



PetraDiamonds

The following replaces the announcement issued by Petra Diamonds Limited at 7am BST this morning, further to the changes below:

FY 2019 Guidance Highlights – Outlook for FY 2019 Absolute Costs:

- Total FY 2019 absolute on-mine cash costs are expected to remain largely flat compared to FY 2018 expected costs in ZAR local currency, “notwithstanding an increase in overall tonnages and inflationary increases.” (previously said “with the decrease in overall tonnage throughput offset by inflationary increases.”)

Cullinan – FY 2018 Results:

- Production increased 74% to 1,368,720 carats (FY 2017: 786,509 carats) mainly due to a 97% increase in ROM carat production as the new C-Cut Phase 1 block cave continued to ramp up and the new plant operated at planned throughput rates. Production from the undiluted C-Cut mining areas (including CC1E) increased to “ca. 2.46 Mt in FY 2018” (previously said “ca. 2 Mt in FY 2018”).

23 July 2018

LSE: PDL

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

FY 2018 Trading Update and FY 2019 Guidance Update

Petra Diamonds Limited announces its Trading Update (unaudited) for the year ended 30 June 2018 (the “Year” or “FY 2018”), ahead of its preliminary results for the Year (“Prelim Results”), which will be released on 17 September 2018.

The Company also announces updated analyst guidance for the year to 30 June 2019 (“FY 2019”).

Further to the announcement on 5 July 2018 that the Company and its black economic empowerment (“BEE”) partners have entered into binding Heads of Agreement to dispose of their interest in the Kimberley Ekapa Mining Joint Venture (“KEM JV”), results and guidance have been disclosed both with and without the inclusion of this business unit; the divestment is expected to complete before the end of September 2018.

FY 2018 HIGHLIGHTS

- Safety:
 - Lost Time Injury Frequency Rate (“LTIFR”) improved to 0.23 (FY 2017: 0.27).
- Production:
 - Production up 15% to 4.6 Mcts (FY 2017: 4.0 Mcts), in line with guidance of 4.6 to 4.7 Mcts.
 - Adjusted for the sale of KEM JV: production up 19% to 3.8 Mcts (FY 2017: 3.2 Mcts).

- Revenue:
 - Revenue up 21% to US\$576.4 million (FY 2017: US\$477.0 million).
 - Adjusted for the sale of KEM JV: revenue up 25% to US\$494.6 million (FY 2017: US\$394.8 million).
- The diamond market remained stable throughout FY 2018, with rough diamond prices on a like for like basis up ca. 2% for the Year, compared to FY 2017.
- Total FY 2018 Group absolute operating costs remained in-line with expectations despite inflationary pressures and additional costs incurred at KEM JV in relation to security and other measures associated with illegal mining activities (as noted in Petra's FY 2018 Interim Results). However, the strengthening of the Rand during the Year had a negative impact on US Dollar reported operating costs.
- FY 2018 unit cost per tonne has been adversely affected by below planned throughput with a high percentage of fixed costs, especially at Koffiefontein and KEM JV. Further detail on the breakdown of costs will be given in the Prelim Results announcement.
- Operational Capex:
 - Operational Capex (excluding capitalised borrowing costs) reduced to US\$142.7 million (FY 2017: US\$255.1 million), within budget and in line with the Company's reducing capital profile.
 - Adjusted for the sale of KEM JV: operational Capex of US\$128.9 million (FY 2017: US\$226.7 million).
- Net debt as at 30 June 2018 reduced to US\$436.1 million (US\$518.8 million net of diamond debtors of US\$82.7 million) (30 June 2017: US\$513.9 million (US\$555.3 million net of diamond debtors of US\$41.5 million)) further to the completion of the 5 for 8 Rights Issue and the receipt of the net proceeds of ca. US\$170 million.

Post Year End

- Binding Heads of Agreement reached with regards to the disposal of the Company's interest in the KEM JV to Petra's joint venture partner Ekapa Mining (Pty) Ltd for ca. ZAR300 million.
- The KEM JV asset will be accounted for as an asset held for sale as at 30 June 2018 in the Company's Prelim Results and it is expected that a non-cash impairment charge will be recorded in the region of US\$35 – 45 million.

FY 2019 GUIDANCE HIGHLIGHTS

As outlined in the recent Rights Issue Prospectus (published 24 May 2018), FY 2019 and FY 2020 production guidance was stated to be at the lower end of the guidance issued in July 2017. This will be accompanied by an ongoing focus on delivering the most effective capital and operational cost profiles for its portfolio in order to protect overall profit margins.

This is in line with the Board's strategic focus on driving operational efficiency with emphasis on value-over-volumes, as well as a close focus on operational costs, productivity and ongoing optimisation of the portfolio (as demonstrated by the proposed disposal of the Company's interest in KEM JV).

- FY 2019 production is expected to be 4.6 to 4.8 Mcts.
- Excluding KEM JV, FY 2019 production is expected to be 3.8 to 4.0 Mcts.
- Total FY 2019 absolute on-mine cash costs are expected to remain largely flat compared to FY 2018 expected costs in ZAR local currency, notwithstanding an increase in overall tonnages and inflationary increases. As the Company transitions from its capital-intensive phase to steady state operations, it will have a core focus on further streamlining operations and re-setting the cost base across its portfolio.

- FY 2019 Capex (excluding capitalised borrowing costs) is guided at ca. US\$100 million (excluding KEM JV: ca. US\$93 million), continuing the declining trend since peak Capex was reached in FY 2016. All future Capex figures guided in this announcement are in FY 2019 money terms, converted at an exchange rate of ZAR12.75:US\$1.
- Total Capex for FY 2020 is expected to be ca. US\$72 million (excluding KEM JV), mostly relating to Cullinan and Finsch. Sustaining Capex post FY 2020 is expected to be ca. US\$30 million per annum; planning on Expansion Capex post FY 2020 is ongoing.

FY 2018 Production, Sales and Capex – Summary¹

	Unit	FY 2018	FY 2017	Variance
Sales				
Diamonds sold	Carats	4,550,292	4,006,856	+14%
Revenue	US\$M	576.4	477.0	+21%
Production				
ROM diamonds	Carats	3,731,951	2,849,247	+31%
Tailings & other ² diamonds	Carats	879,531	1,163,966	-24%
Total diamonds	Carats	4,611,482	4,013,213	+15%
Tonnages				
ROM tonnes	Mt	12.9	10.1	+29%
Tailings & other ² tonnes	Mt	7.7	8.7	-12%
Total tonnes	Mt	20.6	18.8	+10%
Capex				
Expansion	US\$M	120.1	230.8	-48%
Sustaining	US\$M	22.6	24.3	-7%
Borrowing Costs Capitalised	US\$M	35.8	45.5	-21%
Total	US\$M	178.5	300.6	-41%

Notes:

1. Production, sales and Capex stated on an attributable basis, including 75.9% of KEM JV.
2. 'Other' represents alluvial diamond mining at Williamson.

FY 2018 Production, Sales and Capex – Summary (Excluding KEM JV)

	Unit	FY 2018	FY 2017	Variance
Sales				
Diamonds sold	Carats	3,793,799	3,184,893	+19%
Revenue	US\$M	494.6	394.8	+25%
Production				
ROM diamonds	Carats	3,649,337	2,761,464	+32%
Tailings & other ¹ diamonds	Carats	186,130	451,315	-59%
Total diamonds	Carats	3,835,467	3,212,779	+19%
Tonnages				
ROM tonnes	Mt	12.1	9.4	+29%
Tailings & other ¹ tonnes	Mt	1.6	2.6	-39%
Total tonnes	Mt	13.7	12.0	+14%
Capex				
Expansion	US\$M	110.0	206.9	-47%
Sustaining	US\$M	18.9	19.8	-5%
Borrowing Costs Capitalised	US\$M	35.8	45.5	-21%
Total	US\$M	164.7	272.2	-40%

Notes:

1. 'Other' represents alluvial diamond mining at Williamson.

Johan Dippenaar, Chief Executive of Petra Diamonds, commented:

"FY 2018 represents a solid progression for the Group after the challenges of FY 2017 and H1 FY 2018, and places our production on a firm footing, backed up by a strong safety performance.

"The future focus of the Group will be on the continued optimisation of production volumes and cost structures across our portfolio in order to maximise cash generation."

CONFERENCE CALLS

Petra will hold two conference calls today hosted by Chief Executive Johan Dippenaar, Finance Director Jacques Breytenbach and Chief Operating Officer Luctor Roode to discuss the FY 2018 Trading Update and FY 2019 Guidance with investors and analysts.

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

First Call - 9:30am BST

UK Toll-Free Number: 0808 237 0040
From South Africa (toll free): 0800 222 290
From the rest of the world: +44 20 3428 1542
Participant passcode: 64276584#

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

From UK (toll free): 0808 237 0026
From South Africa (toll free): 0800 002 877
From the rest of the world: +44 20 3426 2807
Playback passcode: 698101#

Second call - 4:00pm BST

Petra will host a second call to cater for international investors.

From the United States (toll free): 1866 928 7517
From the rest of the world: 020 3428 1542
From the UK (toll free): 0808 237 0040
From South Africa (toll free): 0800 222 290
Participant passcode: 64276584#

HEALTH AND SAFETY

- The Group's LTIFR improved to 0.23 (FY 2017: 0.27). Although the Company is very encouraged by this improving trend, it will continue to strive to reach its goal of a zero-harm workplace.

OPERATIONS

- Production rose 15% to 4.6 Mcts for FY 2018 (FY 2017: 4.0 Mcts), due to the underground expansion programmes continuing to ramp up and the resultant higher contribution of undiluted ore from the new mining areas together with the ongoing ramp-up of the new Cullinan Plant.

ROM carats produced increased 31% to 3,731,951 carats (FY 2017: 2,849,247 carats), contributing ca. 81% of the Group's production profile (FY 2017: ca. 71%), in comparison to lower value carats from surface tailings operations.

Finsch

FY 2018 Results:

- ROM production increased 6% to 1,926,467 carats (FY 2017: 1,818,454 carats) driven by a higher average ROM grade of 62.5 cpht (FY 2017: 56.6 cpht), positively impacted by the treatment of higher-grade surface ROM material, coupled with the increase in undiluted tonnes from the new Block 5 Sub Level Cave ("SLC").
- This partially offset the underperformance of ROM tonnage throughput due to lower tonnes from the South West Precursor ancillary orebody ("SW Precursor"), where production was curtailed further to intermittent caving leading to safety concerns around the stability of the ground conditions in the vicinity of the mining area. This is necessitating continual reassessment of the manner in which the SW Precursor orebody can be accessed, as described further below.
- Overall production decreased 4% to 2,073,477 carats (FY 2017: 2,149,896 carats), with the increase in ROM production offset by the planned reduction in tailings production, which decreased to 147,010 carats (FY 2017: 331,442 carats).
- Block 5 SLC ramped up further and delivered ca. 1.65 Mt in FY 2018 compared to 0.75 Mt in FY 2017.
- FY 2018 Expansion Capex of US\$42.3 million was mainly spent on underground development and infrastructure relating to the Block 5 SLC.

Guidance:

- ROM throughput of 3.1 Mt in FY 2018 will rise to 3.2 Mt in FY 2019, as disclosed in Petra's recent Rights Issue prospectus (published 24 May 2018). This is lower than previous guidance of 3.5 Mtpa due to the exclusion of the SW Precursor from the mine plan.
- The SW Precursor is a smaller ancillary orebody (ca. 1.2 ha in size, compared to the main orebody of ca. 4.7 ha), which contains ca. 3 Mt of ore above 63 Level and another ca. 3 Mt between 63 Level and 73 Level. The relatively small size and its proximity to the main pipe affects the ability to induce continuous caving and the stability of the rim tunnel. Refer to the schematic 'Finsch Plan View' at: <https://www.petradiamonds.com/investors/analysts/analyst-guidance/>.
- The Company will continue to assess plans to achieve its longer term throughput target of 3.5 Mtpa at Finsch by investigating options to safely reintroduce the SW Precursor from 73 Level or increasing throughput rates from the Block 5 SLC.
- FY 2019 planned tonnage from the SLC is ca. 2.7 Mt, with the remaining tonnes to be sourced from the ROM overburden dumps.
- Finsch's ROM grade of 62.5 cpht was higher than guidance primarily due to the contribution of high grade surface overburden dumps. The ROM grade is expected to reduce to within the guidance range of 56 – 59 cpht for FY 2019, mainly due to the depletion of these high grade overburden dumps from FY 2019, although partially offset by the increased ramp up of the Block 5 SLC.
- Limited tailings production of ca. 200,000 tonnes is planned for FY 2019, which includes mostly remnants from the higher grade pre-79 tailings. While tailings production post FY 2019 does not form part of the current mine plan, lower grade post-79 tailings material remains available to supplement the underground operations in the future.
- Total absolute on mine cash cost is guided at ca. ZAR1,270 million. Unit costs are expected to increase due to the mining of predominantly ROM tonnes, an increase in drilling and blasting activities associated with SLC mining, a reduction in the previously guided Block 5 SLC ROM throughput and the effect of a relatively high fixed cost base associated with mining operations. As the mine transitions from a capital-intensive expansion phase into a steady

state production phase, the right sizing and streamlining of the cost structure at Finsch will be a priority focus in FY 2019.

- Expansion Capex for FY 2019 is guided at ca. US\$16 million, primarily relating to the completion of the blue (kimberlite) tunnel development in the Block 5 SLC.

Cullinan

FY 2018 Results:

- Production increased 74% to 1,368,720 carats (FY 2017: 786,509 carats) mainly due to a 97% increase in ROM carat production as the new C-Cut Phase 1 block cave continued to ramp up and the new plant operated at planned throughput rates. Production from the undiluted C-Cut mining areas (including CC1E) increased to ca. 2.46 Mt in FY 2018 (FY 2017: ca. 1.2 Mt).
- Plant optimisation is ongoing, with the recovered ROM grade improving from ca. 33 cpht achieved in H1 FY 2018 to 37.8 cpht for H2 FY 2018, with Q4 FY 2018 yielding a grade of 39.3 cpht, in line with revised guidance of 37 – 42 cpht for H2.
- A total of 0.4 Mt of tailings were treated with an average grade of 6.5 cpht.
- FY 2018 Expansion Capex of US\$55.5 million was mainly spent on the C-Cut Phase 1, CC1E and finalisation of the new plant.

Guidance:

- 1.0 Mt ROM was hoisted and treated in Q4 FY 2018, which demonstrates the strong progress and capability of the Cullinan operations. However, the Company is guiding for a range of 3.7 – 4.0 Mt to be treated during FY 2019, due to the continued ramp-up of C-Cut Phase 1, the depletion of the old B Block mining areas and the switch-over period required for the implementation of the new shaft / plant interface, which is scheduled to be completed by Q3 FY 2019. This will aid in alleviating constraints with the link between the underground hoisting system and the plant.
- The C-Cut Phase 1 project is planned to contribute ca. 3 Mt for the year. A further 0.7 – 1.0 Mt will be sourced predominantly from the CC1E mining area, as well as from other B Block tonnes.
- Steady state production of 4.0 Mtpa will be delivered from C-Cut Phase 1 and CC1E. The Company will on an ongoing basis investigate the optimal plan to utilise the full extent of the large Cullinan orebody (ca. 16 ha at current production depths).
- ROM grade is expected to remain in the 38 – 42 cpht range from FY 2019 onwards.
- Tailings production is planned at ca. 1.5 – 1.7 Mt yielding 6 – 7 cpht, whilst the plant optimisation (total throughput in relation to mill settings and recirculating load) is ongoing. Longer term steady state tailings production is expected to be ca. 2 Mtpa yielding 6 – 7 cpht.
- Total absolute on mine cash cost is guided at ca. ZAR1,135 million.
- FY 2019 expansion Capex for Cullinan is guided at ca. US\$45 million, primarily relating to the installations of the final C-Cut Phase 1 drawpoint and the shaft / plant interface.

Koffiefontein

FY 2018 Results:

- ROM production increased 3% to 52,537 carats (FY 2017: 51,173 carats) further to the commissioning of the new ground handling system during Q3, which enabled the subsequent ramp up of tonnages in Q4 and allowed the mine to reach its revised guidance of ca. 0.65 – 0.7 Mt for FY 2018.
- During May and June 2018, ca. 187,000 tonnes were hoisted, in line with the mine's FY 2019 annualised targeted throughput of 1.0 Mtpa.

Guidance:

- The SLC is expected to maintain the throughput rates achieved in May and June 2018 and deliver ROM throughput of ca. 1.0 Mtpa at an average grade of 7.5 - 8.0 cpht for FY 2019.
- Total absolute on mine cash cost is guided at ca. ZAR420 million.
- FY 2019 expansion Capex is guided at ca. US\$5 million, primarily relating to blue (kimberlite) tunnel development in the SLC.

Williamson

FY 2018 Results:

- The mine performed well operationally with production up 51% to 341,102 carats (FY 2017: 225,202 carats), being the highest level of production achieved by the mine in over 40 years. This is despite operations being impacted by liquidity constraints due to the parcel of ca. 72,000 carats that remains blocked for export and the overdue VAT receivables of ca. US\$15 million.
- FY 2018 Capex of US\$4.6 million mainly related to waste stripping and slimes dam construction.

Guidance:

- ROM throughput is planned at ca. 4.7 Mt at a grade of ca. 6.75 – 7 cpht for FY 2019, supplemented by alluvial production of ca. 0.4 Mt at a grade of ca. 2.5 cpht.
- Total on mine absolute cost is guided at ca. US\$59 million.
- Total Capex is guided at US\$5 million for FY 2019, primarily related to waste stripping. This level of Capex is funded from the mine's own cash flow and could be adjusted when issues relating to the blocked parcel and VAT are resolved.

Kimberley Ekapa Mining Joint Venture

FY 2018 Results (stated in 75.9% attributable terms):

- Petra's attributable production decreased 3% to 775,645 carats for the Year (FY 2017: 800,434 carats), with ROM production decreasing 6% to 82,246 carats (FY 2017: 87,783 carats). This was below guidance due to a combination of factors including the labour disruption experienced in Q1 FY 2018, project delays and the mudrush incident at Bultfontein which has led to the early closure of this underground mining area. Tailings production decreased 3% to 693,399 carats (FY 2017: 712,651 carats) further to the severe rain storms during Q3 restricting access to higher grade dumps.
- Binding Heads of Agreement reached post Year end with regards to the disposal of the Company's interest in the KEM JV to the Company's joint venture partner Ekapa Mining (Pty) Ltd for ca. ZAR300 million.

REVENUE AND DIAMOND MARKET

Diamond Market

- The diamond market was stable throughout FY 2018, though subject to normal seasonal fluctuations in pricing. As at the date of this announcement, it is considered to remain healthy, as evidenced by strong demand at Petra's tenders and further substantiated by inventory within the pipeline assessed to be at relatively normal levels and positive demand from the retail market, particularly in the US and China.
- The Company expects the diamond market to remain stable in FY 2019.

Petra Sales and Prices

- FY 2018 revenue increased 21% to US\$576.4 million (FY 2017: US\$477.0 million) due to the number of carats sold for the Year increasing 14% to 4,550,292 carats (FY 2017: 4,006,856 carats) and an improving average product mix due to the higher proportion of ROM versus tailings carats.
- The diamond market saw seasonal weakness in July to October 2017, with Petra prices on a like-for-like basis down approximately 5% before recovering approximately 1.5% in December 2017, and since increasing by approximately 5% in H2 FY 2018. Such fluctuations in part reflect the seasonal nature of the rough market, due to the fact that retailers are ready to restock after the festive selling season, which includes Thanksgiving in the U.S., Christmas, Chinese New Year and Valentine's Day, thereby serving to introduce fresh liquidity into the diamond pipeline and draw down inventory levels of polished diamonds.
- Overall rough diamond prices on a like for like basis were up ca. 2% for the Year, compared to FY 2017.
- Following an assessment of the level of guidance provided by the Company, future price guidance has been removed, and Petra will now instead report historical and actual prices achieved and provide additional commentary as required to highlight any anomalies.

Mine	Actual US\$/ct FY 2018	Guidance US\$/ct FY 2018	Actual US\$/ct FY 2017
Finsch	108 ¹	101 – 106	101
Cullinan	125 ²	140 – 160	120
Koffiefontein	525 ¹	525 – 550	506
KEM JV	108 ¹	105 – 115	100
Williamson	270 ³	214 – 224	258

Notes:

1. *In line with expectations.*
2. *Below historical averages due to lower incidence of higher value stones.*
3. *Higher average value achieved due to higher incidence of high value stones.*

Due to the variability in Cullinan's achieved prices, the following historical price information is provided, which is based on the sale of 7,883,301 carats over the nine year period FY 2010 to FY 2018 for an average of US\$144 per carat:

- on an annual basis, a high of US\$185 per carat and a low of US\$120 per carat was achieved (FY 2018: US\$125 per carat);
- on a half yearly basis, a high of US\$247 per carat and a low of US\$87 per carat was achieved (FY 2018: high of US\$140 and low of US\$118); and
- on a quarterly basis, a high of US\$293 per carat and a low of US\$63 per carat was achieved (FY 2018: high of US\$157 and low of US\$97).

CORPORATE AND FINANCIAL

Rights Issue

- On 24 May 2018, the Company announced a 5 for 8 Rights Issue to raise net proceeds of ca. US\$170 million via the issuance of 332,821,725 Rights Issue Shares at an Issue Price of 40 pence per share. The main driver for the fundraise was to accelerate a reduction in leverage to a more sustainable level, with the Board setting a target of Consolidated Net Debt to Consolidated EBITDA of 2x or less by FY 2020, and to enable management to focus on ongoing operational delivery and optimisation, as well as to assist in mitigating short-term issues relating to currency volatility and other ongoing business challenges.

On 13 June 2018, shareholders approved the Rights Issue, with over 99% of votes cast in favour of the transaction and on 29 June 2018, the Company announced that it had received valid acceptances representing ca. 95% of the total number of Rights Issue Shares offered to shareholders. The remaining ca. 5% of Rights Issue Shares were subsequently placed with institutions on the same day at a price of 52.25 pence per share. Petra's number of shares in issue is now 865,336,485.

Further to the receipt of the funds from the Rights Issue, the Company utilised ca. US\$107 million to fully pay down outstanding drawn indebtedness with its South African Lending Group, (thereby realising cash interest savings of ca. US\$10 – 12 million per annum), whilst retaining both of these facilities.

Balance Sheet

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

	Unit	30 June 2018	30 June 2017
<i>Exchange rate used for conversion</i>		<i>R13.73:US\$1</i>	<i>R13.05:US\$1</i>
Cash at bank	US\$m	237.9	203.7
Diamond inventories	US\$m	64.6	50.2
	Carats	624,951	570,264
Diamond inventories (excluding KEM JV)	US\$m	55.1	42.3
	Carats	529,054	493,296
Diamond debtors	US\$m	82.7	41.5
US\$650 million loan notes (issued April 2017)	US\$m	650.0	650.0
Bank loans and borrowings	US\$m	106.7	109.0
Net debt	US\$m	518.8	555.3
Consolidated net debt for covenant measurement purposes ¹	US\$m	521.7	616.8

Note:

1. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash, less diamond debtors and includes the BEE guarantees of ca. US\$85.6 million (ZAR1,175 million) issued by Petra to the lenders as part of the BEE financing concluded in December 2014.

Bank Facility Covenants

- The Company's South African bank debt was settled shortly after Year end, as per one of the core objectives of the Rights Issue.
- No covenant measurement will be taken for June 2018, further to the South African lender group agreeing to waive this covenant measurement period subject to the completion of the Rights Issue.
- Following the completed Rights Issue, the Company aims to engage with the South African lender group in order to simplify the financing agreements with regards to covenants and BEE partner debt.

Board and Management Structures

- As noted in the Company's Rights Issue announcement on 24 May 2018, the Company is continuing 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.
- To this end, the Company's Nomination Committee, which is currently in year two of its three year succession plan, is making good progress with plans to make additional changes in FY 2019 in order to ensure the Company has the right mix of expertise and skills. New developments will be announced in this regard before the end of H1 FY 2019.

South African Mining Charter

- On 15 June 2018, the South African Department of Mineral Resources gazetted a revised draft Mining Charter which was open for comments from stakeholders for 30 days prior to a mining summit held on 7 – 8 July 2018. The Minister of Mineral Resources has since announced that the period for comment has been extended until 31 August 2018. The Minerals Council South Africa, which represents the South African mining industry and of which Petra is a member, will be providing submissions in relation to the draft Charter.

Update on Tanzania

- No further update to be reported on the blocked Williamson parcel or outstanding VAT receivables.

Notes

1. *The following exchange rates have been used for this announcement: average for the Year US\$1:ZAR12.86 (FY 2017: US\$1:ZAR13.59); closing rate as at 30 June 2018 US\$1:ZAR13.73 (30 June 2017: US\$1:ZAR13.05).*
2. *The following definitions have been used in this announcement:*
 - a. *ct: carat*
 - b. *cpht: carats per hundred tonnes*
 - c. *Mctpa: million carats per annum*
 - d. *Mcts: million carats*
 - e. *Mt: million tonnes*
 - f. *Mtpa: million tonnes per annum*
 - g. *ROM: run-of-mine, i.e. relating to production from the primary orebody*
 - h. *SLC: sub-level cave, a variation of block caving*

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

~ Ends ~

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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 three underground producing mines in South Africa (Finsch, Cullinan and Koffiefontein) and one open pit producing mine in Tanzania (Williamson). It announced in July 2018 an agreement to dispose of its interest in the Kimberley Ekapa Mining JV in South Africa. 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.

APPENDIX

FY 2018 MINE BY MINE PRODUCTION TABLES

Finsch – South Africa

	Unit	H2 FY 2018	H1 FY 2018	FY 2018	FY 2017	Variance
Sales						
Revenue	US\$M	131.1	100.8	231.9	216.7	+7%
Diamonds sold	Carats	1,182,240	970,446	2,152,786	2,141,885	+1%
Average price per carat	US\$	111	104	108	101	+6%
ROM Production						
Tonnes treated	Tonnes	1,525,115	1,559,280	3,084,395	3,212,169	-4%
Diamonds produced	Carats	994,608	931,859	1,926,467	1,818,454	+6%
Grade ¹	Cpht	65.2	59.8	62.5	56.6	+10%
Tailings Production						
Tonnes treated	Tonnes	279,749	515,224	794,973	1,651,089	-52%
Diamonds produced	Carats	42,273	104,737	147,010	331,442	-56%
Grade ¹	Cpht	15.1	20.3	18.5	20.1	-8%
Total Production						
Tonnes treated	Tonnes	1,804,864	2,074,503	3,879,368	4,863,258	-20%
Diamonds produced	Carats	1,036,881	1,036,596	2,073,477	2,149,896	-4%
Capex						
Expansion Capex	US\$M	18.3	24.0	42.3	58.4	-28%
Sustaining Capex	US\$M	4.3	3.4	7.7	9.1	-15%
Borrowing Costs Capitalised	US\$M	8.4	7.1	15.5	18.9	-18%
Total Capex	US\$M	31.0	34.5	65.5	86.4	-24%

Note:

1. The Company is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Cullinan – South Africa

	Unit	H2 FY 2018	H1 FY 2018	FY 2018	FY 2017	Variance
Sales						
Revenue	US\$M	105.6	61.4	167.0	91.3	+83%
Diamonds sold	Carats	896,657	439,012	1,335,669	760,957	+76%
Average price per carat	US\$	118	140	125	120	+4%
ROM Production						
Tonnes treated	Tonnes	1,957,857	1,783,229	3,741,086	1,882,911	+99%
Diamonds produced	Carats	739,426	602,594	1,342,020	679,622	+97%
Grade ¹	Cpht	37.8	33.8	35.9	36.1	-1%
Tailings Production						
Tonnes treated	Tonnes	375,726	37,023	412,749	506,176	-18%
Diamonds produced	Carats	22,060	4,640	26,700	106,887	-75%
Grade ¹	Cpht	5.9	12.5	6.5	21.1	-69%
Total Production						
Tonnes treated	Tonnes	2,333,583	1,820,252	4,153,835	2,389,087	+74%
Diamonds produced	Carats	761,486	607,234	1,368,720	786,509	+74%
Capex						
Expansion Capex	US\$M	25.5	30.0	55.5	120.9	-54%
Sustaining Capex	US\$M	5.1	1.4	6.5	4.3	+51%
Borrowing Costs Capitalised	US\$M	11.2	9.1	20.3	26.6	-24%
Total Capex	US\$M	41.8	40.5	82.3	151.8	-46%

Notes:

1. The Company is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Koffiefontein – South Africa

	Unit	H2 FY 2018	H1 FY 2018	FY 2018	FY 2017	Variance
Sales						
Revenue	US\$M	16.2	11.0	27.2	28.4	-4%
Diamonds sold	Carats	30,381	21,555	51,936	56,068	-7%
Average price per carat	US\$	534	511	525	506	+4%
ROM Production						
Tonnes treated	Tonnes	359,781	289,478	649,259	667,821	-3%
Diamonds produced	Carats	27,245	25,292	52,537	51,173	+3%
Grade	Cpht	7.6	8.7	8.1	7.7	+6%
Total Production						
Tonnes treated	Tonnes	359,781	289,478	649,259	667,821	-3%
Diamonds produced	Carats	27,245	25,292	52,537	51,173	+3%

Capex						
Expansion Capex	US\$M	4.1	5.5	9.6	13.8	-30%
Sustaining Capex	US\$M	0.4	2.3	2.7	5.5	-51%
Total Capex	US\$M	4.5	7.8	12.3	19.3	-36%

Kimberley Ekapa Mining JV – South Africa

	Unit	H2 FY 2018 ¹	H1 FY 2018 ¹	FY 2018 ¹	FY 2017 ¹	Variance
Sales						
Revenue	US\$M	48.1	33.5	81.6	82.3	-1%
Diamonds sold	Carats	455,700	300,793	756,493	821,963	-8%
Average price per carat	US\$	106	111	108	100	+8%
ROM Production						
Tonnes treated	Tonnes	338,588	430,188	768,776	597,025	+29%
Diamonds produced	Carats	32,727	49,519	82,246	87,783	-6%
Grade	Cpht	9.7	11.5	10.7	14.7	-27%
Tailings Production						
Tonnes treated	Tonnes	3,248,206	2,802,785	6,050,991	6,153,657	-2%
Diamonds produced	Carats	378,819	314,581	693,399	712,651	-3%
Grade	Cpht	11.7	11.2	11.5	11.6	-1%
Total Production						
Tonnes treated	Tonnes	3,586,794	3,232,973	6,819,767	6,750,682	+1%
Diamonds produced	Carats	411,546	364,099	755,645	800,434	-3%
Capex						
Expansion Capex	US\$M	3.8	6.3	10.1	23.9	-58%
Sustaining Capex	US\$M	1.9	1.8	3.7	4.5	-18%
Total Capex	US\$M	5.7	8.1	13.8	28.4	-51%

Note:

1. Data represent Petra's 75.9% attributable share in the KEM JV.

Williamson – Tanzania

	Unit	H2 FY 2018	H1 FY 2018	FY 2018	FY 2017	Variance
Sales						
Revenue	US\$M	50.0	18.5	68.5	58.4	+17%
Diamonds sold	Carats	174,079	79,445 ¹	253,524 ¹	226,110	+12%
Average price per carat	US\$	287	233	270	258	+5%
ROM Production						
Tonnes treated	Tonnes	2,256,170	2,403,393	4,659,563	3,667,781	+27%
Diamonds produced	Carats	159,800	168,881	328,681	212,215	+55%
Grade	Cpht	7.1	7.0	7.0	5.8	+22%
Alluvial Production						
Tonnes treated	Tonnes	192,549	193,172	385,721	403,811	-4%
Diamonds produced	Carats	6,468	5,953	12,421	12,987	-4%
Grade	Cpht	3.4	3.1	3.2	3.2	-

Total Production						
Tonnes treated	Tonnes	2,448,719	2,596,565	5,045,284	4,071,592	+24%
Diamonds produced	Carats	166,268	174,834	341,102	225,202	+51%
Capex						
Expansion Capex	US\$M	1.9	0.7	2.6	14.1	-82%
Sustaining Capex	US\$M	0.5	1.5	2.0	0.9	+122%
Total Capex	US\$M	2.4	2.2	4.6	15.0	-69%

Note:

1. Negatively impacted by the 71,654 carat parcel blocked for export.

KEY FY 2019 OPERATING AND CAPEX ASSUMPTIONS

The table below sets out management's guidance in respect of the key operating parameters for FY 2019.

	Unit	Finsch	Cullinan	Koffiefontein	KEM JV	Williamson
ROM tonnes						
Tonnes treated	Mt	3.2	3.7 – 4.0	1.0	0.6	4.7
Grade	Cpht	56 - 59	38 – 42	7.5 - 8.0	13 - 14	6.5 - 7
Tailings/other tonnes						
Tonnes treated	Mt	0.2	1.5 – 1.7	0.0	5.7	0.4
Grade	Cpht	18 - 20	6 - 7	n/a	11 - 12	2.5
Total production						
Tonnes treated	Mt	3.4	5.2 – 5.7	1.0	6.3	5.1
On mine cash cost	ZARm	ZAR1,270m	ZAR1,135m	ZAR420m	ZAR840m	US\$59m
Capex						
Expansion Capex	ZARm	200	570	65	55	US\$0m
Sustaining Capex	ZARm	125	130	30	40	US\$5m
Total Capex	ZARm	325	700	95	95	US\$5m

Notes:

1. For detail on the figures above, please download the document 'Analyst Guidance – Detailed' available from the Company's website at: <http://www.petradiamonds.com/investors/analysts/analyst-guidance>.
2. Grades stated are recovered grades with appropriate dilution and plant modification factors already applied.
3. All Capex numbers in this announcement exclude capitalised borrowing costs, in line with previous guidance.
4. An inflation increase of 8% in ZAR terms has been applied to update all Capex from FY 2018 money terms to FY 2019 money terms. All Capex changes are therefore given in inflation adjusted comparable FY 2019 money terms. FY 2019 Capex guidance figures for the South African operations are converted at an exchange rate of ZAR12.75/US\$1.

CAPEX RECONCILIATION

Capex	Unit	FY 2018	FY 2017
Finsch	US\$M	65.5	86.4
Cullinan	US\$M	82.3	151.8
Koffiefontein	US\$M	12.3	19.3
KEM JV	US\$M	13.8	28.4
Williamson	US\$M	4.6	15.0
Helam	US\$M	0.0	0.0
Subtotal – Capex incurred by operations	US\$M	178.5	300.9

Petra internal projects division – Capex under construction / invoiced to operations	US\$M	(1.7)	(0.3)
Corporate / exploration	US\$M	2.3	1.4
Total Group Capex	US\$M	179.1	302.0

Notes:

1. *Petra operates an internal projects / construction division and, although this division's spend is reported in the Group's total Capex, it is policy not to account for it on a specific mine's Capex until the work completed is invoiced to the relevant operation.*
2. *Capex for the Year includes US\$35.8 million (FY 2017: US\$45.5 million) of capitalised borrowing costs, which is also included in the applicable mine-by-mine tables above.*
3. *Petra's annual Capex guidance is cash-based and excludes capitalised borrowing costs. Given that the majority of Petra's debt funding is in relation to its expansion and development programmes, Petra's guidance is to assume that the majority of interest and financing fees will be capitalised for the duration of the project phases and not expensed through the income statement.*