



29 January 2018

Update with regards to the blocked Williamson Parcel

Petra Diamond Limited (“Petra” or the “Company”) hereby provides an update with regards to the blocked Williamson parcel of ca. 71,000 carats.

Background:

In 2017, reports appeared in the media about the findings of an investigation into the Tanzanian diamond sector by a parliamentary committee in Tanzania. In connection with this, Petra announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine in Tanzania (owned 75% by Petra and 25% by the Government of the United Republic of Tanzania (“GoT”)) had been blocked from export to Petra’s marketing office in Antwerp and certain key personnel from Williamson were being questioned by the authorities. Production was temporarily stopped for safety and security reasons, but recommenced on 14 September 2017 after a four-day shut-down following the return of the key personnel to the mine.

While the grounds upon which these actions were taken were not formally made known to the Company, media reports at the time suggested concern about the potential under-valuation of diamond parcels prior to export and the impact this could have on royalty payments to the GoT.

Petra therefore published an announcement on 11 September 2017 confirming all operations at Williamson, including the export and sales processes, are conducted in a transparent manner and in full compliance with legislation in Tanzania and the Kimberley Process. Furthermore, Petra confirmed that it is not responsible for the provisional valuation of diamond parcels from Williamson before they are exported to Antwerp; this is carried out by the Government’s Diamonds and Gemstones valuation agency, TANSORT. Finally, Petra confirmed that all royalty payments to GoT are based on the actual sales proceeds for the diamonds, once sold in Antwerp, rather than the provisional value prior to export.

The range of official documents on the same webpage below demonstrate that all Tanzania regulatory requirements were adhered to as part of the preparation for export for the parcel.

Update

Since the parcel was blocked, Petra has maintained very regular communication from the Company to the GoT and during a shareholder meeting held early October 2017, Petra officials were informed that an investigation into the potential under-valuation prior to export of the blocked Williamson parcel by two TANSORT officials was ongoing. Based on a letter received on 26 October 2017, the Acting Commissioner for Customs and Excise confirmed that the GoT was in discussion with Williamson Diamonds Limited in order to come to an amicable solution to release the parcel.

Based on an article in a local Tanzanian newspaper on 4 January 2018, the GoT has completed its investigation into the circumstances regarding the perceived under valuation by the two TANSORT Officials. According to the State Attorney, no determination has been made whether the Director of Public Prosecutions would continue with the case or not. The case has since been postponed twice.

Petra will continue to engage with the GoT in order to find a resolution to release the blocked parcel and will endeavour to provide further updates to the market as soon as possible.