein due to an updated Resource model from 490m to 720m using new geological information from tunnel development and diamond drilling, as well as a Maiden Inferred Resource declared for the KX36 kimberlite exploration project in Botswana of 8.8 Mcts.

These increases were countered by decreases in Resources due to depletion by mining activity at all operations and a 2% decrease (ca. 4 Mcts) at Cullinan due to contact changes from tunnel development and the re-estimation of the grade for the Grey kimberlite facies in the Resource model using new sample information in the AUC South area.

Gross Reserves
The Group's gross Diamond Reserves decreased 9.9% to 49.8 Mcts (30 June 2014: 55.2 Mcts) due to depletion by mining activity, re-classification of Resources and changes in mine planning. This includes the re-classification of the remaining broken ore in the Block 4 cave at Finsch as an Inferred Resource (1.7 Mcts) and the removal of the Helam mine's Reserve figures from the Statement, due to the mine being placed on care and maintenance in FY 2015 (1.5 Mcts).

The following table summarises the gross Reserves and Resources status of the combined Petra Group operations as at 30 June 2015.

	Gross		
Category	**Tonnes (millions)**	**Grade (cpht)**	**Contained Diamonds (Mcts)**
Reserves			
Proved			
Probable	103.3	48.2	49.8
Sub-total	**103.3**	**48.2**	**49.8**
Resources			
Measured	0.2	263.9	0.6
Indicated	427.7	50.1	214.4
Inferred	1412.5	6.6	93.7
Sub-total	**1840.4**	**16.8**	**308.7**

GOVERNANCE

Board addition
On 11 November 2014, Octavia Matloa joined the Petra Board as a Non-Executive Director and Audit Committee member. Mrs Matloa brings extensive financial and audit experience to the Company, as well as knowledge of both the mining sector and the South African business environment.

OUTLOOK
At this pivotal stage in our development, it has been heartening to see how hard the whole team at Petra has been working to achieve our targets, thereby shaping the future success of the business. As we start to see a meaningful and increasing contribution from undiluted ore at our underground operations, the economics of our operations will substantially improve, with an increase in average value per carat, diamond grade and associated operating margins.

I would like to extend my thanks to each and every Petra employee for their dedication and also to our stakeholders, including our host Governments, BEE partners, representative Trade Unions and community stakeholders, whose support enables us to continue on our strategy of building a leading independent diamond mining group.

Petra's robust financial position and its continued focus on operational performance places the Company in a strong position to further optimise its assets and capitalise on the positive long term outlook for the industry.

Johan Dippenaar
Chief Executive
18 September 2015

Notes

1. *The following exchange rates have been used for this announcement: average for the Year US$1: ZAR11.4494; closing rate as at 30 June 2015 US$1:ZAR12.1649.*
2. *The following definitions have been used in this announcement:*
    a. *BEE: black economic empowerment*
    b. *ct: carat*
    c. *cpht: carats per hundred tonnes*
    d. *Ma: million years old*
    e. *Mctpa: million carats per annum; and Mcts: million carats*
    f. *mL: metre level*
    g. *Mt: million tonnes*
    h. *Mtpa: million tonnes per annum*
    i. *LOM: life of mine*
    j. *LTIFR: lost time injury frequency rate*
    k. *ROM: run-of-mine, i.e. relating to production from the primary orebody*
    l. *SLC: sub-level cave, a variation of block caving*

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

US$ million	Notes	**2015**	2014
Revenue		**425.0**	471.8
Mining and processing costs		**(313.9)**	(320.1)
Other direct income		**2.2**	6.7
Exploration expenditure		**(5.8)**	(2.9)
Corporate expenditure	5	**(13.1)**	(13.7)
Impairment charge	6	**—**	(13.9)
Total costs		**(330.6)**	(343.9)
Financial income	7	**6.6**	14.5
Financial expense	7	**(16.0)**	(18.0)
Profit before tax		**85.0**	124.4
Income tax charge		**(25.4)**	(41.0)
Profit for the year from continuing operations		**59.6**	83.4
Loss on discontinued operations (net of tax)	16	**—**	(15.9)
Profit for the year		**59.6**	67.5
Profit for the year attributable to:			
Equity holders of the parent company		**48.6**	49.6
Non-controlling interest		**11.0**	17.9
		59.6	67.5
Earnings per share attributable to the equity holders of the parent during the year			
From continuing operations:			
Basic profit – US$ cents	14	**9.46**	12.80
Diluted profit – US$ cents	14	**9.19**	12.42
From continuing and discontinued operations:			
Basic profit – US$ cents	14	**9.46**	9.69
Diluted profit – US$ cents	14	**9.19**	9.40

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

US$ million	Notes	**2015**	2014
Profit for the year		**59.6**	67.5
Exchange differences on translation of the share-based payment reserve		**(1.5)**	2.7
Exchange differences on translation of foreign operations[1]		**(71.9)**	(44.3)
Exchange differences on non-controlling interest[1]		**(7.4)**	(1.5)
Exchange differences on hedging and other reserves[1]		**(0.4)**	—
Unrealised (loss) / gain on foreign exchanges hedges transferred directly to equity[1]		**(2.7)**	3.1
Recycling of foreign currency translation reserve on disposal of operations	16	**—**	8.5
Total comprehensive (expense) / income for the year		**(24.3)**	36.0
Total comprehensive income and expense for the year attributable to:			
Equity holders of the parent company		**(27.9)**	19.6
Non-controlling interest		**3.6**	16.4
		(24.3)	36.0

[1] These items will be reclassified to profit and loss if specific future conditions are met.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2015

US$ million	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	8	**968.8**	839.1
Deferred tax asset		**6.3**	3.0
BEE loans and receivables	13	**29.6**	89.2
Total non-current assets		**1 004.7**	931.3
Current assets			
Trade and other receivables		**87.9**	87.5
Inventories		**48.7**	46.1
Cash and cash equivalents (including restricted amounts)		**166.6**	34.0
Total current assets		**303.2**	167.6
Total assets		**1 307.9**	1 098.9
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**87.6**	86.7
Share premium account		**664.0**	657.8
Foreign currency translation reserve		**(250.7)**	(178.8)
Share-based payment reserve		**21.7**	18.3
Hedging and other reserves		**(0.8)**	2.3
Retained earnings		**61.3**	9.8
Attributable to equity holders of the parent company		**583.1**	596.1
Non-controlling interests		**39.4**	35.8
Total equity		**622.5**	631.9
LIABILITIES			
Non-current liabilities			
Loans and borrowings	10	**298.2**	125.1
BEE loans payable	13	**94.0**	64.2
Provisions		**72.0**	75.4
Deferred tax liabilities		**113.0**	96.4
Total non-current liabilities		**577.2**	361.1
Current liabilities			
Loans and borrowings	10	**28.9**	33.8
Trade and other payables		**79.3**	72.1
Total current liabilities		**108.2**	105.9
Total liabilities		**685.4**	467.0
Total equity and liabilities		**1 307.9**	1 098.9

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2015

US$ million	Notes	**2015**	2014
Profit before taxation for the year from continuing and discontinued operations		**85.0**	108.5
Depreciation of property, plant and equipment	8	**38.3**	41.7
Impairment	6	**—**	13.9
Increase in other provisions		**1.5**	0.5
Financial income	7	**(6.6)**	(14.5)
Financial expense	7	**16.0**	18.0
Loss on disposal of discontinued operations	16	**—**	10.1
Loss on sale of property, plant and equipment		**0.4**	0.6
Share-based payment provision		**6.6**	4.2
Cash settled share-based payments		**—**	(4.6)
Operating profit before working capital changes		**141.2**	178.4
(Increase) / decrease in trade and other receivables		**(12.6)**	2.2
Increase in trade and other payables		**11.6**	10.9
(Increase) / decrease in inventories		**(7.8)**	4.8
Cash generated from operations		**132.4**	196.3
Realised gains on foreign exchange contracts		**1.3**	—
Finance expense		**(2.0)**	(0.2)
Income tax refund		**1.0**	—
Net cash generated from operating activities		**132.7**	196.1
Cashflows from investing activities			
Acquisition of property, plant and equipment (including capitalised cash interest paid of U$10.6 million (30 June 2014 US$9.7 million))		**(267.1)**	(209.1)
Loans advanced to BEE partners		**(6.1)**	(0.5)
Repayment from BEE partners		**98.3**	—
Finance income		**1.5**	0.3
Transfer to restricted cash deposits		**(1.0)**	(1.7)
Net cash utilised in investing activities		**(174.4)**	(211.0)
Cashflows from financing activities			
Proceeds from the issuance of share capital		**7.1**	3.4
Increase in borrowings (net of Bond issue costs of US$11.5 million)		**349.2**	69.4
Repayment of borrowings		**(177.3)**	(50.8)
Net cash generated by financing activities		**179.0**	22.0
Net increase in cash and cash equivalents		**137.3**	7.1
Cash and cash equivalents at beginning of the year		**20.2**	14.1
Effect of exchange rate fluctuations on cash held		**(4.0)**	(1.0)
Cash and cash equivalents at end of the year[1]		**153.5**	20.2

[1] Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US$13.1 million (30 June 2014: US$13.8 million) and unrestricted cash of US$153.5 million (30 June 2014: US$20.2 million).

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained earnings	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2014	86.7	657.8	(178.8)	18.3	2.3	9.8	596.1	35.8	631.9
Profit for the year	—	—	—	—	—	48.6	48.6	11.0	59.6
Other comprehensive expense	—	—	(71.9)	(1.5)	(3.1)	—	(76.5)	(7.4)	(83.9)
Transfer between reserves for exercise of options and warrants	—	—	—	(2.9)	—	2.9	—	—	—
Equity settled share-based payments	—	—	—	7.8	—	—	7.8	—	7.8
Allotments during the year:									
– Share options exercised	0.6	3.2	—	—	—	—	3.8	—	3.8
– Warrants exercised	0.3	3.0	—	—	—	—	3.3	—	3.3
At 30 June 2015	**87.6**	**664.0**	**(250.7)**	**21.7**	**(0.8)**	**61.3**	**583.1**	**39.4**	**622.5**

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained (losses)/earnings	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2013	86.3	654.8	(143.0)	13.9	(0.8)	(40.1)	571.1	16.3	587.4
Profit for the year	—	—	—	—	—	49.6	49.6	17.9	67.5
Other comprehensive (expense) / income	—	—	(35.8)	2.7	3.1	—	(30.0)	(1.5)	(31.5)
Non-controlling interest disposed	—	—	—	—	—	—	—	3.1	3.1
Transfer between reserves for exercise of options and warrants	—	—	—	(4.2)	—	4.2	—	—	—
Equity share-based payments settled in cash	—	—	—	(0.7)	—	(3.9)	(4.6)	—	(4.6)
Equity settled share-based payments	—	—	—	6.6	—	—	6.6	—	6.6
Allotments during the year:	0.1	0.2	—	—	—	—	0.3	—	0.3
– Share options exercised	0.3	2.8	—	—	—	—	3.1	—	3.1
At 30 June 2014	86.7	657.8	(178.8)	18.3	2.3	9.8	596.1	35.8	631.9

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 Jersey. The consolidated preliminary financial statements of the Company for the year ended 30 June 2015 comprise the Company and its subsidiaries and associates (together referred to as the "Group").

2. ACCOUNTING POLICIES

The preliminary results, which are unaudited, do not include all the notes of the type normally included in an annual financial report. Accordingly, this unaudited preliminary report is to be read in conjunction with the Annual Report for the year ended 30 June 2014, and any public announcements made by the Group during the reporting period. The annual financial report for the year ended 30 June 2014 was prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and the accounting policies applied in this preliminary report are consistent with the policies applied in the annual financial report for the year ended 30 June 2014 unless otherwise noted.

Basis of preparation

After a review of the Group's operations, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the unaudited preliminary financial statements.

The unaudited consolidated preliminary financial statements for the year ended 30 June 2015 do not constitute statutory accounts and have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 30 June 2015, which are not expected to be significantly different to those set out in Note 1 to the Group's audited financial statements for the year ended 30 June 2014.

The financial information for the year ended 30 June 2014 has been extracted from the statutory accounts for that period. The auditors' report for the year ended 30 June 2014 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

Changes in accounting policies:

The IASB has issued no new standards, amendments to published standards and interpretations to existing standards with effective dates on or prior to 1 July 2014 which have had a material effect on the group. Standards which are not yet effective but may have an impact of the Group are currently being assessed. Further information will included in the Group's 2015 Annual Report.

Key estimates and judgements:

The preparation of the 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. The estimates and assumptions and judgements that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

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 plans. The life of mine plan for each mine is the current approved management plan for ore extraction that consider specific resources and associated capital expenditure. The life of mine plans frequently include less tonnes than the total reserves and resources that are set out in the Group's Reserves and Resources 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.

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 impacts the depreciation of mining assets depreciated on a unit of production basis. Ore reserves and resources further impact the estimated date of decommissioning and rehabilitation.

Impairment reviews

While conducting an impairment review of its assets using value in use impairment models, the Group exercised judgement in making assumptions about future rough diamond prices, volumes of production, ore reserves and resources included in the current life of mine plans, future development and production costs and macroeconomic 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'. The Group prepares value in use impairment models and assesses mining assets for impairment. Details of impairment reviews in the year are set out in Note 6.

Capitalisation of borrowing costs

The Group capitalises effective interest costs (inclusive of fees) to property, plant and equipment when the loans are considered to have been drawn down for the purpose of funding the Group's capital development programmes. Judgement is required in determining the extent to which borrowing costs relate to qualifying capital projects. Bank borrowings were utilised to fund the underground expansion projects. The new US$300 million bond raised in the year replaced part of the existing bank debt, is being used to fund the new processing plant construction at Cullinan and will fund the completion of the underground expansion projects.

Provision for rehabilitation

Significant estimates and assumptions are made in determining the amount attributable to rehabilitation provisions. These deal with uncertainties such as the legal and regulatory framework, timing and future costs. In determining the amount attributable to rehabilitation provisions, management used a discount rate range of 7.9%–8.3% (30 June 2014: 7.8%–8.3%), estimated rehabilitation timing of 11 to 50 years (30 June 2014: 11 to 51 years) and an inflation rate range of 5.9%–6.3% (30 June 2014: 5.8%–6.3%). The Group estimates the cost of rehabilitation with reference to approved environmental plans filed with the local authorities. Reductions in estimates are only recognised when such reductions are approved by local legislation and are consistent with the Group's planned rehabilitation strategy. Increases in estimates are immediately recognised. The carrying value of rehabilitation provisions at the reporting date is US$58.9 million (30 June 2014: US$62.3 million).

Inventory and inventory stockpile

Judgement is applied in making assumptions about the value of inventories and inventory stockpiles, including diamond prices, production grade and expenditure to determine the extent to which the Group values inventory and inventory stockpiles.

Depreciation

Judgement is applied in making assumptions about the depreciation charge for mining assets. The Group depreciates its assets using units of production or straight-line basis depending on its assessment of the most appropriate method for each individual asset. Judgement is applied when using the units of production method in estimating the ore tonnes held in reserves and resources which have sufficient geological and geophysical certainty of being economically viable and which are extractable using existing assets. The relevant reserves and resources includes those included in current approved life of mine plans and, in respect of certain surface and underground shared infrastructure, certain additional resources which also meet these levels of certainty and viability. The Group depreciates its assets according to relevant sections of the orebody over which these will be utilised and a key judgement exists in determining the future production unit assigned to on-mine shared infrastructure which is utilised over more than one section of the orebody or is used to access ore tonnes outside of the current approved life of mine plan. Judgement is also applied when assessing the estimated useful life of individual assets and residual values. The assumptions are reviewed at least annually by management and the judgment is based on consideration of the LOM plans and structure of the orebody and the nature of the assets. The assessment is determined by the Group's capital project teams and geologists.

Pension scheme

The Company operates a defined benefit scheme and a defined contribution scheme. The pension charge or income for the defined benefit scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2015. The most important assumptions made in connection with the scheme valuation and charge or income are the return on the funds, the average yield of South African Government long dated bonds, salary increases, withdrawal rates, life expectancies and the current South African consumer price index.

Post-retirement medical fund

The Company operates a post-employment health care liability scheme. The benefit liability for the post-employment health care liability scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2014. The most important assumptions made in connection with the scheme valuation and charge or income are the health care cost of inflation, the average yield of South African Government long dated bonds and salary increases, withdrawal rates and life expectancies.

Net investments in foreign operations

Management assess the extent to which intra-group loans to foreign operations that give rise to unrealised foreign exchange gains and losses are considered to be permanent as equity or repayable in the foreseeable future. The judgement is based upon factors including the LOM plans, cash flow forecasts and strategic plans. The foreign exchange on permanent equity loans are recorded in foreign currency translation reserve until such time as the operation is sold, whilst the foreign exchange on loans repayable in the foreseeable future are recorded in the Consolidated Income Statement.

3. DIVIDENDS

The Board has approved the declaration of a dividend of 3.0 US$ cents per share in respect of the Year. The dividend will be put to shareholders at the Company's upcoming AGM and paid in early December 2015.

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.
Exploration – exploration activities in Botswana.

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 and Tanzania, reviewing the results of exploration activities in Botswana and reviewing the corporate administration expenses in Jersey. 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.

The Group's non-current assets are located in South Africa US$898.2 million (30 June 2014: US$824.3 million), Tanzania US$105.2 million (30 June 2014: US$106.5 million), Botswana US$1.2 million (30 June 2014: US$0.5 million) and Jersey US$0.1 million (30 June 2014: US$0.1 million).

The Group's property, plant and equipment included in non-current assets are located in South Africa US$862.4 million (30 June 2014: US$732.1 million), Tanzania US$105.2 million (30 June 2014: US$106.5 million) and Botswana US$1.2 million (30 June 2014: US$0.5 million).

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities				Care and maintenance	Tanzania - Mining activities	Botswana	Jersey	South Africa		
US$ million	**Cullinan**	**Finsch**	**Koffiefontein**	**Kimberley Underground**	**Helam**	**Williamson**	**Exploration**	**Corporate and treasury**	**Beneficiation**[4]	**Inter-segment**	**Consolidated**
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
Revenue	122.2	185.4	17.8	41.8	1.2	62.1	—	—	0.5	(6.0)	425.0
Segment result[1]	41.9	82.2	(8.4)	2.6	(3.8)	(1.4)	(5.8)	(13.1)	—	(2.0)	92.2
Other direct income	0.1	0.6	0.3	(0.1)	0.1	1.2	—	—	—	—	2.2
Operating profit/(loss)[2]	42.0	82.8	(8.1)	2.5	(3.7)	(0.2)	(5.8)	(13.1)	—	(2.0)	94.4
Financial income											6.6
Financial expense											(16.0)
Income tax expense											(25.4)
Non-controlling interest											(11.0)
Profit attributable to equity holders of the parent company											48.6
Segment assets	661.6	331.7	173.5	96.6	7.9	141.9	2.7	2 810.3	7.4	(2 925.7)	1 307.9
Segment liabilities	411.9	287.8	173.7	112.2	50.0	259.2	41.9	1 561.8	7.4	(2 220.5)	685.4
Capital expenditure	121.5	88.0	26.8	13.9	0.5[3]	16.2	0.9	6.2	0.1	—	274.1

[1] The segment result includes total depreciation of US$38.3 million, comprising depreciation incurred at Cullinan US$10.6 million, Finsch US$13.5 million, Koffiefontein US$2.5 million, Kimberley Underground US$4.8 million, Helam US$0.7 million, Williamson US$5.5 million, Exploration US$0.1 million and Corporate administration US$0.6 million.

[2] Operating profit is equivalent to revenue of US$425.0 million less total operating costs of US$330.6 million as disclosed in the 'Consolidated Income Statement'.

[3] Capital expenditure at Helam includes work in progress of US$0.2 million in respect of the manufacture of plant and equipment for other mines within the Group.

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

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities					Tanzania - Mining activities	Botswana	Jersey		
US$ million	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Fissure Mine (Helam)	Williamson	Exploration	Corporate and treasury	Inter-segment	Consolidated
	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
Revenue	162.8	183.7	26.7	38.8	5.9	53.9	—	—	—	471.8
Segment result[1]	75.5	82.0	5.2	3.5	(16.3)	1.0	(2.9)	(13.7)	0.8	135.1
Impairment	—	—	—	—	(13.9)	—	—	—	—	(13.9)
Other direct income	1.0	1.9	0.5	0.1	3.0	0.2	—	—	—	6.7
Operating profit/(loss)[2]	76.5	83.9	5.7	3.6	(27.2)	1.2	(2.9)	(13.7)	0.8	127.9
Financial income										14.5
Financial expense										(18.0)
Income tax expense										(41.0)
Loss on discontinued operations (net of tax)										(15.9)
Non-controlling interest										(17.9)
Profit attributable to equity holders of the parent company										49.6
Segment assets	581.0	337.2	129.8	78.5	11.3	141.7	1.0	1 944.9	(2 126.5)	1 098.9
Segment liabilities	345.2	235.5	121.7	95.7	56.2	260.5	34.7	912.4	(1 594.9)	467.0
Capital expenditure	93.1	67.8	30.7	10.1	1.0[3]	8.9	0.2	1.9	(2.5)	211.2

[1] The segment result includes total depreciation of US$41.7 million, comprising depreciation incurred at Cullinan US$7.7 million, Finsch US$13.0 million, Koffiefontein US$2.0 million, Kimberley Underground US$4.3 million, Helam US$10.8 million, Williamson US$3.3 million, Exploration US$0.1 million and Corporate administration US$0.5 million.

[2] Operating profit is equivalent to revenue of US$471.8 million less total operating costs of US$343.9 million as disclosed in the 'Consolidated Income Statement'.

[3] Capital expenditure at Helam includes work in progress of US$0.3 million in respect of the manufacture of plant and equipment for other mines within the Group. Other direct income in respect of Helam includes US$13.5 million of revenue and US$14.8 million of costs in respect of the Helam projects division at Helam for the manufacture of plant and equipment for other mines within the Group.

US$ million	2015	2014
5. CORPORATE EXPENDITURE		
Auditors' remuneration		
- Audit services[1]	**0.7**	0.8
- Audit related services[2]	**0.1**	0.1
- Non-audit services	**—**	0.5
Depreciation of property, plant and equipment	**0.7**	0.5
London Stock Exchange and other regulatory expenses	**1.6**	1.5
Other charges	**2.4**	3.3
Share-based expense – Directors	**2.5**	2.1
Share-based expense – Senior Management	**0.4**	0.5
Salaries and other staff costs	**4.7**	4.4
Total staff costs	**7.6**	7.0
	13.1	13.7

[1] Audit fees for the year ended 30 June 2015 stated above refer to fees for the FY 2014 audit; audit fees for the year ended 30 June 2014 refer to fees for the FY 2013 audit.

[2] Audit-related services of US$0.1 million for the current year are in respect of the interim review. A further US$0.4 million in the current year are in respect of the issue of the US$300 million bond which have been capitalised under non-current loans and borrowings.

6. IMPAIRMENT OF OPERATIONAL ASSETS

When events or changes in market conditions indicate that tangible assets may be impaired, such assets are reviewed in detail to determine whether their carrying value is higher than their recoverable value, which could lead to recording an impairment loss (recoverable value is the higher of value in use and fair value less costs to sell). Value in use is estimated by calculating the present value of the future cashflows expected to be derived from the asset over its useful economic life. Fair value less costs to sell is based on the most reliable information available (market statistics, recent transactions etc.). The discounted cashflow basis has been used to calculate a value in use for the mining operations for those mines for which value in use exceeds fair value less cost to sell.

When determining recoverable values of property, plant and equipment, assumptions and estimates are made as set out in Note 2. Any change in these assumptions can have a significant effect on the recoverable amount and could lead to a revision of recorded impairment losses.

Impaired assets are reviewed annually to determine whether any substantial change to their fair value amounts previously impaired would require reversal. At 30 June 2015, the Group reviewed all its operational assets for indicators of impairment. The results of the review did not indicate any impairment in the mining operations.

30 June 2014

During the year to 30 June 2014, the Group reviewed the Helam operational assets for indicators of impairment. Impairment of property, plant and equipment was considered appropriate given the outcome of the business review exercise. The Group recognised a Consolidated Income Statement charge of US$13.9 million, being management's estimate of fair value less costs to sell the Helam assets. Detail of the impairment assessment is shown below.

Impairment (US$ million)	**Asset class**	**Segment**	**Impairment**	**Carrying value post impairment**
Helam	Property, plant & equipment	Fissure Mines	13.9	1.3
	Mineral Properties		4.1	
	Underground development		4.5	
	Buildings		1.2	
	Mining property, plant & equipment		4.1	
Total			13.9	1.3

US$ million	**2015**	2014
7. NET FINANCING EXPENSE		
Net unrealised foreign exchange (losses) / gains	**(3.2)**	3.6
Interest received on BEE loans and other receivables	**7.0**	10.4
Interest received on bank deposits	**1.5**	0.3
Realised foreign exchange gains	**1.3**	0.2
Financial income	**6.6**	14.5
Gross interest on bank loans and overdrafts	**(16.7)**	(11.4)
Interest on bank loans and overdrafts capitalised	**14.7**	9.7
Net interest expense on bank loans and overdrafts	**(2.0)**	(1.7)
Other debt finance costs, including BEE loan interest and facility fees	**(10.8)**	(9.4)
Unwinding of present value adjustment for rehabilitation costs	**(3.2)**	(3.8)
Realised foreign exchange losses on the settlement of foreign loans and forward exchange contracts	**—**	(3.1)
Financial expense	**(16.0)**	(18.0)
Net financial expense	**(9.4)**	(3.5)

8. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Period is US$129.7 million (30 June 2014: US$103.5 million). This is primarily as a result of an increase in property, plant and equipment from capital expenditure of US$274.1 million (30 June 2014: US$211.2 million), which is off-set by the movement in the US$/ZAR foreign exchange rate resulting in a foreign exchange decrease on Rand based assets of US$105.0 million (30 June 2014: US$59.7 million decrease), depreciation of US$38.3 million (30 June 2014: US$41.7 million), impairment of US$nil (30 June 2014: US$13.9 million), increase in rehabilitation asset of US$0.3 million (30 June 2014: US$9.9 million increase) and assets disposed of during the Year of US$1.4 million (30 June 2014: US$2.3 million (inclusive of assets disposed of in respect of the sale of Sedibeng JV and Star of US$2.2 million)).

9. SHARES ISSUED

Allotments during the Year were in respect of:

(i) the exercise of warrants over 2,100,000 ordinary shares by IFC;

(ii) the award to the Executive Directors of 475,415 ordinary shares granted under the 2012 Performance Share Plan, in receipt of performance measured over the period 1 July 2012 to 30 June 2014; and

(iii) the exercise of share options granted under the 2005 Employee Share Option Scheme over 3,453,336 ordinary shares by Directors and employees.

Further details with regards to the Group's share plans will be provided in the Company's 2015 Annual Report.

10. LOANS AND BORROWINGS

US$ million	2015	2014
Non-current liabilities		
Loans and borrowings – Senior secured lender debt facilities	33.5	125.1
Loans and borrowings – Senior secured second lien notes	264.7	—
	298.2	125.1
Current liabilities		
Loans and borrowings – Senior secured lender debt facilities	1.5	33.8
Loans and borrowings – Senior secured second lien notes	27.4	—
	28.9	33.8
Total loans and borrowings - bank facilities	327.1	158.9

a) Senior Secured Lender Debt Facilities

On 24 October 2014 and 13 May 2015, the Group's banking partners Absa Corporate and Investment Banking ("Absa") and FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), IFC and Barclays Bank PLC agreed to increase the Group's debt and hedging facilities as detailed in the table below:

Amended Senior Lender Debt Facilities	13 May 2015 Facility amount	24 October 2014 Facility amount	30 June 2014 Facility amount
ZAR Debt Facilities:			
Absa/RMB – Amortising term facility (ATF)	R800 million	R800 million	R800 million
Absa/RMB – Revolving credit facility (RCF)	R1,500 million	R500 million	R300 million
Absa/RMB – Working capital facility (WCF)	R500 million	R500 million	R350 million
Absa/RMB – FX Hedging facilities	R400 million	R400 million	R150 million
US$ Debt Facilities:			
IFC – Amortising term facility (ATF)	US$35 million	US$35 million	US$35 million
IFC – Revolving credit facility (RCF)	US$25 million	US$25 million	US$25 million

As part of the increase in the Group's debt and hedging facilities, the repayment terms and interest rates were amended during the Year. The amended terms and conditions are as follows:

- the Absa/RMB ATF interest rate was reduced to 3 month JIBAR plus 3.5% margin (previously plus 4.0%), the availability period was extended to 20 March 2017, and will be repaid in three semi-annual payments, commencing on 20 March 2018, of 33.3%, 33.3% and 33.4% respectively with a final payment on 20 March 2019;

- the Absa/RMB RCF interest rate was reduced to 1 month JIBAR plus 5.0% margin (previously plus 5.5%), the availability period was extended from 20 August 2018 to 20 November 2019 and an extension to the single capital repayment from 20 September 2018 to 20 December 2019;
- the Absa/RMB WCF interest rate was reduced to SA prime rate less 1% (previously less 0.5%);
- the IFC RCF availability period was extended from 20 August 2018 to 20 November 2019 and there will be an extension to the single capital repayment from 20 September 2019 to 20 December 2019; and
- the IFC ATF will be repaid in three semi-annual payments, commencing on 20 March 2018, of 33.3%, 33.3% and 33.4% respectively with a final payment due on 20 March 2019 (previously five annual payments commencing 20 March 2016 with a final payment due on 20 March 2018).

The facilities are secured on the Group's interests in Finsch, Cullinan, Koffiefontein, Kimberley Underground and Williamson.

b) US$300 million Senior Secured Second Lien Notes

On 13 May 2015, a subsidiary of the Company issued debt securities consisting of US$300 million five-year senior secured second lien loan notes ("the Notes"), with a maturity date of 31 May 2020. The Notes carry a coupon of 8.25% per annum, which is payable semi-annually in arrears on 31 May and 30 November of each year, beginning on 30 November 2015. As at 30 June 2015, the Notes had accrued interest of US$3.3 million. The Notes were issued by Petra Diamonds US$ Treasury Plc, a wholly owned subsidiary of the Company. The Notes are guaranteed by the Company and by the Group's material subsidiaries and are secured on a second–priority basis on the assets of the Group's material subsidiaries. The Notes are listed on the Irish Stock Exchange and traded on the Global Exchange Market. On or after 31 May 2017, the Company has the right to redeem all or part of the Notes at the following redemption prices (expressed as percentages of the principal amount), plus any unpaid accrued interest:

	Redemption price
Period of 12 months from 31 May 2017	104.1250%
Period of 12 months from 31 May 2018	102.0625%
Period of 12 months from 31 May 2019	100.0000%

Proceeds from the Notes were used to repay (without cancelling) amounts outstanding under certain of the Company's existing bank loan facilities and to pay fees and expenses associated with the issue of the Notes. The balance of the funds from the Notes, together with future drawdowns from the Company's bank loan facilities, will be used to fund the construction of the modern processing plant at Cullinan and to further the Group's expansion projects.

The Notes are senior obligations of the Group ranking *pari passu* in right of payment to all of the Group's existing and future senior indebtedness. The Notes are guaranteed, jointly and severally, on a senior basis by the Company and certain of its subsidiaries (the ''Guarantors''), ranking *pari passu* in right of payment to all of the relevant Guarantors' existing and future senior indebtedness.

The Notes are secured on a second priority basis to the Senior Lenders (referred to in a) above) by:
- the cession of all claims and shareholdings held by, the Company and certain of the Guarantors, within the Group;
- the cession of all unsecured cash balances held by the Company and certain of the Guarantors;
- the creation of liens over the moveable assets of the Company and certain of the Guarantors; and
- the creation of liens over the mining rights and immovable assets held and owned by certain of the Guarantors.

11. CAPITAL COMMITMENTS

As at 30 June 2015, the Group has committed to future capital expenditure totalling US$59.7 million (30 June 2014: US$88.9 million), mainly comprising Cullinan US$29.3 million (30 June 2014: US$72.0 million), Finsch US$8.3 million (30 June 2014: US$2.1 million), Koffiefontein US$14.1 million (30 June 2014: US$11.3 million), Kimberley Underground US$1.0 million (30 June 2014: US$0.6 million) and Williamson US$7.0 million (30 June 2014: US$2.4 million).

Post Year end, the Group has also committed to future capital expenditure of US$111.6 million in relation to the construction of the new Cullinan processing plant (refer note 17).

12. RELATED PARTY TRANSACTIONS

The Group's related party BEE partners, Senakha Diamonds Investments (Pty) Ltd ("Senakha"), Thembinkosi Mining Investments (Pty) Ltd ("Thembinkosi"), Re-Teng Diamonds (Pty) Ltd ("Re-Teng Diamonds") and Sedibeng Mining (Pty) Ltd ("Sedibeng Mining") and their gross interests in the mining operations of the Group are disclosed in the table below.

Mine	Partner and respective interest (%)
Finsch	Senakha (21%)
Cullinan	Thembinkosi (14%)
Koffiefontein	Re-Teng Diamonds (30%)
Kimberley Underground	Sedibeng Mining (26%)
Helam	Sedibeng Mining (26%)

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

	Totals		Thembinkosi[1][2]		Senakha[2]		Sedibeng Mining		Re Teng Diamonds	
US$ million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Non-current receivable	24.2	87.6	2.3	28.9	2.2	37.9	18.9	19.9	0.8	0.9
Non-current payable	65.2	64.2	24.4	24.2	38.3	37.9	2.5	2.1	—	—
Finance income	4.5	9.3	1.2	2.8	1.7	3.9	1.6	2.6	—	—
Finance expense	7.2	6.7	2.2	2.1	4.2	3.9	0.8	0.7	—	—

[1] Umnotho weSizwe Group (Pty) Ltd ("Umnotho"), holds a 36% interest in Thembinkosi. Mr Abery is a director of Umnotho. Mr Pouroulis, the J.D Family Trust (a connected party to Mr Dippenaar) and Mr Abery are beneficiaries of a trust that is a shareholder in Umnotho. During the Year, Thembinkosi settled in full the non-current receivable due to the Group.
[2] Included in non-current receivables and payables are amounts advanced during the Year of US$6.1 million and an accrual of US$2.4 million.

As at 30 June 2014, a subsidiary of the Company had made cumulative payments of US$9.6 million (R99.6 million) to Zeren (Pty) Ltd ("Zeren") in respect of the development and purchase of specialised plant and equipment. In the year ended 30 June 2014 the agreement whereby Zeren was developing specialised plant and equipment for the Company was terminated. Mr Dippenaar, Mr Davidson and Mr Abery are all Directors of the Company and were previously also directors and shareholders of Zeren. On 30 April 2014 they disposed of their entire shareholding in Zeren and on 2 May 2014 they resigned as directors of Zeren. As of 30 June 2014 there was no longer any related party relationship between Mr Dippenaar, Mr Davidson and Mr Abery and Zeren.

13. BEE LOANS RECEIVABLE AND PAYABLE

US$ million	**2015**	2014
Non-current assets		
BEE loans and receivables	**29.6**	89.2
Non-current liabilities		
BEE payables	**94.0**	64.2

The non-current BEE loans and receivables and BEE payables represent those amounts receivable from and payable to the Group's BEE partners (Thembinkosi, Senakha, Re Teng Diamonds, Sedibeng Mining and the Itumeleng Petra Diamonds Employee Trust ("IPDET")) in respect of financing their interests in the Finsch, Cullinan, Koffiefontein and Kimberley Underground mines.

In November 2014 the Company and its Black Economic Empowerment partners in the Finsch and Cullinan mines (the "BEE Partners") entered into agreements with Absa and RMB (together the "BEE Lenders"). Under the agreements, the BEE Lenders directly financed the BEE Partners in respect of the non-current loans and other receivables due to Petra of R1,078 million (US$98.3 million) relating to the original acquisition of the BEE Partners' interests in Finsch and Cullinan. In December 2014 the BEE partners drew down the full funds of R1,078 million (US$98.3 million) from the BEE Lenders and transferred this amount to Petra in settlement of their loans. Petra provided surety to Absa and RMB for the loan should the BEE Partners' default on repayment.

Both BEE loans receivable and BEE loans payable include, for the first time, amounts due from and to the IPDET. In prior years, the Group was party to an agreement with the IPDET Board of Trustees which provided the Group with the legal right to offset IPDET loans receivable against IPDET trade and other payables. During the Year, loans and receivables due from IPDET of US$32.7 million were repaid as part of the BEE refinancing and as a result, BEE trade and other payables which were previously offset within the legal offset agreement are now presented within BEE trade and other payables. The trustees were previously only employer representatives. In the current Year, employee trustees were appointed to the IPDET Board of Trustees.

14. EARNINGS PER SHARE

	Continuing operations 30 June 2015 US$	**Discontinued operations 30 June 2015 US$**	**Total 30 June 2015 US$**	Continuing operations 30 June 2014 US$	Discontinued operations 30 June 2014 US$	Total 30 June 2014 US$
Numerator						
Profit / (loss) for the year	**48,624,018**	**—**	**48,624,018**	65,465,067	(15,892,270)	49,568,797
Denominator						
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
As at 1 July	**512,110,048**	**—**	**512,110,048**	509,601,048	509,601,048	509,601,048
Effect of shares issued during the year	**1,882,544**	**—**	**1,882,544**	1,598,330	1,598,330	1,598,330
As at 30 June	**513,992,592**	**—**	**513,992,592**	511,199,378	511,199,378	511,199,378
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**14,879,891**	**—**	**14,879,891**	15,892,664	—	15,892,664
Weighted average number of ordinary shares in issue used in diluted EPS	**528,872,483**	**—**	**528,872,483**	527,092,042	511,199,378	527,092,042
	US$ cents	**US$ cents**	**US$ cents**	US$ cents	US$ cents	US$ cents
Basic profit / (loss) per share – US$ cents	**9.46**	**—**	**9.46**	12.80	(3.10)	9.69
Diluted profit / (loss) per share – US$ cents	**9.19**	**—**	**9.19**	12.42	(3.10)	9.40

In the current period, the number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes and warrants is 14,879,891 (30 June 2014: 15,892,664). These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share. There have been no significant post balance sheet changes to the number of options and warrants to impact the dilutive number of ordinary shares.

15. ADJUSTED EARNINGS PER SHARE

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 2015 US$	**Discontinued operations 30 June 2015 US$**	**Total 30 June 2015 US$**	Continuing operations 30 June 2014 US$	Discontinued operations 30 June 2014 US$	Total 30 June 2014 US$
Numerator						
Profit / (loss) for the year	**48,624,018**	**—**	**48,624,018**	65,465,067	(15,892,270)	49,568,797
Adjustments:						
Net unrealised foreign exchange loss / (gain)	**3,245,904**	**—**	**3,245,904**	(3,591,520)	—	(3,591,520)
Impairment charges	**—**	**—**	**—**	13,933,235	—	13,933,235
Adjusted profit for the year	**51,869,922**	**—**	**51,869,922**	75,806,782	(15,892,270)	59,910,512
Denominator						
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
As at 1 July	**512,110,048**	**—**	**512,110,048**	509,601,048	509,601,048	509,601,048
Effect of shares issued during the year	**1,882,544**	**—**	**1,882,544**	1,598,330	1,598,330	1,598,330
As at 30 June	**513,992,592**	**—**	**513,992,592**	511,199,378	511,199,378	511,199,378
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**14,879,891**	**—**	**14,879,891**	15,892,664	—	15,892,664
Weighted average number of ordinary shares in issue used in diluted EPS	**528,872,483**	**—**	**528,872,483**	527,092,042	511,199,378	527,092,042
	US$ cents	**US$ cents**	**US$ cents**	US$ cents	US$ cents	US$ cents
Adjusted basic profit / (loss) per share – US$ cents	**10.09**	**—**	**10.09**	14.82	(3.10)	11.72
Adjusted diluted profit / (loss) per share – US$ cents	**9.81**	**—**	**9.81**	14.38	(3.10)	11.36

16. DISPOSAL OF SEDIBENG JV AND STAR

Disposal of Sedibeng and Star

During FY 2014, on 30 April 2014, the Company, in conjunction with its BEE partners, disposed of the entire share capital of its subsidiaries Messina Investments (Pty) Ltd and Autumn Star Investment Holdings (Pty) Ltd, which held the Group's Sedibeng JV and Star mines ("the Mines") in South Africa, for a total deferred cash consideration of R25.0 million (US$2.4 million). These mines formed part of the operating segment called "Fissures" for the purposes of the Group's segmental reporting, as disclosed in Note 4, but the Sedibeng JV and Star mines were separate cash generating units and in totally separate geographic locations to the other fissure mine, Helam. The results of the discontinued operations included in the Consolidated Income Statement and the cashflows from discontinued operations included in the Consolidated Statement of Cashflows are set out below.

US$ million	1 July 2013 - 30 April 2014
a) Net assets disposed of other than cash:	
Property, plant and equipment	2.2
Long term advances	0.2
Trade and other receivables	0.1
Inventories	0.2
Cash	—
Total assets	2.7
Rehabilitation provision	(1.8)
Total liabilities	(1.8)
Less: non-controlling interest recycled on disposal	3.1
Net assets	4.0
b) Result of discontinued operations:	
Revenue	0.8
Cost of sales	(6.6)
Gross loss	(5.8)
Finance income	—
Finance costs	—
Loss before taxation	(5.8)
Income tax credit	—
Net loss for the year	(5.8)

c) Post-tax loss on disposal of discontinued operations	**1 July 2013 - 30 April 2014**
Consideration receivable on disposal	2.4
Less: net assets disposed (including U$3.1 million of non-controlling interest accumulated losses)	(4.0)
Less: foreign currency translation reserve recycled on disposal	(8.5)
Loss on disposal of discontinued operations	(10.1)
Less: net loss for the period	(5.8)
Loss on discontinued operations	(15.9)

d) The consolidated statement of cashflows includes the following amounts relating to discontinued operations:

Operating activities	(5.5)
Investing activities	(0.2)
Net cash utilised in discontinued operations	(5.7)

17. POST BALANCE SHEET EVENTS

New Cullinan Processing Plant

On 7 July 2015, Cullinan Diamond Mine (Pty) Ltd entered into a contract with MDM Technical Africa (Pty) Ltd for the construction of a new modern processing plant for ca. R1.6 billion (ca. US$142.8 million).

Dividend

On 17 September 2015, the directors resolved to declare a maiden dividend of 3.0 US$ cents per share for the Year (totalling US$15.5 million). The dividend will be put to shareholders for approval at the Annual General Meeting to be held on 30 November 2015 and paid in early December 2015.

In accordance with IFRS, these financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 June 2016.

Principal Risk Factors and Uncertainties

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term development and performance and management of these risks is an integral part of the management of the Group. The Board has identified the following as being the principal strategic and operational risks (in no order of priority). A more detailed analysis of the Group's risk factors as well as its risk management processes will be provided in the 2015 Annual Report.

Risk	Description
Mining and production	The mining of diamonds from kimberlite deposits involves an intrinsic degree of risk from various factors, including geological, geotechnical and seismic factors, industrial and mechanical accidents, unscheduled plant shutdowns, technical failures, ground or water conditions and inclement or hazardous weather conditions.
ROM grade and product mix variability	At the Group's underground mines, Petra is currently operating in 'mature' caves, meaning that the block of ore being mined has nearly been exhausted and that the area is nearing the end of its life. Once the majority of the kimberlite ore has been removed, waste rock is able to ingress into the production areas, thereby reducing the volume (grade) of diamonds recovered.
Rough diamond prices	The Company's financial performance is closely linked to rough diamond prices which are influenced by numerous factors beyond the Company's control, including international economic conditions, world production levels and consumer trends. Whilst the medium to long term fundamentals of the diamond market remain positive, some volatility in rough diamond pricing is expected, particularly in the short term. The Group's management closely monitors developments in the international diamond market (across the pipeline from the rough market to the retail consumer market) to be in a position to react in a timely manner to changes in rough diamond prices and demand.
Expansion and project delivery	Petra has set out a clear and transparent growth profile to increase annual production to ca. 5 million carats by FY 2019. Actual production may vary from estimates of future production for a variety of reasons and it should be noted that assumptions may be subject to change as the Company continually evaluates its projects to optimise efficiency and production profitability.

Retention of key personnel	The successful achievement of the Group's strategies, business plans and objectives depends upon its ability to attract and retain certain key personnel. Petra believes that employees who are empowered and accountable for their actions work to the best of their ability and are able to fulfil their true potential.
Financing	Petra has a significant Capex programme over the years to FY 2019. The Company plans to continue to finance this Capex from operating cashflows and debt finance. Lack of adequate available cashflows could delay development work.
Country and political risk	Petra's operations are predominantly based in South Africa, with lesser exposure to Tanzania and Botswana. Emerging market economies could be subject to greater risks, including legal, regulatory, economic, and political risks, and are potentially subject to rapid change.
Labour relations	The Group's production, and to a lesser extent its project development activities, is dependent on a stable and productive labour workforce. Petra remains highly focused on managing labour relations and on maintaining open and effective communication channels with the appropriate employee and union representatives at its operations.
Currency	With Petra's operations mainly in South Africa, but diamond sales based in US Dollars, the volatility and movement in the Rand is a significant factor to the Group. Also, the Group undertakes transactions in a number of different currencies. Fluctuations in these currencies may have a significant impact on the Group's performance. In order to mitigate currency risk, the Group continually monitors the movement of the Rand against the US Dollar and takes expert advice from its bankers in this regard. It is the Group's policy to hedge a portion of future diamond sales when weakness in the Rand deems it appropriate. Such contracts are generally short-term in nature.
Safety	Ensuring the safety of all Petra people is the Group's number one priority. Poor safety performance can also lead to temporary mine closures, thereby impacting production results. Petra is highly focused on managing its safety performance and follows a risk-based approach which entails continual hazard identification, risk assessment and instilling safety awareness into the workplace culture. HSSE targets are explicitly included as part of Petra's annual bonus framework.
Synthetic diamonds	Man-made or ''synthetic'' diamonds have been available for many years, but to date have predominantly been used to manufacture smaller diamonds for industrial purposes as the cost of production has generally rendered larger gem quality synthetic stones uneconomic. Technological advancements mean that gem quality synthetics are now more widely available but they are estimated by Bain & Company to represent less than 1% of world diamond supply[1].
Access to Energy	South Africa and Tanzania both face power supply constraints currently, but the issue is more acute in South Africa where the challenges facing the state electricity provider, Eskom, have been well publicised. Eskom's approach is to consult with industry before implementing load curtailment, with advanced notice giving customers time to react appropriately. Eskom energy saving requirements are staged from 1 to 4 according to their severity. Petra aims to reduce energy consumption and increase energy efficiency wherever possible.
Cost Control and Capital Discipline	As is usual for the mining industry, Petra's operations have a relatively high fixed-cost base, estimated to be ca. 70%. Petra's main cost inputs are labour and energy, both of which have been rising higher than the official inflation rates in South Africa and Tanzania. Ineffective cost control leads to reduced margins and profitability.
Licence to Operate	In order to maintain its exploration or mining licences, Petra must comply with stringent legislation to justify its licence to operate. Failure to comply with relevant legislation in South Africa, Tanzania or Botswana could lead to delays or suspension of its mining and exploration activities.

[1] Source: Bain & Company: The Global Diamond Report 2014

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) 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

(b) 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

Johan Dippenaar
Chief Executive

David Abery
Finance Director

18 September 2015