



## PetraDiamonds

25 July 2016

LSE: PDL

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

### Trading Update for the Year ended 30 June 2016

#### FY 2017 Guidance Update

Petra Diamonds Limited announces its Trading Update (unaudited) for the year ended 30 June 2016 (the "Year" or "FY 2016"), ahead of its preliminary results for the Year ("Prelim Results"), which will be released on 19 September 2016.

The Company also announces updated analyst guidance for the year to 30 June 2017 ("FY 2017").

#### FY 2016 HIGHLIGHTS

- FY 2016 production up 16% to 3.7 Mcts (FY 2015: 3.2 Mcts), above Company guidance of 3.6 – 3.65 Mcts.
- FY 2016 revenue up 1% to US\$430.9 million (FY 2015: US\$425.0 million), mainly due to an increase in volumes sold, most notably tailings carats sold from the newly established Kimberley Ekapa Mining ("KEM") operation, partially offset by softer diamond prices in FY 2016.
- Rough diamond prices on a like for like basis down ca. 6% for the Year, compared to FY 2015. The market showed signs of recovery and stabilisation during H2 FY 2016.
- Total FY 2016 operating costs for SA operations increased in ZAR terms mainly due to inclusion of KEM from 18 January 2016. Absolute costs remained in-line with expectations despite ongoing inflationary pressures. The weakening in the Rand for the Year had a positive impact on the Dollar reported operating costs; further detail will be given in the Prelim Results announcement.
- FY 2016 Operational Capex (excluding capitalised borrowing costs) of US\$294.2 million (FY 2015: US\$252.0 million).
- Cash at bank at Year end of US\$46.1 million (30 June 2015: US\$166.2 million); this figure excludes debtors from the June diamond tenders received shortly after Year end of US\$60.2 million (30 June 2015: US\$57.6 million).
- Net debt at 30 June 2016 of US\$387.4 million (30 June 2015: US\$172.1 million); Petra expects to be within the required covenant ratios for the measurement period as at 30 June 2016.

## FY 2017 GUIDANCE HIGHLIGHTS

- Expected FY 2017 production of 4.6 – 4.8 Mcts (100% basis), an increase of 25 - 30% on FY 2016 attributable production.
- Petra's stated long-term target of ca. 5 Mcts expected to be reached in FY 2018, a year earlier than originally anticipated, with production rising to ca. 5.3 Mcts by FY 2019. Production targets post FY 2019 will be set by focusing on maximising overall value, as opposed to maximising volumes.
- Total FY 2017 on-mine cash costs expected to increase by ca. 16% on FY 2016 for the South African operations (in ZAR terms) and ca. 5% for Williamson in Tanzania due to:
  - increased tonnage throughput to ca. 24 Mt (FY 2016: 19 Mt) (most notably at KEM) (ca. 50% of overall increase); and
  - inflationary increases (ca. 50% of overall increase).
- FY 2017 Capex (excluding capitalised borrowing costs) of ca. US\$218 million, against previous guidance of ca. US\$175 million (in comparable FY 2017 money terms), mainly due to additional spend at Cullinan (US\$16 million) and KEM (US\$25 million), as set out in the 'Operations' section.
- FY 2017 Capex will be substantially lower than FY 2016 and is the final year of significant spend for the Group's expansion programme. Capex is expected to fall to ca. US\$130 million in FY 2018, and ca. US\$85 million in FY 2019 (FY 2017 money terms, converted at an exchange rate of ZAR14:US\$1). These higher than previously guided levels of spend in FY 2018 and FY 2019 reflect the additional Capex required at KEM and are commensurate with the higher levels of production guidance. KEM's Capex is fully funded by its own cash generation.
- Petra expects to become free cash flow positive during FY 2017 as the Group's expansion programmes are set to deliver the production ramp-up from undiluted mining areas.
- Effective 1 July 2016: completion of the restructuring of the Group and its black economic empowerment ("BEE") partner structures, allowing for a simplified Group structure. The Itumeleng Petra Diamonds Employee Trust ("IPDET") now holds a consistent 12% interest in each of the Group's South African operations, with Petra's commercial BEE partners holding the remaining 14% interest and being now incorporated into a single vehicle, Kago Diamonds (Pty) Ltd ("Kago").

## FY 2016 Production, Sales and Capex – Summary<sup>1</sup>

	Unit	Year ended 30 June 2016 <sup>2</sup>	Year ended 30 June 2015	Variance
<b>Production</b>				
ROM diamonds	Carats	2,582,135	2,276,168	+13%
Tailings & other <sup>3</sup> diamonds	Carats	1,119,270	910,307	+23%
<b>Total diamonds</b>	<b>Carats</b>	<b>3,701,405</b>	<b>3,186,475</b>	<b>+16%</b>
<b>Tonnages</b>				
ROM tonnes	Mt	11.3	11.1	+2%
Tailings & other tonnes	Mt	7.7	6.0	+28%
<b>Total tonnes</b>	<b>Mt</b>	<b>19.0</b>	<b>17.1</b>	<b>+11%</b>
<b>Sales</b>				
Diamonds sold	Carats	3,448,084	3,168,650	+9%
<b>Revenue</b>	<b>US\$M</b>	<b>430.9</b>	<b>425.0</b>	<b>+1%</b>
<b>Capex</b>				
Expansion	US\$M	273.1	212.0	+29%
Sustaining	US\$M	21.9	47.4	-54%
Borrowing Costs Capitalised	US\$M	26.5	14.7	+80%
<b>Total</b>	<b>US\$M</b>	<b>321.5</b>	<b>274.1</b>	<b>+17%</b>

**Note:**

1. Detailed mine by mine information is included in the Appendix to this announcement.
2. FY 2016 production, sales and Capex stated on an attributable basis, including 75.9% of the KEM operation from 18 January 2016 to 30 June 2016.
3. 'Other' includes mining of the Ebenhaezer satellite kimberlite pipe at Koffiefontein and alluvial diamond mining at Williamson.

**Johan Dippenaar, CEO of Petra Diamonds, commented:**

*“Petra has recorded further strong growth, leading to record production levels for the Year and the expectation that the Group will reach its long-stated target of ca. 5 Mcts by FY 2018, a year earlier than previously anticipated.*

*“Our peak Capex year is now behind us and due to the advanced nature of our development programmes and the new mining areas coming on stream, we expect the Group as a whole to start generating free cashflow from FY 2017 onwards.*

*“Petra is fully financed to completion of its expansion programmes, all of which remain on track, and its financial position is in line with expectations, including the related debt facility covenant measurements.”*

**CONFERENCE CALLS**

Petra will host two conference calls today to discuss the FY 2016 Trading Update and FY 2017 Guidance with investors and analysts.

Detailed guidance documents can be downloaded from the 'Analyst Guidance' page of Petra's website at: [www.petradiamonds.com/investors/analysts/analyst-guidance](http://www.petradiamonds.com/investors/analysts/analyst-guidance). Participants on the calls are recommended to have these documents to hand.

**First Call – 9:30am BST**

UK Toll-Free Number: 0808 237 0040  
From South Africa (toll free): 0800 222 290  
From the rest of the world: 020 3428 1542  
Participant passcode: 51027571#

A replay of the conference call will be available on the following numbers:

From UK (toll free): 0808 237 0026  
From South Africa and the rest of the world: +44 20 3426 2807  
Playback passcode: 674356#

**Second call – 4:30pm BST**

This will be a shorter Q&A call only to cater for international investors. Participants are therefore advised to listen to the replay of the earlier conference call in advance, as the full management commentary will not be repeated.

From the United States (toll free): 1866 928 7517  
From the rest of the world: 020 3428 1542  
From the UK (toll free): 0808 237 0040  
From South Africa (toll free): 0800 222 290  
Participant passcode: 49876733#

A replay of the 4:30pm BST conference call with international investors will be available on the following numbers:

From UK (toll free): 0808 237 0026  
From South Africa and the rest of the world: +44 20 3426 2807  
Playback passcode: 674358#

## OPERATIONS

- Production rose 16% to 3.7 Mcts for FY 2016 (FY 2015: 3.2 Mcts) due to increased contribution from undiluted ROM ore and additional production from KEM following the acquisition of Kimberley Mines on 18 January 2016.
- The Group's main expansion projects at Finsch and Cullinan continue to progress well, with the key project milestones delivered in line with expectations.
- FY 2016 Operational Capex of ca. US\$294.2 million (excluding borrowing costs), 10% lower than original guidance of US\$326.7 million (at an exchange rate of R11.25:US\$1), due to the weakening of the ZAR/\$ exchange rate (actual FY 2016 average exchange rate of ZAR14.51:US\$1), partially offset by inflationary pressures (ca. 5%), acceleration of spend at Cullinan (mainly plant related) and at Finsch (underground development related), and US\$2.5 million relating to additional waste stripping at Williamson.
- Total Group and Operations Capex for the Year, including capitalised borrowing costs, are set out in the tables in the Appendix.
- Expected FY 2017 production increase of 25 – 30% to 4.6 – 4.8 Mcts, split as to ca. 2.1 Mcts in H1 and ca. 2.6 Mcts in H2.

## Finsch

### *FY 2016 Results:*

- Production increased 7% to 2,214,064 carats (FY 2015: 2,065,875 carats), mainly due to an increase in ROM tonnes and ROM grades, partially offset by a reduction in tailings tonnes and grades.
- The capital programme delivered first production from the Block 5 SLC during Q4 FY 2016.

### *Guidance:*

- The continued ramp-up of the Block 5 SLC will result in an average ROM grade of ca. 54 cpht during FY 2017.
- Expected ROM production of ca. 3.8 Mtpa at an average grade of 55 – 58 cpht for the period FY 2018 to FY 2019.
- Finsch's steady state ROM production will be at 3.5 Mtpa (yielding ca. 2 Mcts p.a.) from FY 2020 onwards.
- Treatment of the Pre 79 Tailings is planned at 1.3 Mt at a grade of ca. 17 cpht for FY 2017 and is expected to come to an end during Q4 FY 2017.
- FY 2017 unit cost is guided at ZAR230 per total tonne treated.
- Capex for the period FY 2017 to FY 2019 remains largely in line with previous guidance.
- Post FY 2019, the expected expansion capital required for the Block 5 Block Cave is guided at ca. US\$25 - 30 million per annum (FY 2017 money terms, converted at an exchange rate of ZAR14:US\$1) to be incurred over the five year period from FY 2020 to FY 2024, with the new block cave contributing 3.5 Mtpa from FY 2023 / FY 2024.

## Cullinan

### *FY 2016 Results:*

- Production decreased 7% to 680,813 carats (FY 2015: 729,496 carats) due to the decision taken to reduce ROM throughput during FY 2016 to focus on grade control.
- The mitigating measures to manage the ROM grade at Cullinan as the mine transitions from the old mining areas to the new block cave continued to yield results in FY 2016, with a continued improvement in the ROM grade to 30.3 cpht achieved for H2 FY 2016 versus 25.7 cpht for H1 FY 2016.

*Guidance:*

- The C-Cut Phase 1 project is progressing well and in line with expectations. The C-Cut Phase 1 Block Cave production ramp up will continue during FY 2017, and is expected to contribute ca. 1 Mt of FY 2017's planned ROM throughput of 2.8 Mt. The remainder of ROM tonnes will consist of pillar and reclamation mining of 1 Mt (providing access to largely undiluted areas) and old, diluted mining areas of 0.8 Mt. This increase in tonnage throughput of undiluted ore is expected to increase the ROM grade to 33 – 35 cpht in H1 FY 2017 and 42 – 44 cpht in H2 FY 2017, resulting in a planned average ROM grade of ca. 39 cpht in FY 2017.
- ROM grade is expected to increase further to ca. 47 cpht by FY 2018 and to ca. 50 cpht by FY 2019, when Cullinan's C-Cut Phase 1 Block Cave is in full production (yielding undiluted ore) and the new Cullinan Plant is in operation (providing improved diamond liberation). The plant configuration has been altered to utilise slotted screens resulting in an effective bottom cut of 1.1 – 1.2 mm (up from the previous 1.0 mm). This change has resulted in lower ROM grades being guided for FY 2018 and FY 2019 due to a reduction in the planned recovery of finer diamonds, while maintaining the average value per tonne at levels commensurate with previous guidance.
- The construction of the new Cullinan Plant is progressing well and in line with expectations. The commissioning of the new plant is planned to commence during Q3 FY 2017 and is expected to be complete and fully operational during Q4 FY 2017.
- During FY 2017, ca. 0.4 Mt of higher grade recovery tailings will be treated at a grade of ca. 25 cpht. From FY 2018 onwards, tailings treatment is planned at ca. 2.4 Mtpa at a grade of ca. 7 – 8 cpht.
- FY 2017 unit cost is guided at ZAR290 per total tonne treated.
- FY 2017 expansion Capex for Cullinan is guided at ca. US\$100 million (FY 2017 money terms, converted at an exchange rate of ZAR14:US\$1), with US\$36 million attributable to the new Cullinan Plant and US\$42 million attributable to the C-Cut Phase 1 project. An additional US\$16 million has been earmarked for enlarging the C-Cut footprint, extending towards the Eastern side of the orebody. This will enable the decommissioning of the older mining areas in the B-Cut during FY 2018 (two years earlier than previously planned), allowing for production to be focused on just two areas (as opposed to the current five areas). Cost savings associated with this simplified mining operation will enable the Company to counter ongoing inflationary pressures.

## **Koffiefontein**

*FY 2016 Results:*

- Production increased 37% to 62,190 carats (FY 2015: 45,384 carats), due to an increase in ROM tonnes treated as the SLC project commenced ramping up to its planned throughput of 1.1 Mtpa.
- As the SLC was in the process of ramping up during Q4 FY 2016, the majority of production was sourced from the diluted 52 mL, resulting in grade underperformance. Grades are expected to increase in line with the FY 2017 guided mine plan.

*Guidance:*

- The SLC will continue ramping up during FY 2017, with ROM throughput planned at 1.1 Mtpa at an average grade of ca. 8 cpht for FY 2017.
- FY 2017 ROM unit cost is guided at ZAR310 per tonne.
- FY 2017 expansion Capex is guided at ca. US\$11 million, mainly relating to the Capex to be spent on the SLC project.

## Kimberley Ekapa Mining

### *FY 2016 Results:*

- The combined KEM operations (as announced on 8 July 2016), comprising the Kimberley Underground mine and the numerous KEM tailings operations, resulted in Petra's attributable production increasing to 531,469 carats for the Year. Petra's results, including diamond production and revenues from resultant diamond sales, reflect Petra's attributable interest of 75.9% in the KEM consortium.

### *Guidance:*

- Petra will report production from KEM as one business unit going forward with 'ROM production' relating to production from Kimberley Underground and 'Tailings production' relating to production from the various tailings operations. Petra intends to consolidate KEM's results on a 100% basis (with an appropriate minority interest) from FY 2017 onwards.
- The combined operations will yield synergies leading to cost savings in overheads, processing and hauling costs, and will allow for a ca. 20 year mine plan.
- FY 2017 ROM production is planned at ca. 1.2 Mt ROM at a grade of ca. 16 cpht. The aforementioned synergies will allow for increased longer-term production levels at Kimberley Underground, with ROM tonnages planned to reach steady state of ca. 1.6 Mtpa from FY 2019 onwards.
- FY 2017 tailings treatment is planned at ca. 8.6 Mt at an average grade of 9 – 10 cpht.
- The KEM business plan envisages a combined steady state throughput of ca. 8.5 – 9 Mtpa (ca. 1.6 Mtpa ROM and 7.2 Mtpa tailings).
- FY 2017 expansion Capex is guided at ca. US\$30 million, with US\$25 million attributable to underground development and shaft upgrades to increase ROM throughput to 1.6 Mtpa, and US\$5 million attributable to CTP plant enhancements to increase throughput from ca. 6 Mtpa to 8.5 – 9.0 Mtpa, as well as introducing a crushing circuit in order to treat ROM material.

## Williamson

### *FY 2016 Results:*

- Production increased 5% to 212,869 carats (FY 2015: 202,265 carats), mainly due to an increase in both the ROM and alluvial grade of the tonnes treated for the Year.
- Additional waste stripping during the Year has yielded a more flexible mining plan.

### *Guidance:*

- ROM throughput is planned at 4.6 Mt at a grade of ca. 6 cpht during FY 2017, in line with previous guidance, as the enhancements made to the plant (introduction of an additional crusher circuit and two autogenous mills) come into effect during FY 2017.
- Throughput is expected to increase to ca. 5 Mtpa by FY 2018 at a grade of ca. 7 cpht, resulting in a 7 – 10% increase in revenue per tonne compared to the FY 2017 guided level of 6 cpht.
- FY 2017 unit cost is guided at US\$10 per tonne treated.
- Total Capex is guided at US\$8.5 million for FY 2017.

## REVENUE AND DIAMOND MARKET

### *Diamond Market*

- As previously noted, the rough diamond market experienced challenging conditions in H1 FY 2016, as it continued to be impacted by excess polished inventory in the pipeline, liquidity issues in the midstream, the strong US Dollar and a slowdown in retail demand from China.

However, further to reduced supply from the major diamond producers, the market stabilised in early calendar 2016, with good sales demand from the midstream of the diamond pipeline (the cutting and polishing / manufacturing segment) leading to improved sales volumes of rough diamonds.

- Given that the first half of the calendar year is the seasonally stronger time for the rough diamond market, Petra remains cautious with regards to the market outlook for the remainder of the calendar year. Market conditions are likely to depend on continued supply control from the major producers to the midstream and stable retail demand, particularly in the US, the largest global market.

#### Petra Sales

- Gross Group revenue for FY 2016 increased 1% to US\$430.9 million (FY 2015: US\$425.0 million) due to an increase in volumes sold, partially offset by a softer rough diamond market for the Year, as well as a higher proportion of sales from lower value tailings production.
- Carats sold for the Year increased 9% to 3,448,084 (FY 2015: 3,168,650).

#### FY 2016 Diamond Prices

- Rough diamond prices fell ca. 9% in H1 FY 2016, before recovering ca. 3% in H2 due to the stabilisation of the diamond market, as noted above, leading to rough prices being overall down ca. 6% for the Year.

Mine	Actual	Actual	Actual ranges	Actual	Actual
	US\$/ct <sup>1</sup> H1 FY 2016	US\$/ct <sup>1</sup> H2 FY 2016	per tender <sup>2</sup> US\$/ct FY 2016	US\$/ct <sup>1</sup> FY 2016	US\$/ct <sup>1</sup> FY 2015
Finsch	82	95	70 – 105	89	90
Cullinan <sup>3</sup>	110	134	80 – 138	126	174
Koffiefontein	459	466	340 – 594	462	386
Kimberley Ekapa Mining	254 <sup>4</sup>	109	92 – 287 <sup>5</sup>	132	302
Williamson <sup>6</sup>	367	395	215 – 278	384	298

#### Notes:

- All sales (both ROM and tailings) including 'Exceptional Diamonds' (stones above US\$5 million in value) were used to calculate the above average values.
- Excluding exceptional diamonds.
- Excluding exceptional diamonds, the average value per carat for FY 2016 was US\$109 and for FY 2015 was US\$119.
- The average value for H1 FY 2016 related to ROM sales only.
- Wide range due to H1 FY 2016 tenders being ROM sales only; H2 FY 2016 combined ROM and tailings sales.
- Excluding exceptional diamonds, the average value per carat for H1 FY 2016 was US\$241, for H2 FY 2016 was US\$235 and for FY 2016 was US\$238 per carat.

#### FY 2017 Diamond Price Guidance:

- Given Petra's cautious outlook for the diamond market, the Company is using flat pricing on a like for like basis in its models for FY 2017. However, the continued shift from the old, diluted mining areas to the new, undiluted mining areas, as well as the higher contribution of ROM carats versus tailings at the Company's underground mines in South Africa, is expected to see an improved product mix at Finsch, Cullinan and Koffiefontein, leading to a higher average value per carat.
- The price guidance below is provided to assist analysts with modelling the Company, given the considerable variability between the average values of ROM and tailings carats across Petra's operations. It should be noted that price variability is often witnessed from tender to tender due to specific parcel make-up and uncertain market conditions could result in deviations from the guided prices below.

Mine	Guidance ROM FY 2017 (US\$/ct)	Guidance Tailings FY 2017 (US\$/ct)	Guidance Weighted Average <sup>1&amp;2</sup> FY 2017 (US\$/ct)
Finsch	104 – 110	55 – 60	100 – 105
Cullinan	110 – 120	60 – 65	105 – 115
Koffiefontein	520 – 550	n/a	520 – 550
Kimberley Ekapa Mining	260 – 275	95 – 100	125 – 130
Williamson	220 – 235	190 - 200	220 – 230

**Notes:**

1. Guidance above is based on expected weighted average prices for full year FY 2017, incorporating all sales of ROM and tailings carats, but not including Exceptional Diamonds.
2. Exceptional Diamonds added an average of ca. US\$23 million per annum to revenues over the last eight years (FY 2009 being the year during which Petra took over the Cullinan mine). Over the last two years, this average has increased to ca. US\$36 million per annum.

**HEALTH AND SAFETY**

- Group LTIFR for the Year was 0.29, in line with the 0.29 achieved in FY 2015.
- The Company remains highly committed to achieving a zero harm work environment.

**FINANCIAL**

- A summary of the Group's current cash, diamond inventories, debtors, borrowings and net debt is set out below.

	Unit	30 June 2016	30 June 2015
<i>Exchange rate used for conversion</i>		<i>R14.68:US\$1</i>	<i>R12.16:US\$1</i>
Cash at bank	US\$m	46.1	166.2
Diamond inventories	US\$m	45.4 <sup>1</sup>	33.5
	Carats	549,620	339,489
Diamond debtors	US\$m	60.2	57.6
US\$300 million loan notes (issued May 2015) including accrued interest	US\$m	302.0	303.3
Bank loans and borrowings	US\$m	131.5	35.0
Net debt	US\$m	387.4	172.1
Bank facilities undrawn and available	ZARm	1,525 <sup>2</sup>	2,800
	US\$m	6.1	25.0
	Total US\$m	110.0	255.1

**Notes:**

1. Diamond inventory increase mainly due to KEM.
2. Effective 1 July 2016, an additional ZAR185 million was added to the ZAR banking facilities.

## CORPORATE

- Effective 1 July 2016, the Group completed a restructuring of several of its Group entities, as well as that of its affiliated BEE partners, with the aim of establishing a simplified Group structure. The process resulted in the following key objectives being achieved:
  - the introduction of a South African holding company, Luxanio 105 (Pty) Ltd, to house the interests in the South African operating entities under one simplified structure;
  - the alignment of the IPDET's holding in Finsch, Koffiefontein and KEM with that of Cullinan, at a consistent 12%;
  - the incorporation of the Group's long-term commercial BEE partners under a single robust structure: Kago; and
  - continued full compliance with the required BEE ownership levels in South Africa.
- The revised Group structure can be viewed at the following page on the Company's website: <https://www.petradiamonds.com/about-us/who-we-are/group-structure/>.

## Notes

1. The following exchange rates have been used for this announcement: average for the Year US\$1:R14.51; closing rate as at 30 June 2016 US\$1:ZAR14.68.
2. The following definitions have been used in this announcement:
  - a. ct: carat
  - b. cpht: carats per hundred tonnes
  - c. Exceptional Diamonds: classified by Petra as diamonds that sell for +US\$5 million each
  - d. Mctpa: million carats per annum
  - e. Mcts: million carats
  - f. mL: metre level
  - g. Mt: million tonnes
  - h. Mtpa: million tonnes per annum
  - i. ROM: run-of-mine, i.e. relating to production from the primary orebody
  - j. SLC: sub-level cave, a variation of block caving

~ Ends ~

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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 six producing operations: four underground mines in South Africa (Finsch, Cullinan, Koffiefontein and Kimberley Underground), extensive tailings operations in Kimberley and one open pit mine in Tanzania (Williamson). It also maintains an exploration programme in Botswana.

Petra has a core objective to steadily increase annual production to ca. 5.3 million carats by FY 2019. The Group has a significant resource base in excess of 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 constituent of the FTSE4Good Index. For more information, visit the Company's website at [www.petradiamonds.com](http://www.petradiamonds.com).

## APPENDIX

### FY 2016 MINE BY MINE PRODUCTION TABLES

#### Finsch – South Africa

	Unit	H2 FY 2016	H1 FY 2016	FY 2016	FY 2015	Variance
<b>Sales</b>						
Revenue	US\$M	111.2	75.2	186.4	185.4	+1%
Diamonds sold	Carats	1,173,054	912,069	2,085,123	2,067,933	+1%
Average price per carat	US\$	95	82	89	90	-1%
<b>ROM Production</b>						
Tonnes treated	Tonnes	1,891,542	1,656,256	3,547,798	3,016,385	+18%
Diamonds produced	Carats	822,771	749,954	1,572,725	1,298,914	+21%
Grade <sup>1</sup>	Cpht	43.5	45.3	44.3	43.1	+3%
<b>Tailings Production</b>						
Tonnes treated	Tonnes	1,059,590	1,236,328	2,295,918	2,656,471	-14%
Diamonds produced	Carats	296,214	345,124	641,339	766,960	-16%
Grade <sup>1</sup>	Cpht	28.0	27.9	27.9	28.9	-4%
<b>Total Production</b>						
Tonnes treated	Tonnes	2,951,132	2,892,584	5,843,716	5,672,856	+3%
Diamonds produced	Carats	1,118,985	1,095,078	2,214,064	2,065,875	+7%
<b>Capex</b>						
Expansion Capex	US\$M	31.1	25.4	56.5	65.1	-13%
Sustaining Capex	US\$M	4.1	2.6	6.7	16.1	-58%
Borrowing Costs Capitalised	US\$M	6.0	4.6	10.6	6.8	+56%
Total Capex	US\$M	41.2	32.6	73.8	88.0	-16%

**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.

## Cullinan – South Africa

	Unit	H2 FY 2016	H1 FY 2016	FY 2016	FY 2015	Variance
<b>Sales</b>						
Revenue	US\$M	58.3	25.0	83.3	122.2	-32%
Diamonds sold	Carats	435,416	227,759	663,175	700,896	-5%
Average price per carat	US\$	134	110	126 <sup>1</sup>	174 <sup>2</sup>	-28%
<b>ROM Production</b>						
Tonnes treated	Tonnes	1,122,493	1,180,399	2,302,892	2,513,004	-8%
Diamonds produced	Carats	340,324	303,400	643,724	611,993	+5%
Grade	Cpht	30.3	25.7	28.0	24.4	+15%
<b>Tailings Production</b>						
Tonnes treated	Tonnes	489,131	397,158	886,289	2,458,306	-64%
Diamonds produced	Carats	18,124	18,966	37,089	117,503	-68%
Grade	Cpht	3.7	4.8	4.2	4.8	-13%
<b>Total Production</b>						
Tonnes treated	Tonnes	1,611,624	1,577,557	3,189,181	4,971,310	-36%
Diamonds produced	Carats	358,448	322,366	680,813	729,496	-7%
<b>Capex</b>						
Expansion Capex	US\$M	83.0	73.2	156.2	104.8	+49%
Sustaining Capex	US\$M	3.1	4.4	7.5	8.8	-15%
Borrowing Costs Capitalised	US\$M	9.0	6.9	15.9	7.9	+101%
Total Capex	US\$M	95.1	84.5	179.6	121.5	+48%

### Notes:

1. Excluding exceptional diamonds, the average value for FY 2016 was US\$109 per carat.
2. Excluding exceptional diamonds, the average value for FY 2015 was US\$119 per carat.

## Koffiefontein – South Africa

	Unit	H2 FY 2016	H1 FY 2016	FY 2016	FY 2015	Variance
<b>Sales</b>						
Revenue	US\$M	15.8	9.9	25.7	17.8	+44%
Diamonds sold	Carats	33,932	21,568	55,500	46,033	+21%
Average price per carat	US\$	466	457	462	386	+20%
<b>ROM Production</b>						
Tonnes treated	Tonnes	392,127	289,217	681,344	341,783	+99%
Diamonds produced	Carats	25,985	24,840	50,825	27,756	+83%
Grade	Cpht	6.6	8.6	7.5	8.1	-7%
<b>Tailings / Ebenhaezer Production</b>						
Tonnes treated	Tonnes	184,312	262,542	446,854	524,244	-15%
Diamonds produced	Carats	4,445	6,920	11,365	17,628	-36%
Grade	Cpht	2.4	2.6	2.5	3.4	-27%
<b>Total Production</b>						
Tonnes treated	Tonnes	576,439	551,759	1,128,198	866,027	+30%
Diamonds produced	Carats	30,430	31,760	62,190	45,384	+37%

<b>Capex</b>						
Expansion Capex	US\$M	10.6	14.0	24.6	23.1	+7%
Sustaining Capex	US\$M	1.6	1.3	2.9	3.7	-22%
Total Capex	US\$M	12.2	15.3	27.5	26.8	+3%

### Kimberley Underground / Kimberley Ekapa Mining – South Africa

	Unit	H2 FY 2016	H1 FY 2016	FY 2016	FY 2015	Variance
<b>Sales</b>						
Revenue	US\$M	42.2	15.5	57.7	41.8	n/a
Diamonds sold	Carats	377,567	61,113	438,680	138,052	n/a
Average price per carat	US\$	112	253	132	302	n/a
<b>KUM Production<sup>1</sup></b>						
Tonnes treated	Tonnes	40,200	681,313	721,513	1,196,269	n/a
Diamonds produced	Carats	4,214	84,358	88,572	137,226	n/a
Grade	Cpht	10.5	12.4	12.3	11.5	
<b>KEM Production – attributable to Petra<sup>2</sup></b>						
Tonnes treated	Tonnes	3,583,758	n/a	3,583,758	n/a	n/a
Diamonds produced	Carats	442,897	n/a	442,897	n/a	n/a
Grade	Cpht	12.4	n/a	12.4	n/a	n/a
<b>Total Production</b>						
Tonnes treated	Tonnes	3,623,958	681,313	4,305,271	1,196,269	n/a
Diamonds produced	Carats	447,111	84,358	531,469	137,226	n/a
<b>Capex</b>						
Expansion Capex	US\$M	6.9	6.0	12.9	10.5	n/a
Sustaining Capex	US\$M	0.5	1.8	2.3	3.4	n/a
Total Capex	US\$M	7.4	7.8	15.2	13.9	n/a

**Notes:**

1. KUM production represents the Kimberley Underground ROM and Tailings production for the period up to 17 January 2016 (pre the Kimberley Ekapa Mining consortium formation).
2. KEM production represents Petra's 75.9% attributable share in the KEM consortium (including both ROM production from Kimberley Underground and Tailings production).

### Williamson – Tanzania

	Unit	H2 FY 2016	H1 FY 2016	FY 2016	FY 2015	Variance
<b>Sales</b>						
Revenue	US\$M	49.5	29.5	78.9	62.1	+27%
Diamonds sold	Carats	125,189	80,359	205,548	208,351	-1%
Average price per carat	US\$	395	366	384	298	+29%
<b>ROM Production</b>						
Tonnes treated	Tonnes	2,178,265	1,824,915	4,003,180	4,056,638	-1%
Diamonds produced	Carats	110,524	89,272	199,796	194,048	+3%
Grade	Cpht	5.1	4.9	5.0	4.8	+4%

<b>Alluvial Production</b>						
Tonnes treated	Tonnes	210,231	207,221	417,452	369,406	+13%
Diamonds produced	Carats	6,504	6,569	13,073	8,216	+59%
Grade	Cpht	3.1	3.2	3.1	2.2	+41%
<b>Total Production</b>						
Tonnes treated	Tonnes	2,388,496	2,032,136	4,420,632	4,426,044	0%
Diamonds produced	Carats	117,028	95,841	212,869	202,265	+5%
<b>Capex</b>						
Expansion Capex	US\$m	14.3	8.7	23.0	8.3	+177%
Sustaining Capex	US\$m	0.5	1.0	1.5	7.9	-81%
Total Capex	US\$m	14.8	9.7	24.5	16.2	+51%

### KEY FY 2017 OPERATING AND CAPEX ASSUMPTIONS

The table below sets out management's guidance in respect of the key operating parameters for FY 2017. It is important to note that while Petra is in this transitional period (as it gradually migrates from the mature, diluted production areas at Finsch, Cullinan and Koffiefontein to fresh undiluted ore), these numbers should be taken as a guide, with the likelihood of some variability during FY 2017. This is specifically the case with regards to grade variability in the short term (especially at Cullinan), until the transition to undiluted ore have been completed.

	Unit	Finsch	Cullinan	Koffiefontein	Kimberley Ekapa Mining	Williamson
<b>ROM tonnes</b>						
Tonnes treated	Mt	3.6	2.8	1.1	1.2	4.6
Grade	Cpht	53 – 55	38 – 40	8	15 – 17	6
Operating cost	ZAR/t	280	300	310	265	US\$11/t
<b>Tailings/other tonnes</b>						
Tonnes treated	Mt	1.3	0.35	n/a	8.6	0.4
Grade	Cpht	17	25	n/a	9 – 10	2.5
Operating cost	ZAR/t	95	185	n/a	85	n/a
<b>Total production</b>						
Tonnes treated	Mt	5.0	3.2	1.1	9.8	5.0
Operating cost	ZAR/t	230	290	310	107	US\$10/t
<b>Capex</b>						
Expansion Capex	ZARm	692	1 366	152	419	US\$5.4m
Sustaining Capex	ZARm	116	82	29	76	US\$3.1m
Total Capex	ZARm	808	1 448	181	494	US\$8.5m

#### Notes:

- For detail on the figures above, please download the document 'Analyst Guidance – Detailed' available from the Company's website at: <http://www.petradiamonds.com/investors/analysts/analyst-guidance>.
- Grades stated are recovered grades with appropriate dilution and plant modification factors already applied.
- All Capex numbers in this announcement exclude capitalised borrowing costs, in line with previous guidance.
- An inflation increase of 8% in ZAR terms has been applied to update all Capex from FY 2016 money terms to FY 2017 money terms. All Capex changes are therefore given in inflation adjusted comparable FY 2017 money terms. FY 2017 Capex guidance figures for the South African operations are converted at an exchange rate of ZAR14/US\$1.

## CAPEX RECONCILIATION

<b>Capex</b>	<b>Unit</b>	<b>FY 2016</b>	<b>FY 2015</b>
Finsch	US\$M	73.8	88.0
Cullinan	US\$M	179.6	121.5
Koffiefontein	US\$M	27.5	26.8
Kimberley Underground	US\$M	15.2	13.9
Williamson	US\$M	24.5	16.2
Helam	US\$M	0.1	0.3
Subtotal – Capex incurred by operations	US\$M	320.7	266.7
Petra internal projects division – Capex under construction / invoiced to operations	US\$M	-	0.2
Corporate / exploration	US\$M	0.8	7.2
<b>Total Group Capex</b>	<b>US\$M</b>	<b>321.5</b>	<b>274.1</b>

### Notes:

- Petra operates an internal projects / construction division and although this division's spend is reported in the Group's total Capex, it is policy not to account for it on a specific mine's Capex until the work completed is invoiced to the relevant operation.*
- Capex for the Year includes US\$26.5 million (FY 2015: US\$14.7 million) of capitalised borrowing costs, which is also included in the applicable mine by mine tables above.*
- 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's guidance is to assume that the majority of interest and financing fees will be capitalised for the duration of the project phases and not expensed through the income statement.*