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FOR IMMEDIATE RELEASE

MEMBER OF DIAMOND PRODUCERS ASSOCIATION

Petra Diamonds

**29 May 2020** **LSE: PDL**

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

**Q3 FY 2020 Trading Update and Liquidity Update**

Petra Diamonds Limited announces the following Trading Update (unaudited) for the three months ended 31 March 2020 (the "Period", "Q3 FY 2020" or "Q3") and the nine months ending 31 March 2020 ("9M FY 2020").

The Company is also providing a further update in relation to liquidity, its capital structure, projected capex and its discussions with relevant financial stakeholders.

## Summary

*Q3 and 9M FY 2020*

- 9M FY 2020 Lost Time Injury Frequency Rate ("LTIFR"): 0.27 (9M FY 2019: 0.19); considerable focus on curtailing the increasing LTIFR via comprehensive safety intervention initiatives which have seen a reduction in LTIFR recorded so far in Q4 FY 2020. Total injuries, including those that did not result in a lost shift, for 9M FY 2020 reduced by 26%.
- Q3 production up 1% to 932,456 carats (Q3 FY 2019: 924,228 carats) notwithstanding the COVID-19 lockdown measures implemented in South Africa from 23 March 2020.
- 9M FY 2020 production up 2% to 3,002,697 carats (9M FY 2019: 2,943,374), demonstrating the delivery of significant throughput benefits realised through the implementation of Project 2022, offset by the disruptions to production relating to Eskom load shedding during Q2 FY 2020 and the COVID-19 lockdown measures towards the end of Q3.
- Q3 revenue down 32% to US$91.3 million (Q3 FY 2019: US$135.2 million), with the March 2020 tender being impacted by the COVID-19 pandemic. Post Period end, a follow-up tender in Antwerp realised US$6.3 million with rough diamond prices for the combined March / April tenders down ca. 27% compared to February 2020 prices. Ca. 24kcts, being 5% of the volume of goods offered for sale and comprising predominantly higher-value goods, remain unsold, further impacting prices realised, and will be offered for sale in the next tender cycle.
- 9M FY 2020 revenue down 17% to US$285.2 million (9M FY 2019: US$342.4 million) due to weaker prices and lower sales in the March tender.
- Net debt at 31 March of US$601.0 million (31 December 2019: US$596.4 million).
- Unrestricted cash of US$64.2 million (31 December 2019: US$40.1 million), including US$28.0 million further to the Company drawing down shortly before Period end the full ZAR500 million under its working capital facilities (31 December 2019: nothing drawn under the bank facilities).

- ZAR:USD exchange rate volatility continued during the Period, averaging R14.92/USD1 but closing the Period at ZAR17.84/USD1; the weakening ZAR is partially offsetting some of the price weakness realised through diamond sales.

*Outlook*

- Post the lockdown that came into effect on 26 March 2020, the Company's South African operations were reduced to approximately one third of normal operating levels. From around 24 April 2020 to date, the South African mines have been operating at staffing levels of no more than 50%, in accordance with the Department of Minerals and Energy ("DMRE") guidelines.
- From 1 June 2020, South Africa will be moving to Level 3 restrictions, which will allow for a further easing of restrictions and a subsequent increase in production. The Company is in discussions with the DMRE and organised labour around further increasing production, safely and in accordance with COVID-19 regulations.
- The Williamson mine in Tanzania remains under care and maintenance and recommencement of operations is dependent on improved market conditions and rough diamond pricing.
- Due to ongoing uncertainty around the impact of COVID-19, production guidance for FY 2020 remains suspended.
- Given the level of global restrictions on the movement of people and goods affecting the entire diamond supply pipeline, the Company cancelled its sixth annual tender cycle, which is usually held during May. Petra is assessing the viability of conducting a tender during June 2020 as the Antwerp diamond market is showing signs of reopening. However, we expect prices to remain subdued until such time as activity levels across the pipeline are able to increase in a safe manner.
- In response to the impact of COVID-19 on the business, and taking into consideration the ongoing discussions with its various stakeholders in relation to the Company's capital structure, the Company has taken steps to optimise its future capex profile in order to minimise short-term capital requirements and manage its liquidity through the crisis period. This has led to a significantly reduced level of capital provisionally planned for FY 2021 of ca. US$28 million, which has been achieved through some capital savings, but largely deferrals to future periods as set out in the 'Longer-term Capital Guidance' section of the announcement.
- The Company has reached agreement with its South African lender group regarding the conditions upon which ZAR400 million of its ZAR1.0 billion revolving credit facility is to be made available in order to manage near-term liquidity risks arising from the unprecedented operating and trading environment.
- The Company has also reached agreement with the South African BEE lender group to reschedule the capital repayments due in May 2020 and November 2020 under the Company's outstanding bank financing of its Black Economic Empowerment partners.
- Finally, Petra has today entered into a forbearance agreement (the "Forbearance Agreement") with the ad-hoc group of holders (the "AHG") of the Company's US$650 million 7.25% Senior Secured Second Lien Notes due 2022 (the "Notes"). Pursuant to the Forbearance Agreement, the AHG has agreed to forbear from the exercise of certain rights and remedies that they have under the Notes indenture, including agreeing not to accelerate the Notes obligations as a result of the missed interest payment due 1 May 2020. As a result, the Company will not make the interest payment at the present time and will be in a strong position in the near term, to continue discussions with its various stakeholders regarding strategic alternatives towards longer term solutions to improve the Company's capital structure.
- The agreements with the lender groups referenced above and the Forbearance Agreement are subject to certain conditions, which are set out in the 'Liquidity and Capital Structure' section of the announcement.

## Q3 and 9M FY 2020 Production and Sales – Summary

| | Unit | Q3 FY 2020 | Q3 FY 2019 | Variance | Nine months to 31 March 2020 | Nine months to 31 March 2019 | Variance |
|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | |
| Diamonds sold | Carats | 1,082,937 | 1,061,343 | 2% | 2,826,744 | 2,797,700 | 1% |
| **Gross revenue** | **US$M** | **91.3** | **135.2** | **-32%** | **285.2** | **342.4** | **-17%** |
| | | | | | | | |
| **Production** | | | | | | | |
| ROM tonnes | Mt | 3.2 | 3.4 | -5% | 10.2 | 9.8 | 5% |
| Tailings & other[1] tonnes | Mt | 0.2 | 0.3 | -50% | 0.7 | 1.3 | -51% |
| **Total tonnes treated** | **Mt** | **3.4** | **3.7** | **-9%** | **10.9** | **11.1** | **-2%** |
| | | | | | | | |
| ROM diamonds | Carats | 913,017 | 898,517 | 2% | 2,908,529 | 2,845,234 | 2% |
| Tailings & other[1] diamonds | Carats | 19,439 | 25,711 | -24% | 94,168 | 98,140 | -4% |
| **Total diamonds** | **Carats** | **932,456** | **924,228** | **1%** | **3,002,697** | **2,943,374** | **2%** |

1. *'Other' includes alluvial diamond mining at Williamson.*

**Richard Duffy, Chief Executive of Petra Diamonds, commented:**
*"Our operations continued their strong H1 performance into Q3, in large part due to the delivery of throughput benefits further to the positive implementation of Project 2022, prior to the disruptions caused by the outbreak of COVID-19. We continued to prioritise the safety and health of our workforce in implementing prescribed COVID-19 measures as we moved the South African mines to operating at 50% of our workforce and will continue to carefully manage the increase towards full production over time.*

*Although restrictions brought about by lockdowns implemented globally resulted in the cancellation of our May tender, we are seeing early signs of markets re-opening and are looking at the viability of holding a June tender. We intend to remain highly flexible in our sales approach in order to take advantage of optimal market conditions when available.*

*We are also reviewing our capex requirements, with a view to deferring near term capital as one of the key levers available to the Company in terms of managing our liquidity whilst at the same time ensuring that the business remains well positioned when the market recovers over the medium to longer term.*

*Likewise, we have made good progress in improving our liquidity position and addressing our capital structure through securing access to R400 million of our RCF and executing the Forbearance Agreement, allowing us to withhold the May interest payment to our note holders and to continue with constructive discussions around our capital structure."*

## COMMENTARY

### Health and safety

- 9M FY 2020 Group LTIFR of 0.30 (9M FY 2019: 0.19) impacted by eight LTI's reported during Q3. The Group recorded 16 LTI's in the nine months to June, ten of which were at Finsch where the majority of the accidents were found to be behavioural in nature and of low severity. Considerable focus has been placed on changing these behaviours through management intervention, including in-shift safety stops, visible-felt leadership and management walkabouts, safety discipline enforcement and safety inspection procedures. In Q4 so far, Finsch has recorded no further LTIs, although Cullinan has had two additional LTIs. Our primary value at Petra is "Do No Harm", meaning safety is at the heart of everything we do, and the Company is continuously aiming to improve the systems and processes already in place to support our target of a zero harm working environment.

- The health, safety and wellbeing of all Petra people remains the Company's overriding priority. While Petra's South African mines are highly mechanised underground operations, with limited human interaction, the Company has put in place stringent protocols in order to minimise the risk of COVID-19 to its employees and contractors. More information about the Company's response to the pandemic can be accessed here: https://www.petradiamonds.com/sustainability/health-and-safety/our-response-to-covid-19/

**Production**

South Africa:

- Q3 FY 2020 production increased 1% to 932,456 carats (Q3 FY 2019: 924,228 carats), with a 2% increase in ROM production to 913,017 carats (Q3 FY 2019: 898,517 carats).
- 9M FY 2020 production increased 2% to 3,002,697 carats (9M FY 2019: 2,943,374 carats), with a 2% increase in ROM carats produced to 2,908,529 carats (9M FY 2019: 2,845,234 carats). This production result was achieved despite the disruptions caused by Eskom load shedding in Q2 and the COVID-19 lockdown measures implemented towards the end of Q3, demonstrating the delivery of significant throughput benefits through the proactive implementation of Project 2022.
- Cullinan's Q3 production was down 7% to 400,542 carats (Q3 FY 2019: 432,001 carats) with ROM tonnes treated reducing 3%, mostly due to the lockdown towards Period end coupled with the ROM grade declining 4% to 38.5 cpht, though remaining in line with guidance, and tailings treatment being restricted to higher grade recovery tailings at much reduced throughput levels.
- Finsch's Q3 production increased 15% to 444,578 carats (Q3 FY 2019: 387,370 carats), supported by improving ROM grades delivering 60.4 cpht (exceeding guidance), up 21% from the 50.1 cpht achieved in the comparative period. The improved grade is the result of only treating underground ROM tonnages and no lower grade surface material, as was the case in the comparative period.
- Koffiefontein's Q3 production was in line with the prior year at 17,307 carats (Q3 FY 2019: 17,355 carats), despite being impacted by the lockdown initiated towards Period end.

Tanzania:

- Williamson's Q3 production was down 20% to 70,029 carats (Q3 FY 2019: 87,503 carats), affected by the pit slump of ca. 1.3 Mt that occurred in January 2020 in an area of the south western sector of the pit.

  Post Period end, the Williamson mine was placed on care and maintenance in mid-April, due to the unprecedented depressed market environment. The Company will look to resume operations once diamond prices are at a level that make it operationally sustainable.

  Discussions with the Government in relation to various issues, including the overdue VAT receivables and the blocked diamond parcel, are ongoing but have been interrupted by the COVID-19 outbreak.

**Diamond market and sales**

- The diamond market has been severely impacted by the COVID-19 outbreak, which has significantly reduced activity throughout the pipeline, from production, rough sales, trading, cutting and polishing right through to consumer sales. How quickly the market can recover will depend upon the success with which the pandemic can be arrested, thereby limiting the length and severity of the economic downturn, as well as the lifting of restrictions on the movement of people and products, in order for activities across the pipeline to be resumed safely.

- There are early indications of improving market conditions in China and other Asian economies, while in the US a small number of retail outlets are beginning to reopen. In the midstream, small volumes of exports have resumed from India and buyer interest for rough diamonds in cutting centres seems to be picking up. At this stage, however, it is too early to draw firm conclusions from these developments.
- The Diamond Producers Association will be playing its part to support the market by tapping into the pent-up demand for meaningful personal connections effected by the global lockdowns and self-isolation, with diamonds potentially having a significant role to play in people's lives as they emerge from this difficult period.
- The major diamond producers have taken steps to restrict supply to the market, via production cuts and reduced sales, which will assist with restoring the supply/demand balance in due course. Longer-term the supply cuts implemented this year are expected to benefit the fundamentals for natural diamonds, which are an increasingly scarce resource.

*Diamond Sales and Prices*

- Revenue for Q3 FY 2020 was down 32% to US$91.3 million (Q3 FY 2019: US$135.2 million) driven by significantly reduced prices, especially in the March tender.
- The Company's tender in February 2020 saw pricing on a like-for-like basis up marginally in comparison to prices achieved in H1 FY 2020, reflecting stable market conditions before the COVID-19 pandemic took hold globally.
- Towards Period end, the Company experienced depressed and opportunistic bidding for its diamonds at its fifth sales cycle of FY 2020, particularly in the larger size, better quality and higher value categories. The Company therefore chose to only sell a portion of its South African goods, representing ca. 75% by volume and ca. 50% by value. The remaining goods were exported to Antwerp and of these, ca. 75% were subsequently sold at the Company's Antwerp marketing office. Prices achieved at this tender were down ca. 27% overall on a like-for-like basis in comparison to those achieved at the February 2020 tender.

  A total of 24,254 carats, comprising higher value +10.8 carat single stones as well as parcels across the larger size and higher quality (gem and clivage) ranges, were withdrawn and will be offered for sale in the next tender cycle.

- Prices achieved during Q3 FY 2020 are set out in the table below, with Q3 figures impacted by the lower sales volumes than usual and the withholding of certain higher value parcels to be sold post Period end.

| **Mine** | **Actual**<br><br>**Q3 FY 2020 (US$/ct)** | **Actual**<br><br>**H1 FY 2020 (US$/ct)** | **Actual**<br><br>**FY 2019 (US$/ct)** |
|---|---|---|---|
| Cullinan | 73 | 112 | 110 |
| Finsch | 66 | 79 | 99 |
| Koffiefontein | 352 | 431 | 480 |
| Williamson | 161 | 184 | 231 |

- The Company is closely monitoring the rough diamond market to assess the viability of conducting a rough diamond tender during the forthcoming months. Petra is maintaining a highly flexible approach in order to be ready for sale when market conditions allow. To this end, it is working towards being in a position to sell inventory prepared for sale during June 2020 in South Africa and Antwerp.

## Project 2022 Update

- Project 2022 is now fully operational at all of Petra's mine sites, as well as at Group level, with central teams focusing on overhead costs and strategic sourcing.
- The work to date has entailed a structured assessment of the value drivers at each site. As previously noted, the focus is on throughput improvement (75% of the target), with the balance comprising cost efficiencies, strategic sourcing and one-off initiatives.
- All ideas are evaluated and identified initiatives are systematically structured with timelines, enablers and project plans for each. The implementation of the identified initiatives was firmly on track but has been significantly interrupted by the COVID-19 lockdown. When operations return to full capacity, focused steps will be taken to continue the initiatives to ensure the delivery of the expected benefits.
- Focus on cost and capital efficiencies continues.

## Corporate and Financial

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

| | Unit | 31 March 2020 | 31 December 2019 | 30 June 2019 |
|---|---|---|---|---|
| *Closing exchange rate used for conversion* | | *R17.84:US$1* | *R13.99:US$1* | *R13.99:US$1* |
| Cash at bank (including restricted cash) | US$m | 77.0 | 53.6 | 85.2 |
| Diamond inventories[1] | US$m<br>Carats | 61.3<br>842,144 | 85.2<br>992,425 | 57.5<br>666,201 |
| Diamond debtors | US$m | 14.9 | 12.8 | 23.8 |
| US$650 million loan notes (issued April 2017) | US$m | 650.0 | 650.0 | 650.0 |
| Bank loans and borrowings | US$m | 28.0 | 0.0 | 0.0 |
| Net debt[2] | US$m | 601.0 | 596.4 | 564.8 |
| Bank facilities undrawn and available[3] | US$m | 22.4 | 107.2 | 106.6 |
| Consolidated net debt[3] | US$m | 627.0 | 632.9 | 595.2 |

**Notes:**

1. *Recorded at the lower of cost and net realisable value.*
2. *Net debt is the US$ loan notes and bank loans and borrowing net of cash at bank (including restricted cash).*
3. *Of the Company's ZAR1 billion (ca. US$56.0 million) banking facilities, ZAR400 million (ca. US$22.4 million) is available to the Group, while ZAR600 million (ca. US$33.6 million) is conditional on further approvals by the Lender Group – see page 9 below for further information.*
4. *Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash, less diamond debtors and includes the BEE guarantees of ca. US$40.9 million (ZAR729.0 million) as at 31 March 2020 (ca. US$49.3 million (ZAR689.5 million) as at 31 December 2019).*

## Longer-Term Capital Guidance

- The COVID-19 pandemic has had an unprecedented impact on both the supply and demand side of the global diamond market. The national lockdown in South Africa has impacted on the ability of the business to deliver on capital programmes during the lockdown period, while currently depressed diamond prices have led us to a re-evaluation of the Company's capital planning, based on the expectation that cash flow generation will be negatively impacted over the short term. Deferral of capital was identified as one of the key levers available to manage liquidity whilst still ensuring that the business remains well positioned when markets return to pre-COVID levels over the medium to longer term.
- As a consequence, capital expenditure was optimised with the view to minimise FY 2021 expenditure through some capital savings, but largely through deferrals to future periods. This has led to a significantly reduced level of capital planned for FY 2021 of ca. US$28 million, with a ramp-up in following years, as evidenced in the table below setting out the Company's indicative capital profile to FY 2026. The deferral of capital will not impact the Company's reserve profile.
- As part of the Company's discussions with the AHG, the Company is providing the indicative longer-term capital expenditure projections below, which are based on current life-of-mine ("LOM") planning assumptions. These internal projections have not been formally approved by the Company's Board of Directors as constituting official Company forecasts, nor should they be taken as approval by the Board of the continuance of operations that the capital expenditure projections may imply.

| Operation | Capex | Unit | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| **Finsch** | Expansion | $m | 7 | 2 | 23 | 56 | 56 | 48 | 48 | 242 |
| | Sustaining | $m | 4 | 4 | 5 | 5 | 6 | 6 | 5 | 36 |
| | **Total** | **$m** | **11** | **6** | **29** | **62** | **63** | **55** | **54** | **278** |
| **Cullinan** | Expansion | $m | 13 | 10 | 31 | 31 | 36 | 36 | 6 | 164 |
| | Sustaining | $m | 4 | 3 | 8 | 8 | 8 | 8 | 8 | 45 |
| | **Total** | **$m** | **16** | **13** | **39** | **39** | **44** | **44** | **14** | **209** |
| **Koffiefontein** | Expansion | $m | 3 | 1 | 1 | - | - | - | - | 5 |
| | Sustaining | $m | 1 | 1 | 1 | - | - | - | - | 3 |
| | **Total** | **$m** | **5** | **2** | **2** | **-** | **-** | **-** | **-** | **9** |
| **Williamson** | Expansion | $m | - | - | - | - | - | - | - | - |
| | Sustaining | $m | 8 | 7 | 6 | 6 | 8 | 7 | 7 | 48 |
| | **Total** | **$m** | **8** | **7** | **6** | **6** | **8** | **7** | **7** | **48** |
| **Total Operations** | Expansion Capex | $m | 23 | 13 | 56 | 88 | 92 | 84 | 55 | 411 |
| | Sustaining Capex | $m | 16 | 15 | 20 | 19 | 22 | 21 | 20 | 133 |
| | **Total Capex** | **$m** | **39** | **28** | **76** | **106** | **114** | **106** | **75** | **544** |

**Notes:**

1. *Capex guidance given in FY 2021 real money terms.*
2. *South African operations capex guidance converted at R15.55:US$1 for FY 2020 and a real exchange rate of R16:US$1 from FY 2021 over LOM.*

- The revised capital profile above allows for the continuation and completion of each asset's LOM plan, including the installation of the new Block 5 Block Cave at Finsch, the CC1E project at Cullinan and the completion of the SLC at Koffiefontein. While no expansion capital is allocated to Williamson, the level of sustaining capex provided will allow for the mitigation of the pit slump in order to maintain its current mine plan, once the operation is in a position to resume production.

- Further detailed market guidance, including planned production levels and operating expenditures, will be released to the market when appropriate.

## Liquidity and Capital Structure

*South African First Lien Banking and BEE Facilities*

The Company refers to its previous market updates published on 27 March 2020, 9 April 2020 and 1 May 2020, confirming it has been in discussions with its South African lender group (the "SA Lenders"), being Absa Bank Limited (acting through its Corporate and Investment Banking division) ("Absa"), FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB") and Nedbank Limited, regarding the conditions (the "RCF Drawdown Conditions") upon which up to ZAR400 million of its ZAR1.0 billion revolving credit facility, as amended (the "RCF") is to be made available in order to manage near-term liquidity risks arising from the unprecedented operating and trading environment.

In addition, as part of the expected RCF Drawdown Conditions, the Company has also been in discussions with its South African BEE lender group (the "BEE Lenders"), being Absa, RMB and NinetyOne SA Proprietary Limited (previously known as Investec Asset Management Proprietary Limited), acting as agent for and on behalf of its clients, to reschedule the capital repayments due in May 2020 and November 2020 under the Company's outstanding bank financing of its Black Economic Empowerment partners (the "BEE Facilities").

Today, the Company, the SA Lenders and the BEE Lenders, have entered into an Amendment Agreement amending certain terms of the RCF, working capital facilities and BEE Facilities including:

- resetting the maturity date of the RCF and the BEE Facilities to 31 July 2021 (from 20 October 2021 and 20 November 2021, respectively);
- increasing the margin under the Company's working capital facilities provided by Absa and RMB by 100 bps to match the South African prime lending rate;
- re-profiling the capital payments under the BEE Facilities due on May 2020 and November 2020 to a single bullet payment on the maturity date (31 July 2021); and
- the payment of fees and expenses, including a 50bps fee to the SA Lenders in connection with the BEE re-profiling, referenced against the current principal amount outstanding under the BEE Facilities.

*Senior Secured Second Lien Notes*

In its 1 May 2020 market update, the Company announced that the RCF Drawdown Conditions are expected to include a restriction on the Group from making interest payments on its outstanding US$650 million 7.25% Senior Secured Second Lien Notes due 2022 (the "Notes"). Given the desire to preserve liquidity and the need to draw on the RCF (and the corresponding need to satisfy the expected RCF Drawdown Conditions), the Company decided not to make the interest payment on the Notes due 1 May 2020 (the "Interest Payment") and instead to utilise the 30-day grace period provided for under the Notes indenture to continue active discussions with an ad-hoc group of holders of the Notes holding in aggregate over 50.7% of the outstanding principal amount of the Notes (the "AHG") with a view to agreeing a forbearance agreement in relation to the missed Interest Payment.

Today, the Company entered into a Forbearance Agreement with the AHG which initially expires on 11:59 p.m. GMT on 31 August 2020 (the "Initial Expiration Date"). However, the Initial Expiration Date is automatically extended on a month-by-month basis, provided that such extension will not apply to those forbearing holders who notify the Company of their intent to withdraw from the Forbearance Agreement.

The Forbearance Agreement is subject to certain conditions, including any representation or warranty made by any Note Party under the Forbearance Agreement continuing to be true and complete in all material respects as of the date of the Forbearance Agreement. Such representations and warranties include, among others, that as at the date of the Forbearance Agreement no member of the Group holds any property, asset or right with a market value in excess of US$5.0 million which is not subject to valid and effective security in favour of the Security SPV (under the Indenture) other than (i) the properties, assets and mining right of Williamson Diamonds Limited, (ii) assets of Petra Diamonds Belgium BVBA which will be subject to further security to be granted in favour of the Note holders and the SA Lenders and (iii) any restricted cash held in the Petra Guardrisk rehabilitation account by Guardrisk for the purposes of rehabilitation provisioning.

The Forbearance Agreement is subject to further conditions, including (i) the availability of the ZAR400 million under the RCF, (ii) the delivery of an irrevocable drawdown request for ZAR400 million under the RCF by no later than 15 June 2020, (iii) the maintenance by the company of an actual and forecasted balance in cash and cash equivalents of at least ZAR100 million and not less than ZAR200 million for 10 consecutive days, (iv) restrictions on payments of capital expenditure in relation to the Company's South African operations in excess of ZAR175 million during the period commencing on 1 June 2020 and ending on 30 September 2020, (v) additional restrictions on the incurrence of additional secured debt (other than in respect of certain local working capital financing lines incurred by non-Guarantor subsidiaries and permitted under the Notes Indenture up to a maximum of US$25 million that is non-recourse to the wider Group in terms of credit support and security, and (vi) compliance with certain milestones and obligations in relation to the ongoing discussions with stakeholders regarding the Company's long-term capital structure, including the presentation of a draft term sheet setting out the proposed terms of a capital restructuring plan setting out the terms of the restructured capital structure of the Group by no later than 30 June 2020.

Pursuant to the Forbearance Agreement, the AHG has agreed to forbear from the exercise of certain rights and remedies that they have under the Notes indenture, including agreeing not to accelerate the Notes obligations as a result of the missed Interest Payment. As a result, the Company will not make the Interest Payment at the present time.

The effectiveness of each of the RCF amendments, the BEE Facilities payment re-profiling and the AHG forbearance are subject to certain conditions, including where applicable, the payment of certain customary fees and expenses. It is expected that as soon as practicable upon satisfaction and/or waiver of such conditions, the Company will drawdown in full the ZAR400 million available under its RCF. It is anticipated that with its immediate liquidity needs addressed, the Company will be in a strong position in the near term to continue discussions with its various stakeholders regarding strategic alternatives towards longer term solutions to improve the Company's capital structure.

*Petra Diamonds Belgium BVBA*

In connection with the Amendment Agreement, Petra Diamonds Belgium BVBA will accede as a guarantor under the Company's South African banking and BEE facilities as well as the Notes and will grant security over its cash and receivables in favour of the SA Lenders and the holders of the Notes, in each case in accordance with and pursuant to the terms of the Amendment Agreement and the Notes indenture.

**Notes:**

1. *The production and financial results in this announcement are adjusted to exclude the results of KEM JV, which has been reclassified as a discontinued operation following the proposed disposal, announced in July 2018.*
2. *The following definitions have been used in this announcement:*
    a. *cpht: carats per hundred tonnes*
    b. *Kcts: thousand carats*
    c. *Kt: thousand tonnes*
    d. *LOM: life of mine*
    e. *LTI: lost time injury*
    f. *LTIFR: lost time injury frequency rate*
    g. *Mcts: million carats*
    h. *Mt: million tonnes*
    i. *FY: financial year*
    j. *Q: quarter of the financial year*
    k. *ROM: run-of-mine (i.e. production from the primary orebody)*
    l. *SLC: sub level cave*

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information will be considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of the Company is Jacques Breytenbach, Finance Director.

**~ 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). Petra also conducts a limited 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 their efficiency and profitability. The Group has a significant resource base of ca. 250 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. The Company's US$650 million loan notes due in 2022 are listed on the Global Exchange market of the Irish Stock Exchange. For more information, visit www.petradiamonds.com.

**Important Notice**

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## APPENDIX – MINE BY MINE PRODUCTION TABLES

### Cullinan – South Africa

| | Unit | Q3 FY 2020 | Q3 FY 2019 | Variance | Nine months to 31 March 2020 | Nine months to 31 March 2019 | Variance |
|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | |
| Revenue | US$M | 31.2 | 46.2 | -32% | 112.9 | 112.4 | 0% |
| Diamonds sold | Carats | 426,283 | 456,652 | -7% | 1,157,130 | 1,145,188 | 1% |
| Average price per carat | US$ | 73 | 101 | -28% | 98 | 98 | 0% |
| | | | | | | | |
| **ROM Production** | | | | | | | |
| Tonnes treated | Tonnes | 1,016,653 | 1,043,105 | -3% | 3,311,850 | 3,039,730 | 9% |
| Diamonds produced | Carats | 391,235 | 417,742 | -6% | 1,246,606 | 1,203,186 | 4% |
| Grade | cpht | 38.5 | 40.0 | -4% | 37.6 | 39.6 | -5% |
| | | | | | | | |
| **Tailings Production** | | | | | | | |
| Tonnes treated | Tonnes | 37,412 | 164,911 | -77% | 154,524 | 861,265 | -82% |
| Diamonds produced | Carats | 9,307 | 14,259 | -35% | 43,722 | 60,841 | -28% |
| Grade | cpht | 24.9 | 8.6 | 188% | 28.3 | 7.1 | 301% |
| | | | | | | | |
| **Total Production** | | | | | | | |
| Tonnes treated | Tonnes | 1,054,065 | 1,208,016 | -13% | 3,466,374 | 3,900,994 | -11% |
| Diamonds produced | Carats | 400,542 | 432,001 | -7% | 1,290,328 | 1,264,027 | 2% |

**Note:**

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

### Finsch – South Africa

| | Unit | Q3 FY 2020 | Q3 FY 2019 | Variance | Nine months to 31 March 2020 | Nine months to 31 March 2019 | Variance |
|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | |
| Revenue | US$M | 34.9 | 48.0 | -27% | 96.5 | 135.1 | -29% |
| Diamonds sold | Carats | 529,443 | 475,312 | 11% | 1,313,406 | 1,304,843 | 1% |
| Average price per carat | US$ | 66 | 101 | -35% | 73 | 104 | -29% |
| | | | | | | | |
| **Total ROM Production** | | | | | | | |
| Tonnes treated | Tonnes | 724,690 | 758,003 | -4% | 2,258,945 | 2,261,337 | 0% |
| Diamonds produced | Carats | 437,537 | 379,488 | 15% | 1,318,244 | 1,307,422 | 1% |
| Grade | cpht | 60.4 | 50.1 | 21% | 58.4 | 57.8 | 1% |
| | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Tailings Production** | | | | | | | |
| Tonnes treated | Tonnes | 37,373 | 52,532 | -29% | 211,541 | 186,927 | 13% |
| Diamonds produced | Carats | 7,041 | 7,882 | -11% | 39,890 | 27,372 | 46% |
| Grade | cpht | 18.8 | 15.0 | 26% | 18.9 | 14.6 | 29% |
| | | | | | | | |
| **Total Production** | | | | | | | |
| Tonnes treated | Tonnes | 762,063 | 810,535 | -6% | 2,470,486 | 2,448,265 | 1% |
| Diamonds produced | Carats | 444,578 | 387,370 | 15% | 1,358,134 | 1,334,794 | 2% |

**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.*

### Koffiefontein – South Africa

| | Unit | Q3 FY 2020 | Q3 FY 2019 | Variance | Nine months to 31 March 2020 | Nine months to 31 March 2019 | Variance |
|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | |
| Revenue | US$M | 8.9 | 8.3 | 6% | 23.6 | 18.8 | 25% |
| Diamonds sold | Carats | 25,151 | 14,925 | 69% | 59,314 | 38,332 | 55% |
| Average price per carat | US$ | 352 | 559 | -37% | 398 | 490 | -19% |
| | | | | | | | |
| **ROM Production** | | | | | | | |
| Tonnes treated | Tonnes | 236,350 | 282,860 | -16% | 797,646 | 660,251 | 21% |
| Diamonds produced | Carats | 17,307 | 17,355 | 0% | 61,852 | 42,630 | 45% |
| Grade | cpht | 7.3 | 6.1 | 19% | 7.8 | 6.5 | 20% |
| | | | | | | | |
| **Total Production** | | | | | | | |
| Tonnes treated | Tonnes | 236,350 | 282,860 | -16% | 797,646 | 660,251 | 21% |
| Diamonds produced | Carats | 17,307 | 17,355 | 0% | 61,852 | 42,630 | 45% |

### Williamson – Tanzania

| | Unit | Q3 FY 2020 | Q3 FY 2019 | Variance | Nine months to 31 March 2020 | Nine months to 31 March 2019 | Variance |
|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | |
| Revenue | US$M | 16.4 | 32.6 | -50% | 52.3 | 76.1 | -31% |
| Diamonds sold | Carats | 102,060 | 114,452 | -11% | 296,894 | 309,365 | -4% |
| Average price per carat | US$ | 161 | 285 | -44% | 176 | 246 | -28% |
| | | | | | | | |
| **ROM Production** | | | | | | | |
| Tonnes treated | Tonnes | 1,225,429 | 1,300,659 | -6% | 3,880,335 | 3,811,110 | 2% |
| Diamonds produced | Carats | 66,939 | 83,932 | -20% | 281,827 | 291,997 | -3% |
| Grade | cpht | 5.5 | 6.5 | -15% | 7.3 | 7.7 | -5% |
| | | | | | | | |
| **Alluvial Production** | | | | | | | |
| Tonnes treated | Tonnes | 94,802 | 112,709 | -16% | 293,500 | 308,266 | -5% |
| Diamonds produced | Carats | 3,090 | 3,570 | -13% | 10,555 | 9,927 | 6% |
| Grade | cpht | 3.3 | 3.2 | 3% | 3.6 | 3.2 | 12% |
| | | | | | | | |
| **Total Production** | | | | | | | |
| Tonnes treated | Tonnes | 1,320,231 | 1,413,368 | -7% | 4,173,835 | 4,119,376 | 1% |
| Diamonds produced | Carats | 70,029 | 87,503 | -20% | 292,382 | 301,924 | -3% |