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FOR IMMEDIATE RELEASE

MEMBER OF DIAMOND PRODUCERS ASSOCIATION

PetraDiamonds

24 May 2018 **LSE: PDL**

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

Proposed 5 for 8 fully underwritten US$178 million Rights Issue

The Board of Petra Diamonds Limited today announces a fully underwritten rights issue to raise gross proceeds of approximately US$178 million (approximately £133 million). A prospectus containing full details of the Rights Issue is expected to be made available on the Group's website (www.petradiamonds.com) later today.

HIGHLIGHTS

- Petra has managed to execute its strategy within the constraints of its existing resources and has successfully delivered on the majority of milestones associated with its development plans across the portfolio. However, certain operational delays and business challenges, including the impact of a much stronger Rand versus the US Dollar, which strengthened from a low of ZAR14.47:USD1 in November 2017 to a high of ZAR11.55:USD1 in February 2018, have impacted the Company's financial position. The net proceeds from the Rights Issue will be used to accelerate a reduction in leverage to a more sustainable level, strengthen the balance sheet and increase the financial flexibility of the Group.
- The Board is targeting a reduction in the Group's leverage to a more appropriate level of 2x or less Consolidated Net Debt / Consolidated EBITDA by the end of FY 2020.
- Petra's Board of Directors propose to issue 332,821,725 Rights Issue Shares at an Issue Price of 40 pence per Rights Issue Share, representing:

    - a discount of approximately 35.6% to the theoretical ex-rights price of 62.15 pence per Existing Share calculated by reference to the Closing Price of 76.0 pence on 23 May 2018.

- Up to US$120 million of the net proceeds will be used to fully pay down outstanding drawn indebtedness with the South African Lending Group, including ca. US$80 million drawn under the Revolving Credit Facility and up to ca. US$40 million outstanding under the Working Capital Facility, whilst retaining both of these facilities (thereby realising cash interest savings of ca. US$12.9 million per annum). The balance of the net proceeds will provide additional working capital in relation to operating expenses in light of the prevailing volatility of the US dollar/Rand exchange rate.
- The Rights Issue, which is subject to Shareholder approval, is fully underwritten by RBC Capital Markets, acting as Global Co-ordinator, Sponsor, Joint Bookrunner and Underwriter, Barclays Bank PLC acting as Joint International Bookrunner and Underwriter and BMO Capital Markets, acting as Joint Bookrunner and Underwriter (together the "Joint Bookrunners").
- The Directors recommend that shareholders vote in favour of the resolutions and they themselves intend to vote in favour and to take up their rights. Those Directors who are shareholders in the Company, with a combined holding of ca. 3.8% in the Company's issued share capital, have given irrevocable undertakings to subscribe for an aggregate of 11,141,395 Rights Issue Shares, representing a combined investment by the Board of ca. US$6 million.

Adonis Pouroulis, Chairman, commented:
"This Rights Issue has been identified by the Board as the best way of accelerating a reduction in leverage to a more sustainable level, thereby enabling management to focus on ongoing operational delivery and optimisation, as well as assisting in mitigating short-term issues relating to currency volatility and other ongoing business challenges.

"We greatly appreciate the support we have received already in relation to this transaction, with the Rights Issue being fully underwritten by a syndicate of banks and supported by our South African lender group."

Johan Dippenaar, Chief Executive, commented:
"Whilst Petra has successfully delivered on the majority of milestones associated with our expansion programmes, cash flow generation over the last two years has been impaired by a combination of the operational delays in FY 2017, combined with a number of business challenges experienced in the first half of FY 2018. These factors, in conjunction with the impact of a much stronger Rand versus the US Dollar, have led to the Company's debt levels being higher than anticipated and have impacted its ability to deleverage in line with expectations.

"By improving the Group's financial and operational flexibility, the Board believes this Rights Issue is in the best interest of its Shareholders, positioning Petra to reap the benefits of this capital intensive phase by moving the focus to cost efficient production from the new undiluted mining blocks, with a reduced capital spend profile."

DETAILS OF THE RIGHTS ISSUE
The Board announced today that the Company intends to raise US$178 million (£133 million) (US$170 million net of expenses) by way of a 5 for 8 Rights Issue. The Rights Issue is fully underwritten by the Joint Bookrunners pursuant to the terms of the Underwriting Agreement.

The Issue Price of 40.0 pence per Rights Issue Share represents a 47.4% discount to the Closing Price of 76.0 pence on 23 May 2018 (being the last Business Day prior to the announcement of the launch of the Rights Issue) and a 35.6% discount to the TERP of 62.15 pence per Existing Share calculated by reference to the Closing Price on 23 May 2018.

This announcement sets out the background to, and reasons for, the Rights Issue and explains why the Board believes the Rights Issue to be in the best interests of the Company and its Shareholders as a whole and why the Board unanimously recommends that Shareholders vote in favour of the Resolutions. It also sets out the principal terms of the Rights Issue, and refers you to convening a Special General Meeting to consider and, if thought fit, to pass the Resolutions required to authorise the Company to carry out the Rights Issue.

As set out below, in the event that the Resolutions are not passed, the Rights Issue will not take place and the Company will not receive the net proceeds from the Rights Issue of approximately US$170 million (£128 million). In such circumstances, the Company is of the opinion that the working capital available to the Group may not be sufficient during the Working Capital Period. It is therefore very important that Shareholders vote in favour of the Resolutions to be proposed at the Special General Meeting so that the Rights Issue can be completed and the potential adverse consequences described in more detail below can be avoided. Your attention is drawn to the paragraph below titled "Importance of Vote" for more information on the importance of your vote.

REASONS FOR THE RIGHTS ISSUE

Whilst the Company has successfully delivered on the majority of milestones associated with its development plans across the portfolio, its cash flow generation over the last two years has been impaired by a combination of the operational delays in FY 2017 (as set out below) combined with a number of business challenges experienced in the first half of FY 2018.

The two main operational issues impacting results for FY 2017 were the delay in bringing the new plant at Cullinan on stream, with the knock on impact this had on the ability to ramp up production from the new C-Cut Block Cave at Cullinan, and a slower than anticipated ramp up of the new Sub-level Cave ("SLC") at Finsch. These delays resulted in a deficit in operating cashflow of ca. US$130 million. Whilst these issues are being resolved and the run-rates increased, the delivery to plan was delayed and at a lower level than anticipated and has therefore impacted the Company's financial position.

The business challenges experienced in H1 FY 2018 relate to strikes in South Africa (now resolved) and the parcel of 71,654.45 carats from the Williamson mine in Tanzania that was blocked for export. While there has been a resumption in exports of subsequent parcels of rough diamonds from the Williamson mine, the inability to sell the blocked parcel continues to impact on revenue for the Group. In addition, the Company is experiencing delays in the recouping of historical VAT receivables carried at US$14.5 million in respect of the Williamson mine and costs incurred in relation to a number of legislative changes in Tanzania (including, amongst others, additional royalties and fees associated with exports, as well as changes to VAT legislation). The combined effect of the blocked Williamson parcel, the delay in recouping the VAT receivables and additional costs incurred related to the legislative changes is estimated to be in the region of US$35 – 40 million on the Company's liquidity.

These factors, in conjunction with the impact of a much stronger Rand versus the US Dollar, which strengthened from a low of ZAR14.47:USD1 in November 2017 to a high of ZAR11.55:USD1 in February 2018, have led to the Company's debt levels being higher than anticipated and have impacted its ability to deleverage in line with expectations.

As a result of higher than anticipated debt levels, Petra has had to seek waivers from its South African Lender Group on three separate occasions in order to avoid expected breaches of the EBITDA Covenants related to its Existing Senior Facilities.

The Board has determined that the Rights Issue is in the best interest of the Group and its Shareholders as a whole, as it will accelerate a reduction in leverage to a more sustainable level, will allow management to focus on ongoing operational delivery and optimisation, and will assist in mitigating short-term issues relating to currency volatility and the other ongoing business challenges as outlined above.

Strategy

Substantial investment in the Group has transformed the production profile of the asset portfolio and positioned the business favourably to enter into a new phase of steady state operations. Therefore, taking into account the lower levels of capital expenditure going forward, Petra's future focus will be on the continued optimisation of operations and the generation of free cash flow in order to maximise value for Shareholders.

Key considerations (covered in further detail towards the end of the announcement) in the delivery of the Company's strategy are as follows:

1. Health and safety; reaching our objective of a zero harm workplace
2. Driving operational efficiency with a value-over-volume emphasis
3. Reduction in net debt / gearing levels
4. Realising the potential of the Group's portfolio of assets
5. Appropriate Board and management structures
6. Upholding the value of diamonds

Given the positive long-term outlook for the Group's industry, which is characterised by constrained and falling supply and the potential for continued demand growth in both mature and emerging markets, the execution of our business strategy is expected to place the Company in a strong position to fulfil its vision to be a world-class diamond company to the benefit of all its stakeholders.

USE OF PROCEEDS

Up to US$120 million of the net proceeds of the Rights Issue will be used to fully pay down outstanding drawn indebtedness with the Company's South African Lending Group, including ca. US$80 million drawn under the Revolving Credit Facility and up to ca. US$40 million outstanding under the Working Capital Facility, whilst retaining both of these facilities (thereby realising cash interest savings of ca. US$12.9 million per annum). The balance of the net proceeds will provide additional working capital in relation to operating expenses in light of the prevailing volatility of the Rand on the US Dollar exchange rate.

DIRECTORS' INTENTIONS

The Board considers that the Rights Issue is in the best interests of the Company and its Shareholders as a whole.

Those Directors who are shareholders in the Company, with a combined holding of ca. 3.8% in the Company's issued share capital, have given irrevocable undertakings to subscribe for an aggregate of 11,141,395 Rights Issue Shares, representing a combined investment by the Board of ca. US$6 million.

CURRENT TRADING

Trading in Q4 FY 2018 to date

Production in Q4 FY 2018 to date has been broadly in line with expectations and the Company is on track to achieve full year production of 4.6 – 4.7 Mcts. The ROM grade achieved at Cullinan continued its improving trend, achieving 39.9 cpht for April 2018, in line with guidance for H2 FY 2018 of 37 – 42 cpht (this guidance was reduced from Petra's original forecast of ca. 50 cpht as at July 2018, as announced in the Company's H1 FY 2018 Trading Update on 29 January 2018).

With two tenders held during Q4 FY 2018 (April to June 2018), Q4 is traditionally Petra's strongest sales period in terms of carat volumes. Petra's first tender of Q4 closed in May 2018 and the market remained firm. Diamond pricing achieved at Finsch and KEM JV was in line with guidance, pricing at Koffiefontein and Williamson was above guidance, and Cullinan pricing was below guidance, though all pricing achieved was within historical variability ranges on a quarterly basis.

Mud rush experienced at Bultfontein in Kimberley

Bultfontein, an area of Kimberley Underground (part of KEM JV) that was planned for closure in H1 FY 2019, experienced a mud rush incident in May 2018, being an unexpected ingress of groundwater accumulated in the open pit suddenly rushing into the current mine production areas at 845 to 885 mL. Fortunately, no personnel were in these areas at the time and therefore there were no injuries associated with this event. However, it has severely restricted access to the production tunnels, as well as engulfing equipment and trackless machinery in these areas.

The full impact of this incident is yet to be determined but it could lead to the premature closure of Bultfontein. The Company, together with its insurance company, is also in the process of evaluating a potential insurance claim.

Multi-stakeholder arrangement with regards to illegal mining in Kimberley

In order to address illegal mining in Kimberley, a multi-stakeholder agreement (including the KEM JV partners, the DMR and the Sol Plaatjie Municipality (governing Kimberley)), was reached in May 2018 to provide the artisanal miners in and around the town with access to processing certain of KEM JV's tailings resources, totalling circa 400,000 tonnes and located in an outlying area to the north of the Central Treatment Plant. This concession is intended to engender a sustainable, long-term solution by formalising the artisanal miners as a legitimate group to operate lawfully, abiding by a number of terms and conditions which should allow for a peaceful operating environment in Kimberley, and is not expected to materially impact KEM JV's mine plan.

South African lender group undertaking

Whilst not expected to be required, in the context of the Rights Issue transaction, the Company has requested and been granted a binding undertaking from its South African Lender Group (subject to a raising of at least US$100 million and the repayment of amounts outstanding under the Existing Senior Facilities by no later than 16 July 2018) to waive the Consolidated EBITDA to Consolidated Net Finance Charges covenant and the Consolidated Net Debt to Consolidated EBITDA covenant for the 12 month measurement period to 30 June 2018, should a breach of either or both of these covenants be anticipated. In this event the Existing Senior Facilities will remain available to the Group on existing terms.

SUMMARY OF THE PRINCIPLE TERMS AND CONDITIONS OF THE RIGHTS ISSUE

ACTION TO BE TAKEN IN RESPECT OF THE RIGHTS ISSUE

On the basis that dealings commence on 14 June 2018, the latest time for acceptance by Shareholders under the Rights Issue will be 11.00 a.m. on 28 June 2018. The procedure for acceptance and payment is set out in Part 10 of the Prospectus: "Terms and Conditions of the Rights Issue". Further details will also appear in the Provisional Allotment Letter, which will be sent to all Qualifying Non-CREST Shareholders. If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser who, if you are taking advice in the UK, is duly authorised under FSMA, or from any appropriately authorised independent financial adviser if you are in a territory outside the UK, in each case who specialises in advice on the acquisition of shares and other securities.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting of the Company to be held at the office of Buchanan, 107 Cheapside, London, EC2V 6DN on Wednesday, 13 June 2018 at 11:00 a.m. BST. The Special General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions. A summary and explanation of the Resolutions will be set out in the Notice of Special General Meeting which will be included in the Prospectus expected to be published later today.

IMPORTANCE OF VOTE
As explained above, the Rights Issue is conditional upon, amongst other things, the Resolutions being passed by Shareholders at the Special General Meeting. Whether or not you intend to be present at the Special General Meeting, you are asked to vote in favour of the Resolutions in order for the Rights Issue to proceed.

RECOMMENDATION
The Board believes the Rights Issue will promote the success of the Group and is in the best interests of its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Special General Meeting, as the Directors each intend to do so in respect of their own legal and beneficial holdings, amounting to 20,432,017 Existing Shares (representing approximately 3.8% of the Company's existing issued ordinary share capital as at the Latest Practicable Date).

INDICATIVE ABRIDGED TIMETABLE OF PRINCIPAL EVENTS

Publication and posting of the Prospectus and the Notice of Special General Meeting	24 May 2018
Latest time and date for receipt of Forms of Proxy and electronic proxy appointments via the CREST system	11.00 a.m. on 11 June 2018
Record Date for entitlements under the Rights Issue for Qualifying Shareholders	Close of business on 9 June 2018
Special General Meeting	11.00 a.m. on 13 June 2018
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)	13 June 2018
Commencement of dealings in Rights Issue Shares, nil paid, on the London Stock Exchange	8.00 a.m. on 14 June 2018
Existing Shares marked "ex-rights" by the London Stock Exchange	8.00 a.m. on 14 June 2018
Latest time and date for acceptance, payment in full and registration of renounced Provisional Allotment Letters	11.00 a.m. on 28 June 2018
Dealings in Rights Issue Shares (fully paid) commence on the London Stock Exchange	By 8.00 a.m. on 29 June 2018

PROSPECTUS
This summary should be read in conjunction with the full text of this announcement and its appendices below, together with the Prospectus. Further, this summary contains extracts from the Chairman's Letter in the Prospectus (expected to be made available on the Company's website at www.petradiamonds.com later today), which extracts are qualified and/or contextualised by, and should be read with, the Prospectus. The Prospectus containing full details of the Rights Issue is expected to be made available on the Company's website (www.petradiamonds.com), subject to certain restrictions, later today.

The Prospectus will also be submitted to the National Storage Mechanism and available for view at www.morningstar.co.uk/uk/NSM.

CONFERENCE CALL

Petra's Chief Executive, Johan Dippenaar, and Finance Director, Jacques Breytenbach will host a conference call at 9:00am BST today to discuss the Rights Issue with investors and analysts. Participants may join the call by dialling one of the following numbers shortly before the call:

From the UK (toll free): 0808 237 0040
From South Africa (toll free): 0800 222 290
From the rest of the world: +44 203 428 1542
Participant passcode: 47132586#

A replay of the conference call will be available on the following numbers from 12:00pm BST on 24 May 2018:

From UK (toll free): 0808 237 0026
From South Africa and the rest of the world: +44 203 426 2807
Playback passcode: 697167#

For further information, please contact:

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Neil Haycock
Thomas Rider

About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and a consistent supplier of gem quality rough diamonds to the international market. The Company has a diversified portfolio incorporating interests in five producing operations: three underground mines in South Africa (Finsch, Cullinan and Koffiefontein), the Kimberley Ekapa Mining joint venture (including the Kimberley Underground mine and extensive tailings retreatment operations) and one open pit mine in Tanzania (Williamson). It also maintains an exploration programme in Botswana and South Africa.

Petra's strategy is to focus on value rather than volume production by optimising recoveries from its high quality asset base in order to maximise the efficiency and profitability of its operations. The Group has a significant resource base in excess of 300 million carats, which supports the potential for long-life operations.

Petra conducts all operations according to the highest ethical standards and will only operate in countries which are members of the Kimberley Process. The Company aims to generate tangible value for each of its stakeholders, thereby contributing to the socio-economic development of its host countries and supporting long-term sustainable operations to the benefit of its employees, partners and communities.

Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL' and is a constituent of the FTSE4Good Index. For more information, visit www.petradiamonds.com.

IMPORTANT NOTICE

This is not a prospectus but an advertisement. Investors should not subscribe for the securities referred to in this announcement except on the basis of information in the Prospectus. A prospectus will be published today in connection with the proposed Rights Issue. Copies of the Prospectus will, following publication, be available through the website of the Company at www.petradiamonds.com, provided that the Prospectus will not, subject to certain exceptions, be available (whether through the website or otherwise) to shareholders in the United States or any of the other Excluded Territories. The Prospectus will give further details of the securities being offered pursuant to the Rights Issue.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. The information in this announcement is subject to change. Nothing in this announcement should be interpreted as a term or condition of the Rights Issue.

The distribution of this announcement and/or the Prospectus and/or the Provisional Allotment Letter and/or the transfer of the Rights Issue Shares into jurisdictions other than the United Kingdom may be restricted by law, and, therefore, persons into whose possession this announcement and/or the Prospectus and/or the Provisional Allotment Letter comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). This announcement and the information contained herein does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction.

RBC Europe Limited (trading as RBC Capital Markets) ("RBC"), Barclays Bank PLC (acting through its investment bank) ("Barclays") are each authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated by the PRA and the FCA in the United Kingdom. BMO Capital Markets Limited ("BMO", together with RBC and Barclays, the "Joint Bookrunners"), which is authorised and regulated in the United Kingdom by the FCA. The Joint Bookrunners are each acting exclusively for the Company and no one else in connection with the Rights Issue and Admission, will not regard any other person (whether or not a recipient of this document) as a client in relation to the Rights Issue or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, or for providing advice, in relation to the Rights Issue or Admission or any other transaction or arrangement referred to herein.

No action has been taken by the Company, RBC, Barclays or BMO that would permit an offering of the Nil Paid Rights, the DI Nil Paid Rights, the Rights Issue Shares or the New DIs, or possession or distribution of this announcement, the Prospectus, the Provisional Allotment Letter or any other offering or publicity material relating to the Nil Paid Rights, the DI Nil Paid Rights, the Rights Issue Shares or the New DIs in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company, RBC, Barclays and BMO to inform themselves about, and to observe, such restrictions. Subject to applicable law and regulation, Barclays, as Joint International Bookrunner, will effect offers and sales of the Securities outside South Africa.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by, RBC, Barclays or BMO, or their respective affiliates or agents, as to, or in relation to, the accuracy or completeness of this announcement or any other information made available to or publicly available to any interested party or its advisers, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available, and any liability therefore is expressly disclaimed.

In connection with the proposed Rights Issue, RBC, Barclays and BMO, and any of their affiliates, may in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Nil Paid Rights, the DI Nil Paid Rights, the Rights Issue Shares, the New DIs and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Accordingly, references in the Prospectus to the Nil Paid Rights, the DI Nil Paid Rights, the Rights Issue Shares or the New DIs being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, RBC, Barclays and BMO, and any of their affiliates acting in such capacity. In addition RBC, Barclays and BMO, and any of their affiliates, may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which RBC, Barclays and BMO, and any of their affiliates, may from time to time acquire, hold or dispose of Securities. RBC, Barclays and BMO do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The information in this announcement may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Any forwarding, distribution, reproduction, or disclosure of this information in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the U.S. Securities Act or the applicable laws of other jurisdictions.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Securities have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Securities may decline and investors could lose all or part of their investment; the Securities offer no guaranteed income and no capital protection; and an investment in the Securities is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Securities.

Each distributor is responsible for undertaking its own target market assessment in respect of the Securities and determining appropriate distribution channels.

FORWARD-LOOKING STATEMENTS

This announcement contains statements that are, or may be deemed to be, "forward-looking statements". These statements relate to future events or the future performance of the Group, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "expect" or similar expressions. These statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed, anticipated or implied in such forward-looking statements. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur. No representation or warranty is made that any forward-looking statement will come to pass. No one undertakes to update, supplement, amend or revise any such forward-looking statement. Except where otherwise indicated, the information contained herein are provided as at the date of this announcement and are subject to change without notice. The price of Securities and any income from them may go down as well as up and investors may not get back the full amount invested on disposal of the Securities. Past performance of the Company cannot be relied on as a guide to future performance.

INTRODUCTION

Petra announces today that it intends to raise gross proceeds of approximately US$178 million / £133 million (approximately US$170 million / £128 million net of expenses) by way of a Rights Issue, consisting of the issue of 332,821,725 New Ordinary Shares in aggregate at an issue price of 40.0 pence per New Ordinary Share.

The Issue Price of 40.0 pence per Rights Issue Share, represents a discount of approximately 47.4% to the Closing Price of 76.0 pence on 23 May 2018 (being the last Business Day prior to the announcement of the launch of the Rights Issue) and a discount of approximately 35.6% to the theoretical ex-rights price of 62.15 pence per Existing Share calculated by reference to the Closing Price on 23 May 2018.

The Rights Issue, which is fully underwritten by the Joint Bookrunners, is conditional upon, amongst other things, the passing of the Resolutions by Shareholders at a General Meeting, the Underwriting Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated, and Admission becoming effective by no later than 8.00 a.m. on 14 June 2018. Accordingly, Shareholders will be asked to approve the Resolutions at a General Meeting which will be convened for 11:00 a.m. on 13 June 2018 at the offices of Buchanan at 107 Cheapside, London, EC2V 6DN. Notice of the Special General Meeting will be included in the Prospectus expected to be published later today.

BACKGROUND TO THE RIGHTS ISSUE

Background

Petra is a leading independent diamond mining group and a consistent supplier of gem quality rough diamonds to the international market. The Company has a diversified asset portfolio incorporating interests in five producing mining operations; three underground mines in South Africa (Cullinan, Finsch and Koffiefontein), the KEM JV (including the Kimberley Underground mine and extensive tailings retreatment operations) and one open pit mine in Tanzania (Williamson).

Since the Company was first listed on AIM in 1997 with a market capitalisation of less than £10 million, it has grown significantly by following its stated strategy to become a major producer of gemstone quality diamonds, building its portfolio through merger, acquisition and significant investment and development.

The commencement of De Beers' programme to rationalise its portfolio with the divestment of older non-core assets marked a major turning point for the Company, providing Petra with the opportunity to acquire majority interests between 2007 and 2011 in the five mines that now form the Group's portfolio. These assets had been the mainstay of world diamond production from the late 1800's to the 1960's, prior to the opening of new major producing mines in Botswana and Russia. The history and heritage of these mines, including their longevity, quality of diamond production and fame, were crucial to Petra's evaluation of the assets prior to their acquisition, substantiating their economic robustness. Through these acquisitions, amounting to ca. US$330 million in total, the Group has compiled an important diamond resource.

The Group's mines produce the full spectrum of diamonds, with large quantities of the mass market goods required for the bridal market worldwide, and smaller quantities of much higher value large and special stones, including a regular proportion of highly prized and rare coloured diamonds, such as blues from Cullinan, pinks from Williamson, yellows from Finsch, Cullinan and KEM JV, champagne diamonds from Cullinan, and infrequently even rarer colours, such as lilacs and greens. Cullinan in particular is renowned for producing spectacular "world-class" diamonds, earning its place in history with the discovery of the Cullinan diamond in 1905, the largest rough gem diamond ever found at 3,106 carats, which was cut to form the two most important diamonds in the British Crown Jewels, as well as more recent discoveries under Petra's stewardship, such as the 507 carat Cullinan Heritage and the 29 carat Blue Moon of Josephine.

However, these mines had all undergone a prolonged period of underinvestment prior to Petra's ownership, with insufficient capital and other resources committed to their long-term continuity. This meant that they were significantly behind in their development programmes, and therefore, upon takeover, the Group was required to operate in 'mature' mining blocks, where the majority of the ore had been extracted and, which were suffering from significant ingress of waste rock, thereby depressing the quantity of diamonds recovered (the "grade") from these operations.

Petra therefore embarked on an ambitious transformation of the business by implementing intensive capital programmes across the portfolio to allow for the phased transitioning to new mining blocks. These programmes have enabled the Company to gain access to undiluted ore, yielding higher grades of diamonds, and have extended the lives of the assets to the benefit of all stakeholders.

The Company's capital programmes have required major underground development work at each of the South African assets, significant pit re-shaping at Williamson in Tanzania and substantial processing changes across each of the mines, including the construction of a new fit-for-purpose plant at Cullinan and the rebuilding of the existing plant at Williamson. Over the period FY 2007 to FY 2017, Petra has produced a total of 22.6 million carats, generating revenue of approximately US$3.0 billion, operating cashflow of US$1.1 billion and thereby facilitating capital investment of approximately US$1.5 billion. This significant investment period has resulted in the Company's annual production growing from circa 180,000 carats to circa 4.0 Mcts and its annual revenue growing from US$17.0 million to US$477.0 million.

As Petra now approaches the final stage of its expansion plans, it is positioned to reap the benefits of this capital intensive phase by moving the focus to cost efficient production from the new undiluted mining blocks, with a reduced capital spend profile.

STRATEGY

Substantial investment in the Group has transformed the production profile of the asset portfolio and positioned the business favourably to enter into a new phase of steady state operations. Therefore, taking into account the lower levels of capital expenditure going forward, Petra's future focus will be on the continued optimisation of operations and the generation of free cash flow in order to maximise value for shareholders.

Key considerations in the delivery of the Company's strategy are as follows:

1. Health and Safety

The health, safety and wellbeing of our workforce remains our top priority and therefore the Company will continue to strive towards reaching our objective of a zero-harm workplace.

2. Driving Operational Efficiency with a value-over-volume emphasis

The Group has always maintained a close focus on operational costs and productivity. In addition to this, the new mining blocks within the current asset portfolio are set to benefit from operational efficiencies, driven by optimised ore-handling and processing systems, installed as an integral part of the expansion programmes.

Owing to the nature of cave mining (as utilised at our underground mines) there is a beneficial impact on production as the projects ramp up to full capacity. The ramp up of tonnages is directly related to an increased number of draw points available to load from, as well as access across a larger footprint of the ore body. Further to this, as draw points mature, the ore fragmentation becomes finer which requires less secondary breaking thus improving the efficiency of loading activities. The production benefit received is thus both in terms of additional flexibility for volumes mined as well as less variability in recovered grades.

Better access to larger parts of the orebodies is expected to enhance the potential to recover the exceptional diamonds which are a feature of our mines' production profiles (particularly Cullinan and Williamson) and the increased proportion of ROM carats from the Group's mining operations (versus tailings production from surface tailings dumps) is expected to support an improved product mix.

The Company will also focus on plant optimisation across its portfolio related to efficient liberation and volume throughput.

As evidenced by the revised grade and value guidance at Cullinan (announced in the Company's H1 FY 2018 Trading Update in January 2018), the Company is moving its focus away from higher carat volume production targets to instead focus on value optimisation, in order to maximise profitability and returns for Shareholders. The Group anticipates FY 2019 and FY 2020 carat production to be at the lower end of the guidance issued in July 2017; however, lower throughput rates are expected to be accompanied by lower capital and operational cost profiles in order to protect overall profit margins. The Company will release detailed forward guidance in July 2018 and further information will be provided to the market at this time.

3. Reduction in Net Debt / Gearing levels

The Directors are targeting a reduction in the Group's leverage to a more appropriate level of 2x or less Consolidated Net Debt / Consolidated EBITDA by the end of FY 2020, excluding the sale of the Williamson parcel. This would be considered by the Board to be a sustainable long-term leverage level for the business, as well as meeting the required distribution covenant in the Existing Senior Facilities, at which level the Company is permitted to pay dividends to Shareholders without seeking consent from its Lender Group. Further information on the Company's dividend policy is set out below.

In order to mitigate the impact of the business challenges experienced by Petra (noted in 'Reasons for the Rights Issue' above) on the Company's balance sheet, the Company completed an initial review of its capital expenditure programme in H1 FY 2018, which identified reductions of ca. US$10 million in FY 2018, ca. US$20 – 25 million in FY 2019 and ca. US$25 – 30 million in FY 2020 (in FY 2018 money terms). This has reduced the Company's overall capital expenditure requirements to ca. US$104 million for FY 2019 and ca. US$91 million for FY 2020, of which US$30.8 million is committed capital (all figures stated in FY 2018 money terms at an exchange rate of ZAR12:USD1).

However, Petra's financial position remains highly sensitive to the Rand on the US Dollar exchange rate, grade and price variability (specifically at Cullinan), carat recoveries as well as the outlook for Williamson and the blocked diamond parcel, all of which could impact the financial position of the Group.

The Directors believe that the Rights Issue will bring about a stepped reduction of debt to improve Petra's financial and operational flexibility and to enable the Company to focus on its operational deliverables.

4. Realising the potential of the Group's portfolio of assets

The Board will on an ongoing basis review the asset portfolio of the business with a view to maximising return on capital and to ensure that all assets are in a position to contribute positive cash flow to the business.

In H1 FY 2018, Koffiefontein and KEM JV were both subject to impairments totalling US$118 million, due to the fact that each has a high level of sensitivity to the strengthening of the Rand on the US Dollar operating costs, coupled with execution risk related to their remaining expansion targets, as well as lower than forecast pricing for KEM JV, as a result of a higher than anticipated proportion of smaller, low value goods, and revised lower pricing at Koffiefontein. In response to the unsatisfactory performance at these operations, a number of management interventions have been implemented in order to turn them around, including the relocation of key personnel to local management positions, as well as restructuring capital and operational costs. However, it is not guaranteed that these interventions will have the required success and therefore both operations are being monitored closely in order to assess their place within the Company's portfolio and their appropriate carrying values, which may necessitate further impairments.

In both the medium and longer term, there are further production growth opportunities within the current asset portfolio, particularly at Cullinan and Williamson, due to the significant size of these orebodies. This provides the Company with optionality for future organic growth, but any such decisions will be predicated on the balance of managing the Company's financial position and returns to Shareholders.

5. Appropriate Board and management structures

The Company continues to review its Board, board committee and senior management structures in line with its development from a phase of intensive capital expenditure and expansion to a focus on steady state operations, as well as to address improving diversity at the higher levels of the business. As such, the Company's Nomination Committee is currently in its first year of a three-year succession plan. Further to the recently announced appointment of Jacques Breytenbach to the Board as executive Finance Director and the retirement of Jim Davidson, executive Technical Director, effective 30 June 2018, the Board is looking to make additional changes in FY 2019 in order to ensure it has the right mix of expertise and skills. Improving diversity at the top levels of the business will be an integral part of this.

The Company has also recently carried out a number of senior management changes, including the promotion of Luctor Roode from the role of Executive Operations to Chief Operating Officer, with responsibility for the operational production delivery for the Group. Mr Roode is invited to attend all board meetings in order to keep the Board fully appraised of operational developments.

6. Upholding the value of diamonds

Finally, the Company intends to continue to develop leading practices in the areas of environmental, social and governance, recognising the importance of responsible business practices and the role that the private sector can play in terms of a positive impact on its local communities and other stakeholders. This is particularly the case for the Group's operations, given their location in areas of South Africa and Tanzania where the Group can continue to actively contribute to socio-economic development. The Company believes that making a difference is a core part of its purpose as a business, and forms part of its commitment to uphold the value placed upon its precious product.

The Company will also seek to actively influence consumer demand via its role within the Diamond Producers Association ("DPA"), an industry organisation which aims to ensure the long-term sustainability of the sector. It intends to achieve this by promoting the integrity and reputation of the modern diamond industry, providing generic marketing support (in particular targeting "millennials", the next generation of diamond consumers, in priority markets, including the U.S., China and India) and by developing advocacy and trade education programmes.

Given the positive long-term outlook for the Group's industry, which is characterised by constrained and falling supply and the potential for continued demand growth in both mature and emerging markets, the execution of our business strategy is expected to place the Company in a strong position to fulfil its vision to be a world-class diamond company to the benefit of all its stakeholders.

SUMMARY OF THE PRINCIPAL TERMS OF THE RIGHTS ISSUE

General

The Company is proposing to raise approximately US$170 million / £128 million (net of expenses) by way of the Rights Issue of 332,821,725 Rights Issue Shares. The Issue Price of 40.0 pence per Rights Issue Share, which is payable in full on acceptance by not later than 11.00 a.m. on 28 June 2018, represents a 47.4% discount to the Closing Price of 76.0 pence per Existing Share on 23 May 2018 (being the last trading day prior to the announcement of the Rights Issue) and a 35.6% discount to the TERP of 62.15 pence per Existing Share calculated by reference to the Closing Price on 23 May 2018.

The Company proposes to offer Rights Issue Shares by way of the Rights Issue to Qualifying Shareholders on the following basis:

5 Rights Issue Shares for every 8 Existing Shares

held by Qualifying Shareholders on the Record Date and so in proportion to any other number of Existing Shares then held, and otherwise on the terms and conditions as set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Provisional Allotment Letter.

Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Rights Issue Shares representing fractional entitlements will not be allotted to Qualifying Shareholders and, where necessary, entitlements to Rights Issue Shares will be rounded down to the nearest whole number. Such fractional entitlements will be aggregated and, if possible, sold in the market for the benefit of the Company.

The Rights Issue Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to all future dividends or other distributions made, paid or declared after the date of issue of the Rights Issue Shares.

The Rights Issue is conditional upon:

1. the passing of the Resolutions (without amendment) at the Special General Meeting;
2. the Underwriting Agreement having become unconditional in all respects (save for conditions relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
3. Admission becoming effective by not later than 8.00 a.m. on 14 June 2018 (or such later time and/or date as the Company and the Joint Bookrunners may agree, being no later than 16 July 2018).

Some questions and answers, together with details of further terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in the Prospectus in Part 9: "Questions and Answers about the Rights Issue" and Part 10: "Terms and Conditions of the Rights Issue" and, where relevant, will also be set out in the Provisional Allotment Letter. Restricted Shareholders should refer to paragraph 9 of Part 10: "Terms and Conditions of the Rights Issue" for further information.

The Rights Issue is fully underwritten by the Joint Bookrunners pursuant to the Underwriting Agreement. The Joint Bookrunners have agreed on and subject to terms of the Underwriting Agreement to procure subscribers for, or failing which themselves to subscribe for, Rights Issue Shares not taken up in the Rights Issue at the Issue Price. Further details of the terms of the Underwriting Agreement are set out in Part 10 of the Prospectus: "*Additional Information"*.

If the Underwriting Agreement is not declared or does not become unconditional in all respects or if it is terminated in accordance with its terms, the Rights Issue will be revoked and will not proceed. Revocation cannot occur after Admission, and therefore if Admission has occurred by 8.00 a.m. on 14 June 2018 (or such later time and/or date as the Company and the Joint Bookrunners agree, being no later than 16 July 2018), the Rights Issue will proceed.

The latest time and date for acceptance and payment in full of the Rights Issue Shares (or New DIs, as appropriate) is 11.00 a.m. on 28 June 2018.

The terms and conditions of the Rights Issue, including the procedure for acceptance and payment and the procedure in respect of rights not taken up, are set out in Part 10 of the Prospectus: "*Terms and Conditions of the Rights Issue"*.

Qualifying Non-CREST Shareholders

Qualifying Non-CREST Shareholders will receive a Provisional Allotment Letter with the Prospectus, which will indicate the number of Rights Issue Shares provisionally allotted to such Qualifying Non-CREST Shareholders pursuant to the Rights Issue. Qualifying Non-CREST Shareholders should note that, other than the Provisional Allotment Letter, they will receive no further written communication from the Company in respect of the subject matter of the Prospectus.

Qualifying DI Holders

The Depository holds Existing Shares and accordingly will receive provisional allotment of Rights Issue Shares on behalf of Qualifying DI Holders. Subject to the fulfilment of the conditions set out in the Prospectus, the Depository will pass on the provisional allotment made in its favour to each Qualifying DI Holder (other than, subject to certain exemptions, a Restricted DI Holder) on the terms and conditions set out in the Prospectus and in accordance with the Deed Poll. Qualifying DI Holders should note that they will receive no further written communication from the Company in respect of the subject matter of the Prospectus.

Overseas Shareholders

The attention of Qualifying Shareholders who have registered addresses outside the UK, or who are resident or located in, or who are citizens of, countries outside the UK, or who are holding Existing Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward the Prospectus or the Provisional Allotment Letter to such persons, is drawn to the information which appears in paragraph 9 of Part 10 of the Prospectus: “Terms and Conditions of the Rights Issue”. In particular, subject to limited certain exceptions, the Rights Issue is not being made to Shareholders in or into any Excluded Territory. Persons who have registered addresses in, or who are resident or located in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Rights Issue.

Special Dealing Service

The Company has engaged the Receiving Agent to make available the Special Dealing Service in order for Qualifying Non-CREST Shareholders (who are individuals and whose registered addresses are in the United Kingdom or any other jurisdiction in the EEA) to sell all of the Nil Paid Rights to which they are entitled or to effect a Cashless Take-up should they wish. Further information about the Special Dealing Service is set out in paragraph 6 of Part 10 of the Prospectus: “Terms and Conditions of the Rights Issue” and the Special Dealing Service Terms and Conditions will be posted to Qualifying Non-CREST Shareholders together with the Provisional Allotment Letter.

DIVIDENDS, DIVIDEND POLICY AND DIVIDEND HISTORY

The Directors did not recommend a dividend in respect of the years ended 30 June 2016 and 30 June 2017. Returns to shareholders remain a priority for the Board and the decision as to whether to pay a dividend is reviewed regularly with the intention to resume dividend payments in the future when appropriate, subject to the Group’s future profits, financial position, its obligations to meet the distribution covenants attached to its lending facilities, distributable reserves, and other factors that the Directors deem significant to the Company.

WORKING CAPITAL AND IMPORTANCE OF VOTE

Working Capital

Taking into account the net proceeds of the Rights Issue, the Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of the Prospectus.

Binding Undertaking in respect of Covenant Breaches within the Working Capital Period

In the context of the weak Adjusted EBITDA performance in H1 2018, due to the operational and labour related interruptions experienced, as well as the challenges related to the blocked Williamson parcel, the delay in recouping VAT receivables related to Williamson and a number of legislative changes in Tanzania, the Group reported H1 2018 Consolidated Adjusted EBITDA of US$80.1 million for the period and this has resulted in a reduction in expected headroom regarding the

Consolidated EBITDA to Consolidated Net Finance Charges covenant and Consolidated EBITDA to Consolidated Net Debt covenant contained in the Existing Senior Facilities in respect of the 12-month period ending 30 June 2018.

In the context of the Rights Issue, the Company has requested and been granted a binding undertaking from its South African Lender Group (subject to a raising of at least US$100 million in connection with the Rights Issue and the repayment from net proceeds of amounts outstanding under the Existing Senior Facilities (ca. US$80 million drawn under the Revolving Credit Facility and up to US$40 million outstanding under the Working Capital Facility) by no later than 16 July 2018, to waive the Consolidated EBITDA to Consolidated Net Finance Charges covenant and the Consolidated Net Debt to Consolidated EBITDA covenant for the 12 month measurement period to 30 June 2018, should a breach of either or both of these covenants be anticipated. In this event the Existing Senior Facilities will remain available to the Group on the existing terms.

Management does not expect to breach these covenants as there is sufficient headroom forecast in the Company's base case projections, however in the reasonable worst case scenario in the Company's working capital projections described below a marginal breach (by US$2.6 million) of the Consolidated EBITDA to Consolidated Net Finance Charges Covenant for the 12 month measurement period to 30 June 2018 is anticipated, regardless of the quantum of proceeds raised in the Rights Issue. However, since the South African lender group has undertaken to waive any such breach were it to occur, no repayment obligation under the Existing Senior Facilities would arise in respect of any such breach during the Working Capital Period.

Covenant Breaches Outside Working Capital Period

Taking into account the net proceeds of the Rights Issue, under the Company's base case projections, no breaches of the EBITDA Covenants are forecast to occur beyond the Working Capital Period. However, in the reasonable worst case scenario in the Company's working capital projections described below, there is a possibility that, absent any remedial action taken by the Company, breaches of the Consolidated EBITDA to Consolidated Net Debt and Consolidated EBITDA to Consolidated Net Finance Charges covenants (representing EBITDA shortfalls of US$16.6 million and US$18.5 million respectively) could occur in respect of the 12 month period to 30 June 2019 upon measurement no later than 30th September 2019. The Company would not expect to deliver the South African Lender Group its certificate of relevant figures upon which the Covenants are tested until September 2019, which is outside the Working Capital Period. Any such breach may be remedied by further amendments and/or waivers to the EBITDA Covenants being agreed. Given the strong relationships the Company has with its lending banks, the Board is confident that a further amendment and/or waiver of the EBITDA Covenants could potentially be achieved ahead of any potential requirement for repayment under the forecast reasonable worst case scenario.

If not so remedied, any such breach would constitute an event of default under the Existing Senior Facilities which contain these covenants, which could, if repayment of those facilities were required by the South African Lender Group, in turn trigger cross-defaults in the other financing arrangements of the Company including, subject to certain cure periods, with respect to the Notes. This could result in all of the Company's debt facilities becoming repayable if not remedied prior to the expiry of any applicable cure period. As at 31 March 2018, the amount outstanding under the Company's financing arrangements which could be required to be repaid following or as a consequence of a breach of either of the EBITDA Covenants was US$769.1 million. Following any such demand, there would be a significant risk of the Company not having the funds available to repay such amounts at that time and having to enter into insolvency proceedings, which the Company considers could result in limited or no value being returned to Shareholders.

Importance of Vote

As explained above, the Rights Issue is conditional upon, amongst other things, the passing of Resolutions. Whether or not you intend to be present at the Special General Meeting, you are asked to vote in favour of the Resolutions in order for the Rights Issue to proceed.

If the Resolutions to be proposed at the Special General Meeting are not passed, the Rights Issue will not take place and the Company will not receive the net proceeds from the Rights Issue of approximately US$170 million (£128 million). In such circumstances, the Company is of the opinion that the working capital available to the Group will not be sufficient during the Working Capital Period based on the reasonable worst case scenario. This is as a result of a forecast breach of the Consolidated Net Debt to Consolidated EBITDA covenant and a forecast breach of the Consolidated EBITDA to Consolidated Net Finance Charges covenant, both of which are contained in the Existing Senior Facilities in respect of the 12-month period ending on 30 June 2018, based on the reasonable worst case scenario in the Company's working capital projections as explained above. Such breach would occur when the Company delivers to the relevant lenders a certificate of the relevant figures, which, at the latest, is 30 September 2018.

The EBITDA Covenants related to the Existing Senior Facilities are set out below:

1. The Consolidated Net Debt to Consolidated EBITDA Covenant (as recently agreed to be reset) requires that Consolidated Net Debt must be equal to or lower than 3.50 times Consolidated EBITDA for the 12-month periods ending 30 June 2018 and 31 December 2018 and equal to or lower than 2.50 times Consolidated EBITDA for the 12-month period ending 30 June 2019 and subsequent 12-month periods ending on 30 June and 31 December.
2. The Consolidated EBITDA to Consolidated Net Finance Charges Covenant (as recently agreed to be reset) requires that Consolidated EBITDA must be equal to or higher than 3.00 times Consolidated Net Finance Charges for the 12-month periods ending 30 June 2018 and 31 December 2018 and equal to or higher than 4.00 times Consolidated Net Finance Charges for the 12-month period ending 30 June 2019 and subsequent 12-month periods ending on 30 June and 31 December.

The reasonable worst case scenario contemplates an accumulation of downside sensitivities including a reduction in production and achievable selling prices of rough diamonds below current forecasts, a strengthening of the Rand against the U.S. dollar to a greater extent than forecast in the Company's business plan, the Williamson parcel continuing to be blocked and excludes the ability to draw on the Working Capital Facility, assuming that it will not be renewed in September 2018. The reasonable worst case scenario also takes into account the effect of potential mitigating actions that are available to the Company. Such mitigating actions include the potential to cancel, delay or alter certain capital expenditure activities, should this downside scenario realise, which could have an adverse effect on the Group's future prospects beyond the Working Capital Period.

On the Company's base case forecasts, if the Rights Issue does not take place, breaches of the EBITDA Covenants are not expected during the Working Capital Period but a breach of the EBITDA Covenants is expected to occur in September 2019 in respect of the 12-month period ending on 30 June 2019.

In addition, under both the Company's base case forecasts and the reasonable worst case scenario, the Company expects to have sufficient liquidity to carry out its business plan for at least the next 18 months even if the Rights Issue does not take place, provided that waivers can continue to be agreed with the South African Lender Group for any forecast breaches of the EBITDA Covenants.

A breach of either of the EBITDA Covenants would constitute an event of default under the Existing Senior Facilities which contain these covenants, which could, if repayment of those facilities were required by the South African Lender Group in turn trigger cross-defaults in the other financing arrangements of the Company including, subject to certain cure periods, with respect to the Notes. This could result in all of the Company's debt facilities becoming repayable if not remedied prior to the expiry of any applicable cure period. As at 31 March 2018, the amount outstanding under the Company's financing arrangements which could be required to be repaid following or as a consequence of a breach of either of the EBITDA Covenants was US$769.1 million. Following any such demand, the Company would not have the funds available to repay such amounts at that time.

Under the reasonable worst case scenario in the Company's working capital projections the Company is currently forecasting:

1. in respect of the Consolidated Net Debt to Consolidated EBITDA Covenant, a Consolidated Net Debt to Consolidated EBITDA ratio of 3.69 times in respect of the financial covenant testing period ending 30 June 2018 (representing an EBITDA shortfall of approximately US$10.8 million, or net debt being approximately US$37.8 million too high); and
2. in respect of the Consolidated EBITDA to Consolidated Net Finance Charges Covenant, a Consolidated EBITDA to Consolidated Net Finance Charges ratio of 2.96 times in respect of the financial covenant testing period ending 30 June 2018 (representing an EBITDA shortfall of US$2.6 million).

If the Rights Issue does not take place, a possible breach of the EBITDA Covenants in the reasonable worst case scenario described above may be remedied by further amendments and/or waivers to the EBITDA Covenants being agreed, which would mean that the Company would have sufficient liquidity throughout the Working Capital Period. The Directors believe that the Company has strong relationships with its lending banks, demonstrated most recently in April 2018 through the Company's agreement with its lending banks of a waiver of the measurement of the 31 December 2017 EBITDA Covenants, coupled with a reset of the 30 June 2018 and 31 December 2018 EBITDA covenants. This track record provides the Board with confidence that a further amendment and/or waiver of the EBITDA Covenants could potentially be achieved ahead of any potential requirement for repayment under the forecast reasonable worst case scenario. However, there can be no certainty that these actions could be completed ahead of any potential non-compliance with the EBITDA Covenants.

If a breach of either of the EBITDA Covenants were to occur and repayment were to be demanded, due to the cross default provisions in the Company's financing arrangements, all of the amounts outstanding under such arrangements could become immediately repayable and there would be a significant risk of the Company not having the funds available to repay such amounts at that time and having to enter into insolvency proceedings, which the Company considers could result in limited or no value being returned to Shareholders.

If the Resolutions are passed and the Rights Issue proceeds, the South African Lender Group has undertaken to waive any potential breaches of the EBITDA covenants for the period ending 30 June 2018 and the Company forecasts to have sufficient cash resources available to remove any reliance on the utilisation of the Existing Senior Facilities and to likely avoid such insolvency proceedings, even under the reasonable worst case scenario.

It is therefore very important that Shareholders vote in favour of the Resolutions to be proposed at the Special General Meeting so that the Rights Issue can be completed and the potential adverse consequences described above can be avoided.

RECOMMENDATION

The Board believes the Rights Issue will promote the success of the Group and is in the best interests of its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Special General Meeting, as the Directors each intend to do so in respect of their own legal and beneficial holdings, amounting to 20,432,017 Existing Shares (representing approximately 3.8% of the Company's existing issued ordinary share capital as at the Latest Practicable Date).

APPENDIX 1

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The times and dates below are indicative only and may be subject to change[(1)].

Publication and posting of the Prospectus and the Notice of Special General Meeting	24 May 2018
Latest time and date for receipt of Forms of Direction	10.00 a.m. on 8 June 2018
Latest time and date for receipt of Forms of Proxy and electronic proxy appointments via the CREST system	10.00 a.m. on 11 June 2018
Record Date for entitlements under the Rights Issue for Qualifying Shareholders	Close of business on 11 June 2018
Special General Meeting	11.00a.m. on 13 June 2018
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)	13 June 2018
Admission of Rights Issue Shares (nil paid)	8.00 a.m. on 14 June 2018
Commencement of dealings in Rights Issue Shares, nil paid, on the London Stock Exchange	8.00 a.m. on 14 June 2018
Existing Shares marked “ex-rights” by the London Stock Exchange	8.00 a.m. on 14 June 2018
DI Nil Paid Rights credited to CREST accounts of Qualifying DI Holders[(2)]	as soon as practicable after 8.00 a.m. on 14 June 2018
DI Nil Paid Rights enabled in CREST	as soon as practicable after 8.00 a.m. on 14 June 2018
Latest time and date for receipt of instructions under Special Dealing Service in respect of Cashless Take-up or disposal of Nil Paid Rights	3.00 p.m. on 22 June 2018
Dealings carried out in relation to Cashless Take-up or disposal of Nil Paid Rights under Special Dealing Service	26 June 2018
Recommended latest time and date for requesting withdrawal of DI Nil Paid Rights from CREST (i.e. if your DI Nil Paid Rights are in CREST and you wish to convert them into certificated form)	4.30 p.m. on 22 June 2018
Recommended latest time and date for depositing renounced Provisional Allotment Letters into CREST or for dematerialising Nil Paid Rights into a CREST stock account	3.00 p.m. on 23 June 2018
Latest time and date for splitting Provisional Allotment Letters (nil paid)	3.00 p.m. on 26 June 2018
Latest time and date for acceptance and payment through CREST in respect of DI Nil Paid Rights	11.00 a.m. on 28 June 2018
Latest time and date for acceptance, payment in full and registration of renounced Provisional Allotment Letters	11.00 a.m. on 28 June 2018

Expected date of announcement of the results of the Rights Issue (including rump placement, if any)	29 June 2018
Dealings in Rights Issue Shares (fully paid) commence on the London Stock Exchange	By 8.00 a.m. on 29 June 2018
Rights Issue Shares credited to CREST stock accounts	As soon as practicable after 8.00 a.m. on 29 June 2018
Settlement in respect of rump shares	3 July 2018
Expected despatch of definitive share certificates for the Rights Issue Shares in certificated form	By no later than 10 July 2018

Notes:

1. All references to time in this timetable are to London time unless otherwise stated.
2. The times and dates set out in the expected timetable of principal events above and mentioned throughout the Prospectus may be adjusted, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and where appropriate, Qualifying Shareholders through the Regulatory Information Service. References to the times are to London time unless otherwise dated.
3. Subject to certain restrictions relating to Overseas Shareholders. See paragraph 9 of Part 10 of the Prospectus: *"Terms and Conditions of the Rights Issue"*.

APPENDIX 2

DEFINITIONS

In the Prospectus, the following expressions have the following meanings unless the context otherwise requires:

1958 Act	Judgements (Reciprocal Enforcement) Act 1958 (as amended) of Bermuda
2005 Share Option Plan	the share option plan adopted by the Company on 8 March 2005, as amended on 11 March 2009 and re-amended on 18 June 2009
2012 Share Option Plan	the performance share plan as approved by Shareholder's on 27 January 2012 and adopted by the Board on 19 April 2012
2017 Resource Statement	the Group's published resource statement dated 30 June 2017
2018 Resource Statement	The Group's resource statement to be dated on or around 30 June 2018
Absa	Absa Bank Limited (registration number 1986/004794/06), a company incorporated and registered as a bank under the laws of South Africa, acting through its Corporate and Investment Bank Division
Admission	the admission of the Rights Issue Shares (nil paid) to the premium segment of the Official List and to trading on the Main Market
Adjusted EBITDA Margin	the adjusted EBITDA margin, which is calculated by dividing Adjusted EBITDA by revenue
Adjusted Mining and Processing Costs	the mining and processing costs stated before depreciation and share-based expense

AIM	the Alternative Investment Market of the London Stock Exchange
Al Rajhi	Al Rajhi Holdings W.L.L
ALROSA	PJSC ALROSA
Audit Committee	the audit committee established by the Board, the terms of which are set out in Part 8: “Directors, Senior Management and Corporate Governance”
BDM	Blue Diamond Mines Proprietary Limited
BEE	black economic empowerment, or broad-based black economic empowerment, which arises as a result of, inter alia, the following South African legislation: “the Employment Equity Act No. 55 of 1998; the Skills Development Act No. 97 of 1998; the Preferential Procurement Policy Framework Act No. 5 of 2000; and the Broad Based Black Economic Empowerment Act No. 53 of 2003
BEE Partners	the Company’s black economic empowerment partners at its mines in South Africa
BEE Facilities	the funding provided and made available by way of term loans to certain BEE Partners (namely, Kago Diamonds and IPDET) by the BEE Lenders, more particularly described in Part 19: “Additional Information” in the Prospectus
BEE Lenders	FirstRand, Investec and Absa
BMA	the Bermuda Monetary Authority
Board	the board of directors of the Company from time to time
Book Equity	means the aggregate amount of all ordinary share capital, non-redeemable preference share, share premium, non-distributable reserves, distributable reserves and fully subordinated shareholders’ loan, less valuation reserves, goodwill, intangible Assets and reserves created as a result of a change in accounting policy of Petra measured on a consolidated basis
Botswana	the Republic of Botswana
Bultfontein	the Bultfontein kimberlite pipe, part of the Kimberley Underground operations in Kimberley, South Africa
Business Day	a day (excluding Saturdays and Sundays or public holiday in England and Wales) on which banks we generally open for business in London for the transaction of normal business
Bye-laws	the bye-laws of Company from time to time

Cash Equivalents	Consolidated Cash and Cash Equivalents means, at any point in time: (a) cash on hand or on deposit with any acceptable bank, but excluding permitted cash cover; (b) certificates of deposit maturing one year after the relevant date of calculation issued by an acceptable bank; (c) any investment in marketable obligations issued or guaranteed by the government of United States of America or the United Kingdom or by an instrumentality or agency of the United States of America or the United Kingdom having an equivalent credit rating; (d) open market commercial paper: (i) for which a recognised trading market exists; (ii) issued in South Africa, the United States of America or the United Kingdom; (iii) which matures within one year after the relevant date of calculation; and (iv) which has a credit rating of at least A 1 by Standard & Poors or P-1 by Moody's or, if no rating is available in respect of the commercial paper, the issue of which has, in respect of its short-term debt obligations, an equivalent rating; (e) Sterling bills of exchange eligible for discount at the Bank of England and accepted by an Acceptable Bank; (f) collected diamond debtors; or (g) any other instrument, security or investment approved by the senior lenders (including Nedbank and ABSA), in each case to which any person that is part of the Group is beneficially entitled at that time and which is capable of being applied against Consolidated Gross Debt
Calculation Period	means, for any calculation, a period of twelve consecutive months most recently ended prior to the relevant calculation date or other event requiring the calculation for which financial statements have been or should have been delivered to the Lenders
Cashless Take-up	the sale of such number of Nil Paid Rights as will generate sufficient sale proceeds to enable the direct or indirect holder thereof to take up all of their remaining Nil Paid Rights (or entitlements thereto) without being required to provide any further capital
CCSS or CREST Courier and Sorting Service	the CREST Courier and Sorting Service established by Euroclear UK to facilitate, amongst other things, the deposit and withdrawal of securities
CDM	Cullinan Diamond Proprietary Limited, which operates the Cullinan mine
City Code	The UK City Code on Takeovers and Mergers

Closing Date	the closing date of the Rights Issue, which is expected to be 28 June 2018
Closing Price	the middle market quotation of the Ordinary Shares as derived from the London Stock Exchange's Daily Official List on the relevant day
Collateral	the rights, property and assets securing the Notes and the Note Guarantees and any rights, property or assets over which a Lien has been granted to secure the Obligations of Petra Diamonds US$ Treasury Plc
Company or Petra	Petra Diamonds Limited, a company incorporated and registered in Bermuda with registered number 23123
Competent Person	John Kilham, Pr. Sc. Nat. (reg 400018/07)
Companies Act	Companies Act 1981 of Bermuda (as amended)
Consolidated Gross Debt	Consolidated Gross Debt means, at any time, all financial debt (excluding any loan due to the BEE shareholders) of the Company on a Consolidated Basis as reflected in the financial statements of the Company, including all indebtedness owing under the Existing Senior Facilities, the BEE Guarantees and the Notes.
Consolidated EBITDA	Adjusted EBITDA (as referenced in the covenants governing both the Existing Senior Facilities and Notes)
Consolidated Basis or Consolidated	with respect to any financial statements to be provided, or any financial calculation to be made, under or for the purposes of the financing documents, such statements or calculations as prepared or calculated (as the case may be) by reference to the sum of all amounts of similar nature reported in the relevant financial statements of each of the persons whose accounts are to be consolidated with the accounts of the Company in accordance with accounting standards, plus or minus the consolidation adjustments customarily applied to avoid double counting of transactions among any of those aforementioned persons, and those of any such person that is not an obligor under the Existing Senior Facilities but that contributes more than 10% of Consolidated EBITDA or 10% in value of all assets of the Group
Consolidated Gross Finance Charges	means, in respect of any Calculation Period, all interest and other financing charges (whether, in each case paid, payable or capitalised) incurred by Petra on a Consolidated Basis during a Calculation Period
Consolidated Interest Receivable	Consolidated Interest Receivable means, in respect of any Calculation Period, all interest and other financing charges received or receivable by the Company on a Consolidated Basis during that Calculation Period
Consolidated Net Debt	means at any time, Consolidated Gross Debt less Consolidated Cash and Cash Equivalents
Consolidated Net Finance Charges	means in respect of any Calculation Period, Consolidated Gross Finance Charges less Consolidated Interest Receivable during the relevant Calculation Period

Consolidated Net Senior Debt	means, at any time, Consolidated Gross Debt (excluding the Notes and any Financial Debt subordinated to the Finance Parties pursuant to the Subordination Agreement or otherwise on terms and in form and substance acceptable to the Finance Parties) less Consolidated Cash and Cash Equivalents
Constitution	the Constitution of the Republic of South Africa, 1996
Contributed Surplus	as defined in section 54 of the Companies Act
CREST	the relevant system in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms promulgated by Euroclear UK on 15 July 1996 (and as amended since)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
Crown Diamonds	Crown Diamonds Pty Ltd (formerly named Crown Diamonds N.L.), an ADX quoted company that merged with the Company in 2005
Crown Resources	Crown Resources Proprietary Limited
CTP	the central treatment plant at Kimberley
Cullinan	the Cullinan diamond mine in Gauteng Province, South Africa
Cullinan Mining Right	the new order mining right held by CDM dated 4 December 2007 in relation to Cullinan
De Beers	De Beers Société Anonyme and De Beers Consolidated Mines Limited, as the context requires
Deed Poll	the deed dated 23 March 2005 in respect of the Depository Interests, the terms of which are set out in Part 21: “Depository Interests – Terms of Deed Pool” of the Prospectus
Depository	Link Market Services Trustees Limited
Depository Interests or DIs	Independent securities constituted under English law and issued or to be issued by the Depository in respect, and representing on a 1 for 1 basis, underlying Ordinary Shares which may be held or transferred through the CREST system
DI Holders	the holders of Depository Interests
DI Nil Paid Rights	Depository Interests representing Nil Paid Rights
Directors	the directors of the Company as at the date of the Prospectus, whose names are set out on page 54 of the Prospectus
DI Register	the register of title of Depository Interests
Disclosure Guidance and Transparency Rules or DTR	the Disclosure Guidance and Transparency Rules of the UK Listing Authority made in accordance with section 73A of FSMA
DMR	the Department of Mineral Resources of South Africa

DPA	the Diamond Producers Association
Dutoitspan	the Dutoitspan kimberlite pipe, part of Kimberley Underground operations in Kimberley, South Africa
DSX	Digital Securities Exchange, operated by ePayments Systems Ltd (an authorised electronic money institution with the FCA)
Ealing	Ealing Management Services Proprietary Limited
Ebenhaezer	the satellite pipe at Koffiefontein
EBITDA	the net profit before net interest (excluding net unrealised foreign exchange gains and losses), tax, depreciation, amortisation and loss on discontinued activities
EBITDA Covenants	the specified financial tests and ratios and covenants regarding Consolidated Net Debt to Consolidated EBITDA and Consolidated EBITDA to Consolidated Net Finance Charges, as well as a covenant regarding Consolidated Net Senior Debt to Book Equity Group required to be maintained and satisfied by certain of the Group's existing credit facilities (including the Existing Senior Facilities)
EEA	the European Union, Iceland, Norway and Liechtenstein
Ekapa Minerals	Ekapa Minerals Proprietary Limited, which is held 50.1% by Ekapa Mining and 49.9% by the Company
Ekapa Mining	Ekapa Mining Proprietary Limited, the partner of the Company in the KEM JV
Employee Share Plans	means the Company's 2005 Share Option Plan and 2012 Performance Share Plan
EMS	Environmental Management System
Enlarged Issued Share Capital	the issued share capital of the Company immediately following the completion of the Rights Issue and the issue of the Rights Issue Shares
ESG	environmental, social and governance
Euroclear UK	Euroclear UK & Ireland Limited, the operator of CREST
European Union or EU	the European Union first established by treaty made at Maastricht on 7 February 1992
Excluded Territories	Australia, Canada, New Zealand, Japan, South Africa and the United States, and any other jurisdiction outside the United Kingdom where the Company is advised that the allotment or issue of the Rights Issue Shares pursuant to the Rights Issue may breach any applicable law or regulation, each an "Excluded Territory"
Executive Directors	the executive directors of the Company, being Johan Dippenaar, Jim Davidson and Jacques Breytenbach
Existing Depository Interests or Existing DIs	Depository Interests in issue as at the date of the Prospectus
Existing Shares	the Ordinary Shares in issue as at the date of the Prospectus (including, if the context requires, the Existing DIs)
Ex-Rights Date	the date following which the Existing Shares trade ex-rights, being 14 June 2018

Existing Senior Facilities	means: (a) the ZAR600 million Rand Revolving Credit Facility between the Company and Nedbank dated 12 November 2012; (b) the ZAR400 million Rand Revolving Credit Facility between the Company and Absa dated 12 November 2012; (c) the ZAR250 million Rand Working Capital Facility between the Company and FirstRand dated 11 April 2017; and (d) the ZAR250 million Rand Working Capital Facility between the Company and Absa dated 11 April 2017.
FCA	the Financial Conduct Authority acting in its capacity as a competent authority for the purposes of Part VI of FSMA
FDM	Finsch Diamond Mine Proprietary Limited, which operates the Finsch mine (formerly named Afropean Diamonds Proprietary Limited)

Finance Debt	Financial Debt means any indebtedness of the Company and its subsidiaries for or in respect of: (a) borrowed money; (b) the outstanding principal amount of any bonds, debentures, notes, loan stock, commercial paper, acceptance credits, bills or promissory notes drawn, accepted, endorsed or issued by such Company or subsidiary; (c) the deferred purchase price of assets or services (except trade accounts incurred and payable in the ordinary course of business to trade creditors within 90 days of the date they are incurred and which are not overdue); (d) non-contingent obligations of the Company or such subsidiary to reimburse any other person for amounts paid by that person under a letter of credit or similar instrument (excluding any letter of credit or similar instrument issued for the account of such subsidiary with respect to trade accounts incurred and payable in the ordinary course of business to trade creditors within 90 days of the date they are incurred and which are not overdue); (e) the amount of any obligation in respect of any financial lease; (f) amounts raised under any other transaction (including any forward sale, discounting or purchase agreement) having the financial effect of a borrowing and which would be classified as a borrowing (and not as an off-balance sheet financing) under the relevant accounting standards; (g) the amount of the Company or subsidiary's obligations under derivative transactions entered into in connection with the protection against or benefit from fluctuation in any rate or price (but only the net amount owing after marking the relevant derivative transactions to market); (h) any premium payable on a redemption or replacement of any of the foregoing items; and (i) the amount of any obligation in respect of any guarantee or indemnity given by the Company or subsidiary.
Finance Parties	means, individually or collectively as the context may require, the senior lenders (including Nedbank and ABSA), the agent for the senior lenders and a security vehicle set up by the senior lenders for the purposes of holding security
Finsch	the Finsch diamond mine in the Northern Cape Province, South Africa
Finsch Mining Right	the new order mining right held by FDM in relation to Finsch dated 15 October 2008
FirstRand	FirstRand Bank Limited (acting through its Rand Merchant Bank division)

Form of Direction	the form of direction for completion by DI Holders in relation to voting on the Resolutions by the Depository
Form of Proxy	the form of proxy for use by Shareholders in relation to voting on the Resolutions
FSMA	the Financial Services and Markets Act 2000 (as amended) of the United Kingdom
FY	the Company's financial year 1 July to 30 June
H1	the first half of the FY, being 1 July to 31 December
H2	the second half of the FY, being 1 January to 30 June
Helam	the Helam diamond mine in North West Province, South Africa
Gross Rights Issue Proceeds	the gross proceeds from the Rights Issue, which are expected to be \$177 million (£133 million) (on the basis that all of the Rights Issue Shares are issued)
Group	the Company and its directly and indirectly owned subsidiaries
Guarantors	Petra Diamonds Limited; Petra Diamonds UK Treasury Limited; Petra Diamonds Southern Africa Proprietary Limited; Willcroft Company Limited; Blue Diamond Mines Proprietary Limited; Premier (Transvaal) Diamond Mining Company Proprietary Limited; Finsch Diamond Mine Proprietary Limited (previously known as Afropean Diamonds Pty Ltd); Ealing Management Services Proprietary Limited; Premier Rose Management Services Proprietary Limited; Crown Resources Proprietary Limited; Helam Mining Proprietary Limited; Cullinan Diamond Mine Proprietary Limited; Luxanio Trading 105 Proprietary Limited; Tarorite Proprietary Limited; Petra Diamonds Jersey Treasury Limited and Petra Diamonds Netherlands Treasury BV
HSSE Committee	the health, social, safety and environmental committee established by the Board, the terms of which are set out in Part 8 of the Prospectus: "Directors, Senior Managers and Corporate Governance"
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Indenture	the indenture governing the Notes
Investec	Investec Asset Management Proprietary Limited
IPDET	Itumeleng Petra Diamonds Employee Trust
ISIN	the international securities identification number
Issue Price	40 pence per Rights Issue Share
Johannesburg Interbank Agreed Rate	a short term money market rate offered by local and foreign banks in South Africa
Joint Bookrunners	RBC Europe Limited (trading as RBC Capital Markets), Barclays Bank PLC (acting through its investment bank), BMO Capital Markets Limited
Joint Shaft	the shaft which services the Bultfontein and Dutoitspan mines, as part of the Kimberley Underground operation

Kago Diamonds	Kago Diamonds Proprietary Limited, the commercial BEE Partner of the Company in respect of its South African operations
Kimberley Assets	means the assets in Kimberley purchased by Ekapa Minerals from De Beers in January 2016, including certain tailings operations and the CTP
KEM JV	the unincorporated joint venture entered into between the Company and Ekapa Mining in July 2016, known as the Kimberley Ekapa Mining Joint Venture, under which the parties combined their respective interests in the Kimberley area
Kimberley Operations	the Company's operations in Kimberley, through its interests in, inter alia, Kimberley Underground, the Kimberley Assets, and other assets in Kimberley contributed by Ekapa Mining to the KEM JV, such as the Super Stone Assets (for the period from 18 January 2016 to 30 June 2016, as governed by the tolling agreement relating to Kimberley entered into between Crown Resources and Ekapa Minerals with effect from 18 January 2018)
Kimberley Process	a joint government, industry and civil society certification initiative to stem the flow of conflict diamonds wherein participants can legally trade only with other Kimberley Process participants who have also met the minimum requirements of the scheme, and which requires international shipments of rough diamonds to be accompanied by a certificate guaranteeing they are conflict-free
Kimberley Underground	the Kimberley underground mines, being Bultfontein, Dutoitspan and Wesselton, in Kimberley, South Africa
Kimberley Underground Mining Right	the new order mining right held by Crown Resources dated 7 May 2010 in relation to Kimberley Underground
Koffiefontein	the Koffiefontein underground diamond mine in the Free State province of South Africa
Koffiefontein Mining Right	the new order mining right held by BDM dated 2 February 2007 in relation to Koffiefontein grant pursuant to section 23 of the MPRDA
Last Practicable Date	23 May 2018
Listing Rules	the listing rules made by the UK Listing Authority under section 73A of FSMA
LTIFR	lost time injury frequency rate
Major Diamond Producers	De Beers and ALROSA
Main Market	the London Stock Exchange's main market for listed securities
Market Abuse Regulation	Regulation (EU) No. 594/2014 of the European Parliament and the Council of 16 April 2014 on market abuse
Member States	a Member State of the EEA which has implemented the Prospectus Directive
Memorandum of Association	a memorandum of association of the Company

Mining Codes	the code of good practice for the minerals industry in terms of MPRDA published in 2009 by the Minister of Mineral Resources
Mining Charter	the Mining Charter published under the MPRDA
Minister of Mineral Resources	the Minister of Mineral Resources South Africa
Money Laundering Regulations	the UK Money Laundering Regulations 2007 (SI 2007/2157)
MPRDA	the Mineral and Petroleum Resources Development Act No. 28 of 2002 (South Africa)
Mwadui	the kimberlite upon which the Williamson mine is based
Net Rights Issue Proceeds	the net proceeds from the Rights issue, which are estimated to be approximately US$170 million (£128 million) (on the basis that all the Rights Issue Shares are issued)
Nedbank	Nedbank Limited, acting through its Corporate and Investment Bank division
New DIs	the Depository Interests to be issued by the Depository in respect of the Rights Issue Shares received by the Depository for and on behalf of Qualifying DI Holders pursuant to the Rights Issue
NGO	a non-governmental organisation
Nil Paid Rights	the (nil paid) right to subscribe for Rights Issue Shares provisionally allotted by the Company to Qualifying Shareholders pursuant to the Rights Issue on the terms and conditions set out in the Prospectus
Nomination Committee	the nomination committee established by the Board, the terms of which are set out in Part 8: “Directors, Senior Manager and Corporate Governance”
Notes	the US$650 million 7 ¼% Senior Secured Second Lien Notes due 2022 of the Company’s wholly owned subsidiary, Petra Diamonds US$ Treasury Plc
Notice of Special General Meeting	the notice of Special General Meeting set out in the Prospectus
NUM	the National Union of Mineworkers in South Africa, a trade union representing workers in the mining, energy and construction industries in South Africa
OECD	the Organisation for Economic Co-operation and Development
Official List	the Official List of the UK Listing Authority pursuant to Part VI of FSMA
On-Mine Cash Costs	the on-mine cash costs calculated by subtracting from total mining and processing costs the following items: diamond royalties, changes in diamond inventory of finished goods and stockpiles, some centralised costs including diamond cleaning and sorting, marketing, technical and support costs, depreciation and share-based expense.
Ordinary Shares	the ordinary shares of 10 pence each in the capital of the Company

Overseas Shareholders	Shareholders with registered addresses outside of the United Kingdom or who are citizens or residents of countries outside the United Kingdom
Petra Diamonds Botswana	Petra Diamonds Botswana (Pty) Ltd, the Company's wholly owned subsidiary which operates its exploration activities in Botswana
Pre-79 TMR	the coarse tailings dumps from the mining operations at Finsch prior to 1979
Premier Transvaal	Premier (Transvaal) Diamond Mining Company Proprietary Limited
Profit from Mining Activities	the revenue less Adjusted Mining and Processing costs plus other direct income
Prospectus	the document relating to the Rights Issue prepared in accordance with the Prospectus Rules
Prospectus Rules	the Prospectus Rules published by the FCA under section 73A of FSMA
Provisional Allotment Letter	the renounceable Provisional Allotment Letter expected to be sent to Qualifying Non-CREST Shareholders in respect of the Rights Issue Shares to be provisionally allotted to them pursuant to the Rights Issue
Q1	the first quarter of the FY, being 1 July to 30 September
Q2	the second quarter of the FY, being 1 October to 31 December
Q3	the third quarter of the FY, being 1 January to 31 March
Q4	the fourth quarter of the FY, being 1 April to 30 June
QIB	a qualified institutional buyer within the meaning of Rule 144A of the U.S. Securities Act
Qualifying DI Holders	DI Holders of Existing Depository Interests on the DI Register at the Record Date
Qualifying Non-CREST Shareholders	holders of Ordinary Shares in certificated form on the Share Register at the Record Date
Qualifying Shareholders	Qualifying Non-CREST Shareholders and Qualifying DI Holders at the Record Date
Receiving Agent	Link Market Services Limited, a company incorporated in England & Wales with registration number 02605568 and whose registered office is The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Record Date	11 June 2018
Re-Domicile	the Company's tax and management re-domicile from Jersey to the United Kingdom effective from 1 May 2017
Registrar	Link Market Services (Jersey) Limited
Regulation S	Regulation S under the U.S. Securities Act
Regulatory Information Service	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies

Revolving Credit Facility	means: (a) the ZAR600 million Rand Revolving Credit Facility between the Company and Nedbank Limited dated 12 November 2012; and (b) the ZAR400 million Rand Revolving Credit Facility between the Company and Absa dated 12 November 2012.
Resolutions	the resolutions to be proposed at the Special General Meeting as set out in the Notice of Special General Meeting and as detailed in Part 7 of the Prospectus: “Letter from the Chairman of the Company”
Restricted DI Holder	DI Holders with registered addresses in any Excluded Territory or who are located or resident in any Excluded Territory
Restricted Shareholder	Qualifying Shareholders with registered addresses in any Excluded Territory or who are located or resident in any Excluded Territory
Rights Issue	the offer by the Company of the Rights Issue Shares by way of rights to Qualifying Shareholders, other than (subject to certain exceptions) Qualifying Shareholders with a registered address in an Excluded Territory, on the terms and subject to the conditions set out in the Prospectus
Rights Issue Shares	the Ordinary Shares to be issued by the Company pursuant to the Rights Issue
Remuneration Committee	the remuneration committee established by the Board, the terms of which are set out in Part 8: “Directors, Senior Management and Corporate Governance”
Royalty Act	the Mineral and Petroleum Resources Royalty Act No. 28 of 2008 of the Republic of South Africa
Rule 144A	Rule 144A under the U.S. Securities Act
Rump Offering	any offering by the Joint Bookrunners to procure subscribers for the Rights Issue Shares or New DIs that form part of the Shortfall
SAMREC Code	the South African Code for Reporting of Mineral Resources and Mineral Reserves, as published by the South African Mineral Committee under the auspices of the South African Institute of Mining and Metallurgy
SDRT	stamp duty reserve tax
SEC	the U.S. Securities and Exchange Commission
Securities	Nil Paid Rights, DI Nil Paid Rights, Rights Issue Shares and/or New DIs
Sedibeng	the Sedibeng mining operation, which is an amalgamation of two mines (Messina and Dancarl) in the Northern Cape Province, South Africa
Sedibeng Mining	Sedibeng Mining Proprietary Limited
Senior Manager	Luctor Roode
Shareholders	holders of Ordinary Shares from time to time

Share Register	the share register maintained on behalf of the Company in the Jersey by the Registrar
Shortfall	the Rights Issue Shares and New Dis not taken up under the Rights Issue
South Africa	the Republic of South Africa
South African Companies Act	the South African Companies Act No. 71 of 2008, as amended
South African Lender Group	Absa, FirstRand Bank and Nedbank
Special Dealing Service	the dealing service being made available by the Receiving Agent to Qualifying Non-CREST Shareholders who are individuals with a registered address in the United Kingdom or any other jurisdiction within the EEA who wish to sell all of their Nil Paid Rights or to effect a Cashless Take-up
Special Dealing Service Terms and Conditions	the terms and conditions of the Special Dealing Service
Special General Meeting	the special general meeting of the Company to be held pursuant to the Notice of General Meeting in connection with the Rights Issue at 11a.m. on 13 June 2018
STAMICO	State Mining Corporation, the parastatal mining company in Tanzania
Star	the Star diamond mine in the Free State Province, South Africa
Subordination Agreement	means the written subordination agreement between, inter alia, the Company and its material subsidiaries, the IPDET, Sedibeng, and the senior lenders (including Nedbank and ABSA) dated 4 May 2015 in terms of which the Obligors, the IPDET and Sedibeng subordinated all their claims against any person or persons forming part of the Group in favour of the senior lenders (including Nedbank and ABSA) and the holders of the Notes
Super Stone	Super Stone Mining Proprietary Limited, a company wholly owned by Ekapa Mining
Super Stone Assets	the operations of Super Stone in Kimberley, which have been contributed to the KEM JV by Ekapa Mining
Tanzania	the United Republic of Tanzania
TERP	the theoretical ex-rights price
TSR	total shareholders return
UK Corporate Governance Code	the UK Corporate Governance Code issued by the Financial Reporting Council from time to time
UK Listing Authority or UKLA	the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA and in its exercise of its functions of FSMA and in its exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of FSMA
Umnotho weSizwe	Umnotho weSizwe Group Proprietary Limited

Underwriting Agreement	the underwriting agreement dated 24 May entered into between the Company and the Joint Bookrunners relating to the Rights Issue and more fully described in paragraph 16.1 of Part 19 of the Prospectus: “Additional Information
USE	Unmatched Stock Event
U.S. Exchange Act	the United States Exchange Act of 1934, as amended
U.S. Securities Act	the United States Securities Act of 1933, as amended
VAT	value added tax
Wesselton	the Wesselton kimberlite pipe, part of the Kimberley Underground operations in Kimberley, South Africa
Williamson	Williamson diamond mine in Mwadui, Shinyanga Province, Tanzania
Williamson Diamonds	Williamson Diamonds Limited
Working Capital Facility	means: (a) the ZAR250 million Rand Working Capital Facility between the Company and RMB dated 11 April 2017; and (b) the ZAR250 million Rand Working Capital Facility between the Company and Absa dated 11 April 2017.
Working Capital Period	the period for at least the next 12 months from the date of the Prospectus